

# **A Promise Being Fulfilled**

## **The Transformation of America's Public Housing**

**July 2000**

**A Report to the President by**

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President William Jefferson Clinton  
The White House

Mr. President:

It is with great pleasure that I present you with *A Promise Being Fulfilled: The Transformation of America's Public Housing*. This new report documents your Administration's achievements: transforming public housing into a place where low-income families can thrive, and re-establishing both the public housing and housing choice voucher programs as broadly supported, essential elements of America's safety net.

The promise of the public housing system in 2000 is the same as it was when it began in 1937—providing a safe and decent home, a healthy environment to raise children, and opportunities for a better way of life. While most public housing is a great success, sadly, a small percentage did not live up to that promise. Large high-rises and barracks-type housing in cities like Chicago, Dallas, Baltimore, and New Orleans became havens of crime, drug use, poverty, and despair. Through misguided federal policies and local actions, public housing residents were isolated and denied opportunities to succeed. Even worse, some local public housing authorities compounded these problems through mismanagement and neglect.

Over the past seven years, we have worked hard to solve those problems. We collaborated with Congress, local public housing agencies, residents, and communities – and the result has been long-term solutions that are renewing the promise of public housing across the nation.

Under your leadership, we have:

- Reinvented HUD to make it more efficient and better able to promote excellence in housing management and oversight.
- Replaced the worst public housing projects with mixed-income scattered site or townhouse communities, and where appropriate, used housing vouchers to give residents a chance to live anywhere in the community.
- Turned around the worst-performing housing authorities by enforcing the rules to eliminate sustained management failures, and helping poor performers identify problems, assess basic housing conditions and take timely preventative action.
- Made low-income communities safer by enforcing leases, toughening admissions, combating gun violence, and working with residents and local officials to decrease crime – particularly against seniors, young mothers, children, and people with disabilities.
- Opened access to more opportunities for residents to achieve self-sufficiency and promoted

deconcentration by income and race.

- Improved living conditions in Indian country and changed the Indian tribal housing delivery system to recognize the status of tribes as sovereign nations.
- Served many more of the 5 million families with severe housing needs by seeking and obtaining funds for additional housing vouchers.

Today, these actions are transforming the public housing system from a symbol of despair to one of hope. This is the goal you set for us, and we can say with pride that we are achieving it.

Sincerely,

[signature]

Andrew Cuomo

Dear Mr. Secretary:

As Assistant Secretary for Public and Indian Housing, I am honored that you have entrusted me with the stewardship of America's public and Indian housing programs. The progress we have made under your leadership is clearly documented in our new report: *A Promise Being Fulfilled: The Transformation of America's Public Housing*.

In many ways, I can view those contents from a unique perspective. In 1981, I began working at the Newark (New Jersey) Housing Authority, and I saw firsthand what failed public housing could do to the families that reside there and the communities where it's located. From 1992 until I came to the Department of Housing and Urban Development in 1998, I was Executive Director of the Newark Housing Authority. During that time, the changes at HUD were invaluable to Newark's success. The Newark Housing Authority went from being a troubled PHA to a high performer: we were able to improve critical systems, take action to demolish unsalvageable housing stock, and build new housing for low-income families. HUD helped us bring the agency into the 21<sup>st</sup> century.

Throughout those years and with President Clinton's strong support, key changes were made in the laws and regulations that govern HUD programs: HOPE VI was implemented, the one-for-one replacement rule was relaxed, and we were allowed to take tough but necessary actions to increase residents' security. Since then, your innovative actions—including historic management reform and an emphasis on improving living conditions for low-income people—dramatically improved HUD public and Indian housing programs and created new opportunities for the families they serve.

Thank you again for the enormous opportunity to assist you and our communities in this critical and exciting transformation.

Very truly yours,

(signature)

Harold Lucas

Assistant Secretary

# Chapter 1: Transformation

This report tells a remarkable story: how the public housing system, unjustly but widely considered a colossal failure several years ago, is being turned around. The need for public housing has never been the issue. Even today, with a booming economy and record rates of homeownership, 30 million Americans still live below the poverty level. More than 7 million Americans still rely on welfare for assistance in meeting their basic needs. And more than 5 million American households still are homeless, live in substandard housing, or pay 50 percent or more of their income for rental housing.

Some public housing in the U.S. had been on the decline long before the inauguration of the Clinton administration. The very image of public housing has been one of deteriorating buildings and crime-ridden neighborhoods. Although a small percentage of all public housing, the crumbling buildings of Robert Taylor Homes in Chicago and Desire in New Orleans provided a highly visible symbol of what was wrong with public housing over the years. Public housing problems also festered for years in large, visible cities like our Nation's capital, Detroit, Philadelphia, and Baltimore. As Secretary Andrew Cuomo said, "When the Federal Government embarked on a large-scale effort to provide clean and decent housing for low-income Americans 50 years ago, we could not imagine how that dream would turn into what is too often a nightmare."

Robert Taylor Homes and Desire never were an accurate portrayal of public housing. Most public housing in the United States is in small garden apartments for families or high-rises for seniors, and HUD's evaluation system designated only a small percentage of public housing authorities (PHAs) as troubled. The program has been a great success. Nevertheless, the perception of public housing and HUD was so bad that, despite the obvious need for housing assistance to serve additional families, Congress provided none from fiscal years (FY) 1994 to 1999. The House of Representatives passed legislation to repeal the public housing law and start over, and several in Congress called for the elimination of HUD.

Pull quote:

"Public housing should be *a part of* the community, not *apart from* the community."

—Harold Lucas, Assistant Secretary, Office of Public and Indian Housing

There was no question that a dramatic turnaround was needed. Such a turnaround would have to be fundamental, multifaceted, and able to attract broad support. The following chapters discuss the basic elements HUD undertook, in consultation and cooperation with Congress, PHAs, public housing residents and local communities:

**Transforming HUD to restore credibility:** HUD reorganized its staff, programs, and management to improve program delivery; identify, enable, and require better local performance; and restore the public trust. These steps included consolidating duplicative programs and applications into more manageable numbers; creating specialized centers to handle specialized functions, like the Grant Management,

Special Applications, and Section 8 Financial Management Centers; separating enforcement from technical assistance duties for field staff; and having one administrative entity to assess rental housing for all HUD programs.

**Transforming Public Housing Stock:** HUD articulated and is now implementing a strategy for demolishing and replacing the small percentage of severely distressed public housing developments. This has included working with Congress to repeal the one-for-one replacement rule so that PHAs have more flexibility in the replacement housing process; implementing HOPE VI to provide large-scale funding for revitalizing or replacing deteriorating housing and creating more livable communities; providing the option of mixed financing so that PHAs can leverage private funds to offer public housing in deconcentrated settings; providing specific replacement housing resources; and providing more flexibility in the use of Section 8 vouchers and capital funds for replacement of obsolete buildings. These initiatives are changing the delivery of housing assistance and the face of entire cities. HUD also has taken action to assure the more timely and effective commitment of capital funds to preserve the housing stock that is not severely distressed.

**Transforming Public Housing Management:** To assure that PHAs pay the needed attention to basic housing conditions and strive for management excellence, HUD revamped oversight, management evaluation, and enforcement where necessary. The elements include creating the Public Housing Assessment System (PHAS), an evaluation system that for the first time includes independent property inspections, comprehensive financial assessments, and direct input from residents; providing more flexibility for good managers, and financial and other incentives for excellent performance; working with Congress to consolidate duplicative programs—including the critical Section 8 certificate and voucher programs—and replace competitive programs with formulas; establishing Troubled Authority Recovery Centers (TARCs) to provide concentrated technical assistance to troubled PHAs; and proposing and now implementing a statutory mandate that PHA management be removed if the PHA remains troubled for 2 years.

**Transforming Safety and Security in Public and Assisted Housing:** The One Strike and You're Out initiative encourages PHAs to take screening and lease enforcement actions necessary to keep criminals out of public housing, and these efforts are being extended to the voucher program. Public Housing Drug Elimination Program (PHDEP) funds are now allocated by formula rather than competition to provide PHAs with a reliable source of funding for crime prevention activities that can leverage other funds, and PHAs are using these funds in innovative ways. Linkages are encouraged—and in some instances required—with law enforcement agencies to assure that public housing residents receive the protection to which they are entitled. President Clinton initiated focused efforts to address the tragedy of gun violence in these communities, and Secretary Cuomo led negotiations that resulted in an agreement with one of the Nation's largest gun manufacturers to increase gun safety and responsible marketing.

**Transforming Resident Self-Sufficiency and Reducing Isolation:** Moving beyond just bricks and mortar, the transformation complements welfare reform and aims squarely at deconcentrating poverty in public housing. Rather than becoming service providers themselves, PHAs must seek cooperative



agreements with welfare agencies and other local organizations to provide more opportunities and services that help public housing families succeed. New rent policies, such as the earned income disallowance, are friendlier to working families and more consistent with welfare reform. A new Section 8 Welfare-to-Work voucher program makes it easier for low-income families to move closer to employment and support services areas. HUD programs such as Resident Opportunity and Self Sufficiency (ROSS) and HOPE VI provide resources with which to leverage critical supportive services funds. The Public Housing Reform Act and HUD regulations mandate that PHAs pursue deconcentration in their admissions policies, so that developments are not segregated by income, and racial concentrations are addressed.

**Transforming Native American Programs:** HUD worked with Congress to pass the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA). NAHASDA recognizes Indian tribes' status as sovereign nations and creates a flexible block grant assistance program to provide funds directly to Indian tribes and Alaska Native Villages for housing, self-sufficiency, and safety activities. HUD has put in place the necessary monitoring and technical assistance system, and Congress has provided essential increased funding.

These reforms have been both administrative and statutory. Even though HUD and Congress could not agree on public housing legislation for several years, HUD began to institute reforms. In 1997, Secretary Cuomo announced the 2020 Management Reform Plan, which restructured HUD's operations and included fundamental initiatives such as the physical inspection of public housing. In 1998, after six years of effort and with evident progress in public housing—a result of HUD, its housing authority partners, and elected officials working together—Congress and the President agreed upon the Quality Housing and Work Responsibility Act of 1998, also known as the Public Housing Reform Act (PHRA). PHRA is the largest overhaul of the public housing and voucher programs in the programs' history. Together, Management 2020 and PHRA set a framework for lasting public housing reform.

The reforms are the engine of a sweeping transformation in public housing. HUD and its partners have worked not only to change the image of public housing, but also to change the public housing system itself. The following chapters show how far we have come, and the great potential of these reforms.

## **Chapter 2: Framework for Transformation— HUD Management Reform and the Public Housing Reform Act**

Although public housing is largely a local program, managed by PHAs, federal oversight and appropriations are crucial. HUD oversees and regulates public housing programs, and funding is authorized and appropriated by Congress. Thus, successful transformation of public housing depends both on a well-functioning HUD that can guide the reforms with the confidence of Congress, and on agreed-upon laws that will promote reforms. These two elements have come to fruition through the HUD 2020 Management Reform Plan of 1997 and the Public Housing Reform Act of 1998.

### **HUD Management Reform**

By the early 1990s, the reputation of HUD was in a shambles. Some in Congress were threatening not just to cut funding, but to eliminate the Department. As Senator Christopher “Kit” Bond (Chairman of the Subcommittee on Veteran Affairs, HUD, and Independent Agencies) stated to Secretary Cuomo in 1996, “To be blunt, Mr. Secretary, we challenge you to make the necessary administrative, management, and financial reforms that will justify Congress’ continued support of the agency.” The public’s impression was not much better: large, dilapidated high-rises in many cities were the symbol of HUD’s inability to support safe and decent housing.

There was no doubt that the Department faced a wide range of internal management and operational challenges. Among the challenges was overseeing a large array of programs—many duplicative—that all had different rules, deadlines, and application processes. HUD Field Office staff were expected to perform the potentially conflicting functions of both technical assistance and enforcement. Field Office staff duties also included financial processing and handling special applications, such as demolition applications, that sometimes led to different interpretations of regulations from office to office. HUD’s outdated and non-integrated information technology could not provide critical financial and performance data in an accurate and timely manner, and there was no effective system to comprehensively assess the physical and financial condition of HUD’s housing portfolio.

Sweeping structural and systemic changes have been undertaken to manage HUD’s programs and people more efficiently and responsibly. HUD’s 2020 Management Reform Plan, introduced in 1997 by Secretary Cuomo, is an important initiative of Vice President Al Gore’s Reinventing Government Campaign. These innovations are resulting in more effective and efficient program management, improved service delivery, and streamlined oversight and monitoring activities. All of these results have been achieved despite a decrease in HUD staff during the 1990s by nearly 50 percent.

HUD’s general management reforms include the following:

- Consolidating programs to make them more manageable and eliminating unnecessary

- duplication;
- Consolidating and streamlining application processes from many different applications into one under the Super Notice of Fund Availability (SuperNOFA);
  - Consolidating specialized processing functions in processing centers, allowing field staff to focus on important customer service functions;
  - Separating HUD's outreach and enforcement into two functions, allowing different staff to focus on linkages to the community and restoring the public's trust in HUD's programs;
  - Creating the Real Estate Assessment Center (REAC) to assess the physical state of public and assisted housing; and
  - Creating an Enforcement Center to take necessary legal actions.

To ensure that the reforms are taking place, HUD 2020 introduced management oversight initiatives such as the Annual Performance Plan, which sets specific goals for HUD's offices to accomplish each year, and the Business Operating Plan, which sets national performance goals for all the Field Offices to meet.

Pull quote:

“HUD 2020 goes farther and does more than any other management reform plan, not only in the history of HUD but in the recent history of the Federal government.”

—Vice President Al Gore

**Consolidating Operations.** HUD's Office of Public and Indian Housing (PIH), for example, has been a leader in the consolidation of operations to promote efficiency and effectiveness. First, HUD consolidated its Section 8 financial operations monitoring in the newly created Section 8 Financial Management Center (FMC). FMC executes all financial management activities for approximately 3 million assisted housing units, covering both vouchers and project-based contracts. This work previously was handled by 81 Field Offices. FMC will help HUD keep control over a system that allowed such a buildup of Section 8 reserves that HUD had to recapture over \$7 billion several years ago. PIH also set up two Troubled Agency Recovery Centers (TARCs) to assist troubled PHAs plan and implement management improvement strategies, centralizing assistance that previously had been provided by the Field Offices.

PIH, like other divisions of HUD, consolidated routine functions previously handled by field staff at new, more efficient “back office” processing centers. This follows the example of many banks and other businesses. The PIH Grants Management Center was created to streamline grant-processing operations, training specialized staff to review and process applications so that HUD program staff can focus their efforts on monitoring program performance. In a similar vein, the PIH Special Applications Center reviews regulatory applications for approval, including homeownership conversion programs, demolition and disposition, and designation of developments for occupancy by elderly or disabled families. Focusing application processing in one place creates more uniform interpretation of the regulations as well. For example, instead of demolition applications being sent to Field Offices, where in prior years they had been received only occasionally and were subject to interpretation of the rules by

each office, they are now sent to the Special Applications Center where they are processed in a consistent and timely manner. These changes are making the public housing system work better, despite the downsizing of HUD.

In addition to these processing centers, HUD has made better use of its PIH staff by establishing “hub” offices and program centers throughout the country. By reorganizing PIH’s operations into the management centers, new hubs, and program centers, HUD ensures that the Field Office staff concentrate on providing more services and technical assistance to those PHAs with the greatest need. As discussed in Chapter 4, these steps in PIH are being undertaken in conjunction with reforms that consolidate programs, reduce the number of funding competitions, and provide for a better management evaluation and enforcement structure that relies less on the information of individual field staff.

**Interfacing with the Public.** In the past, HUD staff were tasked with conflicting mandates to provide technical assistance and perform regulatory functions, creating a “good cop-bad cop” impression. With these conflicting duties, it was difficult for field staff to perform either function well. Under HUD 2020, different personnel were assigned the functions of community outreach and direct customer service to the public, and ensuring program compliance with rules and regulations.

The outreach function is enhanced by the establishment of Storefront Offices—one-stop service centers to improve the connection between HUD and the public. The first Storefront Office opened in Washington, DC in May 1998. Nine new Storefronts have opened across the country since then, and six more are to be opened during FY 2000. In addition to being staffed by knowledgeable HUD staff, the Storefront Office also offers state-of-the-art technology to provide information to the public in the easiest, most user-friendly way possible. A touch-screen kiosk is located outside the Storefront Office to provide around-the-clock service. All of these changes are to make HUD more responsive and accessible to the public.

Pull quote:

“By developing the Community Builder and Public Trust Officer positions, which focus on community outreach and on compliance monitoring, respectively, HUD has created a more efficient organizational structure. With staff collaborating in a more focused and defined manner, it makes for a more effective and responsive HUD. We have used this model in Austin to reorganize our own housing office.”

—Mayor Kirk Watson, Austin, Texas

## **Public Housing Reform Act**

The legislating of housing program rules traditionally has been a bipartisan activity. Yet, saddled by the poor reputation of HUD and public housing, the legislative process in the mid-1990s was marked by frustration and failure. A comprehensive housing bill passed the House of Representatives, but died in the Senate in late 1994. Both the House of Representatives and the Senate passed comprehensive housing bills in 1996, but a conference never occurred and the bill failed.

In 1995, some reforms were agreed upon as part of the appropriations process that could allow the public housing transformation to begin. These mostly included deregulation steps such as suspension of the one-for-one public housing replacement requirement and additional flexibility for PHAs to adopt rent

policies that do not penalize working families. In addition, during this period the Congress began to appropriate substantial funding for HOPE VI, a comprehensive revitalization program for severely distressed public housing sites. The statutory authority for the reforms, however, was limited and piecemeal. There were still basic disagreements in Washington, DC, regarding more comprehensive legislation. Because the reforms were legislated only on a year-to-year basis, many PHAs did not move forward with the reforms.

In 1997, the Administration put forward its Public Housing Management Reform Act to articulate its legislative position exactly. That Act reflected a developing consensus that public housing could be reformed along the lines HUD had suggested: demolish and replace the worst public housing, take strong measures to bring about upgraded HUD and PHA management, reduce crime, and support increased resident self-sufficiency. That Act also included basic safeguards Secretary Cuomo insisted on to ensure that public housing and vouchers would continue to fulfill their historic mission of providing housing that is affordable to and reserved substantially for those in great need (questions debated intensively in Congress), and that poverty deconcentration and income mixing efforts would be pursued evenhandedly. At the same time, local actions around the country under the HOPE VI program, the appropriations act reforms, and the President's One Strike and You're Out policy clearly were beginning to change public housing for the better.

Finally, in October 1998, with public housing transformation beginning around the Nation, Congress passed the Public Housing Reform Act (PHRA). PHRA contains versions of almost all of the Administration's proposals, as well as many other reform measures. The Act also was part of the FY 1999 appropriations act, which—at Secretary Cuomo's insistence—also provided for 50,000 new Section 8 vouchers, ended a congressionally imposed delay on reissuing existing vouchers that became available, and increased Federal Housing Administration loan guarantee limits to allow thousands more Americans to become homeowners. Karen Thoreson, President of National Association of Housing and Redevelopment Officials and Director of the City of Tucson's Community Services Department, saw the potential of the public housing reform legislation: "I urge both housing professionals and community development professionals to use PHRA as the venue to build stronger relationships, develop strategic approaches, and help one another to achieve mutual goals for the communities you serve."

HUD has moved ahead to implement PHRA's provisions. Final rules have been issued on such key provisions as the merger of the Section 8 voucher and certificate programs, the PHA Plan, the Capital Fund and Drug Elimination Program formula allocations, and admission and occupancy rules. A PHA Plan electronic template has been developed, and important funding and regulatory processes have been merged with the PHA Plan process. HUD is continuing to consult with its partners in the industry and advocacy groups to complete these reforms. The basic provisions of PHRA are highlighted in the following summary.

# Summary of the Quality Housing and Work Responsibility Act of 1998

## (Also known as the Public Housing Reform Act)

### Protects Access to Housing Assistance for the Poorest Families

- **Tenant-Based Section 8 (Vouchers).** 75 percent of newly available vouchers at a PHA must go to families with incomes at or below 30 percent of area median income.
- **Public Housing.** 40 percent of newly available public housing units at a PHA generally must go to the families with income at or below 30 percent of area median income.
- **Project-Based Section 8.** 40 percent of newly available units in each project must go to families with income at or below 30 percent of area median income.

### Reduces Concentrations of Poverty in Public Housing and Emphasizes Fair Housing

- **Admissions Plan for Deconcentration.** Each PHA must adopt an admissions plan to place relatively higher income families in lower income developments and lower income families in higher income developments.
- **Fair Housing.** Each PHA must affirmatively further fair housing in its program.  
Raises Performance Standards for PHAs
- **Mandatory Receivership.** HUD must seek receivership within 2 years for troubled PHAs that do not improve enough to escape troubled status.
- **Physical Conditions.** The physical condition of a PHA's housing becomes a performance indicator. A PHA must offer acceptable basic housing conditions to be rated a "standard" performer.
- **Rewards Performance.** The new Capital Fund formula is to contain an incentive for excellent performance.

### Supports Families Making the Transition from Welfare to Work

- **Earned-Income Disregard.** Prohibits a public housing family's rent from being increased for one year, and limits rent increases for a second year, when a family member who was unemployed or on welfare gets a job.
- **Rent Reform.** Allows PHAs to adopt other rent incentives, such as ceiling rents and income disregards, to reward residents who increase their incomes and so that families do not pay more than market rate for their public housing unit.
- **Welfare Reform.** Provides that a family's rent will not be decreased when its income goes down because of welfare agency sanctions.
- **Supportive Services.** Requires efforts to establish cooperative agreements between PHAs and local welfare agencies to target supportive services. Authorizes a supportive services program principally for public housing residents.

## Transforms the Public Housing Stock

- **HOPE VI.** Authorizes the HOPE VI program through 2002. HOPE VI spurs the revitalization of the Nation's most distressed public housing by providing for replacement of projects with lower-density, mixed-income projects that blend into the surrounding community.
- **Demolition and Replacement.** In addition to HOPE VI, the Capital Fund may be used to demolish obsolete public housing and replace it with better quality, smaller scale projects. The "one-for-one" replacement requirement, which historically prevented the demolition of even the worst projects, is repealed.
- **Mixed-Finance Projects.** PHAs may enter into agreements with private developers to combine public and private funds to develop mixed-income communities in which public housing units are part of projects with other affordable and market rate units.
- **Mandatory Conversion.** Requires PHAs to tear down the most unlivable, expensive projects and instead provide tenant-based vouchers.

## Supports HUD Management Reform Efficiencies

- **Deregulation and Streamlining.** Reorganizes PHA reporting to emphasize one Annual Plan at the beginning of the fiscal year. Allows streamlined Plans for high-performers and small PHAs.
- **Consolidates Public Housing Programs.** PHAs will receive most of their funds through either the Operating Fund or the Capital Fund. Encourages formula funding rather than labor-intensive competitions. This is done by program consolidations, absorption of the CIAP program for small PHAs into the Capital Fund, and authority for HUD to provide fixed funding amounts in the Drug Elimination Program.

## Merges and Reforms the Section 8 Certificate and Voucher Programs

- **Merger of the Section 8 Certificate and Voucher Programs.** Merges the two similar PHA-administered tenant-based subsidy programs. The merger program subsidy is based on a payment standard set by the PHA anywhere between 90 percent to 110 percent of Fair Market Rent (FMR).
- **Conformity with Private Market Real Estate Practices.** Makes numerous reforms to expand owner participation by making the voucher program operate more like the private housing market. Reforms include the permanent repeal of the "endless lease," the owner termination notice to HUD, and the "take-one, take-all" requirements.
- **Anti-Crime Initiatives.** Permits PHA screening of applicants, in addition to the traditional tenant screening by owners. Also permits PHA disapproval of owners who refuse to evict Section 8 families for drug-related or violent criminal activity.
- **Homeownership Vouchers.** Allows PHAs to implement a Section 8 homeownership program. Makes needed statutory changes, such as elimination of the prior down-payment requirements, to make Section 8 vouchers a viable homeownership resource for low-income families.

## **Comments on Passage of the Public Housing Reform Act**

“This bipartisan agreement marks a significant milestone in helping to meet the housing needs of this Nation. It provides for new solutions, adds needed resources, and gives local agencies greater flexibility in making public housing and homeownership opportunities available to more families throughout the country.”

—Senator Paul Sarbanes of Maryland, Ranking Democrat on the Senate Banking, Housing and Urban Affairs Committee

“The reforms contained in this legislation will significantly improve the Nation’s public housing and tenant-based rental assistance program and the lives of those who reside in federally assisted housing. The funding flexibility, substantial deregulation of the day-to-day operations and policies of public housing authorities, encouragement of mixed developments, policies to deal with distressed and troubled public housing, and rent reforms will change the face of public housing for public housing authorities, residents, and local communities.”

—Senator Connie Mack of Florida, Chairman of the Senate Housing Opportunities and Economic Development Subcommittee

“This historic reform bill strikes a balance between protecting our Nation’s commitment to housing the poorest Americans while opening up units in public housing to middle-income families.”

—Former Representative Joseph Kennedy, Ranking Democrat on the House Subcommittee on Housing and Community Opportunity

“This compromise legislation... represents the first major updating of our public housing laws since the Depression. Outdated laws and programs are replaced with a new empowering approach for the people of our Nation’s smaller communities, as well as our cities.”

—Representative James Leach, Chairman of the House Committee on Banking and Financial Services

“The conference report on HUD appropriations shows the value of persistence and leadership in finding ways to address our most urgent housing needs. The inclusion of 50,000 additional vouchers is the most dramatic of several important steps forward. They would not have been possible without the leadership of the Secretary and the President, coupled with bipartisan recognition of the importance of low-income housing and community and human development of the House and Senate committees involved in the negotiation process, and—last but not least—the growing support generated by the impact of HUD’s involvement in a growing number of successful efforts to improve communities and increase housing opportunities.”

—Cushing N. Dolbeare, Founder, National Low Income Housing Coalition



## Chapter 3: Transforming Public Housing Stock

**The Problems.** Cabrini Green. Robert Taylor Homes. Lafayette Courts. Techwood Homes. Desire. These developments represented how many Americans thought of public housing: massive, crime-ridden high-rises and overly dense or barracks-like low-rises that fail to provide a decent environment for needy families. A 1992 report by the National Commission on Severely Distressed Public Housing found that approximately 100,000 out of 1.3 million public housing units in the U.S. were severely distressed and in immediate need of attention. Although a small percentage of the entire public housing stock, the sheer size and stark image of places like Cabrini Green gave them disproportionate importance.

Pull quote:

“To accelerate the reinvention of public housing units, we will demolish and replace 100,000 public housing units around the country.... Our reinvention benefits the 3 million residents of public housing and taxpayers at the same time.”

—Vice President Al Gore at the 1996 Public Housing Summit

The most serious problems of these developments included high incidence of crime, making residents afraid to move about their own buildings and neighborhoods; high vacancy rates in some buildings, which then became havens for drug dealers and users; high unemployment and few opportunities for meaningful employment, limiting residents’ ability to become self-sufficient; isolation from the rest of the community; and physical conditions deteriorated to such a degree that the housing was dangerous to residents’ health and safety.

In 1992, almost all of these severely distressed developments stood as they had for several decades. Virtually no progress was made in demolishing and replacing the worst of the developments. The well-intentioned one-for-one replacement rule, which required PHAs to replace each demolished unit with a new one, prevented many PHAs from eliminating deteriorating buildings due to inadequate funding for replacement and lack of available sites for new units. This rule also prevented PHAs from replacing demolished units with Section 8 vouchers. With no ability to leverage private capital, PHAs were unable to fund necessary demolition and replacement of units in community settings. PHAs were trying to modernize some developments that could not be made viable, and were shortchanging viable developments. Some of the distressed developments had become so devastated—such as Schuylkill Falls in Philadelphia and Columbus Homes in Newark—that they stayed virtually vacant for decades. Rather than coming down, they dominated their city’s skyline as visible reminders of public housing’s failure.

**The New Approach.** During the past several years, HUD has worked with Congress to develop and implement a comprehensive strategy to transform public housing’s severely distressed developments into safe, livable communities. The strategy involves the following components:

- Repealing the one-for-one replacement rule;

- Providing for full replacement of demolished public housing, either with additional public housing units or vouchers;
- Creating and implementing a large-scale funding program, HOPE VI, to transform entire neighborhoods, including the physical structures of public housing and the lives of the residents;
- Using mixed financing, so that PHAs can leverage private capital with HUD funding and create mixed-income communities;
- Requiring conversion of unredeemable and expensive developments to vouchers, when the PHA is unable or unwilling to take the needed action voluntarily;
- Providing mobility counseling to applicants, landlord outreach, and other steps to make vouchers more effective as a replacement housing resource;
- Creating the Capital Fund, which provides formula shares to all PHAs and allows replacement housing as well as modernization and management improvement activities;
- Providing specific Capital Fund resources for replacement housing; and
- Providing additional PHA administrative flexibility and HUD enforcement, where needed, to accelerate commitment of capital funds.

This new strategy is being used to transform public housing across entire cities. The Vice President set the goal in 1996 that 100,000 severely distressed public housing units would be demolished and replaced. So far, 96,000 have been approved for demolition and HUD is honoring its commitment to provide full replacement either with public housing units or vouchers.

## Bringing HOPE to Communities

Prior to 1992, there was no program to provide grants of the magnitude or flexibility needed to revitalize or replace severely distressed developments. Moreover, no program simultaneously addressed not only the physical conditions of the buildings but also the quality of life of the residents. That is what HOPE VI—first funded in the FY 1993 appropriations act substantially through the efforts of Senator Barbara Mikulski of Maryland and strongly supported both by former HUD Secretary Henry Cisneros and Secretary Cuomo—is doing. HOPE VI is succeeding in rebuilding public housing neighborhoods as communities of opportunity. Through 1999, Congress has appropriated approximately \$3.7 billion in HOPE VI grants in more than 120 neighborhoods nationwide to bring real change to places where poverty and despair were deeply entrenched. All of the developments listed in Table 1 are revitalized or demolished and replaced with vouchers or new units—or in the process—largely with HOPE VI funds.

**Table 1: Examples of Severely Distressed Developments Still in Operation as of 1993; Now Being Addressed (Reconfigured or Demolished and Replaced, Typically with Townhouses, Public Housing, and Vouchers)**

City	Development	Number of Units
Atlanta, Georgia	Techwood Homes	457
	Clark Howell Homes	624
Baltimore, Maryland	Lafayette Courts	805
	Lexington Gardens	667
Chicago, Illinois	Robert Taylor Homes	4,415
	Cabrini Green	1,921

	ABLA Homes & Extension	3,497
	Henry Horner	1,665
	Stateway Gardens	1,644
Dallas, Texas	Lakewest	3,444
Detroit, Michigan	Jeffries Homes	2,170
	Herman Gardens	1,404
Houston, Texas	Allen Parkway Village	904
Kansas City, Missouri	Guinotte Manor	418
Los Angeles, California	Pico Gardens	260
	Aliso Apartments	802
Newark, New Jersey	Hayes Homes	1,458
	Walsh Homes	630
New Orleans, Louisiana	Desire	1,832
Philadelphia, Pennsylvania	Richard Allen Homes	1,321
	Schuylkill Falls	714
	Southwark	874
San Francisco, California	Bernal Dwellings	208
Seattle, Washington	Holly Park	893
St. Louis, Missouri	Darst-Webbe	1,000
	Vaughn	684
Washington, DC	Ellen Wilson Homes	134

The flexibility of the program allows PHAs—along with residents, local governments, and community stakeholders—to creatively tailor their plans for the specific needs of their residents and communities. In Atlanta, Georgia, that flexibility and community involvement have been crucial to the success of Centennial Place, a mixed-income community that replaced the slums of Techwood/Clark Howell Homes.

The demolition of the Techwood and Clark Howell developments was just the beginning of the process. Their replacement, Centennial Place, consists of 900 garden apartment and townhouse rental units being leased to families at three income levels: 40 percent are eligible for public housing; 20 percent qualify for low-income housing tax credit support; and 40 percent pay market rates.

Pull quote:

“Provided with the right type of environment and the right opportunities, public-housing-eligible families can become part of the mainstream. The challenge is to create an environment in which they can thrive.”  
—Renee L. Glover, Executive Director of the Atlanta Housing Authority

The Atlanta Housing Authority created a successful mixed-income community; public housing residents making \$3,000 a year live next door to professionals earning more than \$125,000. In addition, a new state-of-the-art magnet school, Centennial Place Elementary School, was built on the former Techwood grounds with \$12 million from the Atlanta Public Schools and support from local private corporations.

Children of Coca-Cola and Georgia Tech employees attend classes alongside children of families living in public housing. Centennial Place residents are part of the community, not isolated from it—and therefore benefit from the resources and opportunities available in the community.

An important aspect of HOPE VI is that it addresses improvements in residents' lives as well as their living spaces. Self-sufficiency programs, as described in Chapter 6, provide residents the training and employment opportunities that allow them the chance to get ahead. The involvement of the residents themselves in the process ensures that all aspects of the HOPE VI plan, including self-sufficiency programs, address the specific needs of the development. Moreover, the residents' participation increases their own empowerment and confidence.

When the HOPE VI plan for Lafayette Courts in Baltimore, Maryland, was being designed, residents participated along with the Housing Authority of Baltimore City, city officials, and private and public organizations. Close ties have developed among these groups through the process, establishing a new approach to resident-management cooperation and communication. The result is Pleasant View Gardens, a mixed-income neighborhood of 228 attractively designed townhouses. Residents are included in on-site management and maintenance of the new development, promoting pride in their community. This has resulted in a substantial change: less crime and property damage, and a better place to live.

The HOPE VI program is successfully addressing the most serious problems of severely distressed housing. Crime has decreased dramatically at the new developments, as have vacancy rates. The physical revitalization of previously deteriorating buildings has given families a greater sense of pride in living there. By linking the developments to the community, HOPE VI has removed the stigma of public housing that once isolated these low-income families, and provides greater access to necessary support services and employment opportunities that help residents achieve self-sufficiency. But HOPE VI is just one important part of the larger HUD strategy to remove severely distressed developments from public housing.

Side bar:

**Centennial Place and Pleasant View Gardens: Building Opportunities**

Techwood Homes, one of the Nation's first public housing developments, and Clark Howell Homes, built 4 years later in 1940, were developed to replace a slum known as Tech Flats. By the 1990s, Techwood/Clark Howell had become the slum they once replaced. Crime was rampant in the housing developments, and a typical resident family lived on less than 10 percent of the area's median income. Although located near the Georgia Institute of Technology and the corporate headquarters of Coca-Cola, Techwood residents weren't able to make use of the opportunities. The stigma of living in public housing, poor education, and a lack of knowledge of how to access these resources kept Techwood residents isolated and demoralized.

When plans were made to use HOPE VI to turn Techwood/Clark Howell into a new development, Centennial Place, one of the decisions the housing authority, residents, and community stakeholders made was to build an elementary school as well. "You are never going to have a mixed-income neighborhood without a great school," argued Dr. Norman Johnson, former special assistant to the

president of Georgia Tech and a key proponent of building the school. The resulting school, Centennial Place Elementary School, has five multimedia, Internet-connected computers in every classroom, which help the kids better prepare for a future. The school does more than just provide a decent education—it provides the first step on a serious career path out of poverty, and provides a focal point to bring the neighborhood together. “I feel a sense of community here,” said one Centennial Place resident. “There is nowhere else in Atlanta I’d want to be right now.”

Lafayette Courts was a nightmare to its residents and the Housing Authority of Baltimore City. Gangs and drug dealers dominated the development. The average annual income was \$6,096 and 86 percent of families had no earned income. As the largest and oldest of Baltimore’s four public housing family high-rises, Lafayette Courts was a security and maintenance disaster. Though near downtown and Johns Hopkins University Hospital, the public housing community was physically isolated by major thoroughfares and vacant warehouses and storefronts.

The revitalized HOPE VI community of Pleasant View Gardens, which replaced Lafayette Courts, is a different, happier story. Crime is down dramatically—total arrests at the development dropped from 145 in 1994 to 7 in 1998. Twenty-six percent of heads of household are wage earners, and only about 35 percent still received public assistance as of March 1999. Rosemary Atkinson, supervisor of the Family Support Services Program at Pleasant View, proudly states that “almost everyone is in some training or education program.” HOPE VI has helped turn around the community. Ms. Atkinson explains that the program has built the confidence of the residents, instilling “the idea that ‘I can control my destiny. That you can provide me with a beautiful, nice place to live—but it’s really up to me. I can take it as far as I want to take it.’”

End side bar

## **Leveraging Private Capital**

The success of partnering with the private sector to create new communities is apparent in HOPE VI: the ratio for leveraging private funds has risen from 31 cents in 1993 to \$2 in 1999. Centennial Place was one of the first HOPE VI developments built through mixed financing, and the leveraging of private capital continues to be an integral part of the program. In Atlantic City, New Jersey, the local housing authority teamed with the city government and the State’s Casino Reinvestment Development Authority to create a holistic community revitalization plan, which proposes 600 affordable housing units, a community and support services complex, and links to job training and employment. At a total cost of \$192.3 million project, the project will leverage more than \$5 for every dollar of the \$35 million HOPE VI grant the PHA received in 1999.

Leveraging of private funds for public housing was first made possible for PHAs to use, with or without HOPE VI, by a HUD Office of General Counsel opinion in 1994. This opinion said that private entities can own public housing, as long as they administer the housing in compliance with public housing rules. PHRA made leveraging permanent by encouraging mixed financing and providing the statutory rules. This initiative allows PHAs more options for providing better, affordable housing.

The importance of this tool is shown by its successes. The Housing Authority of Kansas City, Missouri (HAKC) used a mixed financing plan to demolish Pennway Plaza, languishing as a result of authority-wide difficulties, and replace it with a new lower density community more in character with the

surrounding residential neighborhood. The new development will consist of 120 new townhouses and garden apartment units, using about \$5 million HAKC funds to leverage an additional \$7 million in public and city funds for the revitalization project. In Pennsylvania, the Philadelphia Housing Authority used public housing funds to leverage additional private investment to demolish and rebuild Southwark Plaza, three 26-story towers that had been a blight on the landscape for years. Two of the towers have been demolished, and the third renovated for 165 one- and two-bedroom apartments. The public housing redevelopment, now named The Courtyard Apartments at Riverview, will also include 305 new townhouse-style apartments, currently being built.

Pull quote:

“With this development, we have succeeded in transforming one of the most significant blighting influences in South Philadelphia into a true community asset.”

—Carl Greene, Executive Director of the Philadelphia Housing Authority, on the Southwark Redevelopment

## **Using the Flexibility of Section 8 Vouchers**

One of the critical problems of severely distressed housing is the concentration of poverty in these developments. Isolated from the rest of the community in units that were literally falling apart, residents were walled out from opportunity. With the repeal of the one-for-one replacement rule, PHAs can use Section 8 housing choice vouchers—which help low-income families find housing in the private market—as part of the replacement process.

The advantages are twofold: One, the Section 8 voucher program provides low-income families access to neighborhoods with better schools and job opportunities. Two, PHAs reduce the geographic concentration of poor people and create less dense, more attractive communities. In any event, the use of vouchers will allow HUD and local communities to sustain and eventually exceed past levels of housing assistance, even though full replacement of obsolete (and, to a significant extent, vacant) public housing with “hard units” cannot occur.

To better prepare Section 8 voucher holders in moving from public housing to the private market, many PHAs provide mobility counseling. The counselors, either from PHAs or nonprofit organizations, assist participants in making more informed decisions when choosing a new neighborhood, and provide services such as housing search assistance and landlord outreach and negotiations. In its HOPE VI program and elsewhere, HUD is demanding much more attention to the needs of families who must relocate. Their success in new settings is key to the transformation of public housing.

In some cases, local political gridlock or other problems would prevent the demolition and replacement of even the worst developments. The new laws thus require PHAs to convert such developments to Section 8 vouchers, generally within a 5-year period. This forced elimination of obsolete, unmanageable developments will allow PHAs to better use their limited funds and, most importantly, require them to provide vouchers or other decent housing so that Federally assisted tenants no longer live in clearly unacceptable living conditions.

To increase the efforts to use vouchers as effectively as possible, the Administration’s FY 2001 budget

proposes \$50 million for a Voucher Success Fund. This Fund will provide assistance to PHAs, low-income families, and communities that are experiencing difficulties in utilizing Section 8 vouchers due to problems with market absorption or other constraints.

## **A Flexible Capital Fund**

HUD has run a public housing modernization program since the 1970s. By the 1990s, the program had become outmoded. Funds could be used only to modernize but not replace public housing, program rules slowed down the commitment of funds unnecessarily, and small PHAs had to apply for funding on a job-by-job basis.

All of that has changed in the past few years. HUD provided PHAs with the additional flexibility to commit funds from multiple program years, and then shortened the required time for obligating funds. As a result, the pipeline of these unobligated funds shrank from \$4.5 billion in September 1996 to \$3.5 billion in September 1999—a reduction of one billion dollars in 3 years. More fundamentally, HUD and Congress created a flexible, formula-based Capital Fund for all PHAs, which could be used for the development of replacement housing as well as modernization and management improvements. HUD then created, and with its partners expanded through the negotiated rulemaking under PHRA, a “replacement housing factor” in the formula to provide a substantial source of funds for this purpose. These new options for capital improvement funds allow PHAs the flexibility to choose the best and most cost-effective strategies for modernizing or replacing units.

## **Changing the Face of Entire Cities**

The extent of severely distressed public housing in several cities called for a change of such magnitude that all of the tools discussed above would have to be used. In Chicago, Baltimore, Atlanta, New Orleans, Philadelphia, Detroit, and several other cities, a reconfiguring of housing assistance for the entire city has been necessary.

Instead of focusing on particular developments and remedying their problems one at a time, HUD has been working with PHAs to create city-wide plans that simultaneously address necessary demolition, replacement, modernization, vouchers, and deconcentration of poverty, as well as related issues such as management, safety, and resident self-sufficiency. A complete transformation of the city’s public housing stock is the goal, providing safe, decent places to live.

In Chicago, a recent agreement between HUD, the city government, and the Chicago Housing Authority (CHA) includes more than \$1.5 billion in capital funds over the next 10 years to demolish and replace or renovate 25,000 public housing units. Among the developments to be torn down over the next 5 years are all of the remaining gallery-style high-rises of the Robert Taylor Homes, Stateway, Rockwell Gardens, Cabrini Green, and several other developments that are longstanding symbols of the failure of public housing. The CHA will decrease the density of poverty by building more manageable housing with more economically diverse populations, and by using Section 8 vouchers to provide low-income families with housing opportunities throughout the city. All together, approximately 18,000 units in Chicago will be demolished and replaced with additional public housing units or vouchers. At the same

time, the management, security and supportive efforts for Chicago's public housing will be overhauled.

<b>Before Transformation</b>	<b>Transformation Strategy</b>	<b>Impact</b>
One-for-one replacement rule; no other options for PHAs for replacement housing	Repeal of one-for-one replacement rule; use of Section 8 vouchers allowed for replacement housing; HUD commits to full replacement either with public housing units or Section 8 vouchers; measures taken to assure successful use of vouchers for relocation	More flexibility in replacement process for PHAs, more choice for public housing families; replacement of demolished public housing with approximately 45 percent hard units, 55 percent vouchers
No large-scale program for replacing severely distressed housing	HOPE VI program created	PHAs empowered to create all-encompassing plan to rebuild or replace communities
No private capital invested in developments	Mixed financing of private and public funds permitted under PHRA	Mixed income communities can be built; additional resources for public housing
Modernization funds only used for physical and management improvements; replacement and demolition activities not allowed	Capital Fund allows demolition and replacement activities; replacement housing factor provides additional funding for replacement	PHAs able to choose most cost-effective strategies for renovating or replacing their properties
Funds remain unobligated for long periods of time	More flexible rules and tighter deadlines for obligating funds	Accelerated commitment of capital funding



## Chapter 4: Transforming Housing Management

**The Problems.** The public housing stock was the most visible indicator of the system's condition, but progress could be made only if management failures were addressed. Prior to the mid-1990s, public housing authorities in some of America's major cities—Chicago, New Orleans, Philadelphia, Kansas City, Detroit, Washington, DC—had been acknowledged failures for years, unable properly to maintain and manage their properties. The principal victims were those cities' public housing residents, who were denied anything close to the promise of safe, decent housing. Even though a small percentage of the 3,400 PHAs nationwide, these troubled authorities had set the public image of public housing and the reputations of all PHAs suffered. Yet, HUD essentially did not intervene.

While the worst PHAs were easy to spot, determining the performance of the rest of PHAs was difficult at best. The introduction of the Public Housing Management Assessment Program (PHMAP) in the early 1990s was a good start and focused management attention on some important factors. The system, however, was based on self-certification. By 1998, about two thirds of the PHAs certified themselves as "high performers." Even worse, an independent physical inspection was not part of the system, nor was any input from the public housing residents themselves. A PHA could be a standard or even a high performer, even though many of its tenants were living in grossly unacceptable conditions.

Pull quote:

"Newark was no longer troubled according to PHMAP, but it was *in trouble*. Many residents were still living in substandard conditions."

—Harold Lucas, former Executive Director of the Newark Housing Authority and current HUD Assistant Secretary for Public and Indian Housing

Those PHAs that were performing well were overregulated and received no particular incentives from HUD. As John Hiscox of the Macon Housing Authority in Georgia noted, "If you were a high performer, all you got was a piece of paper from HUD congratulating you." What you didn't get were any funding incentives or reduction in regulations—high-performing PHAs were treated just as any other housing authority.

**The New Approach.** In the last few years, HUD has instituted a new strategy in its oversight capabilities for evaluating overall PHA performance and assisting PHAs improve their management performance. The strategy includes the following:

- The Public Housing Assessment System (PHAS), to obtain a more independent evaluation of the overall PHA operation, including physical housing stock, financial operations, management operations, and resident satisfaction;
- The Real Estate Assessment Center (REAC), to centralize the assessment functions and provide independent physical inspections of HUD's 44,000 properties, as well as analysis of PHA financial condition and a survey of PHA resident satisfaction;
- Troubled Agency Recovery Centers (TARCs), to assist those PHAs that fail the PHAS

- evaluation and are designated as “troubled”;
- A statutory mandate to remove PHA management where a troubled PHA is unable to turn around failing management and escape troubled status within 2 years;
- Flexibility needed to encourage better management, by consolidating programs, replacing competitions with formulas, requiring comprehensive plans from PHAs rather than case-by-case regulatory approvals, providing guidance for PHAs that want to use private management, and releasing funding at the beginning of PHAs’ fiscal years; and
- Rewards for excellent performance, by providing a financial incentive in the Capital Fund, providing regulatory relief, and highlighting best practices.

## **Improving the Evaluation of PHAs**

HUD has provided technical assistance and intervened where necessary to help PHAs meet the management objectives of PHMAP. At the same time, as part of the 2020 Management Reform Plan, HUD developed a new assessment system that will focus attention on physical conditions and financial health, provide customer input, and provide independent verification of performance. In the Public Housing Reform Act, Congress stated:

“... an agency that fails on a wide-spread basis to provide acceptable basic housing conditions for its residents shall be designated a troubled housing authority.”

Consistent with this requirement, the most important change in the new system is to provide for independent physical inspections of public housing. The new system, called the Public Housing Assessment System (PHAS), was run on an advisory score basis for 1½ years and will be fully implemented as of June 30, 2000.

To administer PHAS, HUD established a Real Estate Assessment Center (REAC) to centralize and standardize the assessment functions. REAC inspected more than 44,000 HUD properties in the first year of the program, of which 14,000 were public housing. This is the first time in history that HUD has inspected its portfolio.

The vast majority of all HUD’s public housing and multifamily buildings were found to be in good to excellent condition—more than 80 percent. The first round of advisory scores for the physical inspections of public housing properties ranked 87 percent of PHAs as successful or high performers.

REAC will also conduct independent financial reviews of PHAs. For the first time, the annual financial statements of the Nation’s PHAs will be analyzed through REAC’s financial assessment system, and PHA financial statements will comply with generally accepted accounting principles (GAAP).

As part of PHAS, residents now are surveyed annually to comment on their satisfaction with the PHAs’ services. The results of the first-ever resident satisfaction survey of all PHAs found that 75 percent of the residents were satisfied or very satisfied with their dwelling units, demonstrating that the badly run PHAs were the exception in the nation’s public housing. “Seventy-five percent of our customers say they were satisfied or very satisfied with their public housing authority,” commented Secretary Cuomo.

“The average customer approval is 72 percent. The satisfaction with public housing is higher than the national average.” The most recent resident satisfaction evaluation shows an even greater level of resident satisfaction—87 percent now say they are satisfied or very satisfied with the services and overall living conditions that PHAs provide.

Pull quote:

“We looked at the numbers compiled by Arthur Anderson, which does customer service surveys of all businesses...The satisfaction with public housing is higher than the national average. It's higher than the hotel industry, the banking industry, the fast food industry, the retail industry, and the utility industry. Public Housing Authorities beat McDonald's. Beat Pizza Hut. Beat Citibank. Beat them all.”

—HUD Secretary Andrew Cuomo

## **Providing Concentrated Technical Assistance to Troubled PHAs**

For the minority of poor-performing PHAs, however, HUD has developed a system to assist them in transforming their operations. PHAs scoring less than 60 percent in the overall PHAS assessment are designated as “troubled.” In addition, if PHAs score less than 60 percent in any one of the three major indicators—physical, management, or financial—they will be deemed troubled and identified as “substandard” in the failing indicator. With reliable information from the assessment process, HUD and PHAs are better able to determine the steps necessary to improve PHA management performance.

To help PHAs plan and implement improvement strategies, HUD established Troubled Agency Recovery Centers (TARCs) in Memphis, Tennessee, and Cleveland, Ohio. The TARCs will coordinate reform efforts with PHA staff and provide expertise and assistance on management improvement strategies. The TARC staff examine each troubled PHA with an on-site evaluation or independent assessment and help develop the best solutions for that PHA, often providing housing management expertise from the private sector. By centralizing these functions at TARCs, Field Office staff can focus on providing assistance to other PHAs.

Troubled PHAs enter into a Memorandum of Agreement (MOA) with HUD, outlining specific recovery actions they will take to comprehensively address all management, physical, financial, and resident service deficiencies. TARCs provide technical assistance on issues that PHA management is unable to address on its own, including operational issues such as demolition/disposition, occupancy and administrative reporting procedures, resident relations, property maintenance, and financial management. The initial results are encouraging; of the initial 57 PHAs transferred to the TARCs in 1998, 42 have left troubled status. Eighty-three percent remained in the TARCs for less than a year, and the average time in troubled status of the recovered agencies last year declined from 1.5 years to 9 months.

## **Removing Bad Management**

Unfortunately, some PHA management deficiencies are so pervasive that it is extremely difficult to rectify them in a short amount of time. Left intact, inadequate management leads to the deterioration of buildings and unsafe and unsanitary housing for residents.

In the 1980s and early 1990s, a number of large PHAs were designated as troubled year after year. HUD initiated concentrated efforts to address chronically troubled PHAs in the mid-1990s under Secretary Cisneros. HUD supported the court-ordered receiverships of PHAs in Kansas City and Washington, DC; took over the housing authorities in Chicago, New Orleans, and San Francisco; sent Recovery Teams to PHAs in Detroit, Philadelphia, Atlanta, and other cities; established an advisory Monitoring Committee, including industry and HUD experts, in Detroit; and persuaded the Mayor and Comptroller of the City of Philadelphia to serve on the PHA Board. While these interventions largely were successful (see Chart 1), HUD had no system in place to standardize these efforts or to provide reasonable assurance that they will not have to be repeated.

To end this long-standing problem, Secretary Cuomo insisted that part of any new law be a requirement to remove local PHA management if a PHA remains designated as troubled for 2 years. The PHRA contains this requirement. After 2 years, HUD will move to put the troubled authority into judicial receivership (or can contract for new management in the case of a small PHA). There is no room for excuses and no discretion for HUD to take local situations into account.

By creating a strong, cohesive strategy for approaching bad management at PHAs, HUD is striving to ensure the safe, decent living conditions of public housing residents and the trust of the general public that Federal funds are being spent effectively.

## **Flexibility and Incentives for Better Management**

The overwhelming majority of PHAs, however, operate satisfactorily. To enable and promote management excellence, HUD must provide both flexibility and incentives.

To help all PHAs perform better, HUD worked with Congress to make it easier to obtain and use funds. The Capital Fund and Public Housing Drug Elimination Program (PHDEP) funds are now formula-driven, providing all PHAs with predictable and reliable funding. For small, non-troubled PHAs (with less than 250 units), PHRA generally provides full flexibility to use either Operating or Capital Funds for eligible activities. These PHAs now can better match funds to local needs. In addition, HUD is making this funding coincide with PHA fiscal years and PHA Plan submissions, so that they spend the money in a more timely and orderly fashion. PHAs will have one simplified grant process, and will receive these funds, on average, several months earlier than under the prior system. Just in the capital program, this change is projected to increase the purchasing power of program funds by more than \$40 million each year once the system is fully implemented.

HUD also worked with Congress to consolidate and streamline programs to allow PHAs more flexibility and time to manage rather than write applications or reports. The largest example of this consolidation process is the Section 8 program. Prior to PHRA, there were two distinct tenant-based rental assistance programs: Section 8 certificates and vouchers. Together, both programs provided a rental subsidy for close to 1.5 million low-income families, as well as the elderly and persons with disabilities, to rent units in the private market. While the two programs basically provided the same type of assistance, they had different sets of rules and regulations. A merger of the two programs had been suggested since the late 1980s. HUD took administrative steps in that direction but needed

Congressional action to complete the job. PHRA allows this merger to be completed, and includes other changes that allow the program to work more like private sector rentals, thus encouraging greater landlord participation.

HUD also has encouraged PHAs to look to new management approaches where their management has been substandard. For example, private management of public housing is increasing, and is or will be used for thousands of units at some large PHAs (Chicago, Atlanta, Dade County in Florida, and others). To help PHAs wishing to consider this option, HUD published a guidebook in 1997 on private management of public housing. The guidebook was complimented by the General Accounting Office and many PHAs and private managers. HUD also has encouraged a few PHAs to try new asset management approaches as part of its Moving To Work Demonstration Program, to determine if there are innovations from which others can learn.

With the additional flexibility under PHRA comes additional responsibility for PHAs to include residents and their communities in the development of their policies. Therefore, PHRA requires PHAs to create a PHA Plan, in consultation with a new Resident Advisory Board and the local community, to detail the PHA's strategies for addressing local needs. PHAs now develop both a 5-Year Plan for longer-term planning and an Annual Plan for activities to be undertaken in the coming year. HUD processes various regulatory approval requests, which otherwise would have been made individually, through the PHA Plan process (for example, requests to use site-based waiting lists). PHA Plans are submitted in a standard electronic template using a question-and-answer format. Approved PHA Plans are posted on the Internet, so that any community can benefit from any other community's Plan and comparisons among cities can be made. PHRA also requires that each PHA now have at least one recipient of assistance on their Board of Commissioners.

Pull quote:

"HUD has made great strides in...changing public perceptions of the Department and its programs."

—Richard Y. Nelson, Jr., Executive Director, National Association of Housing and Redevelopment Officials

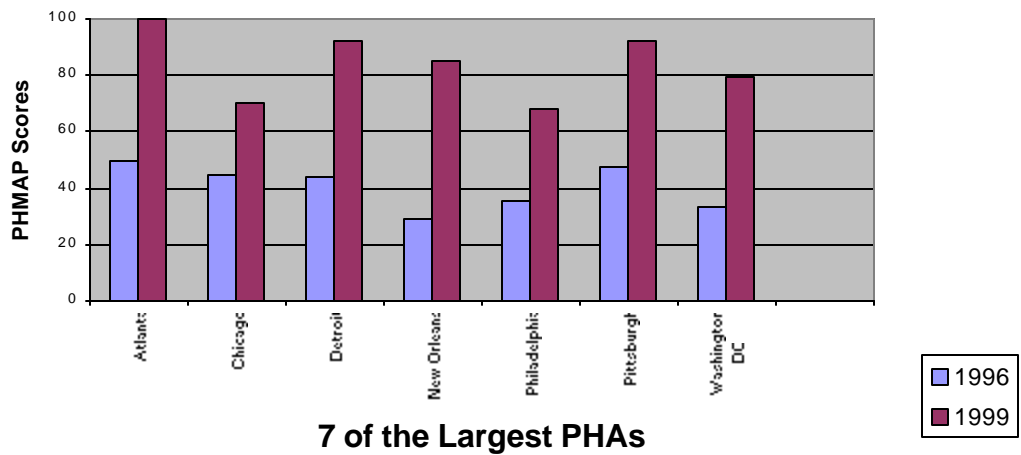
To recognize those PHAs that are using creativity and innovation to provide the best service to their residents, HUD has created an award initiative called Best Practices. The awards recognize a wide range of outstanding work by PHAs to expand affordable housing, create jobs, strengthen local economies, fight housing discrimination, reduce homelessness, increase homeownership, and accomplish other goals to improve life in America's communities. Begun in 1997, the Best Practices program has highlighted hundreds of PHAs whose creative programs provide templates from which other PHAs can learn and adopt in their own communities.

But recognition is one thing; streamlined regulation and additional funding are rewards for excellent performance that can provide time and resources to help successful PHAs excel further. PHAs designated as high performers under PHAS will be relieved of some specific HUD regulatory

requirements and will be eligible for bonus points on competitive grants. In addition, excellent performance can be counted on to mean more money. PHRA contains, and HUD has implemented with the agreement of its partners in the “negotiated rulemaking” process, a performance reward in the Capital Fund for high performers. Their share of the Capital Fund will be increased, initially by 3 percent and in later years by 5 percent.

<b>Before Transformation</b>	<b>Transformation Strategy</b>	<b>Impact</b>
PHMAP evaluation system did not assess physical condition of PHA properties; relied on self-certification; no input from residents	Created new evaluation system, Public Housing Assessment System (PHAS), which includes independent assessment of physical stock, financial operations, management, and resident satisfaction	HUD and PHA obtain clearer picture of PHA performance status; PHAs no longer can be standard performers without providing decent living conditions
Ad hoc system failed to provide standardized assistance to troubled PHAs	Established Troubled Agency Recovery Centers (TARCs) to provide information and technical assistance to troubled PHAs	More cohesive strategy for turning around troubled PHAs; Field Offices can concentrate on adequately performing PHAs
Troubled PHAs stayed troubled for long periods of time without consequences	Initial city-by-city intervention; HUD sought and implemented statutory mandate to remove PHA management if they remain troubled for 2 years	Badly managed PHAs that do not improve will be put into receivership, providing relief for tenants and increasing public trust
Competitive, duplicative programs; two separate Section 8 programs with different rules and regulations	Capital Fund and PHDEP funds are now formula-driven; consolidated Section 8 programs into one	Predictable, reliable funding for capital improvements and drug elimination; programs easier to manage
No comprehensive plan required of all PHAs; various individual regulatory approvals required in a piecemeal fashion	PHRA requires PHAs to annually submit a comprehensive PHA Plan; HUD tied formula grants to Plan approval	Stronger, more effective management of public housing; more resident and community input; consolidated regulatory process; funds available earlier
No incentives for high performers	Deregulation and funding incentives for high-performing PHAs	Incentives to manage better

### From Troubled to Standard and High Performers: Comparison of 7 Large PHAs 1996-1999



## Chapter 5: Transforming Safety and Security in Public and Assisted Housing

**The Problems.** Feeling safe and secure is a basic need for all families, whether they live in public housing or a prosperous suburb. Without proper security, elderly residents have difficulty maintaining independent living, parents feel unsafe leaving their children while they go to work, and children can be traumatized or learn to accept crime and violence as normal. In the end, PHAs will also lose their investments in building modernization and management improvements if crime and drugs are allowed to fester.

Pull quote:

“I have to be home when my sons get out of school because the shooting starts around 4:00 p.m. everyday.”

—A Chicago Housing Authority resident who indicated that she was unable to work because she could not leave her children unprotected in the development

Public housing residents want and deserve safety and security as much as other citizens. Until the past few years, however, many public housing authorities were not implementing systematic, strong tenant screening and eviction policies to keep criminals out of public housing and hold families responsible for their actions. Hundreds of public housing authorities have received HUD Public Housing Drug Elimination Program (PHDEP) grants since 1989 to combat crime and drugs, but were hampered by the year-to-year nature of the competitive funding. No national efforts focused on preventing gun violence in public housing despite its prevalence.

**The New Approach.** If public housing is truly to offer its residents a fair chance at a better life, it must provide safe shelter. “As a result of the President’s zero tolerance of crime in public housing,” said Secretary Cuomo, “we’re making dramatic progress in reclaiming crime-infested neighborhoods around the Nation.” HUD’s strategy to promote safer public and assisted housing communities includes the following:

- Enhancing admissions and occupancy tools under the One Strike and You’re Out Policy;
- Offering more stable resources to PHAs with a new formula allocation system for the successful PHDEP grant program, which can be used to leverage other funds;
- Calling for the full involvement of police and the entire community; and
- Funding gun buybacks, requesting funding for local initiatives to prevent firearm-related violence, and negotiating with gun manufacturers for safer guns that are less likely to fall into the wrong hands.

### **A First Line of Defense: One Strike and You’re Out**

A strong admissions and occupancy policy is a first line of defense for housing authorities to ensure decent and safe housing and reinforce resident responsibility. Yet, when President Clinton announced



the “One Strike and You’re Out” policy in his 1996 State of the Union address, only a handful of PHAs had implemented individual screening and eviction policies as strong as One Strike. HUD quickly issued One Strike guidelines to help PHAs implement screening and address difficult eviction issues.

Pull quote:

“I challenge local housing authorities and tenant associations: Criminal gang members and drug dealers are destroying the lives of decent tenants. From now on, the rule for residents who commit crime and peddle drugs should be one strike and you’re out.”

—President Bill Clinton, 1996 State of the Union Address

By May 1997, 75 percent of 1,818 housing authorities responding to a survey had One Strike policies in place. Housing authorities, residents, police, judges, and community partners from coast to coast have embraced One Strike. Referring to a 1-year, 34-percent drop in crime at the Housing Authority of the City of Fort Pierce, Florida, police officer Jimmy Aikens credits the housing authority’s One Strike Policy. “That’s the key to all of this. Without that rule, we couldn’t have accomplished this. It was kind of tough at first, but people started to see we’re not their enemies. It’s very simple. All a person has to do to stay in their house is abide by the rules.”

Through cooperation between HUD and Congress, the Housing Opportunity Program Extension Act of 1996 clarified PHAs’ authority to hold residents responsible for the criminal activities of family members and guests. Acknowledging that crime and drugs are not solely public housing problems, the Extension Act requires all public housing and Section 8 leases to provide that a pattern of alcohol or illegal drug use by residents and their guests is grounds for eviction if it threatens the health, safety, or right to peaceful enjoyment of the premises by other residents. The law also allows PHAs to access local and Federal criminal records for public housing applicants or tenants.

PHAs gained further authority for One Strike under PHRA, which also expands many One Strike provisions to safeguard Section 8 tenant-based and project-based assistance programs. In response to the concerns of owners regarding criminal activity among Section 8 voucher applicants, PHAs were given ability to screen participants in the voucher program. PHAs also can exclude owners that do not undertake responsible screening and eviction policies. Owners of federally assisted housing developments gained the ability to have PHAs obtain and process applicant criminal record checks for them.

To adopt and implement One Strike policies effectively, housing authorities are enlisting the support of resident organizations, police departments, and the courts. In Greensboro, North Carolina, the Greensboro Police Department (GPD) is a critical partner in implementing the housing authority’s One Strike policy. GPD provides the housing authority with police reports for all housing applicants age 16 or older, as well as a daily list of residents arrested for drug-related and other offenses. Officers working at Police Neighborhood Resource Centers conduct orientation sessions to ensure that all new residents are aware of rights and responsibilities for neighborhood safety. As a result of housing and police collaboration, the overall crime rate in five target developments declined 57 percent between 1990 and 1997. In contrast, the city’s crime rate climbed 14 percent during the same period.

While One Strike offers housing authorities policies to back up their “zero tolerance” for drugs and drug-related crime, PHAs are also developing proactive strategies to help families adhere to these policies. For example, the Public Housing Agency of St. Paul, Minnesota, partners with the Amherst H. Wilder Foundation to prevent evictions and illegal behavior among residents. The foundation’s social adjustment program for southeast Asian public housing families, “Living in America,” helps immigrant parents work with their children, who may be participating in gangs and other criminal activities that could cause eviction for the entire family.

Side bar:

**Building Safe Communities With One Strike: Upland, California**

“One Strike can make or break public housing,” said Sammie Szabo, Executive Director of the small Housing Authority of the City of Upland, California. “It lowers our maintenance and modernization costs and improved our community.” In the past, a small group of residents at the housing authority’s 100-unit family development were dealing drugs, vandalizing the property, and intimidating law-abiding residents from cooperating with the police.

The PHA has tightened its admissions procedures with the One Strike policy. In addition, the HA has trained every member of its staff to be on the lookout out for problems that may indicate lease violations. And Upland’s One Strike efforts have paid off. Crime rates for the 1940s-era family development are now lower than for the city as a whole. When evictions are necessary, the HA has the full support of police and local judges.

Upland also uses One Strike for its Section 8 program. Using a list of Section 8 addresses, police notify the housing authority when Section 8 recipients are arrested on drug-related charges. “If Section 8 gets a reputation for harboring criminals, we can’t get support for it from landlords or the community, and then families can’t benefit from the program,” stated Szabo.

End Sidebar

## **Designing Local Solutions Through PHDEP**

The majority of criminal acts in public housing communities, however, are not committed by the people living there. In Macon, Georgia, for example, 77 percent of the 1997 arrests in public housing were non-residents. Due to many public housing developments being disproportionately located in the poorest neighborhoods, PHAs needed a strategy to fight crime in their communities and empower vulnerable populations such as the elderly and disabled to take an active role in neighborhood safety.

The Public Housing Drug Elimination Program (PHDEP) has provided a key funding stream since 1989 for hundreds of public housing agencies and residents to leverage additional community resources that help stem the tide of crime and drugs in their communities. Many PHAs rely on the resource and service contributions of community partners such as social service agencies, nonprofit organizations, and faith communities. PHAs are using their flexible PHDEP resources to leverage community policing program funds that put more police in public housing neighborhoods, implementing Crime Prevention Through

Environmental Design physical improvements to deter crime, training resident patrols to provide extra eyes and ears for police, and developing prevention and intervention programs such as St. Paul's "Living in America."

Successful anti-crime strategies also rely on the input and participation of residents. For example, in King County, Washington, a group of seven elderly community leaders formed the Park Lake Cambodian Elders' Council in 1997 to act as a liaison between the police, housing authority, and the largely Asian immigrant population of Park Lake Homes. Their activities have improved communication and interactions between the police and residents, increased community involvement with safety issues, and decreased crime and cultural misunderstandings.

To provide PHAs with a more timely, predictable, and equitable source of funding, HUD and Congress agreed that PHDEP funds could be allocated by formula rather than through a competitive grant. The new allocation reduces HUD staff involvement in application processing and also reaches more communities—formula funding is serving approximately 20 percent more housing agencies than under the competitive program. PHAs who perform satisfactorily can renew their grants annually for up to 4 years, allowing them the stability to plan more effectively for the future and build more long-term partnerships.

PHDEP's results are promising. Between 1994 and 1997, the crime rate declined for two-thirds of PHAs receiving PHDEP funds, according to a recent analysis of detailed crime-trend data of 55 housing authorities. Twenty-eight of those housing authorities saw their crime rate decline faster than in the surrounding community. Crime declined at four PHAs despite crime rate increases within the surrounding municipality.

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**Community Policing at Work: Milwaukee, Wisconsin**

Two community policing techniques are making life safer for the residents of the Housing Authority of the City of Milwaukee (HACM) in Wisconsin: the housing authority's PHDEP-supported Public Safety Intervention Team (I-Team) and a program encouraging police officers to live and volunteer in public housing communities. The I-Team maintains a presence around the clock, conducting foot and vehicle patrols; mediating disputes between residents; monitoring quality of life problems such as graffiti and public drinking; and acting as liaisons with resident organizations and helping tenants start block watch groups. Another important role for I-Team members is to refer residents to medical, mental health, or social services. The I-Team's rapid response to low-priority police calls often prevents the escalation of potentially serious situations and allows police to respond to more serious criminal problems. HACM feels strongly that its I-Team is an effective strategy for reducing criminal activity.

Since 1994, HACM has encouraged police officers to live in public housing by offering reduced rents of \$25 in exchange for community service—an initiative similar to the Federal Housing Administration's Officer Next Door homeownership program. Live-in officers have made a difference in the lives of residents by offering support to families who have been victimized by crime, resolving disputes among

neighbors, taking senior citizens grocery shopping, running Boy Scout troops, setting up job fairs, mentoring youth, and coaching team sports. The live-in officers also assist other police by providing observations at monthly intelligence exchange meetings with the housing authority's Public Safety staff.

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## **Community Involvement and Violence Prevention**

As illustrated by some of these examples, progress will not occur without the full involvement of resident, police, and other key community organizations. Residents must provide information and leadership, and take responsibility. The police must provide information to PHAs, testify in eviction proceedings, and provide all needed services. Community organizations must promote constructive alternatives to crime and violence. This is all happening in many communities across the Nation.

Pull quote:

“Crime and drugs are hurting a lot of people in public housing. I know there’s no magic solution to ending this problem, but the work we’re doing in partnership with community residents...is making a big difference and helping improve people’s quality of life.”

—New York City police officer working in public housing developments in Harlem

PHRA requires that PHDEP recipients develop their Annual Plans in consultation with police, that any grant activities be undertaken in coordination with law enforcement, and that any funds expended for police result in extraordinary services. Community service providers are doing their part, and more residents are taking responsibility for safety in their neighborhoods.

To break the pattern of youth violence in public housing, HUD is also supporting several local demonstration initiatives, among them a Peacemaker Corps and Violence-Free Zones Program. The Peacemaker Corps is a youth violence prevention and tolerance education initiative developed and supported by HUD, the Simon Youth Foundation, and Friends of the United Nations for youth leaders in 10 cities across the country. HUD also supports the National Center for Neighborhood Enterprise’s (NCNE) grassroots technical assistance, intervention, and training services to housing authorities and residents in five cities to develop Violence-Free Zones. In FY 1999, 1,270 youth participated in NCNE’s individualized prevention and intervention programs and 200 gained employment and apprenticeship opportunities with their local housing authorities.

“To survive, public housing residents rely on a spirit and faith unknown to many of us,” says Washington, DC, Housing Authority Receiver David Gilmore. Throughout the Nation—where problems of crime, violence, and fear have appeared nearly beyond help—that faith and spirit are creating positive change. In the past 3 years, incidents of violent crime in Washington, DC’s public housing have decreased by as much as 50 percent. With the help of the housing authority and community-based organizations, dozens of former gang members put aside their weapons and turned their energies to training and employment opportunities, a win-win situation for themselves, their families, and their community.

## **Reducing Gun-Related Violence**

Gun-related crime is a problem in many public housing and other low-income communities. An average of one gun murder takes place every day at 66 of the 100 largest housing authorities.

Communities across the Nation—including Chicago, Louisville, and Washington, DC—have conducted gun buybacks to curtail the hazards of accidental shootings, suicides, and domestic violence. To promote this strategy in public housing communities, HUD has authorized public housing authorities to reprogram a portion of their FY 1999 PHDEP funds for partnerships with local police to conduct gun buyback initiatives. Communities gain from gun reduction efforts when young people and adults feel safer going to and from school or work, participation in community safety and crime control efforts grows, and police presence and trust in officers increases. Thus far, 85 communities have received funding under the initiative.

President Clinton's FY 2001 budget proposes a \$30 million Community Gun Safety and Violence Reduction Initiative to reduce gun injury and death. The initiative would fund computerized tracking of gun violence to help law enforcement agencies better protect the public, education and outreach programs to promote responsible safety measures by gun owners, and innovative community activities to reduce both gun crimes and accidents. "As guns grow more powerful and more plentiful, we need to empower communities to find more intelligent ways to protect us from their terrible destructive force," said Secretary Cuomo.

Perhaps the most tragic aspect of gun violence is the extent to which it need not happen, if safer guns were produced and guns were kept out of the wrong hands. The Nation will continue to see tragedies such as the shooting of one 6-year-old by another in Michigan in March 2000 until these problems are addressed. With that in mind, Secretary Cuomo, along with Treasury Secretary Lawrence Summers, led negotiations with gun manufacturers despite criticisms that such negotiations would be fruitless or were not part of HUD's mission.

These efforts yielded an agreement with one of the largest gun manufacturers in the United States, Smith & Wesson. Some of the key provisions of the agreement include new design standards to make guns safer, such as locking devices and smart guns (which use technology to limit a gun's use to its proper owner), and new sales and distribution controls such as disallowing gun sales at gun shows that do not conduct background checks and restrictions on multiple handgun sales to deter illegal gun trafficking.

To encourage other manufacturers to adopt the agreement's standards, HUD will require PHAs and urge cities to purchase guns from manufacturers that adopt these standards. Thus far, 411 local governments have agreed to do so. The impact of these actions will extend far beyond public housing, but public housing communities clearly will be substantial beneficiaries.

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**Key Provisions of Smith & Wesson Agreement**

- 1) New Design Standards:
  - Locking Devices—required for handguns and pistols.
  - Smart Guns—2 percent of annual firearms revenues to development of authorized user technology.
  - Large Capacity Magazines—new firearms will not be able to accept ammunition magazines with a capacity of over 10 rounds.
  - Safety Testing and Standards—all firearms will be tested by ATF, and within 1 year, all pistols

will have chamber load indicators to show a pistol is loaded.

2) New Sales and Distribution Controls:

- Dealers or distributors who sell disproportionate numbers of guns used in crimes within 3 years of sale can face termination or suspension by manufacturer.
- Dealers cannot sell at gun shows that do not conduct background checks.
- Ballistic fingerprints will be provided for all new firearms to ATF/FBI Nation Integrated Ballistics Identification Network within 6 months.
- Gun purchasers will be required to demonstrate that they can safely handle and store arms.
- Dealers must implement a security plan to prevent gun theft.
- Dealers cannot sell large capacity ammunition magazines or semiautomatic assault weapons.
- Dealers must agree to new limits on multiple handgun sales.

End side bar

<b>Before Transformation</b>	<b>Transformation Strategy</b>	<b>Impact</b>
Few PHAs using strong screening and eviction policies	President announces “One Strike and You’re Out”; Congress passes supportive laws; HUD issues guidelines	PHAs working with residents, police, and courts to implement fair and comprehensive occupancy policies, including strong screening and eviction elements
PHDEP funds provided competitively, year-to-year	PHDEP funds allocated by formula	PHAs have stable resource to fight crime and leverage resources for the long-term; more PHAs receive funding
Community involvement was sporadic	PHDEP requires coordination with police and other local anti-crime efforts	Communities are coming together to fight crime; specific initiatives in which PHAs partner with others make a difference
No cohesive strategy to address gun violence and safety	Gun buyback funds available; President requests Community Gun Safety and Violence Reduction Initiative; Administration negotiates with gun manufacturers	Potential to reduce number of guns available, increase effectiveness of anti-crime efforts, and decrease needless accidents and deaths; agreement reached with Smith & Wesson to increase gun safety and decrease criminals’ access to guns

## Chapter 6: Transforming Resident Self-Sufficiency and Reducing Isolation

**The Problems.** Public housing has long been a world apart. Public housing developments were often concentrated in desperately poor urban areas, which left poor families isolated from the rest of the community. Jobs were located elsewhere, and inadequate public transportation and physical barriers—sometimes purposely there to isolate the poor or racial minorities—kept public housing residents from connecting with employment opportunities, educational facilities, and support services.

A majority of African Americans living in public housing are living in poverty-concentrated areas. Racial and economic discrimination, along with the stigma of living in public housing, all worked together to keep public housing families shut away from the chance for prosperity and ever more reliant on the welfare system.

Because of this isolation and the problems at the sites left behind, working families who had the resources to move out of public housing did so, and those with less skills and resources found themselves trapped in public housing. PHAs recognized that working families would bring critical stability to public housing, and that more had to be done to help these families succeed.

Yet, PHAs traditionally saw themselves as housing providers. Some of those that attempted to assist their residents with self-sufficiency activities did so with approaches that were disconnected from their local welfare agencies and supportive service providers.

The promotion of self-sufficiency programs became all the more compelling in 1996, when President Clinton signed comprehensive welfare reform legislation that ended “welfare as we know it.” This has led to major changes for welfare recipients, including a new 5-year lifetime limit on receiving benefits, a requirement to work within 2 years of receiving aid, additional assistance to the States for self-sufficiency programs, and greater discretion for the States in how they run their welfare programs. Many imposed even stricter time limits on benefits and work requirements.

Like other welfare recipients, those in public housing (about half of all families with children in assisted housing receive some of their earnings from welfare benefits) would have to succeed or face a drop in income. The welfare reform legislation had financial ramifications for PHAs as well: decreases in residents’ welfare benefits could mean decreases in income-based rents.

**The New Approach.** HUD and Congress developed new strategies to coordinate with welfare reform initiatives, encourage self-sufficiency, and combat economic and racial isolation:

- Requiring PHAs to collaborate with local welfare agencies and service providers to help residents make the transition from welfare to work;
- Allowing PHAs to adopt rent policies that provide incentives for public and assisted housing families

- to find and maintain employment;
- Developing self-sufficiency initiatives that link welfare to housing and encourage leveraging of community resources, such as the Section 8 Welfare-to-Work Tenant-Based Assistance Program and the Resident Opportunities and Self Sufficiency (ROSS) program;
  - Building upon existing programs, such as the Family Self-Sufficiency (FSS) program and the Neighborhood Networks Initiative—first used in project-based assisted housing, to assist residents with training and employment and to help them “bridge the digital divide”;
  - Implementing admissions policies to help eliminate concentrations of poverty that keep residents isolated from employment and supportive services, and to assure that PHAs’ new flexibility to adopt admissions policies would not result in further isolation of the very poor; and
  - Requiring PHAs to assure that they are taking every reasonable step to affirmatively further fair housing.

## **Partnering with Welfare Reform Efforts**

With welfare reform allowing States more leeway in setting local welfare rules, it has become even more imperative that public housing self-sufficiency efforts integrate with local efforts. PHRA requires PHAs to make their best efforts to enter into cooperation agreements with local welfare agencies and other local support organizations. These agreements will facilitate exchanges of information necessary for PHAs to carry out PHRA, target resources, and thus expand the choices of self-sufficiency programs available to public housing residents.

Pull quote:

“State welfare reform is tied to the housing authority self-sufficiency program, and welfare workers are working with housing authority residents and staff to coordinate the jobs, education, child care, health benefits, and transportation—all the barriers to one’s success in getting off welfare.”

—Terry Feveryear, Salt Lake City Housing Authority

Through these cooperation agreements, PHAs should be able to access the substantial funding States have on hand—several billion dollars nationally—to help families become self-sufficient. HUD, in collaboration with the U.S. Department of Health and Human Services, has issued a model agreement that PHAs and welfare agencies can use for these purposes.

PHAs are attempting to draw upon, rather than duplicate, local supportive services. As one means of accomplishing this, PHAs can work with the U.S. Department of Labor’s new “one-stop” system, created under the Workforce Investment Act of 1998. The one-stop system comprises numerous local partners who provide core employment and training services at single neighborhood locations. For example, the Washington, DC, Housing Authority already has satellite one-stop centers at several family developments.

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### **Providence Housing Authority Teams with Local Welfare Agency on Resident Self-Sufficiency**

Since the passage of Rhode Island’s welfare reform legislation in 1997, the Providence Housing Authority (PrHA) has focused its efforts on ensuring that the housing authority programs support



residents subject to the State and Federal welfare reform. To provide a central location for public housing families to participate in self-sufficiency activities, PrHA renovated the Employment Support Center, which is located near several public housing developments. The center includes a computer learning center that includes 12 fully networked stations, classrooms, and administrative offices, and at which PrHA operates its Family Self-Sufficiency (FSS) program.

PrHA also has been working with State and Federal agencies to supplement their self-sufficiency efforts, including entering into a cooperative agreement with the Rhode Island Department of Human Services (DHS) to collaborate on implementing and monitoring activities.

DHS will consider PrHA self-sufficiency activities as acceptable TANF activities under the welfare reform legislation, and DHS will provide PrHA with TANF information to help monitor self-sufficiency participants' progress. In addition, DHS provided a \$50,000 grant in 1998 for Rhode Island housing authorities to provide unpaid work experience placements for TANF recipients in public housing operations throughout the state. PrHA assigned 25 residents, 11 of whom found paid employment afterwards.

In addition, PrHA won a competitive U.S. Department of Labor welfare-to-work grant of \$3 million to supplement their training and supportive service activities. The housing authority will, over the 3-year contract, identify and serve a minimum of 100 TANF residents with two or more significant barriers to employment.

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## **Encouraging Work with New Rent Policies**

If residents are to make the most of the employment opportunities, incentives must be in place to encourage and reward work. For years, the law penalized residents for working. If a resident's earnings went up so did the rent, by 30 cents for every new dollar of income earned. If earnings rose enough, the rent could exceed the market value of the apartment.

New public housing rent structures under PHRA and prior appropriations legislation address this situation. Flat rents, set at market value, will prevent working families from paying a rent higher than market value when their income increases. PHAs may adopt additional rent incentives that reward work.

PHRA also includes a mandatory earned income disregard. The earned income disregard prohibits public housing rent increases as a result of increased earned income for 12 months from when employment begins. Following that, over the second 12-month period, half of the increased earned income will be disregarded for rent calculation purposes.

These and other new rent policies reward work. They also will result in retention in public housing of some urgently needed role models who have attained a level of self-sufficiency.

## **Housing Programs to Support Moving from Welfare to Work**

About two-thirds of new jobs now are being created in the suburbs, but three out of four welfare recipients live in central cities or in rural areas. To alleviate this problem, HUD developed the Section 8 Welfare-to-Work Tenant-Based Assistance Program that permits PHAs to use tenant-based vouchers for a specific purpose—to allow eligible families to find affordable housing closer to employment opportunities and support services.

PHAs must coordinate the Section 8 Welfare-to-Work program with the local welfare agencies and other welfare-to-work programs, such as local and State entities administering TANF and the Department of Transportation's Job Access program. PHAs additionally must provide assistance in locating adequate housing and educating landlords about the Section 8 program. The Housing Authority of the Cherokee Nation (HACN) in Oklahoma, having been awarded more than \$3 million in 1999 for the Section 8 Welfare-to-Work program, will assist 638 families to find housing near employment and support services within an expansive 14-county area. With an unemployment rate for American Indians in Oklahoma at 12.4 percent—almost twice as high as for the rest of the State—the service is clearly needed. To work with such a large area, HACN needs to work with a variety of local and Federal partners to develop a plan sensitive to the employment, educational, and training needs of the residents. This will significantly aid welfare-dependent Native American families on their journey to self-sufficiency.

President Clinton demonstrated his commitment to the Section 8 Welfare-to-Work initiative by securing 50,000 vouchers in the FY 1999 budget. The Administration is seeking an additional 32,000 as part of an overall request for 120,000 additional vouchers in the FY 2001 budget. "These housing vouchers are an integral part of our efforts to reform welfare, reward work, and provide affordable housing for low-income families," the President stated. "They will help families move closer to a job, reduce a long commute, or secure more stable housing that will help them get or keep a job."

Pull quote:

"The people who were on welfare know what a tragedy the welfare system has been. I've been all across this country. I've never once had someone say to me, please help me get a welfare check, never once. Help me get a job, help me get training, help me get day care, but never once, help me get a welfare check."

—HUD Secretary Andrew Cuomo

Another new initiative offering self-sufficiency opportunities for public and assisted housing residents is the Resident Opportunities and Self Sufficiency (ROSS) program, a consolidation of three previous self-sufficiency programs for families and the elderly. ROSS grantees must augment their HUD resources with in-kind services or cash from other community organizations. To put resources directly into the hands of people who know their needs best, ROSS grants are available directly to resident organizations and certain types of nonprofit entities, in addition to PHAs. ROSS can provide the seed money to help PHAs attract larger service commitments for their residents.

Successful programs such as the Family Self-Sufficiency (FSS) program, which HUD started before welfare reform legislation was passed, are now integrating with local welfare-to-work initiatives. Under

FSS, PHAs coordinate with local agencies to secure services such as case management, childcare, transportation, education, job training and employment counseling, and homeownership training. In return, Section 8 and public housing residents enter into a contract with the PHA, specifying the family's responsibilities and goals, including employment of the head of household and no family member receiving welfare within 5 years. Upon completing all contract requirements, participants can receive funds from escrow savings accounts set up for them by the PHA. This program has been particularly important for Section 8 voucher recipients, and is used by more than 40,000 of those families. In some instances, PHAs also have structured similar programs for public housing residents.

FSS is proving to be a program that PHAs can use to work with the local community on innovative self-sufficiency approaches, as shown by the example of Ithaca, New York. Under the guidance of the Ithaca Housing Authority (IHA), FSS participants got together with community and business leaders, human service agencies, and local banks and credit unions to form the Three Pillar Foundation (3PF) in 1996. 3PF provides finance training, peer support, and a rotating loan fund to better prepare FSS participants for supporting themselves. Through IHA's innovative approach to their FSS program, more than a quarter of the 3PF participants have left public assistance.

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#### **Innovative FSS Program Shows Success in Ithaca**

The Ithaca Housing Authority (IHA) found that participants in their FSS program were facing unforeseen obstacles to achieving self-sufficiency. "One factor holding back FSS participants," said Marcy Hudson, Coordinator of the Department of Community Services at IHA, "is an inability to manage their day-to-day finances."

IHA encouraged the formation of the Three Pillar Foundation (3PF) to assist families in learning to better manage their finances, ensuring that FSS participants will be able to maintain self-sufficiency after leaving the program.

"I have started working my way out of debt through strategy and planning learned in the classes and support group," said Cindy Christensen, a FSS graduate who was one of the founding members of 3PF. "I feel stronger and have more control over my life. I can make better decisions."

Ms. Christensen, a mother of two, had been on welfare for approximately 15 years by the time she enrolled in the FSS program. She participated in the 3PF classes to better control her finances, and through FSS was hired part-time with the County Department of Social Services. This led eventually to a full-time job with the County. She completed her 5-year FSS contract, and with her escrow account funds she hopes to buy a house in the near future.

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## **Bridging the Digital Divide**

It is clear that to succeed in the new century, our children must be computer-literate and technologically proficient. HUD has sponsored several initiatives to "bridge the digital divide." Public housing is well

suited for such activities, because PHAs own the buildings and can take the necessary actions to make hardware available and training accessible to residents.

The HOPE VI program, discussed in Chapter 3, contains a component for providing funds for community and supportive service (CSS) activities to revitalize public housing communities and encourage residents toward self-sufficiency. To bring technology training to low-income families, the FY 2000 NOFA for HOPE VI requires PHAs winning revitalization grants to adapt the Neighborhood Networks Initiative to their HOPE VI projects. This initiative involves establishing Neighborhood Network Centers, which provide on-site access to computers and training resources designed to help hundreds of residents improve computer technology skills, which in turn increase job and education opportunities. Currently, of the 124 HOPE VI family sites, 30 have fully functioning computer laboratories. Eighty-one additional sites plan to include such laboratories in their revitalization plans. In addition, \$1 million of the Capital Fund technical assistance funds will be committed to provide assistance to non-HOPE VI PHAs to establish Neighborhood Network Centers at their sites.

The Campus of Learners (COL) initiative also helps low-income families bridge the digital divide. COL attempts to transform public housing into “campuses” where residents can receive education opportunities and train in new technology and telecommunications. These campuses, set up at 25 public housing sites throughout the country, are created through collaborations between PHAs and local educational organizations, private businesses, and nonprofit organizations.

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**Seattle uses HOPE VI funds to create Campus of Learners**

At Seattle’s New Holly development, formerly known as Holly Park, half the resident population received a majority of their income from welfare, and only 28 percent had a high school education. When the Seattle Housing Authority won a HOPE VI grant to revitalize the development, providing residents with the necessary education and technology training to become self-sufficient was one of the goals.

This led to the creation of a Campus of Learners (COL) at the New Holly development. This COL is a multiagency collaboration that utilizes a variety of housing authority program funds to set up a much-needed education program for the residents. Among the courses offered are computer training classes, financial management, and English as Second Language courses with a focus on building the vocabulary for specific jobs. An on-site library offers computers for word processing and Internet access to residents, and the Seattle Public Schools provided expertise to upgrade donated computers for an on-site computer lab serving adults and children. COL helps bring the necessary training and equipment to public housing families that provides them with the skills to compete for higher paying jobs.

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## **Deconcentration**

All of these programs, initiatives, and reforms still will not be enough unless public housing residents are removed from the isolation that bars them from access to opportunity. This occurred not only because of discriminatory or short-sighted site selection and building policies, but also because the law’s “Federal preferences” dictated the admission largely of the poorest families with the most difficult

problems. These concentrated areas of poverty fostered chronic socioeconomic problems, such as crime, drug use, teenage pregnancy, and long-term unemployment.

Congress recognized this problem, repealed the Federal preferences, and allowed PHAs more flexibility to admit higher income households to public housing. In part, the theory is that working families provide a link to the working world for very poor families. That strategy, however, displaces the poorest families from public housing opportunities. Secretary Cuomo insisted upon measures in PHRA to ensure that (1) the poorest families have substantial continuing access to public housing, (2) such families receive a higher proportion of available vouchers, which can be used anywhere and thus do not raise the same concerns as public housing regarding concentrations of poverty, and (3) the policy of admitting higher income families will be used in developments where it is most needed and will not just exclude the poorest applicants from certain developments. PHRA requires PHAs to design an admissions policy to bring higher income tenants into lower income developments and lower income tenants into higher income developments. HUD is publishing regulations to assure that these admissions policies and other PHA efforts will address deconcentration by income.

Pull quote:

“Segregation is an ugly part of our past that has no place in the 21st century. If we are ever to become the One America envisioned by President Clinton and achieve Martin Luther King’s dream of justice and equality, we need to come together as neighbors and not remain apart.”

—HUD Secretary Andrew Cuomo

Unfortunately, contributing to the isolation and to discrimination against public housing communities is their concentration of minority families. About 82 percent of families with children in public housing are headed by minorities, compared to 68 percent in the Section 8 certificate and voucher programs. PHRA places the obligation to affirmatively further fair housing directly on PHAs for the first time. While addressing affirmatively the problem of racial concentrations is not easy in some settings, HUD regulations will require that PHAs take every reasonable step to do so. This is a necessary part of fulfilling the President and Vice President’s vision for One America, in which the government will lead the way by word and deed.

<b>Before Transformation</b>	<b>Transformation Strategy</b>	<b>Impact</b>
Little coordination between PHAs and local service organizations; confusion regarding PHAs' roles	PHAs must make their best efforts to enter into cooperation agreements with local welfare agencies to target services	PHAs are able to facilitate more and better services for families to assist with self-sufficiency; PHAs may obtain access for their families to unspent welfare (TANF) supportive service funds
Rent policies were a disincentive for residents to find employment	New rent policies friendlier to working families	More residents able to work and save money as rents do not increase with earnings; more working families will be in public housing
PHAs inconsistent in providing self-sufficiency programs	Introduction of Section 8 Welfare-to-Work program; promotion of other self-sufficiency programs, including programs to help residents bridge the digital divide	Families provided with more options to increase their self-sufficiency
Admissions policies and Federal preferences contributed to poverty concentration; discriminatory siting and other actions, including past segregation, contributed to concentrations of minorities especially in public housing	New admissions policies to deconcentrate poverty but still protect lowest income families; Federal preferences repealed; PHAs required to affirmatively further fair housing	PHAs will pursue deconcentration of poverty with appropriate safeguards to protect poorest families, and must take every reasonable step to address racial concentrations

## Chapter 7: Transforming Native American Communities

“The descendants of the first Americans should not be locked out of the American Dream of a home, a job, and a chance to build a better tomorrow for their children,” Secretary Cuomo stated at “Shared Visions II: the 1999 Native American Homeownership and Economic Development Summit,” hosted by the Oglala Sioux Tribe in Pine Ridge, South Dakota. But many American Indians and Alaska Natives living on tribal lands have been locked out of the dream. Home to nearly half of the 2 million Native Americans in the United States, tribal lands face some of the severest shortages of housing and economic opportunities in the country. The high percentage of violent crime and drug and alcohol abuse on tribal lands creates additional difficulties for Native Americans.

For years, HUD’s Indian housing programs were bogged down in rules based on largely urban public housing initiatives. These rules did not address the unique conditions found in Indian Country. No long-term planning was required by HUD, and few communities were planning beyond the next year of funding. Funding was directed at Indian Housing Authorities, which were neither accountable to their tribal governments nor adequately monitored by HUD. Without confidence in the Indian housing system, Congress did not fund Indian housing initiatives sufficiently, despite the obvious need.

A 1996 HUD-sponsored Urban Institute study paints a disturbing picture of American Indian and Alaska Native demographic and housing characteristics. Unemployment is a particularly severe problem in tribal areas, with private businesses scarce in many communities. The unemployment rate in tribal areas is more than three times as high as in the rest of the population, and much higher on some reservations—at Pine Ridge, the unemployment rate is a staggering 75 percent. With such lack of opportunities, it is not surprising that three times as many Native American families live in poverty as the non-Native population.

It is also not surprising that housing conditions for Native Americans lag behind those elsewhere in the country. More than 40 percent of the housing on tribal lands is considered substandard or overcrowded—six times the rate for the rest of the United States. For 183 tribal areas that were large (Native population of 400 or more) and near an urban center, one-third of households had one or more housing problems. For the other 325 mostly remote tribal areas, 62 percent had one or more housing problems; more than half had overcrowding and facilities problems. The supply of assisted housing clearly is not keeping up with the demand—Native Americans spent an average of 41 months waiting for assisted housing in 1998, twice the time spent waiting in 1996.

Furthermore, Native communities must overcome many unique challenges to provide affordable housing for their people: geographic and economic isolation; limited human resources to staff local housing programs; inhospitable climates ranging from desert to tundra; and a lack of infrastructure such as paved roads, utilities, and sewers. In addition, on most reservations, large portions of tribal lands are held in trust for tribes by the Bureau of Indian Affairs. Tribes can allocate parcels of trust land for housing or businesses, but cannot sell it. Trust status, along with other complicated land use and ownership systems, has deterred the development of private housing on Native lands.

The severe housing needs in Indian Country are the result of decades of problems and conditions that will not be fixed easily or quickly. Although the public housing program was established in 1937, Indian tribes were not eligible for funding until 1961. By this time, critical demand for Indian housing had escalated, putting HUD behind from the beginning. The accomplishment of funding tens of thousands of rental and homeownership units—home to about one-quarter of all Native households living on reservations, Alaska Native Villages, and similarly designated lands—remains overshadowed by the tremendous, growing need for decent and affordable housing in tribal areas. One-size-fits-all approaches, often modeled on public housing programs for urban areas, did not adequately address the diversity of housing needs faced by communities from the Arctic Circle to the Everglades.

Table 1: Tribal Populations in a National Context

<b>Demographic Characteristics</b>	<b>Tribal Areas</b>	<b>Non-Native Population</b>
% Pop. Over Age 25 Not Graduated from High School	34	25
Unemployment Rate	20	6
% Households Living in Poverty	36	12

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Assessment of American Indian Housing Needs and Programs: Final Report*, May 1996

## **NAHASDA: A New Relationship with Tribes**

The key aspect of the new approach to Indian housing is embodied by the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA). HUD worked with Congress to pass NAHASDA to set up a more forward-looking Indian housing framework that promoted flexibility and accountability. This legislation was an important affirmation of tribal self-governance because it provided funding directly to Indian tribes and Alaska Native Villages for housing, self-sufficiency, and safety activities. It also increased tribal accountability by requiring Annual and 5-Year Indian Housing Plans, which will be reviewed by HUD.

Since 1996, HUD’s housing programs for Native Americans and Alaskan Natives have undergone a radical transformation to help Native communities address their housing and economic needs more comprehensively. A strong internal effort within HUD and among Indian tribes to deregulate and create flexibility in Indian housing programs, as well as an important national movement toward tribal self-determination, were the primary forces behind the reforms of NAHASDA. “Tribes have been released from the overly regulated patterns of the past and now have the flexibility to carefully assess their own needs, plan for the future of their own tribe and its members, and then make it happen,” said Jacqueline Johnson, Deputy Assistant Secretary for Native American Programs. “With that freedom comes tremendous responsibility. The success of the program now lies with the tribe and its housing entity.”

NAHASDA respects tribal sovereignty by directly funding tribes or their Tribally Designated Housing Entity (TDHE) and adds to recent legislative actions affirming the right to self-governance long sought by tribes. NAHASDA comports with tribal self-determination and complements this concept by minimizing



Federal involvement in tribal decision-making.

As an acknowledgment of the government-to-government status of tribes, NAHASDA requires HUD to obtain input from tribal governments when negotiating rules for the new program. Forty-eight tribal members and HUD representatives met for more than a year in negotiated rulemaking sessions to shape the regulations implementing NAHASDA.

## **A New Housing Delivery System**

NAHASDA's block grant funding is allocated by a formula, rather than on a competitive basis. The new funding system has cast a wider net, reaching a larger number of Native communities and allowing for a more comprehensive range of activities. Prior to NAHASDA, approximately 190 Indian Housing Authorities were participating in HUD's Mutual Help homeownership and rental housing programs. By FY 1999, 527 tribes were receiving NAHASDA funds independently, or as members of inter-tribal partnerships. "We've never had the money to build a community before," said the housing director of one tribe. "I had a vision of what I'd like this housing program to do, but until now, there was nothing I could do about it."

Based on the unique local needs and priorities spelled out in their Indian Housing Plans approved by HUD, tribes may implement a much broader variety of strategies to address housing conditions than under HUD's previous programs. Tribes can develop new rental and homeownership units, or housing for special uses such as sheltering victims of domestic violence or providing supportive services for the elderly. Communities must also continue operating and modernizing existing units developed prior to NAHASDA.

To increase homeownership, NAHASDA increases residential land leases to 50-year terms, providing a more stable environment for mortgage lending. New authority under NAHASDA Title VI expands opportunities for private housing finance—a factor long absent in Indian housing—through Federal guarantees of notes or other obligations issued by tribes to fund affordable Indian housing. Title VI allows eligible tribes to pledge up to five times their future Indian Housing Block grant funds to collateralize loans. This complements the Section 184 program (Section 184 of the Housing and Community Development Act of 1992), which provides Federal insurance for individual home mortgages. In addition, President Clinton is requesting funding to create an Indian Homeownership Entity to act as a catalyst for providing homeownership and related services on reservations and other Native lands.

## **Addressing Safety and Economic Well-Being**

Indian communities, already hampered by generally weak economic bases, have been hit hard by the time limits and work requirements of welfare reform. NAHASDA now allows tribes and TDHEs to address self-sufficiency needs that are critical to improving the quality of life for Indian housing residents. The Kodiak Island Housing Authority in Alaska has created a Building Maintenance Apprenticeship Training Program with resources from HUD and the U.S. Department of Labor. The program offers apprentices nearly 300 hours of correspondence instruction from the Alaska Vocational Technical Center in Seward and 4,000 hours of hands-on experience in housing maintenance.

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**Apache Dawn: A New Housing Era**

On December 2, 1999, at the White Mountain Apache Indian Reservation in Arizona, tribal members conducted a groundbreaking ceremony for a 250-unit single family housing development to be owned by the White Mountain Apache Housing Authority. The new development, Apache Dawn, will provide long-term rentals with an option to own in 10 years. The tribe, its tribal council, and the housing authority share a common belief that Apache Dawn is the beginning of a more diversified housing market for the community.

Apache Dawn helps stretch NAHASDA dollars to meet the tribe's housing needs through strong partnerships and a mix of public and private financing. "I have a waiting list with 1,000 people on it," said Victor Velasquez, director of the housing authority. "It doesn't take a math genius to figure out that if you just depend on [NAHASDA] money, you're never going to get your people housed." The tribe is the project sponsor, the housing authority will own the new housing, the Bureau of Indian Affairs is trustee of the land and leaseholds, and the Indian Health Service designed and installed safe water and sanitary systems on several sites.

For the first time in history, Indian housing developments are blending tribally issued tax-exempt bonds, HUD Section 184 loans, and NAHASDA funds. In this project, Banc One Mortgage Corporation will lend the housing authority funds for each house constructed, using a HUD-guaranteed Section 184 mortgage loan for each house.

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The Quinault Tribe of Washington uses its NAHASDA funds to support a wide range of self-sufficiency activities: summer school programs for youth, tuition assistance and materials for residents enrolled in the tribe's education programs, rehabilitation of a housing unit for use as a daycare center, and employment of a specialist to assess the needs of families entering tribal housing programs. Other tribes provide services such as housing counseling, GED classes, vocational training, life skills counseling, and capacity building for resident councils.

As in public housing, NAHASDA recognizes that crime prevention and safety activities are also key to the long-term success of housing delivery and healthy communities. Though many reservations and Alaska Native Villages are remote and rural, they have not escaped the crime problems typically thought to plague only urban areas. According to a 1999 Bureau of Justice Statistics report, American Indians experienced 124 violent crimes per 1,000 population among persons 12 and older—twice the rate for the Nation as a whole. With HUD assistance, tribal communities are fighting back with law enforcement partnerships, creating police substations in housing communities, implementing physical improvements to deter crime, supporting tenant patrols, and offering drug treatment. They are also engaging in prevention activities such as culture camps, drug education, computer learning centers, and youth programs such as Boys & Girls Clubs.

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### **Tyonek Boys & Girls Club**

To help support the Boys & Girls Club in the tiny village of Tyonek, the Cook Inlet Housing Authority in south-central Alaska is committed to annually providing a portion of its NAHASDA funds to support the Club's operation. Every youth in the rural village of 150 Athabascan Indians is a member of the Boys & Girls Club, which provides much needed youth development opportunities such as education, physical fitness, cultural awareness, and leadership activities.

In particular, the Club supports a number of cultural programs that promote pride and self-esteem, such as Native Youth Olympics training, beading, a talking circle, and a drum group that proudly performs for Tyonek visitors and in other villages. An annual highlight for Club members is the traditional fishing subsistence camp with other area villages, where youth learn the salmon fishing techniques of their ancestors. Through the Club, youth also volunteer as reading and math tutors at the local school and helpers for elders in the village.

The Club has made a difference in the community. According to Emil McCord, the Club's first director, "There was a feeling of hope when the Club opened. The kids had something that really belonged to them."

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## **Presidential Attention**

President Clinton's trip to Pine Ridge in July 1999 with Secretary Cuomo—the first official Presidential visit to a reservation since 1927—built on the momentum of NAHASDA and helped bring national attention to the extreme housing and economic conditions faced by many Native communities.

Addressing the Pine Ridge community, President Clinton stated, "When we are on the verge of a new century and a new millennium where people are celebrating the miracles of technology...and there are still reservations with few phones and no banks, when still three or four families are forced to share two simple rooms, where communities where Native Americans live have deadly disease and infant mortality rates at many times the national rate, when these things still persist, we cannot rest until we do better."

In demonstrating the continued support of the administration and HUD for Indian tribes, President Clinton announced several new initiatives at the historic summit, including \$1.6 million in new rural housing and economic development grants to benefit reservations in South Dakota and a partnership with private lenders to issue new mortgages to create 1,000 additional Indian homeowners on reservations around the Nation over the next 3 years. This is just another step on the long road to better housing and more opportunities for Native Americans.

## **HUD Monitoring and Technical Assistance**

Effective HUD monitoring of Indian Housing Plans and direct technical assistance to tribes are critical to NAHASDA's success. To monitor and assist tribes in implementing their Indian Housing Plans, HUD staff are reviewing Annual Performance Reports and visiting at least 20 percent of grantees each year. HUD is also conducting ongoing quality control reviews of HUD-guaranteed loans. HUD has provided technical assistance directly, through trainings such as the annual Crime Prevention and Drug Elimination Conference and the Native American Homeownership and Economic Development Summit, and site

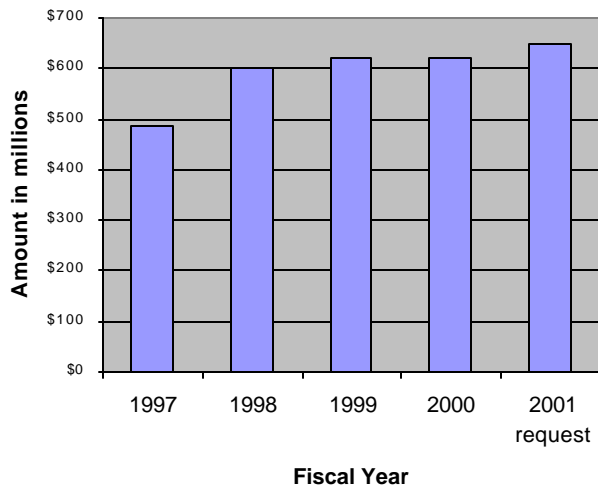
visits to tribes. HUD also offers on-line training modules through its Native American programs Internet site, Codetalk, as well as printed technical assistance materials on a variety of topics. The remote location of some reservations make access to on-line training particularly important.

## Congressional Confidence

With new Congressional confidence in the Indian housing system as restructured by NAHASDA, HUD has worked with Congress to increase funding for Indian Housing Block Grants. The appropriation increased 24 percent between FY 1997 and 1998, the first year after NAHASDA's enactment, and then again by 3 percent in 1999. President Clinton's FY 2001 request for Indian housing provides for an additional 5 percent increase from FY 2000 levels (see Chart 1). "For too long, reservations have been islands of poverty in a sea of American prosperity. We will not allow this to continue," said Secretary Cuomo. The future of the first Americans, from California to Maine, points the way to the future of all Americans: building stronger, more vibrant communities.

<b>Before Transformation</b>	<b>Transformation Strategy</b>	<b>Impact</b>
HUD funding directed to Indian Housing Authorities instead of tribes	Tribes become direct recipients through Indian Housing Block Grant; tribes negotiate program rules with HUD	Tribal sovereignty status respected and tribal responsibility enhanced
Indian housing constrained by cumbersome, inappropriate public housing rules	Flexible NAHASDA rules based on experience of Indian Country	Greater ability to design appropriate activities that meet needs of reservations and villages
Local planning only year-to-year; inadequate Federal monitoring and technical assistance	5-Year and Annual Plans approved by HUD are required for tribes to receive funding; monitoring and technical assistance improved	Tribes are developing long-term plans for housing and economic development; HUD is monitoring regularly and providing more effective technical assistance, including on-line assistance
Inadequate funding for Indian housing	Funding increased significantly after NAHASDA's enactment and new rules encourage private investment in Indian housing	Federal resources are more adequate; tribes are in a better position to leverage private financing

**Indian Housing Block Grant**  
**Budget Authority: FY 1997-2001**



## Chapter 8: Vision for the Future

The transformation of the public housing system is well under way. The worst housing in the country is being replaced with mixed-income communities or vouchers. Public housing management is being overhauled, with zero tolerance for failure. Comprehensive security efforts are working. PHAs are teaming up with welfare reform initiatives to provide their residents new opportunities and allow them to take advantage of our strong economy. NAHASDA's flexibility, and the new role of the tribes, have reinvigorated Native American housing programs.

The infrastructure to allow continued progress also is largely in place. HUD management reforms, such as the specialized processing centers, are fully operational. The new Public Housing Assessment System is kicking in. HUD has completed regulations under the Public Housing Reform Act, converted the CIAP and Drug Elimination programs from competitions to formulas, and received the majority of PHAs' first 5-Year and Annual Plans in an electronic format.

Congress' renewed confidence in HUD and the programs also contributed to appropriation of desperately needed incremental vouchers after a four-year gap—50,000 in fiscal 1999 and 60,000 for fiscal 2000 (see Chart 1).

These steps are putting us in a position to pursue our vision for the public housing program. The basics of that vision for the future include:

- The nightmare of failed and frightening family public housing is over; there are no more Cabrini Greens, Desires, or Columbus Homes;
- All demolished public housing is fully replaced, either with townhouse units that blend into the community or vouchers;
- Public housing is being upgraded efficiently and effectively with the capital funds available;
- Both public/private partnerships and new appropriations allow more families with severe housing needs to be served;
- All occupied public housing is decent, safe, and sanitary;
- The management of public housing and vouchers has an outstanding reputation, and there are no more “troubled” PHAs;
- Waste, fraud, and abuse are eliminated in the programs;
- Public housing is as safe as or safer than other neighborhoods in the community, and the voucher program clearly contributes to neighborhood stability;
- The public housing and voucher programs' linkages and incentives offer families substantial opportunities to become self-sufficient, and virtually all families take advantage of those opportunities;
- Public housing and vouchers are fully deconcentrated and integrated into communities by income and race, and thus families are no longer segregated and isolated from the rest of these communities;
- Under the new leadership of Indian tribes, Native American housing programs are successfully and dramatically improving Native Americans' housing situation; and

- HUD is a partner that enables performing housing authorities and tribes to succeed with a minimum of interference, and an enforcer that does not tolerate substandard performance.

We have made the adjustments in our programs to pursue this vision; however, more work is ahead, and HUD, Congress, PHAs, tribes, residents, and local leaders and organizations all must work together if the potential of the reforms is to be fully realized. The promise has been made, the strategy has been adopted, the framework is in place, and the actions are occurring. Working together, we will fulfill the promise.



**New Section 8 Vouchers  
Appropriations, 1994-2000**

