

Problems and Progress

Public Housing in an American Social Housing System

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Introduction

In the last several years, progressive reformers in the United States have urged the adoption of “social housing.” The exact definition of this policy varies, but proponents generally envision a system of government or government-funded agencies that develop, own, and manage housing for low-income Americans outside the private for-profit market.¹

The idea is not new. For almost a century, housing reformers have urged the United States to emulate European countries and build a system of public and nonprofit collective ownership of housing. Over this time, the advocates have succeeded in persuading the federal government to create numerous affordable housing programs, which overlap even if they do not comprise a coordinated social housing system as such. In general, the programs that provide low-income housing fall into three categories: 1) direct government ownership; 2) indirect government support of affordable housing developments through subsidies to private nonprofit and for-profit entities; and 3) government supplemental payments toward rent of privately owned market-rate units occupied by low-income tenants. The second category includes such programs as Section 8 and the Low-income Housing Tax Credit; the third category is exemplified by the Housing Choice Voucher program.

In the first category is public housing, America’s original national low-income housing program and the subject of this paper. In the 1930s reformers convinced the federal government to initiate what was then a novel idea, government provision of residences for low-income Americans. Since then, the public housing program has provided homes to millions of low-income Americans and, of all federally funded housing programs, serves the highest proportion of poor people (slightly more than the rental voucher

¹ Alliance for Housing Justice, “Social Housing: Addressing America’s Housing Crisis,” 2023, <https://www.allianceforhousingjustice.org/social-housing>; Saoirse Gowan and Ryan Cooper, “Social Housing in the United States,” People’s Policy Project, October 2022, <https://www.peoplespolicyproject.org/wp-content/uploads/2022/10/SocialHousing.pdf>; Oskana Mironova and Thomas J. Waters, “Social Housing in the U.S.,” Community Service Society of New York, Feb. 18, 2020, <https://www.cssny.org/news/entry/social-housing-in-the-us>; Matthew Bruenig, “Why We Need Social Housing in the United States,” *The Guardian*, April 5 2018; Rachel G. Bratt, “The U.S. Approach to “Social Housing,” in Katrin B. Anacker, Mai Thi Nguyen, David P. Varady, eds., *The Routledge Handbook of Housing Policy and Planning* (New York: Routledge, 2020), 173-88. Academic writers had previously called for social housing or its equivalent: see, for example, Rachel G. Bratt, Michael E. Stone and Chester Hartman, eds., *A Right to Housing: Foundation for a New Social Agenda* (Philadelphia: Temple University Press, 2006); Emily Achtenberg and Peter Marcuse “Toward the Decommmodification of Housing,” in Rachel G. Bratt, Chester Hartman, and Ann Meyerson, eds. *Critical Perspectives on Housing* (Philadelphia: Temple University Press, 1986), 474-83; Chester Hartman and Michael E. Stone, “A Socialist Housing Alternative for the United States,” in *ibid*, 484-513.

program). As one of the largest suppliers of affordable housing in the United States, the public housing program has the potential to play a major part in a new scheme of social housing.

Yet the history of public housing in the United States has been a difficult one. It has endured political attacks, local opposition to projects, and meager appropriations from the federal government. Public housing has never been especially popular. At the local level, housing authorities carried out slum clearance and housing projects, often contested, for low-income people, who rarely participated in planning or management. For decades, most housing authorities segregated their tenants by race.

The controversies and crises that have beset the public housing program can obscure persistent and often overlooked problems derived from its organizational structure and culture. From the outset, public housing has been implemented by federal-local agencies, both of which had a top-down character. At the federal level, a national housing agency issued funds and regulations to local public housing authorities. At the local level, public housing officials imposed rules on their tenants in a paternalistic manner, which contributed to the sense that the housing projects were more like charitable institutions than normal dwellings. In their operations, furthermore, many local housing authorities responded to Washington's requirements by becoming rigidly bureaucratic, leaving them ill-equipped to manage their projects. By the late twentieth century, the physical maintenance of aging and deteriorated properties and the increasing need to provide social welfare services to tenants required initiative and adaptability that local housing officials often lacked. Moreover, even when the housing authorities had the capacity, the federal government upon which they depend has not provided nearly enough funds to pay for the repair, rehabilitation, or redevelopment of public housing properties.

Over the last twenty-five years, federal and state housing officials have striven to solve the public housing program's organizational issues by making the housing authorities less bureaucratic and more enterprising. In particular, they introduced reforms in the local housing authorities' management practices and encouraged them to be innovative in their operations and financing. The process is ongoing, but so far some large housing authorities have risen to the challenge of the reforms by restructuring the finances of their projects, often with new sources of funding. Many other small agencies, however, have not yet changed fundamentally. The ability of the public housing program to overcome its historical administrative weaknesses will determine the degree to which it contributes to an effective social housing system.

Origins of Public Housing in Brief

The Wagner-Steagall Housing Act of 1937 created the permanent public housing program in the United States.

Given that at the time few Americans knew anything about public housing, the act's passage depended on a set of fortuitous circumstances. In the 1920s in New York City, a small number of socialists and fellow social reformers had agitated for "municipal housing," in which the local government demolished dilapidated tenements and replaced them with housing for their low-income inhabitants.

Much like advocates of social housing today, the reformers looked abroad for models of slum clearance and rehousing programs. In their many visits across the ocean, the reformers saw elements of programs that they thought could be combined to create an American social housing system. In England and Vienna, the Americans admired the way municipal governments directly cleared slums and/or built housing. In Holland and Germany, the reformers approved of the cooperatives and housing associations that received government funding to build housing outside the "speculative market." (Interestingly, housing advocates today again look to social housing policies in European locales such as Vienna and Sweden.)²

The advocates made little headway until the 1930s when the election of New York's governor, Franklin Roosevelt, to the presidency and large majorities of Democrats to Congress created a political opportunity to pass a federal public housing program. By the mid-1930s, a loose coalition of social workers, regional and garden city planners, city officials, New Deal civil servants, and trade union organizers had coalesced to promote a national public housing program, first as an experiment under the aegis of the Public Works Administration and then, after 1937, on a permanent basis.³

² Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge, Mass.: Belknap Press of Harvard University, 1998), 381-408; Edith Elmer Wood, *Housing Progress in Western Europe* (New York: E.P. Dutton & Company, 1923); Louis H. Pink, *The New Day in Housing* (New York: John Day Co., 1928); Catherine Bauer, *Modern Housing* (Boston: Houghton, Mifflin Co., 1934), 121-134, 227 ("speculative market" quotation); Gowan and Cooper, "Social Housing in the United States," 16-19, 23-25.

³ Alexander von Hoffman, "The End of the Dream: The Political Struggle of America's Public Housers," *Journal of Planning History* 4, no. 3 (August 2005): 222-53; Anthony Jackson, *A Place Called Home: A History of Low-Cost Housing in Manhattan* (Cambridge: MIT Press, 1976); Timothy McDonnell, *The Wagner Housing Act - A Case Study of the Legislative Process* (Chicago: Loyola University Press, 1957); Gail Radford, *Modern Housing for America: Policy Struggles in the New Era* (Chicago: University of Chicago Press, 1996); Mary Susan Cole, "Catherine Bauer and the Public Housing Movement, 1926-1937," Ph. D. dissertation, George Washington University, 1975; H. Peter Oberlander and Eva Newbrun, *Houser: The Life and Work of Catherine Bauer* (Vancouver: University of British Columbia Press, 1999).

After a long lobbying campaign, in 1937 the “public housers,” as the advocates called themselves, and influential allies such as the American Federation of Labor (AFL) and the US Conference of Mayors, convinced Roosevelt and the Congress to pass the law. After its passage, advocates convinced state legislatures and city governments to establish local semi-independent agencies to build and manage low-income housing. Since then, lobbying efforts by national liberal organizations coordinated by the National Housing Conference have kept the program alive.

The public housers conceived a top-down program in which low-income people were served but not represented. Perhaps that is a reason that few working- and lower-class Americans showed interest in supporting public housing legislation. Whatever the cause, public housing – unlike other New Deal programs such as Social Security and the National Labor Relations Act – has lacked a large constituency of beneficiaries who would fight to preserve and expand it. The lack of a grass-roots constituency contributed to the bureaucratic character of the program, since it left administrators and officials to determine its policies.

The Housing Act of 1937 encompassed several different goals. The law’s purpose, according to its preface, was to provide federal funds “for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe, and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity.”⁴

The various purposes reflected the different priorities of supporters of the public housing bill. Social welfare reformers, such as settlement house social workers, and mainstream liberals, including Franklin and Eleanor Roosevelt, thought of public housing as a way to clear slums and replace substandard housing. Left-wing activists, such as the writer Catherine Bauer, and regional planning advocates objected that inner-city real estate values rendered slum clearance too expensive to pursue and that instead public housing should be built on the urban outskirts as planned modernist garden city communities. The labor unions saw public housing as a way not only to improve the housing of working-class Americans but also to provide members of the building trades with jobs. Hence, they insisted that construction jobs on public housing projects should be paid “prevailing wages,” i.e., at union rates.⁵

⁴ United States Housing Act of 1937 (Public Law 75-412, September 1, 1937), United States Housing Act of 1937 PL75-412 (75th Cong., 1st Sess., US Statutes, 888-899).

⁵ Historical accounts of the public housing movement are many and varied. They include sources in note 1, as well as John F. Bauman, *Public Housing, Race, and Renewal: Urban Planning in Philadelphia, 1920-1974* (Philadelphia: Temple University Press, 1987); Eugenie Ladner Birch, “Woman-Made America: The Case of Early Public Housing

The public housers differed on the income group that the program should serve. The social reformers focused on families of very low income, who were thought to make up most of the inhabitants of slums. Conservatives shared this view, believing that government should help the poor but that private industry should provide housing for the rest of the population. In contrast, the leading regional planners and left-wing union activists – especially Bauer, who both drafted the original law and directed a housing council for the AFL – envisioned a broad program that extended to moderate-income working-class families. In the decades to follow, the concept of public housing as poor people’s housing would prevail.

In the 1930s, furthermore, the leading proponents of public housing agreed that the ideal low-income residents of the housing projects were married couples at least one of whom was employed. During the Great Depression, they could expect to draw tenants from such a “submerged middle class,” whose members earned little but adhered to middle-class values and behavior. In that context, social workers, public housing advocates representing labor interests, and reformer architects – who clashed over other issues – opposed admitting into public housing unemployed indigents, recipients of welfare (known then as “the dole”), and single unmarried parents. Allowing these sorts of tenants, they reasoned, would undermine the public housing program because it would be difficult to provide such households with special services and would turn the program into a charity institution that working-class people would shun. After the passage of the 1937 act, local public housing officials incorporated these beliefs in their admissions criteria.⁶

Policy,” *Journal of the American Institute of Planners*, 44, no. 2 (1978): 130-44; Nicholas Dagen Bloom, *Public Housing That Worked: New York in the Twentieth Century* (Philadelphia: University of Pennsylvania Press, 2009); Nicholas Dagen Bloom, Fritz Umbach, Lawrence J. Vale, eds., *Public Housing Myths: Perception, Reality, and Social Policy* (Ithaca: Cornell University Press, 2015); Robert B. Fairbanks, *Making Better Citizens: Housing Reform and the Community Development Strategy in Cincinnati, 1890-1960* (Urbana: University of Illinois Press, 1989); Joseph Heathcott, “The Strange Career of Public Housing,” *Journal of the American Planning Association*, 78, no. 4 (2012): 360-75; Rachel G. Bratt, “Public Housing: The Controversy and Contribution” in Bratt et al., eds., *Critical Perspectives*, 336-61; A. Scott Henderson, *Housing and the Democratic Ideal: The Life and Thought of Charles Abrams* (New York: Columbia University Press, 2000); D. Bradford Hunt, “Was the 1937 U.S. Housing Act a Pyrrhic Victory?” *Journal of Planning History* 4, no. 3 (2005): 195-221; idem, *Blueprint for Disaster: The Unraveling of Public Housing in Chicago* (Chicago: University of Chicago Press, 2009); Lawrence J. Vale, *From the Puritans to the Projects: Public Housing and Public Neighbors* (Cambridge, Mass.: Harvard University Press, 2000).

⁶ In the 1937 act, Congress set a low-income formula for eligibility to live in public housing that households could earn no more than five times (or six times for families with three or more dependents) the rent of the dwelling unit (which included the cost of utilities), but housing authorities had leeway in implementing admissions. Lawrence M. Friedman, *Government and Slum Housing: A Century of Frustration* (Chicago: Rand McNally and Company, 1968), 99ff.; von Hoffman, “The End of the Dream,” 236; Hunt, “Was the 1937 U.S. Housing Act a Pyrrhic Victory?” 213;

As originally drafted, the public housing bill reflected the variegated approach of European housing programs by including a variety of housing agencies and a relatively broad range of income groups as potential beneficiaries. As conceived and enacted, the law enabled financing government agencies or, as they came to be called, “authorities.” Earlier versions of the act also included a provision to finance non-government housing providers, such as limited-dividend corporations, labor unions, nonprofit housing associations, and housing cooperatives, which could serve households of moderate as well as low incomes. Massachusetts Senator David Walsh, however, eliminated this provision first in the Committee on Education and Labor which he chaired and then on the floor of the Senate. Walsh did not oppose public housing but rather insisted it should serve only the very low-income group and that another New Deal agency, the Federal Housing Administration (FHA), which offered long-term mortgage insurance, should support alternative housing providers.⁷

In addition, the public housing law restricted the program to rental housing. At a time when a majority of American urban households rented rather than owned their homes, this restriction seemed practical. Yet it ignored the widespread aspiration among the American people to own their homes, which other federal programs such as the Federal Home Loan Bank System and the FHA addressed, and as a result limited the appeal of public housing.

In time, many of the original precepts of the public housing program would be revised or reversed, but for decades they provided the framework in which it operated and evolved.

A Federal-Local Structure

As established in the Wagner-Steagall Act, the fundamental mechanism of the public housing program is a system in which a federal public housing agency provides loans and grants to local government housing agencies to construct, own, and maintain residential properties whose units were rented to low-income households. After state governments passed appropriate enabling legislation, local jurisdictions established local public housing authorities (PHAs) to build and manage residences for low-

Judith D. Feins and Terry Saunders Lane, *How Much for Housing?: New Perspectives on Affordability and Risk* (Cambridge, MA: Abt Books, 1981), 44-45; Vale, *From the Puritans to the Projects*, 194-97; Hunt, *Blueprint for Disaster*, 48-51.

⁷ Interestingly, even the director of the National Association of Real Estate Boards – now known as the National Association of Realtors – supported this provision. Hunt, “Was the 1937 U.S. Housing Act a Pyrrhic Victory?”, 205-207.

income households. The federal government contracted with the local housing authorities to subsidize the construction of the public housing projects through “annual contributions” paid out over a period of up to sixty years. Once the projects were built, the PHAs used the revenue from rents they charged their tenants to cover the costs of maintaining the projects.

Hence, from the start the public housing program had a top-down organizational structure. The federal public housing agency, originally called the United States Housing Authority and now housed in the US Department of Housing and Urban Development (HUD), funded projects and imposed guidelines and requirements on the local housing authorities.

Despite practical and political challenges, the availability of federal funds helped establish and sustain the public housing program. Three years after the passage of the public housing law, the number of public housing authorities had grown from a mere handful to more than 500. By June 1941, the local housing authorities, with federal assistance, had created more than 130,000 homes in some 400 housing projects.⁸ After a lull in production in the 1940s, the Housing Act of 1949 authorized more construction, and by 1959 the number of public housing units reached about 400,000. Under the Kennedy and Johnson administrations, the program expanded once again, by 1973 reaching a million dwellings. Despite increasing restrictions imposed in the 1980s, the number of dwelling units continued to grow until the mid-1990s, when it began to decline from a peak of 1.4 million units. Today, according to HUD’s estimates, the number of public housing authorities in the United States exceeds 3,000, which own and manage more than 900,000 units.⁹

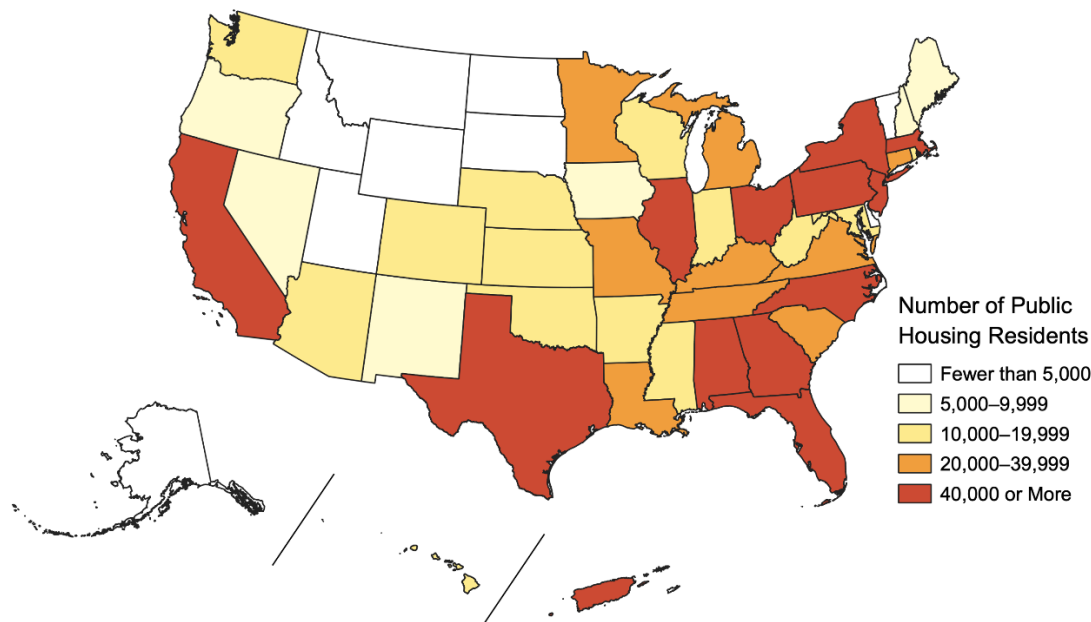
Reflecting the varying political histories of the states, public housing and the people who live in it were distributed unevenly. Most public housing residents live in the Northeast, parts of the South and, to a lesser extent, the Midwest. Besides in California and Texas, fewer public housing residents are located west of the Mississippi River. New York State, where the political campaign for public housing originated, has one-fifth of all the public housing residents in the United States. The next highest percentage belongs to Pennsylvania, which is home to 6 percent of the nation’s public housing

⁸ National Association of Housing Officials (NAHO), *Housing Yearbook 1941* (Chicago: NAHO, 1941), 328; Nathan Straus, *The Seven Myths of Housing* (New York: Alfred A. Knopf, 1944), 23n12, 24.

⁹ The number of PHAs HUD provides on its web pages varies from as low as 2,698 on its Public Housing Data Dashboard to “some 3,300” on its Public Housing Program information page. US Department of Housing and Urban Development (hereafter HUD), “Public Housing Data Dashboard,” as of December 11, 2023, https://www.hud.gov/program_offices/public_indian_housing/programs/ph/PH_Dashboard, 1-2; https://www.hud.gov/topics/rental_assistance/phprog; Edgar O. Olsen, “Housing Programs for Low-income Households,” NBER Working Paper 8208, 2001, Table 5.

residents. Although rural states in northern New England and the Great Plains have relatively few public housing residents, some Southern states with large rural populations – Texas, Florida, Alabama, Georgia, and North Carolina – have significant numbers of public housing residents.¹⁰

Figure 1: Public Housing is Unevenly Distributed Across the Country



Source: JCHS tabulations of US Department of Housing and Urban Development, 2023 Picture of Subsidized Households.

Notes: Includes data for all fifty states and Puerto Rico.

At the Core of the Program: Public Housing Authorities

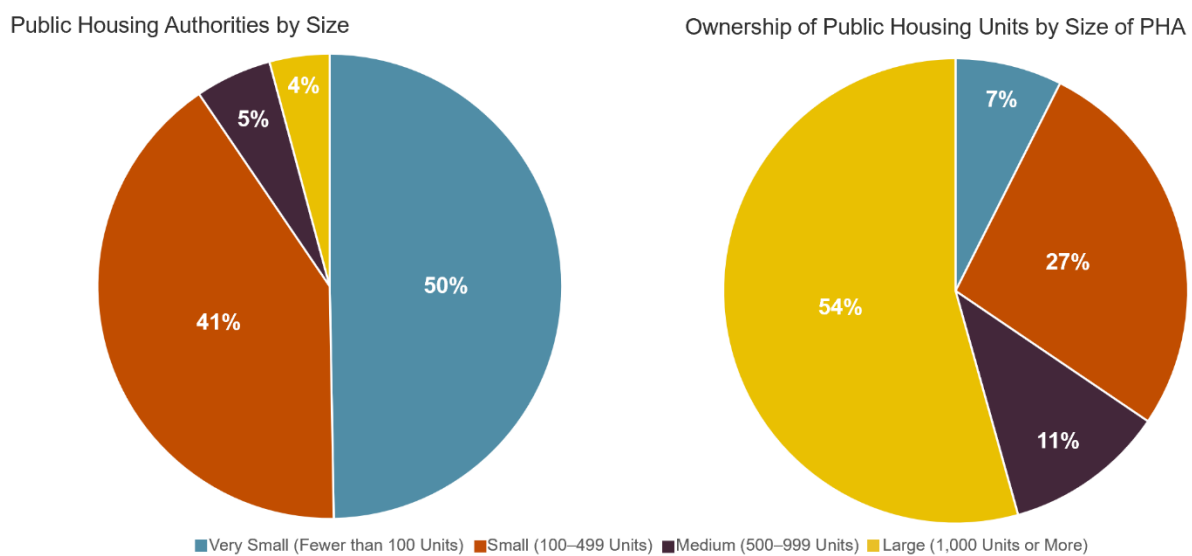
The local housing authorities were and are the key to the operation of the public housing program. Like other public corporations or authorities, such as port authorities, public housing authorities were enabled to raise money – through issuing bonds as well as receiving federal loans and grants – and operate outside the regular government structure, so as to escape partisan political influence. Today PHAs own and manage the public housing projects, their original purpose, and many, although not all, also administer rental supplements known as housing choice vouchers. Some PHAs also contract with

¹⁰ HUD, “2023 Picture of Subsidized Households, for all fifty states and Puerto Rico,” https://www.huduser.gov/portal/datasets/assthsg.html#data_2009-2023. See also HUD, “Public Housing Data Dashboard,” December 11, 2023, 1.

private owners to rent to low-income tenants under the Section 8 Moderate Rehabilitation program. A number of sophisticated authorities are also developing new housing using low-income housing tax credits and buying existing properties to acquire units for voucher holders to rent.

Mostly located in big cities, large PHAs, defined as those that own 1,000 or more public housing units, make up only 4 percent of all housing authorities but own more than half the public housing stock. The great majority of PHAs, however, operate a relatively small number of dwelling units. In 2023, according to HUD data, 91 percent of the PHAs managed fewer than 500 public housing units, which when totaled together comprised one-third of all public housing. Moreover, very small PHAs, those that owned fewer than 100 units, made up half of all PHAs but owned only 7 percent of public housing units.¹¹

Figure 2: Most Public Housing Authorities Own Fewer than 500 Units but Large Authorities Own Most Public Housing



Notes: PHA stands for Public Housing Authority. Units refers to public housing dwellings under contract for federal subsidy and available for occupancy. Includes PHAs in all fifty states, DC, Puerto Rico, Guam, and the Virgin Islands. Source: JCHS tabulations of US Department of Housing and Urban Development, 2023 Picture of Subsidized Households.

¹¹ Joint Center for Housing Studies tabulations of HUD, “2023 Picture of Subsidized Households.” These data refer only to dwellings developed under the public housing program *per se*. If rental vouchers and Section 8 moderate rehabilitation units that some PHAs administer are added to the total, the share of PHAs controlling fewer than 1000 units is 82 percent – still a large majority – and the combined government-assisted units under their management comprise 19 percent of the total of all such PHA-managed units.

The local housing authorities were themselves established as top-down organizations. From the beginning, an appointed board of directors sat atop the organization, charged with setting the general direction of the agency and hiring an executive director to hire the staff and administer operations. Local government officials – often the mayor, sometimes with city councilors or the governor – appointed the members of the housing authority board of directors. In most cases, these members were representatives of the local groups that supported slum clearance and low-income housing: typically, leading businessmen, real estate professionals, social workers, reformers, labor union officials, and, in some large cities, a leader of the African-American community. Today housing authority boards may also include heads of nonprofit housing or community development organizations, lawyers, community or religious leaders, or government officials from other agencies.¹²

The structure of public housing authorities provided few opportunities for low-income families to participate meaningfully in the administration of the program. During the first decades of the program, no public housing tenants or low-income individuals – that is, representatives of the group that public housing was intended to house – served on the boards of local housing authorities. With no check on their authority, housing officials imposed paternalistic rules on the tenants, such as inspections of apartments and prohibitions on overnight guests. Starting in the 1960s, public housing tenants formed tenants' associations and the authorities began admitting one or more tenants, usually representatives of the housing tenants' association, to their boards. Except for periods of intense activism, such as during the planned demolition of projects under HOPE VI, tenants have usually had to struggle to influence their PHA's policies.¹³

¹² An exception is the Boston Housing Authority. Since 1989, it has been directed by an administrator, who is appointed and serves at the pleasure of the mayor. A Monitoring Committee, appointed by the mayor, is responsible for reviewing the management of the housing authority, and an elected Resident Advisory Board, established in the late 1990s, advises the authority on its annual plan. Boston Housing Authority, "Community Participation and Resident Leadership," <https://www.bostonhousing.org/en/About-Us.aspx>.

¹³ Straus, *The Seven Myths of Housing*, 23; Amy L. Howard, *More Than Shelter: Activism and Community in San Francisco Public Housing* (Minneapolis: University of Minnesota Press, 2014), 24-28, 77-80; Rhonda Y. Williams, *The Politics of Public Housing: Black Women's Struggles against Urban Inequality* (New York: Oxford University Press, 2004); Vale, *From the Puritans to the Projects*, 326-27; D. Bradford Hunt, "Public Housing in Urban America," *Oxford Research Encyclopedia of American History* (Oxford University Press, 2018), <https://doi.org/10.1093/acrefore/9780199329175.013.61>.

A Difficult Relationship

Historically, the principal relationship of the PHAs has not been with their tenants but with their overseers in Washington. Throughout the history of the public housing program, federal oversight of the PHAs had led to conflicts. Soon after passage of the Housing Act of 1937, the New York City Housing Authority clashed with Washington officials over whether public housing should be built on slum clearance sites and what should be the per-unit costs of the projects. In its early days, the United States Housing Authority's enthusiasm for cost cutting led to removing amenities from public housing buildings. In the postwar years, the federal agency imposed limits on unit construction costs to force local PHAs, sometimes against their wishes, to build tall elevator buildings instead of walk-up apartment buildings. The "prevailing wages" requirement that authorities pay union rates for labor added to the difficulties of controlling costs.¹⁴

Although the two parties usually worked out their issues, the relationship between the federal agency and the local authorities has often been fraught. In general, the federal public housing agency, sometimes following mandates from Congress, has tried to impose standards and policies on the housing authorities. The housing authorities have attempted to influence Washington to relax its requirements and/or provide additional funding for various physical improvements and programs.

Nonetheless, the PHAs paid close attention to the federal government's requirements, sometimes to the detriment of the management of public housing properties. For example, many PHAs responded to the federal government's funding and reporting requirements by centralizing the operations of their staff members. A review of the practice of PHAs in the early 2000s found that, unlike nonprofit or for-profit housing entities, they were frequently top-heavy with staff in the central office and in specialized departments. At the site of the housing projects, however, researchers found few if any property managers who could oversee maintenance, rent collection, have a budget, or exercise authority over the employees managing the project. Indeed, housing authorities usually placed bureaucratic priorities over running the property or satisfying tenants' needs.¹⁵

¹⁴ Bloom, *Public Housing That Worked*, 71-74; D. Bradford Hunt, "Myth #2: Modernist Architecture Failed Public Housing," in Bloom, Umbach, and Vale, eds., *Public Housing Myths*, 52-55.

¹⁵ Gregory A. Byrne, Kevin Day, and James Stockard, "Taking Stock of Public Housing," report to the Public Housing Authority Directors Association, September 16, 2003, 5-7.

For-profit and non-profit owners and management companies begin with the general – “Did we take in more money than we spent? Are the apartments full? Did we collect most of the rent? Does the property look good?” ... In the public housing arena, we tend to begin with the specific “Did you submit your HUD form (any form) in time, with all the boxes completed? Did you have your monthly resident meeting and is a copy of the minutes available? Have you properly calculated the average number of days to process a work order through the central maintenance reporting system?”¹⁶

In short, for many years the local housing authorities’ dependence on Washington led many to operate in ways that undercut the normal functions of their principal responsibility, the management of real estate properties rented to low-income households.

A History of Challenges

In the decades after the passage of the Wagner-Steagall Act, the public housing program faced numerous challenges.

From the start, local housing authorities almost without exception segregated public housing projects by race, by placing housing projects in neighborhoods with predominantly Black or white populations or by replacing Black residences with public housing designated for white renters. Both Democratic and Republican presidential administrations acceded to this policy, which was followed in both the North and the South. In the postwar period, the practice of segregating public housing effectively restricted the sites that PHAs could use to house Black households. When local housing officials inadvertently attempted to integrate a housing project or build a project for African Americans in a white neighborhood, white residents usually reacted violently, often forcing the housing authority to back down. In the last decades of the twentieth century, federal policy prohibited segregation of public housing, but PHAs were slow to integrate their projects. At the same time, in cities with large African American populations, diminishing numbers of white households chose to live in public housing. As a result, projects in these places were predominantly occupied by African Americans.¹⁷

¹⁶ Byrne, Day, and Stockard, “Taking Stock of Public Housing,” 7.

¹⁷ Charles Abrams, *Forbidden Neighbors: A Study of Prejudice in Housing* (New York: Harper, 1955); Robert Weaver, *The Negro Ghetto* (New York: Harcourt Brace, 1948), 90–96; Dominic Capeci, Jr., *Race Relations in Wartime Detroit*:

During the twentieth century, the uninspiring appearance of most public housing projects has reinforced their reputation as inferior or institutional places to live. Most public housing took the form of elevator buildings, row houses, or a mixture of both, solidly constructed, often with reinforced concrete skeleton frames or thick brick exterior walls, and designed in a hybrid of modernist and conventional architectural styles. The projects are usually situated on large islands of land known as super-blocks or in a repeated configuration of buildings and grounds. In an attempt to minimize costs and avoid criticism of extravagance, public housing officials, especially in the program's early days, made the projects' interiors austere, with apartments of modest-sized rooms sometimes built with concrete-block walls and without closet doors or kitchen cabinets. Only recently, often as part of HOPE VI redevelopments, have housing authorities produced complexes that resembled attractive private housing developments.¹⁸

The fundamental dependence of local PHAs on the federal government encouraged housing authority board members and directors to become conservative and rule-bound in their work. As early as the 1950s, Catherine Bauer, one of the authors of the public housing law, lamented that the local PHAs had too quickly lapsed into "excessive caution, administrative rigidity and lack of creative initiative." In the 1960s, federal public housing officials, led by Commissioner of the Public Housing Administration Marie McGuire, struggled in vain to get local housing authorities to become creative and flexible and to try alternative policies, such as renting existing homes to low-income families and selling units to public housing tenants. In 1965, HUD Secretary Robert Weaver furthered these efforts with two small programs: rent supplements, in which PHAs helped pay tenants' rents, and leased housing (Section 23), in which PHAs rented privately owned apartments for the use of low-income households. Although

The Sojourner Truth Housing Controversy of 1942 (Philadelphia: Temple University Press, 1984); Arnold R. Hirsch, *Making the Second Ghetto: Race and Housing in Chicago 1940–1960* (Cambridge: Cambridge University Press, 1983); Lawrence J. Vale, *Purging the Poorest: Public Housing and the Design Politics of Twice-Cleared Communities* (Chicago: University of Chicago Press, 2013), 45-54, 88, 91-92, 199-204; Vale, *From the Puritans to the Projects*, passim; John F. McDonald, "Public Housing Construction and the Cities: 1937–1967," *Urban Studies Research* 2011, <https://www.hindawi.com/journals/usr/2011/985264/>; Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America* (New York: Liveright, 2017), 16-37.

¹⁸ According to HUD, 41 percent of the units in the public housing system have one or no bedroom, 24 percent have two bedrooms, and 26 percent are comprised of three bedrooms or more. HUD, "Public Housing Data Dashboard," December 11, 2023, 2; Harvard University Graduate School of Design, *Public Housing Operating Cost Study* (2003), Appendix A, A.4.

Weaver's programs set precedents for future policies, they did little to change the attitudes of housing authorities.¹⁹

At the same time, the PHAs faced further problems resulting from the changing characteristics of public housing tenants. No longer could public housing managers, as they had during the Great Depression, rely on applications from married working-class couples with stable, if not necessarily high-paying, jobs. As the projects gained a reputation as an inferior place to live, working-class families – white and Black – increasingly chose to live in privately owned houses and apartments located in outlying neighborhoods and suburbs. In the 1950s, public housing officials such as Elizabeth Wood, executive director of the Chicago Housing Authority, began to complain of tenants who were “problem families” – meaning single-headed households, alcohol- and drug-addicted individuals, and juvenile delinquents. In the subsequent decades, big city public housing projects gained a reputation as dangerous, crime-ridden places.²⁰

The changing demographics of public housing tenants altered the economics and direction of the program. In response to declining demand for public housing apartments, housing authority managers, especially in large cities, lowered the standards for admission of tenants, kept apartments vacant until acceptable tenants applied, or both. As public housing became home to tenants of increasingly lower incomes, including those on the welfare rolls, the revenues to pay for the maintenance of the projects also declined. Some housing authorities sought to compensate by renting to tenants who earned income at the high end of the limits or even over those limits.

Again Washington intervened to overrule the PHAs. In 1969 Congress passed an amendment to the public housing law, sponsored by Massachusetts Senator Edward Brooke, which limited the rents local authorities could charge to 25 percent of the tenants' incomes, unless it would lower the amount of welfare payments a tenant received. In effect, the Brooke Amendment certified that the purpose of public housing was no longer to house aspiring working-class families but instead to provide shelter to

¹⁹ Bauer blamed political opposition to the program for making officials overly cautious. Catherine Bauer, “The Dreary Deadlock of Public Housing,” *Architectural Forum* 106, no. 5 (May 1957): 140-41; Marie McGuire, Commissioner, PHA, to commissioners and staffs of local housing authorities, October 30, 1961, Carl A. S. Coan Papers, Georgetown University Library, Special Collections Division, Washington, DC; Housing and Urban Development Act of 1965 (Public Law 89-117, August 10, 1965).

²⁰ Elizabeth Wood, *The Small Hard Core: The Housing of Problem Families in New York City: A Study and Recommendations* (New York: Citizens' Housing and Planning Council of New York, 1957); idem, *The Beautiful Beginnings, the Failure to Learn: Fifty Years of Public Housing in America* (Washington, DC: National Center for Housing Management, 1982), 44-53; Vale, *From the Puritans to the Projects*, 309-10; Hunt, *Blueprint for Disaster*, 168-73.

very low-income households. Contrary to the wishes of its creators, public housing was becoming a social welfare program.²¹

In response to the reduction in operating income, the following year Congress approved another law that authorized the federal government to pay the difference between annual expenses and rental income. Since that time, housing authorities have come to depend on direct operating and capital subsidies from the federal government. As a result, housing authorities became subject to annual appropriations from Congress, which necessarily fluctuate. This was the precise situation that the authors of the public housing law had attempted to avoid when they instituted annual contributions as the principal form of federal subsidy.²²

Foreshadowing what was to come, in 1972 the St. Louis Housing Authority and HUD decided to demolish the giant Pruitt-Igoe complex, which, despite large federal rehabilitation grants, was plagued by crime and falling apart. Despite federal operating subsidies, in the late twentieth century housing authorities in many large cities could not keep up. The first generation of projects had aged, and the newer projects that were home to large numbers of children were subject to significant wear and tear. As the physical plants deteriorated, project vacancies increased, overall revenues declined, and the costs of maintenance continued to climb.

New Programs, Old Problems

Frustrated with public housing, policy makers began in the 1960s to subsidize private nonprofit and for-profit enterprises, as opposed to government agencies, to produce low-income housing. In 1961 the Kennedy administration introduced the Below-Market Interest Rate program, which offered inexpensive loans to nonprofit organizations, limited-dividend corporations, and cooperatives as an incentive to build moderate-income rental units. That program produced only a few dwellings, so in 1968 the Johnson administration created Section 236, which provided subsidies to private developers of low-income rental properties. In 1974 it was superseded by Section 8, a revision of the leased housing

²¹ R. Allen Hays, *The Federal Government and Urban Housing* (Albany: State University of New York, 1985), 131-38; Housing and Urban Development Act of 1969 (Public Law 91-152, December 24, 1969); Alexander von Hoffman, "History Lessons for Today's Housing Policy: The Political Processes of Making Low-Income Housing Policy," *Housing Policy Debate* 22, no. 3 (Summer 2012): 355; Vale, *Purging the Poorest*, 231-32.

²² Housing and Urban Development Act of 1970 (Public Law 91-609, December 31, 1970), Sec. 210; Heathcott, "The Strange Career of Public Housing," 370.

program, which subsidized rents in new construction, rehabilitation, or existing projects owned by private owners as well as public housing authorities if they were so inclined. The Section 8 existing housing program also introduced a version of housing allowances to low-income households that, after years of political struggle, evolved into Housing Choice Vouchers. Finally, in 1986, as part of the tax overhaul of that year, the government instituted the Low-Income Housing Tax Credit program, an indirect expenditure that has been the most successful at producing affordable housing.²³

Yet the new programs did not replace or address the problems facing the public housing program. By the 1980s, the situation of many big city public housing authorities had reached a critical point. The number of distressed projects as well as the backlog of maintenance and improvement issues required large expenditures. An increasingly large proportion of public housing residents relied on public welfare assistance or were unemployed.

Republicans in Washington resisted new appropriations for public housing and imposed increasing conditions on new construction, climaxing with the 1998 Faircloth Amendment that prohibited PHAs from increasing the number of their public housing dwelling units. By the 1990s, the number of public housing units began to decline as deteriorated buildings were demolished and replaced with fewer public housing units. The traditional method of funding public housing faced a dim future, which meant that housing authorities would have to find new sources of funding to maintain the existing stock, let alone build new units.²⁴

Expanding the Work of the Housing Authorities

Further complicating the plight of the public housing program, the federal government gave the local housing authorities new responsibilities. In addition to operating housing projects, PHAs were put in

²³ Alexander von Hoffman, "Calling Upon the Genius of Private Enterprise: The Housing and Urban Development Act of 1968 and the Liberal Turn to Public-Private Partnerships," *Studies in American Political Development* 27 (October 2013): 165-94; Rachel G. Bratt, *Rebuilding a Low-Income Housing Policy* (Philadelphia: Temple University Press, 1989); Louis Winnick, "The Triumph of Housing Allowance Programs: How a Fundamental Policy Conflict Was Resolved," *Cityscape* 1, no. 3 (September 1995): 95-121; Charles J. Orlebeke, "The Evolution of Low-Income Housing Policy, 1949 to 1999," *Housing Policy Debate* 11, no. 2 (2000): 489-520; David J. Erickson, *The Housing Policy Revolution: Networks and Neighborhoods* (Washington, DC: Urban Institute Press, 2009), 86-100.

²⁴ Housing and Urban-Rural Recovery Act of 1983 (Public Law 98-181, November 30, 1983); Housing and Community Development Act of 1987 ((Public Law 100-242, February 5, 1988); National Affordable Housing Act of 1990 (Public Law 101-625, November 28, 1990); Quality Housing and Work Responsibility Act of 1998 (Public Law 105-276, Oct. 21, 1998).

charge of administering various forms of rental assistance, created as an alternative to the public housing program. A small component of the 1974 Section 8 program called on the housing authorities to contract with private owners to subsidize the rents of dwelling units occupied by low-income tenants. Over the following decades, that provision grew into a system of vouchers, divided into those that were portable by tenants and those that were “project-based,” i.e., dedicated to particular units. In recent years, researchers estimate, more than a third of PHAs own public housing projects and administer vouchers, about 40 percent only own housing projects, and about 20 percent only manage vouchers.²⁵

Meanwhile, recognizing that public housing had become to some degree a social welfare program, government officials sought ways to help residents and rental voucher holders become financially self-sufficient and less dependent on government aid. In 1988 the Charlotte Housing Authority began an experimental job-training and employment services program. Based on this effort, two years later HUD created the Family Self-Sufficiency program, which enabled all public housing authorities to provide social services.

In the Family Self-Sufficiency program, the PHAs administer tenant escrow accounts, by placing the increased amount of rent that a family would ordinarily pay as its earnings rise into an account that the tenants can withdraw after five years. The program also enables PHA staff members to function as social case workers, by assessing a household’s needs, developing training and services plans for a household, providing personal financial training, and referring tenants to supportive service providers of education, employment assistance, childcare, and other services.²⁶

In the 1990s, as policy makers embraced welfare reform requiring welfare recipients to take jobs or attend school, Congress pushed for similar work requirements for public housing tenants. In 1998 it passed legislation that enabled housing authorities to give priority to employed applicants in deciding

²⁵ Rachel Garshick Kleit, “Public Housing Authorities as Social Enterprises?” in Anacker, et al, eds., *Routledge Handbook of Housing Policy and Planning*, Table 15.1, 212; Barbara Sard and Will Fischer, *Preserving Safe, High Quality Public Housing Should Be a Priority of Federal Housing Policy* (Washington D.C.: Center for Budget and Policy Priorities, 2008), Public Housing Agency Appendix, <https://www.cbpp.org/sites/default/files/archive/10-7-08hous-agencies-app.pdf>.

²⁶ The Family Self-Sufficiency program was established in the Cranston-Gonzalez National Affordable Housing Act of 1990. Planmatics, Inc. and Abt Associates, *Evaluation of the Family Self-Sufficiency Program: A Prospective Study* (Abt Associates, 2011); Barbara Sard, *The Family Self-Sufficiency Program: HUD’s Best Kept Secret For Promoting Employment and Asset Growth* (Center on Budget and Policy Priorities, 2001); William M. Rohe and Rachel Garshick Kleit, “From Dependency to Self-Sufficiency: An Appraisal of the Gateway Transitional Families Program,” *Housing Policy Debate* 8, no. 1 (1997): 75-108.

admissions to their projects. Subsequently, many PHAs made it a policy to let their apartments only to households that included an employed person.²⁷

Congress also ordered the PHAs to reduce the “concentration of poverty” in public housing. By changing the income mix of public housing residents, government officials attempted to reverse the effects of demographic shifts and the Brooke Amendment policies. A provision of the 1998 housing reform act required housing authorities to place higher-income households in predominantly lower-income projects and vice versa. Nonetheless, the average annual incomes of public housing residents still fall well below the officially defined federal poverty level.²⁸

To Reform Property Management

Although the housing authorities had taken on many new responsibilities, their principal duty was to manage their properties. Aware of the shortcomings of the PHAs in this regard, federal housing officials first responded by increasing their oversight of the local agencies. The National Affordable Housing Act of 1990 amended the Housing Act of 1937 by developing criteria for measuring the operating performance of PHAs and identifying and remedying the problems of troubled housing authorities. To measure effective or ineffective performance, HUD examined such factors as vacancy rates, use of modernization funds, percentages of rent collection, energy consumption, length of time to repair and let vacant units, outstanding work orders, and so on.

HUD then implemented a Public Housing Assessment System, in which all local authorities must participate. HUD’s assessment system calculates points for each PHA based on physical, financial, and management assessments of the PHA and its properties as well as how long it takes for a PHA to commit to use its allotted federal capital funds. According to the number of points the PHA scores, an authority is grouped into one of three categories, high, standard, and substandard or “troubled” performer.

Of these evaluations, however, only the physical assessment – made by a HUD inspector’s examination of a PHA’s properties – involves an in-person visit to the housing authority. The other assessments are done remotely through data collection.²⁹ No doubt this method has some benefits, but it does not address the individual circumstances of PHA boards and directors, which vary greatly from

²⁷ Lawrence J. Vale and Yonah Freemark, “From Public Housing to Public-Private Housing,” *Journal of the American Planning Association*, 78, no. 4 (Autumn 2012): 395.

²⁸ Alex Schwartz, *Housing Policy in the United States: An Introduction*, 3rd ed. (New York: Routledge, 2015), 168-69.

²⁹ HUD, *Understanding Public Housing Assessment System (PHAS)*, 2015.

place to place. An underlying problem with this approach, according to James Stockard, a public housing expert, a long-time PHA board member, and former trainer of PHA board members, is that few HUD officials know what it specifically takes to run a local housing authority.³⁰

An Experiment in Flexibility

Even as they closely supervised the PHAs, federal housing officials also wanted to give the local authorities more autonomy and flexibility. In 1996, the federal government authorized the first of these schemes, Moving to Work, as a trial program which initially enrolled 30 PHAs. In subsequent years, some PHAs withdrew or completed their experimental participation while other PHAs joined the program, so that by 2016, 39 agencies were enrolled. Soon thereafter HUD began to expand the number of Moving to Work agencies, of which, according to HUD's website, there are now 139. Ultimately, HUD officials hope to extend the program to all of the country's housing authorities.³¹

The nominal purpose of Moving to Work was to help public housing tenants meet employment requirements, but its broader aims were to make the PHAs more flexible and efficient. To that end, Moving to Work provided participating PHAs with exemptions from many public housing and voucher rules and allowed them more leeway in using their federal funds. In recent years HUD has emphasized these goals explicitly, by inviting PHAs to enroll in the program to experiment with use of alternative rent policies, incentives to landlords accepting rental vouchers, and "asset building" efforts to assist tenants with managing their personal finances.³²

Initial research indicates that Moving to Work succeeded in giving participating PHAs more flexibility to initiate and devise financing and programs that met their needs. A review of 39 public

³⁰ James Stockard, interview by author, July 18, 2023, Cambridge, Mass. Stockard was the court-appointed Special Master for the Department of Public and Assisted Housing in Washington, DC and was a member of the Cambridge (Mass.) Housing Authority board for forty years.

³¹ Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P.L. 104-134), Section 204; HUD, "Moving to Work Demonstration Program,"

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw;

HUD, "Purpose of the Demonstration" (updated March 31, 2021),

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw/purposeofthedemonstration.

³² During the recent expansion of MTW, HUD dropped the work requirements category in its call for applications. HUD, "Moving to Work Demonstration Program"; HUD, "Moving to Work (MTW) – Work Requirements Cohort (Rescinded),"

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw/expansion/cohort3; HUD,

"Moving to Work (MTW) Expansion,"

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw/expansion.

housing agencies that were enrolled in the Moving to Work demonstration in 2015 showed that these PHAs used the program to move previously discrete funds—for public housing operations, capital improvements, and Housing Choice Vouchers—across these program categories as well as other non-traditional housing activities. Treating funding as fungible allowed the agencies to pursue a range of housing efforts, such as rehabilitating old public housing units, building new dwellings, and purchasing buildings for redevelopment. The PHAs also used the financial and regulation flexibility to increase administrative efficiency and cost savings, by such means as revising inspection processes and training staff, and to support residents, for example, by revising formulas for calculating rents and providing social services.³³

Invitations to Innovate

In the 1990s, the federal government enacted programs that invited PHAs to break even further with their traditional ways of funding and operating.

The first, which ran from 1993 to 2011, was HOPE VI. Through an extensive process of planning, grant applications, and HUD oversight, HOPE VI provided 260 grants amounting to \$6 billion to demolish and replace troubled public housing projects, often with new public-private developments. Under the program, cities such as Atlanta and Chicago razed all or most of their old public housing stock, particularly high-rise projects, and rebuilt them as mixed-income, mixed-finance developments. Since it ended, another smaller program, Choice Neighborhoods, continues to fund redevelopment of projects. As a result of redevelopment and because Congress in 1995 allowed PHAs to demolish dwellings without replacing them, the number of public housing residences declined, but their overall quality improved – by 2008, more than 85 percent of the units met or exceeded HUD’s physical condition standards.³⁴

Through its grant requirements, HOPE VI introduced the practice of PHA partnerships with private developers, including through “mixed finance,” in which public housing funds could be used to leverage public and private monies for redevelopment of public housing projects. In such deals, for example, PHAs could deliver rental vouchers or subsidies for public housing operations or vouchers, while their private partners could use the Low Income Housing Tax Credit (LIHTC) program, enacted in 1986, to

³³ Diane K. Levy, Leiha Edmonds, David Long, “Moving to Work Agencies’ Use of Funding Flexibility,” *Cityscape* 22, no. 3 (2020): 29-54.

³⁴ Paul Joice, “HOPE and Choice for HUD-Assisted Households,” *Cityscape* 19, no. 3 (2017): 449-73, esp. 450; Sard and Fischer, *Preserving Safe, High Quality Public Housing*, 6.

finance the development of units. Furthermore, HOPE VI enabled PHAs to mix the income levels of the residents of redeveloped projects by subsidizing units through various programs, such as LIHTC and place-based vouchers as well as, in some cases, renting units at market rates. Of the 97,000 units developed under the program, 57 percent were conventional public housing, 30 percent were LIHTC partnership housing, and 13 percent were market-rate units. In addition, the HOPE VI program, building on efforts such as the Family Self-Sufficiency program, encouraged participating PHAs to help residents obtain social services.³⁵

Although in the 1990s a few states, such as Maryland, Oregon, and Washington, authorized their housing authorities to raise funds and develop housing outside the federal public housing program, a little-known but highly significant federal law passed in the late 1990s gave the PHAs a “host of new responsibilities and ways of doing business.” The Quality Housing and Work Responsibility Act of 1998 (QHWRA) made the HOPE VI innovations and other reforms permanently available to public housing authorities.³⁶

Like the HOPE VI program, the 1998 law encouraged the demolition of troubled housing projects, for example by repealing the requirement that PHAs replace any units they demolished. The act allowed local agencies to borrow funds by issuing bonds or other means to renovate or develop new housing, and, importantly, allowed PHAs to participate in “mixed-finance” projects that leveraged their capital funds for private investment in housing construction or rehabilitation projects. It also required the PHAs to operate their properties more like professional real estate managers, by adopting asset-based management methods and creating waiting lists for particular housing developments. In addition, the QHWRA pushed the PHAs to provide more social services, by giving grants for service coordinators or programs for the elderly and disabled, offering work training, and facilitating resident management activities.³⁷

³⁵ Susan Popkin, Bruce Katz, Mary Cunningham, Karen Brown, Jeremy Gustafson, and Margery Turner, *A Decade of Hope: Research Findings and Policy Challenges* (Washington, DC: The Urban Institute, 2004), 24-26; Taryn Gress, Seungjong Cho, and Mark Joseph, *HOPE VI Data Compilation and Analysis*, HUD Office of Policy Development and Research (2016), 29; Joice, “HOPE and Choice for HUD-Assisted Households.”

³⁶ Rachel Garshick Kleit and Stephen B. Page, “The Changing Role of Public Housing Authorities in the Affordable Housing Delivery System,” *Housing Studies* 30, no. 4 (2015): 622-25; Rachel Garshick Kleit and Stephen B. Page, “Public Housing Authorities under Devolution,” *Journal of the American Planning Association* 74, no. 1 (Winter 2008): 37 (quotation).

³⁷ The QHWRA also merged the previous Section 8 certificate and voucher programs into a new Section 8 voucher program. Louise Hunt, Mary Schulhof, and Stephen Holmquist, “Summary of the Quality Housing and Work

Novel Financing for Public Housing

Many housing authorities whose projects were not “distressed” enough to require demolition nonetheless owned buildings that were badly in need of repair. As the federal subsidy contracts for public housing projects, originally sixty years in length, expired, only a significant infusion of new capital could pay to rehabilitate project buildings and restore their grounds. Hence, in 2012, Congress authorized the Rental Assistance Demonstration (RAD), a significant financial reform that unlocked new funding sources to renovate and maintain public housing projects over an extended period of time. The RAD program authorized PHAs to convert their public housing contracts to long-term project-based Section 8 subsidies. This financial commitment from the federal government allowed housing authorities to finance their debt and obtain other kinds of funds, including grants and private-sector equity investments, such as those made to acquire Low-Income Housing Tax Credits (LIHTCs). The housing authorities could own or control the projects by forming limited-liability corporations or partnering with other public agencies or private entities, whether nonprofit or for-profit. In the years since RAD was established, the federal government has gradually expanded the program by increasing its funding authorizations. In addition, in 2018, HUD increased the number of vouchers available to PHAs when they modernize or replace public housing units by loosening the requirements for disposition of units when used in conjunction with the RAD program.³⁸

Under RAD, PHAs could escape the strictures and limited funding of the public housing program to use a wide range of less restrictive private and public funding sources, including equity investments and low-income housing tax credits. By April 2024, according to HUD, about 500 housing authorities, located

Responsibility Act of 1998,” HUD, Office of Policy, Program and Legislative Initiatives, Office of Public and Indian Housing, 1998, 16-18; Schwartz, *Housing Policy in the United States*, 191-92; Kleit and Page, “Public Housing Authorities under Devolution,” 36-37; Kleit, “Public Housing Authorities as Social Enterprises?,” 209-10.

³⁸ The RAD program also allowed similar conversion to several small older HUD housing programs (Rent Supplement (Rent Supp), Rental Assistance Payment, Section 8 Moderate Rehabilitation, McKinney Vento Mod Rehab Single Room Occupancy, and Section 202 Project Rental Assistance Contract). In 2018, HUD allowed PHAs to combine RAD with Section 18 Demolition/Disposition requirements. Schwartz, *Housing Policy in the United States*, 181-83; HUD, “About RAD Public Housing,” <https://www.hud.gov/RAD/program-details>; HUD, “The Rental Assistance Demonstration (RAD): An Overview,” https://www.hud.gov/sites/dfiles/Housing/documents/RAD_Overview_06072021.pdf; HUD, Notice PIH 2018-04, in regard to demolition and/or disposition of public housing property, March 22, 2018, revised December 14, 2018; HUD, “RAD/Section 18 Blends,” https://www.hud.gov/program_offices/public_indian_housing/repositioning/rad_section18.

in all but two of the 50 states, had taken advantage, converting 228,608 dwelling units in 1,687 public housing projects, or about a quarter of all projects. In 25 states, PHAs have converted 20 percent or more of their portfolio through RAD. As with public housing in general, the New York City Housing Authority had by far the most RAD units, about 19,300, more than twice the number of the next most active agency, the Chicago Housing Authority. Of the approximately 229,000 RAD-converted dwelling units, by far the most – 90 percent – were converted to HUD-allocated Section 8 units. Some entrepreneurial PHAs used RAD to finance housing outside of the HUD programs, developing almost 17,000 units with federal low-income housing tax credits and about 5,200 units as market residences with private financing and no government subsidies at all.³⁹

In addition, HUD has created the Faircloth-to-RAD Program as a route to develop potentially more than 200,000 units of new public housing. When it was passed in 1999, the Faircloth Amendment was intended to limit the creation of new public housing by freezing the number of units PHAs could build or manage as of that year. Since then, however, public housing agencies have lost approximately 300,000 units, primarily from demolishing dwellings that had become uninhabitable. This left PHAs with significant room to build back their housing stock to their 1999 levels. Seeing the opportunity, in 2021 HUD expanded permission to use RAD, which was designed to enable rehabilitation of existing public housing, to develop new units. Although HUD's allowable rent levels were set so low that PHAs did not rush to participate, by late 2022 17 housing authorities were pursuing Faircloth-to-RAD projects containing more than 2000 units.⁴⁰

A New World of Possibilities

The new provisions and programs have created a new world of possibilities for the PHAs, particularly in the ways that they finance, develop, and own housing properties. By 2015, researchers found, a little

³⁹ The numbers of units, according to HUD, were 174,859 RAD Section 8, 31,740 non-RAD Section 8, 16,841 Low Income Housing Tax Credit, and 5,168 market units. In addition, there are 486 projects, with about 52,500 units, in the RAD conversion pipeline. HUD Rental Assistance Demonstration Resource Desk, "Rental Assistance Demonstration Resource Desk RAD Fact Sheet," https://www.radresource.net/pha_data2020.cfm. As of November 2023, 486 PHAs had utilized RAD. Tom Davis, "Reflections on 10 Years of Public Housing Conversions," HUD, Rental Assistance Demonstration, Office of Recapitalization, Office of Multifamily Housing Programs, November 2023, https://www.hud.gov/sites/dfiles/Housing/documents/RAD_10-Years_Letter.pdf.

⁴⁰ Ben Metcalf, David Garcia, and Chris Hacnik, "New Pathways to Create More Deeply Affordable Housing: Early Lessons from HUD's Faircloth-to-RAD Program," Turner Center for Housing Innovation, January 2023, <https://turnercenter.berkeley.edu/research-and-policy/faircloth-to-rad-early-lessons/>.

less than a quarter of all PHAs owned more than 150,000 units outside of the traditional HUD-assisted housing stock. Of the 1,059 PHAs that responded to a survey completed that year, 464 owned 112,000 non-public housing units and had developed or redeveloped 127,000 units with mixed financing from LIHTC and other non-federal funding sources. Furthermore, about a third of the PHA respondents reported that they owned unsubsidized rental units, 45,500 in number, which were thus entirely separate from the highly regulated government affordable housing domain.⁴¹

Further analysis of the National Housing Preservation Database of 2014 suggests that numerous public housing authorities have financed properties with low-income tax credits. The database recorded that about 170 PHAs owned approximately 29,000 LIHTC units spread out in 350 projects. Some unknown portion of these had been developed as part of the HOPE VI program, the gateway through which many PHAs learned to use new methods of financing and ownership. The public housing authorities owned about half of their LIHTC developments outright and about half as partners in limited-liability corporations, whether nonprofit or for-profit. In the ten years since these analyses, the above-mentioned RAD data indicate that the ranks of PHAs owning and developing housing outside of HUD-assisted programs have continued to swell.⁴²

The progress that PHAs have made has raised a sense of optimism that they could become a key to a new social housing system. Commenting on the participation in RAD programs, Tom Davis, the director of the recapitalization department at HUD's Office of Multifamily Housing Programs, declared, "Housing authorities have demonstrated an appetite to be creative and entrepreneurial mission-driven actors." Rachel Kleit, an expert on the changes in PHA activities, similarly finds promise that RAD will allow PHAs "to grow into hybrid social enterprises that own housing renovated with private dollars, owned by a private corporation, and subsidized with public funds."⁴³

Evidence also shows, however, that the transformation of public housing authorities into entrepreneurial social enterprises is as yet partial. A shift in the financing of public housing, for example, does not always indicate a fundamental shift in PHA activity. At least some of the units counted as outside of the traditional HUD-assisted housing stock are likely dwellings the PHAs already owned and

⁴¹ Kleit, Airgood-Obrycki, and Yerena, "Public Housing Authorities in the Private Market," 676.

⁴² Kleit, "Public Housing Authorities as Social Enterprises?," 216.

⁴³ Davis, "Reflections on 10 Years of Public Housing Conversions," 3; Kleit, "Public Housing Authorities as Social Enterprises?," 216.

managed. The housing authorities that preserve affordable housing by refinancing existing units outside the public housing program are essentially doing by different means what they were doing previously.

Similarly, housing authorities using the recent programs pursued purposes that were worthy but not necessarily entrepreneurial. In the Pacific Northwest, to be sure, some high-performing agencies that participated in RAD placed a high priority on developing affordable housing, but others emphasized other goals, such as the survival of their agencies without relying on HUD funds, serving the lowest-income groups, and/or providing human and social services to people in poverty. Some small PHAs have placed a higher priority on assisting their tenants to meet housing and non-housing needs than on developing projects.⁴⁴

Moreover, only a minority of public housing authorities, predominantly the large agencies that score well on HUD's performance assessments, have participated fully in the reform programs such as Moving to Work and RAD. Those that took on new modes of operating have been sophisticated organizations with staff members who had experience developing housing and obtaining additional housing subsidies through programs such as Moving to Work. Often these active agencies have the advantage of operating in jurisdictions with a strong tradition of supporting low-income housing programs.⁴⁵

In contrast, the majority of small PHAs, especially in rural areas, have been less able to meet HUD assessment standards or take advantage of new programs such as RAD. Based on his experience as a trainer of board members, Stockard concluded that most board members of small authorities lack experience in real estate development or housing management and hold their positions by virtue of their status as community leaders of one sort or another. Complementing this view, a 2018 study of small PHAs found that board members and directors of smaller PHAs are less inclined to take on new programs because they feel they do not have enough staff members or there is too little demand for public housing in their service areas to make the effort to fulfill the requirements of RAD worthwhile.⁴⁶

⁴⁴ Andrew J. Greenlee, Han Bum Lee, and Paul E. McNamara, "Performance of Small Public Housing Authorities: Opportunities and Barriers," *Cityscape* 20, no. 3 (2018): 267-68; Kleit and Page, "The Changing Role of Public Housing Authorities"; Emily Orenstein, interview, July 10, 2023.

⁴⁵ Kleit and Page, "The Changing Role of Public Housing Authorities"; Metcalf, Garcia, and Hacnik, "New Pathways to Create More Deeply Affordable Housing"; Kleit, Airgood-Obrycki, and Yerena, "Public Housing Authorities in the Private Market," 688.

⁴⁶ HUD Office of Policy Development and Research (hereafter HUD PDR), *Final Report, Evaluation of HUD's Rental Assistance Demonstration*, Table 15, 22; Byrne, Day, and Stockard, "Taking Stock of Public Housing," 6; James Stockard, interview; Greenlee, Lee, and McNamara, "Performance of Small Public Housing Authorities," 265-69.

Converting properties under RAD can be challenging for housing authorities. It involves reorganizing or retraining staff to shift from traditional methods of management of public housing to overseeing and reporting on Section 8 contracts and, in some cases, mastering new organizational forms and methods. Although PHA participation in RAD has grown since the first conversions in 2013, less than 20 percent of all authorities have used it to convert their properties.⁴⁷

To summarize, because of the wide range of local housing markets, political cultures, and sizes and capabilities of PHAs, public housing authorities have varied greatly in the ways they have responded to the new possibilities of operating. A small but growing number of PHAs have seized the opportunities to diversify their business methods and goals, but so far most authorities have not participated in or fully exploited the reform programs. The lack of capacity of many PHAs and the varied paths that even capable PHAs pursue means that as of now there is, in Rachel Kleit's words, a "lack of certainty about whether PHAs can become social enterprises."⁴⁸

Public Housing in a Social Housing System

Public housing is the original component of the affordable housing system of the United States. Since the program was started in 1937, it has spread across the country, albeit unevenly. Certain regions, such as the Northeast and within it particularly New York, have a disproportionate number of public housing authorities, projects, and residents. In general, the large authorities that owned most of the public housing stock also performed most effectively, while small, rural agencies were more numerous but less efficient.

The program continues to face numerous challenges. By 2015, according to the Council of Large Public Housing Authorities, 90 percent of households living in public housing fell in the "very low-income" category, defined as 50 percent of area median income or less. Moreover, 71 percent of these households earned less than 30 percent of area median income and hence fell into the "extremely low-income" classification.⁴⁹ In response to its very low-income clientele, public housing has developed a social service component. Obtaining adequate financing remains difficult. Federal appropriations are

⁴⁷ HUD PDR, *Final Report, Evaluation of HUD's Rental Assistance Demonstration (RAD)* (Washington, DC: HUD, 2019), 19; Davis, "Reflections on 10 Years of Public Housing Conversions."

⁴⁸ Kleit, "Housing Authorities as Social Enterprises?" 217.

⁴⁹ Council of Large Public Housing Authorities, "Public Housing Facts," <https://clpha.org/public-housing/facts>.

significant – in 2023 \$5 billion for operations and \$3.2 billion for capital needs – but fall far short of estimated needs, which for capital improvements range from \$30 billion to \$70 billion.⁵⁰

Nonetheless, and despite the travails they have faced at one time or another, most public housing authorities have performed the task of providing rental housing to very low-income households adequately and sometimes well. Furthermore, numerous PHAs have participated in the reforms of the last 20 years that changed the way they do business, to the point of owning housing that is not part of the public housing program.

The public housing sector can thus potentially play an important part in a new social housing system. To be sure, not all public housing authorities have the capacity to become entrepreneurial social enterprises. Rather, the history of public housing in the United States suggests that under a social housing regime, the housing authorities will bifurcate, much as they have in the past. One component would be comprised of a cadre of high-performing PHAs that draw on federal, state, and/or local funds to develop new housing, provide a variety of services, chart new service territories and methods, and in other ways function as social enterprises. The other component would consist of a large number of sound but unspectacular agencies that would continue to manage small numbers of dwellings, albeit using new forms of financing and ownership, and perhaps do little else.

In this way, the public housing sector of a social housing system might come to resemble the nonprofit housing and community development field. Like some large nonprofit organizations, high-performing PHAs might acquire small, less active agencies or partner with them on particular housing developments and service programs. As has happened in the nonprofit field, some large housing authorities might expand their area of activity to become regional or even national developers and owners of subsidized low-income housing.

How public housing authorities will continue to adapt to the new world of housing policies remains to be seen. Nonetheless, it is already clear that many are positioned to return to the original spirit of the public housing movement to participate in a broad-based, diverse, and flexible national social housing system.

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⁵⁰ HUD, “Public Housing Dashboard,” 4; Congressional Research Service, *In Focus: The Public Housing Program*, Dec. 11, 2023, 2.