Housing and Public Policy Trends: 
Extrapolating into the Future for Public Housing Authorities

Victoria Basolo, Ph.D., AICP

Federal housing policy has changed dramatically over the last seventy years. Policy has been shaped by economic and political conditions in a given time, as well as findings generated from empirical research. However, over the last three decades, despite economic fluctuations and ideological shifts in national leadership, certain themes dominate federal housing policy. Each of these themes is discussed below followed by a discussion of their implications for the future, recommendations, and a conclusion.

IDEAS TO TRENDS: THEMES THAT “STUCK” TO HOUSING POLICY

Several ideas generated by policy analysts, researchers, and others have become trends as these ideas have been integrated into policy thinking and policy making. As a result, a number of themes can be identified in federal housing (and other) policy that shape debates, and eventually result in policy actions. These themes often reflect more than one idea and, as a result, many policies are designed to accomplish multiple goals aimed at improving social living environments. Therefore, the following list of themes should not be viewed as mutually exclusive categories, but instead as tributaries to the larger stream of housing policy.¹

1. Design of Public Housing Developments

Many public housing developments, especially in large cities, were originally designed and built to accommodate large numbers of households. In some cities, designs may have been avant-garde from an aesthetic view, but less impressive from a functional perspective (Jencks, 1987). The most egregious example was the Pruitt-Igoe development in St. Louis. Built in 1956, a large portion of the development was razed in 1972 due to vandalism, other criminal activity, under use, and high maintenance costs. As a local pastor of a nearby church commented, “To build a place and offer no services to 2,800 units is ridiculous…” He observed, "There are no gymnasiums, no barbecue pits, no soda fountains, no decent places for people to gather. The kids have nothing to do; they might as well pull pipes out of the walls and break windows" (Bailey, no page number, 1965).

In an influential critique, Oscar Newman (1972) cited several factors contributing to the problems at Pruitt-Igoe, including physical disconnection from public open spaces and no sense of control by management and residents of areas such as corridors and lobbies.

¹ The purpose of this paper is not to debate the myriad of arguments surrounding each theme. Instead, this paper is intended to identify these themes and interpret their meaning for the future of public housing authorities.
Thus, thereafter, the design of public housing developments garnered more attention and scrutiny from public officials (see Theme 4b: Mixed-Income Developments).

2. Federal Devolution

In the 1970s, the philosophy and actions of the Nixon administration resulted in a withdrawal of strong federal leadership in community development matters. This administration shifted from categorical to block grants, giving more discretion to localities in their use of these federal funds (Basolo, 1998; Brown, et al., 1984). This philosophy reflects the process known as devolution: a return of policy responsibilities to state and local governments. Federal devolution continued in the 1980s and 1990s with welfare reform marking one of the more recent major shifts of policy responsibilities. This trend continues as reflected in a recent proposal by the Bush administration to block grant the housing voucher program (Section 8) to the states (see Congressional Record 2003 for H.R. 1841 and S. 947). Federal devolution is closely linked to a movement against “big” government.

3. Housing Vouchers Instead of Housing Production

Housing assistance to low-income renters began to shift from the production of public housing units to the market-oriented, demand side approach of vouchers in the 1970s. Although policy researchers have debated this approach on a number of levels (see, for example, McClure, 1998), policy decisions indicate a preference for assisting renters through the tenant-based housing voucher program. As two policy analysts note, “Along with the reduction in additional units came a shift from a multi-pronged strategy of production, rehabilitation, and tenant-based assistance…to reliance almost entirely on vouchers” (Dolbeare and Crowley, 2002, p. 9). However, despite the policy preference for housing vouchers, funding at sufficient levels continues to be “at risk” each year during the federal budget process.

4. Deconcentration of Poverty

Conventional wisdom about the ill effects of the concentration of poverty developed as a result of observations by public officials and policy scholars. Explanations for the mechanism triggering these negative effects may depend on ideology (culture of poverty or contagion effects versus isolation from mainstream opportunities), but the implication, regardless of theoretical explanation, is the same: concentrated poverty is a social problem. As a result, a significant amount of public policy attention is aimed at reducing the concentration of poverty (Goetz, 2000).

a. Mobility

The Gautreaux program in Chicago and the Moving-to-Opportunity experiment conducted in five cities sought to integrate households on public assistance into
more “mainstream” environments. Moreover, changes in the housing voucher program removed obstacles to voucher holders, allowing them to move anywhere in the country with a housing authority and keep their housing assistance. Research on mobility continues, but existing findings indicate that while mobility does not eliminate all the ill effects associated with concentrating the poor, it is associated with improved outcomes for voucher holder households including improved outcomes for children, higher residential satisfaction, better neighborhood conditions, and improved mental health (see Basolo and Nguyen, 2003; Goering et al., 2002).

b. Mixed-Income Development

Mixed-income strategies have existed for many decades. Although federal policy encouraging mixed-income developments occurred most noticeably in 1990 through the HOPE VI program, state and local policies supporting mixed-income development occurred much earlier. Federal policy supports HOPE VI activities that redevelop public housing developments to be smaller scale with a variety of housing opportunities including low-income rental-assisted and market rate units (Brophy and Smith, 1997). Mixed-income development also is supported by some states (e.g. California’s mandatory requirement for local density bonus ordinances) and locally through inclusionary housing requirements (e.g. Montgomery County, Maryland).

5. Economic Independence

a. Self-Sufficiency

The federal government continues to develop policies that aid recipients of public assistance to become economically independent. Essentially, the goal of this policy, termed “self sufficiency,” is to move people off public assistance (Bratt and Keyes, 1998). In the 1980s, the federal government introduced “Project Self-Sufficiency,” a program that tied housing assistance (Section 8 certificates) to participation in a number of activities geared toward finding employment (e.g. education, training, and placement). After a series of demonstration and voluntary programs in this vein, HUD required most housing authorities (those receiving funds for new units) to have a “Family Self-Sufficiency” program (U.S. Department of Housing and Urban Development, 1996). Changes to the welfare and housing assistance systems, a result of 1996 and 1998 legislation, also support self-sufficiency, as does the more recent Welfare to Work Voucher Program. Key elements of these policy developments

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2 While the MTO program focused on income integration, the Gautreaux program concerned racial integration. However, due to the population being served, the latter also provided opportunities for income integration.

include devolution of welfare responsibilities to states, flexibility in program administration, and time limits for recipients of assistance (Wood, et al., 1999).

b. Promotion of Homeownership

Proponents of homeownership claim it supports economic independence through accrual of wealth. Public policy has a long history of supporting homeownership. From the New Deal programs in the 1930s to more recent initiatives, the federal government and others have touted the economic and social benefits of homeownership for the individual and the community (see Rohe, et al., 2002; Rossi and Weber, 1996 for a discussion of the research on the benefits of homeownership). Homeownership has been promoted for very low-income individuals with mixed success (see Rohe and Stegman, 1994; Rohe and Basolo, 1997). Increasing homeownership continues to be an agenda item for the Bush Administration.

6. Privatization and Public-Private Partnerships

Privatization is increasing in local and state government service delivery systems (see Seidenstat, 1999). Recently, this approach has been suggested for the voucher program currently operated by local public housing agencies (Katz and Turner, 2001). Privatization often is conflated with public-private partnerships (PPPs) in rhetoric promoting PPPs – in some cases so much so that it is difficult to conceptually separate the two. Regardless of the label applied to these concepts, the interest in entities other than public agencies implementing public programs continues to grow.

7. Entrepreneurship and Accountability

In the 1990s, the phrase “Reinventing Government” captured efforts to reform government by making it more efficient in service delivery and more accountable to the public (see, for example, Behn, 2001; Osborne and Gaebler, 1992). Government reform is nothing new, however, reform efforts often appear in waves and garner more or less attention depending on the political climate. The Public Housing Management Assessment Program (PHMAP)/Public Housing Assessment System (PHAS) and the Section Eight Management Assessment Program (SEMAP) are associated with the wave beginning in the early 1990s. Quercia and Galster (1997) examined this policy environment and asserted, public housing authorities “will have to act more like entrepreneurial market participants” (p. 535).

In referring to water delivery systems, the OECD distinguishes between public-private partnerships and privatization as follows: “Public Private Partnerships (PPPs) refer to any form of agreement (partnership) between public and private entities…privatization [is] where the management and ownership of the water infrastructure are transferred to the private sector” (Organization for Economic Co-operation and Development, 2003, p. 2). In housing assistance delivery systems, contracting out could be viewed as a transfer of management, privatization, or an agreement between public and private entities, a public-private partnership.

Vice-President Gore led the charge guided by the work of Osborne and Gaebler (1992).
IMPLICATIONS FOR THE FUTURE

The themes discussed in the paper have many implications for public housing authorities. By extrapolating the trends associated with these themes, several predictions can be offered about the housing assistance delivery system. It is important to emphasize that these predictions are not normative (i.e. what should the policies be), but based on the trends outlined in the paper.

Predictions Based on Trends

♦ Public housing development and major rehabilitation of larger low-income only developments will cease and the number of public housing units will continue to decrease steadily over time
  o Concerns about the design of public housing, the concentration of poverty, and cost of maintaining the stock contribute to this prediction. Redevelopment of existing housing will continue to favor smaller scale, mixed-income developments with a net loss in the number of total units available to lower-income residents.
  o The process will take longer in communities with a larger stock of public housing and public housing for seniors may remain indefinitely.

♦ Interest in increasing the homeownership rate will continue
  o Most of this interest will be reflected in already established federal structures to support homeownership (e.g. mortgage guarantee and mortgage interest tax deduction), as well as state and local programs. However, PHAs redeveloping public housing sites may choose to emphasize homeownership in their efforts.

♦ The use of housing vouchers will rise
  o This prediction goes hand-in-hand with the reduction in public housing units and the goals of enhanced client mobility, poverty deconcentration, as well as the reliance on the private sector to provide housing for low-income households.

♦ Housing assistance will be tied to work requirements and have time limits
  o The goal of economic independence will result in time limits for housing assistance and increasingly more pressure on recipients of assistance to be training for a job or to be working to receive/continue to receive housing assistance.
  o Exceptions to work requirements will include seniors and people with disabilities.

♦ The housing voucher program will be block granted to the states
  o The recent proposals for this action and the continued federal devolution of policy responsibilities suggests that block granting of the voucher program will
occur in the next five years. However, given the objections\(^6\) raised to the 2003 HANF proposal, the specifics of such a move are unknown at this time.

- Evaluation and monitoring of housing authority performance will continue\(^7\)
  - The theme of accountability remains highly visible in the provision of all government services. Innovations enhancing efficiency and entrepreneurship will be key indicators for evaluations.

### Recommendations

Given these trends, what can public housing authorities do to respond effectively in this policy environment? As noted by Quercia and Garcia (1997) over six years ago, public housing authorities need to be more entrepreneurial and innovative. Examples of adaptations by housing authorities in the last decade include regional inter-agency swapping of vouchers under portability and the establishment of regional waiting lists for voucher programs (Basolo, 2003; Katz and Turner, 2001). Regional approaches like these are likely to become more prevalent, although they have too short a track record to be identified as a theme/trend in this paper. It is important to note, however, that regional administration of the voucher program could become common, especially if the program is block granted to the states. This possibility has significant implications for smaller authorities\(^8\) and agencies in metropolitan regions that mainly administer the voucher program.\(^9\)

Inter-PHA collaboration is one strategy for local authorities. Another approach is working cooperatively with housing developers, for profit and nonprofit, in their region to link vouchers to developments that include lower-income units (developments under inclusionary regulations or those subsidized by government in return for a percentage of lower-income units); this approach is especially useful in “tight markets.”\(^10\) This approach is consistent with the trend toward public-private partnerships and has the potential to increase the availability

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\(^6\) Many concerns have been voiced about this proposal (see publication by the Public Housing Authorities Directors Association at: http://www.phada.org/pdf/1812hanf.pdf).

\(^7\) At the same time, recent actions by the federal government support the mission of smaller housing authorities by reducing regulatory requirements and administrative burdens (see the Federal Register, June 24, 2003 at: http://www.hudclips.org/sub_nonhud/cgi/pdf/15815.pdf). The final rule, however, did not go as far as the proposed rule in this respect.

\(^8\) A block grant approach could drastically change the future for smaller authorities, especially in metro areas (see footnote 9).

\(^9\) The existence of many housing authorities in one region may be considered inefficient under a voucher block grant scenario. Housing authorities with a sizable public housing stock and rural housing authorities would be more difficult to collapse into a regional structure -- the former because the housing stock is located within the political boundaries of local jurisdictions and local officials may resist administration of housing in their community by a regional entity, and the latter because regional administration may not be efficient outside a metro area.

\(^10\) The development of a specific agreement between developers and a PHA mostly likely would need the approval of HUD and definitely would require the opinion of legal counsel.
of housing units for voucher recipients. Given the developments are not completely lower-income, this approach would not conflict with the goal of deconcentrating poverty.

Another potential approach that would benefit from public-private partnerships involves job training and education. Public housing authorities need to strengthen relationships with the private sector, for profit and nonprofit, and other public entities to further promote education and employment opportunities for recipients of housing assistance. Increased access to computing and the Internet are consistent with this approach. The purpose of such a strategy is to facilitate building a bridge to what are often distant opportunities for individuals living in public or subsidized housing. This purpose clearly is consistent with the theme of economic independence.

A CONCLUSION WITH CAVEATS AND QUALIFICATIONS

Federal housing policy has exhibited many changes over the last three decades, but certain trends have emerged over this period as well. As outlined in this paper, these trends have significant implications for the future of public housing authorities. The predictions listed above are simply an extrapolation of trends – no one has a crystal ball. At the same time, if planning and action are to be reasonable (and hopefully effective), they must take into account current conditions as well as trends over time.

Recent proposals by the Bush Administration are dramatic, but they are not really bucking the trends of the past 20-30 years. PHAs can respond to these trends in a number of ways. The recommendations in this report suggest more innovation, entrepreneurship, and collaborative strategies. However, coalition building around housing policy and communication of concerns to policy makers is equally critical to maintain and improve housing services to lower-income households. For example, proposed budget cutbacks are in the offing and most certainly would impact housing assistance as they did in the mid-1990s. Concerted effort by housing advocacy groups is necessary to abate or at least minimize these cuts. Furthermore, housing service providers and advocates need to continue their critique of block granting Section 8 to the states. While the trends predict block granting of the program is likely to occur, the elements of this transfer of responsibilities can be influenced through ongoing communication with members of Congress.

In sum, the analysis in this paper extends trends into the future. These trends suggest a continued rollback of federal leadership in the housing policy domain. While some major event could occur to change the direction of federal housing policy, it is impossible to plan for the unknown. Therefore, public housing authorities must continue to develop strategies to work within this difficult environment. At the same time, housing authority leadership and housing advocates must continue to strengthen their base of support and participate in policy formation through tenacious dialogue with federal decision makers.
DISCLAIMER

The author’s purpose in preparing this discussion paper is to generate ideas and spark discussion about housing policy. The contents reflect the author’s opinions and interpretations of policy conditions. Any use of this paper should be attributed to the author within the boundaries of the purpose stated in this disclaimer.

You may contact the author at:

Victoria Basolo
Department of Planning, Policy, and Design
School of Social Ecology
University of California
Irvine, CA  92697-7075
(949) 824-3521
basolo@uci.edu

REFERENCES


