

# Five Radical Ideas for Public Housing

*By J. Crites, July 12, 2017*

Public and affordable housing in the USA is always at risk of budget cuts and over-regulation. Our cries as an industry for more funding and attention are often ignored. Below is a mixture of theoretical high level ideas and concepts to shake up the industry. I do realize these ideas might come off as flippant but it might be time to start thinking out of the box.

## **1. % of Public Housing to be Rented at Market Rate:**

If public housing operating and capital funds are not going to be increased, then let public housing authorities rent a percentage of their portfolio at either market rate or as close as they can get. HUD would basically wash their hands of the agreed upon units and they would come out of IMS/PIC. I still believe that the funding formula should be based on the original number of units. The housing authority would then rent those for as high of a rent as possible to help offset the loss of funds. Yes this would decrease the number of affordable units available across the country. However; with the right approach some housing authorities might be able to leverage these higher rents and create cash-flow that could lead to more development.

I would also argue that if we do not get more money into some of these older public housing sites, we will lose units due to in-habitability. There is also an argument about de-concentrating poverty in public housing by creating an inflow of residents who are not extremely low-income. If a city council or mayor is unhappy with the idea of PHA making units market rate, they could offer to fill the funding gap.

## **2. Shut Down HUD, Stop all Funding and Give 100% Ownership of Properties to PHAs:**

A hand shake and both sides walk away from each other. What am I talking about? The simple version is that HUD quits giving funds to public housing authorities period and housing authorities no longer live under the rule of HUD. The portfolios become 100% the property of each PHA and they have control on how they set rents, calculate rents or run their portfolios in general. I realize this is pushing borders, but stay with me. The political landscape is getting more ridiculous by the year. The public housing industry continues to advocate but all it takes is the wrong administration to create harm that can last decades. In the Netherlands, the government walked away from funding social housing and let the industry take over more control of renting, building and administering the programs. Yes, there was some mismanagement but if you look at it with an open mind, the social housing industry became far more professional and business like and created billions of dollars of new housing. I do think we need rules and regulations but not the ones that bury the industry in a bureaucratic wasteland. Lets cut ties. If congress does not want to fund public housing, cut us loose.

There are some interesting options if we lose the regulation. The industry could keep a social mission but leverage the billions of dollars of real estate to redevelop, develop and bring a possible golden era to affordable housing in the USA. Perhaps some housing regulation could be

taken over at the state level. Mississippi might not want to regulate its public housing stock the same way California does. That is fine. Let a conservative state make rules that works for its population and let liberal states do the same. Germany devolved public housing to the state in 2001 and for the most part it works.

### **3. No More Income Based Rents:**

To much money and time is being spent on changing rents constantly. It is strange, intrusive and de-motivating to many who live in public housing. Lets move to a system where a family income qualifies and then we do EIV checks only to make sure we are not housing millionaires. There could be a threshold like 80 or 100% AMI before someone has to leave the program. Create a mixed set of rents and place people in those units when they first come into the program and then do EIV checks only. In lieu of employing large teams of staff doing income calculations, a PHA could house a smaller team of fraud specialist looking for those rare cases. This might not be popular with many but it is one way to bring down the administrative costs of the program.

### **4. Regional Housing Authorities:**

There are over 3,300 housing authorities in the USA. Does it make sense to have all of these individual bureaucracies running? Does it make sense to buy and implement different housing software systems, hire separate I.T. departments, and create separate maintenance departments? Not to mention the financing schemes in public housing are getting so complicated that small and medium sized housing authorities have a difficult time putting the right team together to handle the requirements.

Enter the idea of going regional with public housing authorities. Cut up each state and create regional housing authorities to administer programs. One large central office could be the home of the finance team, the voucher caseload teams and other central services like procurement and compliance. Contracting out maintenance, inspections and case management services could still allow for a local feel to the programs. The regional housing authority could have a feel local staff at libraries to help with hands on questions. There are already several regional housing authorities in place throughout the USA. Again, I fully realize writing this in a blog can sound flippant but that is not my intention. We need to think about ways to run our industry that can save time, money and allow us to focus more attention on housing those who have the least. This is just another idea to float.

### **5. Devolve all Public Housing to State Level:**

This is a play on several of the ideas from above. As mentioned, Germany devolved public housing to the state level in 2001. If the state had more control, there could be local programs to meet local needs. States with higher affordable housing crisis's could respond with different taxation, rent and subsidy schemes as needed. The federal government would need a cut off period where funding continued for a certain amount of time (10-15 years) while the states figured out their structure.

## **Conclusion:**

The ideas outlined here are just to get the brain thinking. I want better funding and more social concern for public housing just like anybody else. However; I also want to hear new and outlandish ideas. I want leaders of our industry, the private sector and third sector thinkers to keep dreaming of ways to make our system work better and ensure a future where affordable housing is part of our country.

Do you have any crazy outlandish ideas? What are your thoughts about the concepts floated in this article? Do you agree or disagree? Please leave comments.

## ***Published by J Crites***

*I have a strong interest and passion for helping those who have the least. In the last five years, I have worked in housing policy at the Tacoma and Seattle Housing Authorities in Washington State. I am currently a German Chancellor Fellow researching best practices in affordable housing in Germany.*

## **Thoughts on “5 Radically Different Ideas to Change Public Housing”**

1. **Kim Johnson** says, July 13, 2017, 11:38 a.m.: Great article and I appreciate the thought behind it. The idea, although it sounds simple enough, to rent units at market rate doesn't sit well with me on a personal level knowing the sheer numbers of families on our waiting lists that aren't being assisted. I do, however, like the idea of regionalization of PHAs in a sense. My thought here is that we regionalize waiting lists only to help identify the PHAs that don't have renters and house families in need. Joint agreements are already being done in the form of IT Service sharing and the like. It's imperative to leave staff in place though, just from a jobs perspective, and to monitor fraud, which PHAs really don't pay enough attention to.

I love the idea of removing the oversight and involvement of HUD as it operates today. Eliminate the unnecessary, multiplicative reporting requirements and allow the staff to concentrate on expanding housing efforts and assisting families. Income based rents are critical in making these units affordable and allowing the families to survive on what little income they have. Some procedures that can be used by becoming a Moving To Work agency can assist in getting these families on a path success. PHAs should be able to get funding regardless of size or structure and make every effort and attempt to bring in programs to educate families on how to be socially responsible in their communities as neighbors and potential homeowners. I feel and have always felt, that one of our most important jobs in public housing is to educate on several different levels. Whether its bringing in mentors for the youth, job training, mediation training, and community service. Which I think they should bring back and make all program participants involved, including Section 8 participants.

**J Crites** says, July 13, 2017, 2:35 p.m.: Great comment, I do agree PHAs need to be working with their families and all the program rules, regs and non-stop audits make this tough!

2. **Daniel Queen** says, July 13, 2017, 1:01 p.m.: Good thinking. I believe that the government needs to get out of the way and let some innovation in. Some PHAs will continue to falter because they are propped up with subsidies, while others show innovative approaches and thrive. HUD has provided tools, but not pushing anyone to use them. Green Physical Needs Assessment is an example of this.

**J Crites** says, July 13, 2017, 2:35 p.m.: Thanks for the comment!

3. **Larry H. Padilla** says, July 13, 2017, 3:05 p.m.: Very good ideas, a few of which are being implemented in various iterations primarily through MTW agencies that have to flexibility to do so.

The market rate idea is a necessity moving forward if organizations are focused on being driven less by subsidy dependency and more on an entrepreneurial driven model that would in the long term not only help to sustain capital requirements but help to expand affordability elsewhere. I understand the comments or thought around current wait lists, but you cannot expand further affordable opportunities if you don't have a diverse set of alternatives to create new and unencumbered revenue.

With rent recertifications, I have seen a few agencies move to a tri-annual process with a segment of their resident populations which has helped to offset the time and effort of a yearly process that is quite frankly an operational nightmare. However there must be stronger mechanisms to combat the advent of fraud. In my case I was able to embed in both tri-annual reverts and in HCV inspections annual random audits that would help to keep maintain these procedures from long term erosion.

Finally on your suggestion for regional PHA's, I cannot agree with you more. I can tell you for a fact that many smaller PHA's do not have the capacity to effectively manage their local housing stock and subsidy allocations. I have been approached in the past by smaller authorities seeking the assistance of the one I previously led, to use our capabilities to assist as a fee driven service. This actually became a platform to generate an infusion of future revenue as a third party administrator with other PHA's. The additional units and administrative oversight would create significant leverage in both streamlining operations and mitigating costs.

My greatest reservation from the establishment of regional authorities is that there are many PHA's that operate as local fiefdoms, often times with ED that have "led" their organizations for 30 or more years with little to show other than a revolving venue of dependency. It will be a fight, but one certainly worth going to battle for.

**J Crites** says, July 18, 2017, 1:56 a.m.: Thank you Larry for the great comment! Did you know in the Netherlands they have mental health check ups and competency check ups on EDs of PHAs now?

4. **Jacycle** says, July 17, 2017, 6:14 p.m.: Hi: on problems with income based rents and potential alternatives, see <http://www.phada.org/pdf/rentreform.pdf>. There have been proposals to "defederalize" public housing in proportion to the degree the federal government

fails to fully fund the operating fund. That proration has fallen between 10% and 20% in recent years. There have also been proposals to eliminate public housing assets deed restrictions that limit agencies' abilities to leverage the value of those assets. The only point on which I differ with you is your regionalization argument. Housing authority jurisdictions generally coincide with the government that chose to set them up – usually local cities or counties. Any advantages to regionalization seems completely overshadowed by disadvantages. I also point out that there are over 3,000 counties and comparable governmental units in the USA, and there are more than 14,000 local school districts. I am unaware of any claims that consolidating these governmental jurisdiction in the name of efficiency.

**J Crites** says, July 18, 2017: Hi Jacycle- Thanks for the great comment. I had a co-worker tell me today she really disagreed with the idea of regionalization and that bigger is not better. I see that side of the argument. I do think PHAs could be reduced and streamlined at least to the degree of what is happening in the UK right now at a minimum. Thanks again!