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The Obama Administration Is Expanding a Program to Fix Up Public Housing—Too Bad the Program Might Also Privatize It

Is the Rental Assistance Development Program the best, flawed option for saving public housing—or a new attempt to dismantle it?

By Jake Blumgart

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President Obama listens as he is introduced by Housing and Urban Development Secretary Julian Castro. (AP Photo/Jacquelyn Martin)

When New York City Mayor Bill de Blasio announced his administration's plan on May 19 to help dig his city's public housing authority out of its \$16 billion capital-needs hole, attention quickly focused on the plan's reliance on a controversial initiative with a wonky name: "infill" housing. Infill housing calls for some of the "underused" spaces in public housing projects to be leased out to private developers, who will then be charged with building a mix of low- and market-rate housing on the sites. Among some advocates, the plan has fueled fears that the city is opening the door to privatization.

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Yet, even as debate has simmered over infill housing, there has been little discussion about the city's decision to include another controversial program in its housing plan: the Department of Housing and Urban Development's Rental Assistance Demonstration program (RAD). RAD will be applied to only some 1,400 of almost 180,000 units, making it an admittedly fractional part of de Blasio's preservation campaign. But it is being broadly pushed throughout the rest of the country, where housing authorities are equally desperate to find a fix to their budget woes. Similar to the infill solution, it seeks to attract private capital to bail out the nation's underfunded public housing.

The RAD program is one of the Obama administration's answers to the dire problem of the United States's decaying public-housing stock. Most developments were built in the middle of the last century and require repairs commensurate with their age. HUD recently found that the nation's 1.2 million units need at least \$25.6 billion in capital repairs. But Congress has proved unwilling to provide the funds needed to restore a New Deal legacy program that is anathema to the ideology of Republicans and centrist Democrats. The Center for Budget and Policy Priorities has noted that the program's capital and operating fund "lost 25 percent of its inflation-adjusted value since 2001" (emphasis theirs).

Despite the enormous need to preserve public-housing units amid what Obama's first HUD secretary, Shaun Donovan, described as "the worst rental affordability crisis that this country has known," the administration has not attempted to promote adequate congressional funding of the country's vast repository of public housing. Whether this failure to push for full funding stems from ideological conviction or political expediency is unclear. What is clear is that advocates' early hopes for a progressive Obama administration approach to affordable housing in general—and to public housing in specific—have given way to the reality of programs like RAD, launched in 2012, which lean heavily on the private sector for relief.

RAD works by allowing public housing units to be transferred over to the Section 8, which relies on partnerships with private landlords. Part of the advantage of Section 8 is that its funding hasn't suffered as much at the hands of Congress, but it will enable local housing authorities to seek mortgages and other private-sector equity more easily to pay for repairs, and makes Low Income Housing Tax Credits more accessible, thus drawing in private partners to invest in—and potentially own—the units as well.

The RAD program was initially billed as a pilot project open to just 60,000, or 5 percent, of all public-housing units. This year, however, with the help of a big push by the new HUD secretary Julian Castro and a nod from Congress, the Obama administration is tripling RAD's reach to 185,000 units, allowing big cities like Philadelphia and New York to begin experimenting with the program. "RAD is cost neutral for the federal government," Castro told an audience at the Bipartisan Center 2014 Housing Summit. "RAD is part of the solution."

Yet, despite the Obama administration's talk of solutions, public-housing residents have expressed a mix of concern and distrust about the program—and not without reason. The last time HUD came bearing glad tidings of renewal and revitalization, the policy—dubbed HOPE VI—resulted in the loss of 250,000 housing units. HOPE VI was a product of the Clinton administration's efforts to break from the Democratic Party's New Deal and Great Society heritage by retreating from the federal government's commitment to the welfare state. The vast majority of the displaced families were African-American. Many of them never returned to public housing. Instead, their homes were often replaced by privately run, mixed-income complexes—with far fewer units for low-income people.

The Obama administration claims that it wants to avoid a replay of the displacement caused by HOPE VI and that RAD is, above all, about improving conditions for public-housing residents. But tenant groups and housing advocates fear that RAD will ultimately mean another retreat from public housing.

“RAD accelerates a disinvestment of the federal government from [public] housing,” said Edward Goetz, director of the Center for Urban and Regional Affairs at the University of Minnesota and author of *New Deal Ruins: Race, Economic Justice, and Public Housing Policy*. “RAD is set up to generate greater private sector investment in this kind of housing and that will bring needed financial capital that can lead to improvements in the housing stock. But this is only necessary because the federal government refuses to make the necessary investments on its own.”

HUD does not specify the extent of the private sector’s role in units that are converted under RAD, instead leaving much to the discretion of local housing authorities. Outcomes are therefore likely to vary considerably according to their financing sophistication, political environment, and governing ideology. But provincial control of public housing has a long and checkered history. While the program was always funded and regulated by the

federal government, construction, ownership, and maintenance remained a local affair. As a result, many housing authorities were staffed with incompetent patronage appointees who often proved incapable of providing services to high-needs populations. After decades of mismanagement, many local housing authorities happily took advantage of the HOPE VI program, which permitted divestment of their long-neglected holdings.

The Philadelphia Housing Authority (PHA) typifies this fraught history. It is one of the nation's largest housing authorities, with some 14,000 units in the public-housing program and \$1.5 billion in capital-repair needs—but only \$45 million a year to address that backlog. For long stretches of PHA's history, the institution was a warren of patronage and corruption, which led to neglected units and negligent services. The city then lost 6,000 units to HOPE VI redevelopments. The combined weight of all this history has made tenant groups leery of RAD.

“Many of the resident leaders were not warm and fuzzy about RAD,” said Asia Coney, president of Philadelphia's Resident Advisory Board, a tenant activist group. They had very real concerns, she said, about “the long-term conditions that may arise from

the elimination of public housing as we know it... Will the housing authority still have ownership of the property? Will they still manage it?"

PHA's president and CEO, Kelvin Jeremiah, initially applied to convert 2,899 units under RAD, but the agency is attempting to increase the number to 3,800, or more than a quarter of its current stock. He insists the agency will still own the units and will take an active role in management (although maintenance could be contracted to a private partner). HUD requires housing authorities to meet with tenant groups both before the RAD conversion process and during the transition, and he says he has been using the opportunity to build trust with residents.

"We wanted to first assure our residents that the impact on their daily lives will be minimal," says Jeremiah. "They will continue to have all of the rights they have as conventional public-housing residents. The right to organize, the right to return, the right to have tenant organizations or tenant councils."

The protections that HUD offers under RAD are much stronger than those that accompanied HOPE VI. Unlike the Clinton administration, Obama's HUD guarantees one-for-one replacement: If affordable units must be demolished or extensively rehabbed during redevelopment, they must be

replaced with the same exact number. Many tenants displaced under HOPE VI were prevented from returning to affordable housing complexes because developers and housing authorities changed eligibility statutes for tenants. In some cases they were screened for criminal backgrounds or substance abuse; in other cases, minor excuses—like a late payment on a single phone bill—were used to bar reentry. RAD does not allow returning tenants to be subjected to such indignities.

Despite these assurances, advocates remain wary. Public-housing law allows residents to defend their tenancy and handle grievances without going to court, but these protections are not replicated exactly in RAD. Instead, the details of these rights are made contingent upon contracts between individual housing authorities and developers. Moreover, units converted to Section 8 are required to remain affordable for the duration of the contract, and when they expire, the contracts must be renewed. But there are loopholes that unscrupulous authorities could exploit—including one that allows a unit left vacant for two years to be converted to market rate.

Mortgaging the complexes to help pay for repairs has its risks too, as American University's Anne Marie Smetek noted in a lengthy review of RAD's weaknesses, highlighting the danger of

foreclosure—which would negate public protections—if housing authorities are allowed to leverage their properties freely.

“People are concerned about maintaining public control and public accountability,” said Ed Gramlich of the National Low Income Housing Coalition.

“The primary concern for residents and advocates are loopholes in poorly written agreements that allow private participants in this deal to ultimately have disproportionate control and perhaps convert the property to market rate. The RAD program is written to prevent that, but some legal services people are nervous—although they are also proceeding because the housing is crumbling around peoples’ heads.”

In Philadelphia, Jeremiah promises that PHA will maintain control of the land underneath the housing to ensure its affordability in perpetuity. (In her review, Smetek notes that housing authorities can defend against foreclosure by retaining ownership of the land beneath the buildings.) But housing authority ownership is not necessarily sufficient protection, as PHA’s own troubled past demonstrates. The priorities of the housing authority, and the political pressures on it, could very well change and leave the units vulnerable to conversion to market rate or other abuses.

Moreover, any smaller housing authorities will not have the sophistication to maintain the control over the former public housing stock that PHA promises. Others may not have the inclination. In both Baltimore and Chicago, tenant groups and housing advocates have taken to the streets in outrage over what they describe as opaque deals between their housing authorities and private actors, according to articles in *The American Prospect* and *In These Times*.

Clearly, fully funding the public-housing program would be a far more direct and effective way to provide affordable shelter for America's low-income families. Yet many housing advocates seem to agree that, for all the questions about RAD, the program is the only way to get the needed repair money right now. There simply doesn't seem to be another way to get the funds from a Republican-controlled Congress steeped in a political discourse that has long ignored the nuances and successes of public housing.

And so, much will depend on tenant groups and housing advocates. In cities where they are powerful enough to monitor the housing authority and maintain their voices in the contracts, there is a better chance that RAD units will remain affordable. Both New York and San Francisco, for instance, have thriving tenant movements (and robust local media), which suggests that RAD experimentation

will likely be closely watched. In other cities, which may have less rigorous institutions for maintaining accountability, the outcomes may be shakier.

Donna Richardson, president of the Norris Apartments tenant council in North Philadelphia, was skeptical of RAD when the housing authority first brought the idea to her and the PHA's other tenant groups. The rehabilitation of her complex will be so extensive that tenants will have to move out temporarily. Although Richardson was told that RAD ensures everyone the right to return, she got the housing authority to issue their own guarantees. "I did have it written, because we all know black and white works, and hearsay is just hearsay," says Richardson. The agreement specifies that every resident has the right to return, with first priority, and that the housing authority will cover moving expenses. There will be no rent increases, credit checks, or any other screening procedures. Now Richardson backs the RAD plan.

"Sometimes, walking out your door, they try to make you hang your head low, the way they say your house needs Band-Aids and fix-ups," says Richardson. "The new houses will give people more pride. Give you the chance to not only live, but make you look like you fit into the society, the world that

we live in. I think this is wonderful and so do [the other tenants]. Nobody likes to keep moving, but they do like the idea of what it's bringing." ●

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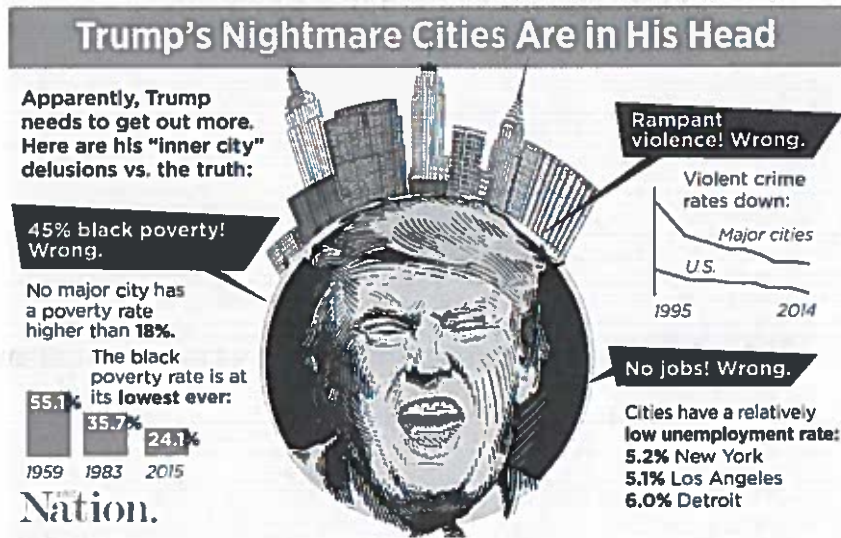
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Donald Trump's Imaginary Inner Cities

'Inner city' was always a loaded term, but today it makes no sense at all.

By [Bryce Covert](#)

TODAY 11:04 AM



(Tracy Loeffelholz Dunn)

Donald Trump has a thing for talking about the hellscape that he imagines all African Americans and city dwellers endure. He decided to bring the topic up unprompted during the final presidential debate. "Our inner cities are a disaster. You get shot walking to the store," he said. "They have no education. They have no jobs."

He said the same thing nearly word for word at the other two debates as well. And he embellished this picture at a campaign stop in September by homing in on black people, saying, "Our African-American communities are absolutely in the worst shape that they've ever been in before, ever, ever, ever. You take a look at the inner cities, you get no education, you get no jobs, you get shot walking down the street."

But no matter how well this may play to white supremacists who believe that black people live wretched, crime-ridden lives, it simply doesn't line up with the facts.

First of all, about 50 percent of black people live in suburban or rural areas, not cities. Cities are getting whiter and wealthier. Home values have risen faster in big cities than anywhere else over the last quarter-century. "Inner city" was always a loaded term, but today it makes no sense at all. It harks back to an era when the Bronx was burning and black uprisings roiled many major metropolitan areas, while today, cities are improving by every measure, though often at the expense of black people.

Consider some basic metrics. The unemployment rate is relatively low in the biggest cities; it's 5.2 percent in New York, 5.1 percent in Los Angeles, 5.4 percent in Chicago, and 6.5 percent in Washington, DC. Even Detroit, where Trump has promised to bring back jobs, has an unemployment rate of only 6 percent.

And they're mostly safe, despite Trump's law-and-order rhetoric, ripped straight from the 1970s. Crime has dropped dramatically in the country's largest cities, more quickly than the overall fall in crime that the country has seen over the last two decades. Certainly gun violence continues to be a

problem, and it's particularly concentrated in some urban places like Chicago, where black people are its frequent victims. But you are less likely to get shot while walking down a city street today than you were 20 years ago.

For Trump, inner-city dwellers and African Americans are basically interchangeable. But are black communities in “the worst shape that they've ever been in before, ever ever ever”?

First, set aside the fact that nothing has been worse than more than 200 years of chattel slavery. Then consider the important, though incomplete, gains for African Americans over the last half-century.

Black Americans do, in fact, have education. The share of black Americans over the age of 25 with at least a high-school diploma was more than 87 percent last year, a big increase since 2003; the same is true for the share with a college education, which increased from 17.5 percent in 2003 to nearly 23 percent in 2015.

They also have jobs. The unemployment rate for black Americans is 8.3 percent, and while it's much higher than the 4.4 percent rate for whites, it's far lower than the recent 16.8 percent rate it hit during the recession and much, much lower than the 21.2 percent peak it hit in early 1983.

Trump added poverty rates into the mix at the second debate, claiming, “You go into the inner cities and—you see it’s 45 percent poverty. African Americans now 45 percent poverty in the inner cities.”

While the poverty rate is higher in cities than in the suburbs, no major metropolitan area had a poverty rate over 18 percent as of 2013. Black Americans experienced a poverty rate of 24.1 percent in 2015—much higher than the 9.1 percent rate for whites, but nowhere near 45 percent or the sky-high 55.1 percent rate back in 1959.

When Trump paints this dire picture, he’s not really talking to black people, despite promising to reach out to black communities. It’s clear in his use of the word “they”—never “you” or “we.” Instead, he’s talking to a base of supporters who seem more comfortable with stereotypes of “inner city” black life than with black Americans’ 2016 reality. ●

2 COMMENTS

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