

THE HISTORY OF PUBLIC HOUSING

One of man's basic concerns is a house – a place to find protection from the rain and elements. But a house can be much more than a building. It is the social context of his family life – the place where he loves and shares with those closest to him.

Very Reverend Pedro Arrupe, S.J.

The Public Housing program in the United States is now over 70 years old. It had its genesis in the efforts of social activists who, before the turn of the century, pushed for slum clearance and safe, decent housing. Housing problems originated from the flood of immigrants that swelled the populations of cities like New York. Looking for a new life, immigrants arrived with little more than hope to pave the way. They faced language and cultural barriers and quickly discovered they were unable to pay the market price for decent housing. They moved into the only shelter available - slums and ghettos.

Deep, narrow lots were developed with an eye toward maximum profit. Rooms were dark and airless. The wooden interiors were dangerous firetraps but were cheap to build. Backyard toilets served entire tenements. As a result, tuberculosis and other diseases flourished. Yet, plenty of residents were always ready to move in, and no law to intervene existed.

Rural housing conditions were not much better. Often, entire families slept in one-room, unpainted, sagging shacks, but at least the children could enjoy air and sunlight unknown to their urban counterparts. Slowly, social awareness of these conditions grew. Pioneers like Alice Griffin in San Francisco, Jane Addams in Chicago, and Mary K. Simkovitch in New York City established settlement houses and fought for passage of ordinances to set light and space standards. Their work supported the idea of decent shelter as a necessary social goal.

The Federal Role

The federal government's first direct involvement in housing came only during wartime efforts. Under the provisions of the *Shipping Act of 1916*, the U.S. Shipping Board Emergency Fleet Corporation was organized in 1917. In 1918, the corporation was authorized to buy land, grant loans, and build housing for shipyard workers and their families. However, the first three decades of the 20th century witnessed private real estate speculation and limited government intervention. The result was small demonstrations and experiments in providing low-cost housing but little impact on the growing problems of slums.

Peacetime federal involvement in housing began when the stock market crash of 1929, initiated a decade of economic depression and massive unemployment. In 1933, under President Franklin Roosevelt's New Deal initiatives, Congress authorized the *National Industrial Recovery Act* and an appropriation of \$3 billion for a public works program.

This program was intended to spur employment and increase the demand for materials. Public purchasing power was to "prime the pump" of the economy and offset the decrease in demand created by the decline in private purchasing power. The combination of labor-intensive projects and public spending was the program's primary purpose; the nature of the public works projects was considered only secondarily. Until then, national policy and public opinion had not considered, much less supported, publicly owned housing developments. But housing leaders saw the public works program as an opportunity finally to obtain federal involvement in providing decent shelter for the poor. The public housing program as we know it was born.

Building low-income housing was an activity that fit the objectives of the public works program. The National Public Housing Conference, now the National Housing Conference (NHC), and organized labor began supporting this idea. Building housing was labor-intensive and it helped the depressed construction industry. Furthermore, “providing decent shelter for the poor” was in the public interest.

The federal government set aside \$150 million for housing, and the Housing Division of the Public Works Administration (PWA) was charged with building low-income public housing quickly. At first, the PWA attempted to make loans and grants to limited-dividend housing corporations, without much success. A few demonstration projects were funded, but private money and quick response were insufficient to meet the goals. To move forward, direct federal construction began in 1934. By 1937, approximately 22,000 units existed in 50 projects across the country.

A National Housing Policy

These early efforts in the development and management of public housing were truly a joint effort by federal and local officials. It was under “emergency” conditions and a feeling of national crisis that these first efforts at public housing were realized. But the first New Deal programs were not enough. The national economy remained stagnant in terms of production, employment, and purchasing power. Critical credit problems with farm and home foreclosures persisted. The country initiated a national housing policy within this context. Recovery of the depressed construction industry, particularly labor, became a priority in the United States Senate. Housing leaders like the eminent planner Edith Elmer Wood, Clarence Stein, Mary Simkovitch, and others had access to Eleanor Roosevelt as well as to Senator Robert Wagner, who sponsored much of the New Deal social legislation. The U.S. Housing Act of 1937 was the result of their efforts.

With the passage of the National Industrial Recovery Act, the federal government started building public housing in 1933. But the crisis of the times and the need to create employment were not enough to stem a controversy over establishing a national housing policy and permanent federal assistance to help the poor obtain shelter. As momentum gained in the Congress to create such legislation, so did sentiment strongly opposing such action. The National Public Housing Conference (NPHC), and other housing and labor leaders led the “pro” argument. The National Association of Real Estate Boards and the National Association of Chambers of Commerce led the “con” argument.

Senator Wagner declared 1936 the year to push for enactment of a housing policy. In a speech to NPHC in December 1935, he said:

The objective of public housing, in a nutshell, is not to invade the field of home building for the middle class or the well to do which has been the only profitable area for private enterprise in the past. Nor is it even to exclude private enterprise from major participation in a low-cost housing program. It is merely to supplement what private industry will do, by subsidies, which will make up the difference between what the poor can afford to pay and what is necessary to assure decent living quarters.

By contrast, the opposition stressed the sanctity of private ownership of housing under the American system, regardless of the financial problems of poor families. Walter S. Schmidt of Cincinnati, then president of the National Association of Real Estate Boards, expressed his position this way:

Housing should remain a matter of private enterprise and private ownership. It is contrary to the genius of the American people and the ideals they have established that government be landlord to its citizens.... There is sound logic in the continuance of the practice under which those who have initiative and the will to save, acquire better living facilities and yield their former quarters at modest rents to the group below.

This argument has persisted in various degrees of intensity for the past 60 years. On April 3, 1936, Senator Wagner introduced the first U.S. Housing Act legislation. Although he favored the bill, President Roosevelt did not attach a “must” to it and Congress adjourned without passage. Roosevelt signed the U.S. Housing Act of 1937 into law on September 1, 1937.

This Act of 1937 changed the role of the federal government in public housing. It removed the federal government from direct production and ownership of public housing and vested this activity in agencies under local control. The Act established the U.S. Housing Authority and authorized it to make loans to public housing agencies for up to 90 percent of the development costs of a project. The Act also contained several provisions to assure that the housing it aided would be available to “families of low income.”

The Act removed the federal government from direct construction and ownership of the developments. The localities were free to choose participation under the program. Also, the law required that the number of new housing units built must be matched by a “substantially equal number” of unsafe or unsanitary units taken out of the housing supply by “demolition, condemnation, and effective closing” or rehabilitated by “compulsory repair or improvement.” This approach was called the principle of “equivalent elimination.” Public housing was not meant to add to the housing stock but merely to improve its quality. This idea fit in with the concept that selective slum clearance was to be combined with public housing.

Under the 1937 Act, Congress created the U.S. Housing Authority with an administrator appointed by the President. In addition, local housing authorities were required to be created by local governments, under state enabling legislation. These authorities were to be administered by paid staff under the direction of a board of commissioners appointed by the local government. **The Erie Housing Authority was established in 1938.**

In 1940, Congress, under the Lanham Act (an act to expedite the provision of housing in connection with national defense and for other purposes), provided funds for a new administrative organization for housing low-income families whose wage earners were in defense or war production. In 1942, the President, using his war powers, combined the U.S. Housing Authority and the Lanham Act administration into the National Housing Agency and renamed the combination the Federal Public Housing Authority (FPHA).

The war effort created difficulties with obtaining materials and labor. Emergency and temporary housing skimmed on the use of space and materials. Most of this housing has since been removed from the market, and only about 10,000 units remain in use today. **In Erie, Franklin Terrace, Harbor Homes, and Lake City Dwellings were built under the provision of the Lanham Act.**

The Housing Act of 1949

Political and economic sentiment, in opposition to public housing, surfaced in 1946 and 1947. This attitude and a shortage of materials resulted in fewer than 2,000 units being started in 1947-1948. The reversal of public opinion during the presidential election of 1948, was quickly reflected in the passage by Congress of the Housing Act of 1949. But it was easy legislation to pass, the division focused between liberal and conservative forces. Congress declared the Act's purpose as "the goal of a decent home and a suitable living environment for every American family." Even with this statement in its preamble, the Housing Act of 1949, like its predecessors, placed provision of employment in the construction industry first; the elimination of unsightly slums, which served as breeding grounds for crime and other social ills, received second priority. Collectively, this legislation represented a variety of policies and programs that included slum clearance, housing research, and the housing census.

In subsequent years, the public housing program was often threatened with starvation through the congressional appropriation process. The 1949 Act set production goals at 135,000 units per year for six years. Counting existing inventory, Congress was setting a goal of approximately one million units by 1955. Yet, the program, with its high goals and high hopes, produced only a fraction of the units intended; just 460,000 units of public housing were completed in the 18 years from 1949 through 1967.

A complex combination of circumstances and events caused the failure to reach the one-million-unit mark established in the 1949 legislation. Strong private opposition was involved, of course. In a coordinated, intensive campaign, private interests sought to blacken the name of the program, equating it with socialism, encouraging citizens at the local level to view public housing as the taking of their "hard-earned" money to pay rent for shiftless families.

The War in Korea reopened issues of strategy and economy in addition to the fear of inflation that affected all public policy issues. Congress cut back the original goal of 135,000 units per year to 50,000 in fiscal year 1951-1952. Finally, the disputes over federal-local control, arguments on cost limitations, and definitions of economy caused further delays.

Decade of the 1950s

In the 1950s, public housing development was almost at a standstill. The *Housing Act of 1954* authorized only 35,000 units of public housing, to be built only where a slum clearance and redevelopment plan or urban renewal project existed and only if the local governing body certified that housing was needed to relocate families displaced by redevelopment activities. President Eisenhower called the Housing Act of 1954 "a major advance." Public housing backers reluctantly agreed, since the 1954 Act did introduce elements of redevelopment, neighborhood rehabilitation, and conservation to the public housing program.

At the same time, however, communities were facing rapid population shifts from rural to urban centers. This movement, which started in the late 1940s, was fast-paced and of major proportions. The Federal Housing Administration (FHA) and the Veterans Administration (VA) home ownership programs were making it possible for working-class families to purchase homes in rapidly developing suburban areas outside the urban centers.

The public housing resident was also changing. Mass urbanization and rural migration brought more low-income residents to the public housing units. Many of these were rural-oriented people who suddenly found themselves submerged in the fast moving, complex, unfamiliar city environment. Everyday conveniences like garbage disposals, plumbing, and electrical facilities represented basic problems for these unprepared public housing residents. Signs of misuse became visible in the developments. Local authorities looked to the Federal Public Housing Authority (FPHA) for assistance and guidance in coping with these new social and welfare needs. But the mood of the government was economy, and federal officials felt that these were community, not housing, problems. Community agencies would have to deal with “troubled families” in and out of public housing with community resources. The message was clear that public housing funds had been appropriate to provide buildings, not services.

The Housing Act of 1959 incorporated new elderly housing provisions, including a direct loan program and an FHA insurance program (Section 202). The most substantial gain for the public housing program was a policy statement assuring local housing authorities autonomy to meet housing needs determined at the local level. The policy statement included adequate provisions for larger families and elderly persons and gave local public housing agencies maximum responsibility in the administration of low-rent housing, including responsibility for the establishment of rents and eligibility requirements.

New Directions in the 1960s

As the 1960s began, a new spirit awakened, armed with the policy statement of the 1959 Act and new leadership at the federal level. In the top administrative position was Dr. Robert C. Weaver, who had experience as a consultant to the PWA’s Housing Division, had served in the U.S. Housing Authority as a special assistant, had long experience in New York State housing posts, and, at the time of his appointment by President Kennedy, was a member of the New York City and Redevelopment Board. President Kennedy appointed Marie C. McGuire as public housing commissioner. Her selection was a great boost because, for the first time, that top federal position was being filled by a person who had served as a public housing executive director. As executive director of the San Antonio Housing Authority, McGuire had gained national prominence for her work in housing for the elderly and for her conviction that the public housing program “must reflect high standards of design, management, and administration.” Given the problems of previous legislation, the Housing Act of 1961 passed with ease. It included authorization of the remaining 100,000 units originally called for in the 1949 Act. Demonstration money was provided to test new ideas for design in low-cost housing. New local responsibility for admission policies and authorization to allow over-income families to remain, with some provision, were included. With new sympathetic leadership and new housing legislation that provided the necessary tools, the public housing program still had to face the swell of private interest objections.

Despite these problems, public housing was providing homes for an estimated one million people by the end of 1961. With demonstration funds provided by the 1961 Act, experiments and innovations such as rent certificates in private housing and leasing and rehabilitation of large old houses for sublease to large low-income families were being tested. Private builders were obtaining assistance in helping to keep costs down and to discover how low-cost private housing might work.

Improved design of public housing developments was supported through efforts and alliance with the American Institute of Architects to demonstrate to the profession and to the public the growing interest in good design for public housing. In 1962, the 25th anniversary of public housing, the time appeared right for public housing to become a full and equal partner in the nation's total housing efforts. Although this idea was not fully realized, housing legislation in the 1960s did provide new mechanisms and alternatives for the development of public housing. Design and construction of rental housing by private developers/builders who sold the finished product to the local public housing authority for inclusion in the low-rent program was one example. Dubbed the "turnkey" method because the builder/developer actually "turned over the key" to the public housing agency after construction, agencies leased private rental units, renting these units to eligible applicants in their program. Rehabilitation of older units and management of public housing under contract with private management firms (and in some instances, associations of residents) were other examples.

The 1970s: The Course Changes

As the 1970s approached, new conventional public housing was directed toward the elderly poor. Existing public housing became a place for the permanent poor, welfare, and problem families. Concern shifted from providing for "decent" shelter to providing for the social welfare of residents. The effect was to expand the role of local public housing agencies beyond the physical plant to embrace a broad-based social service program for their residents. The "catch-22" was public housing agency funding: rent collections could not meet the demands of this expanded role.

The nation as a whole was experiencing much turmoil—the Vietnam War, riots in the cities, inflation, and racial issues. This was the setting in which the Housing Act of 1969 was adopted. The new law set a ceiling of 25% of resident income on the rent charged public housing residents. It also changed the formula for the ACC to cover the difference between income from rents held at 25% of resident income and the actual cost of operations. For the first time in the 32-year history of the public housing program, annual contributions were authorized to be used for operating expenses as well as debt service. This provision, called the Brooke Amendment after its sponsor, Senator Edward W. Brooke (R-Mass), made additional federal contributions under the ACC of \$75 million to be applied against three major problems then facing public housing:

- Rising rents,
- Growing insolvency caused by inflation, and
- Insufficient resources to provide and maintain adequate operations.

The intent of the 1969 legislation, including the Brooke Amendment, has not been realized because of a consistent and continuous lack of sufficient appropriations for operating costs. The implications for many local housing authorities have been severe. Beginning in 1970, new legislation for housing and community renewal was being developed and offered with little success. Finally, on August 22, 1974, President Ford signed the Housing and Community Development Act of 1974. The 1974 Act was viewed as a middle course between old program directions with a strong federal control and President Nixon's New Federalism, which sought to shift major responsibility and decision making to the local level.

Community Development Block Grant funds replaced categorical grants for community activities directed toward revitalization and renewal. Housing assistance payments (Section 8) became a major vehicle for federally-assisted housing.

Overall, the 1974 Act required a higher level of sophistication and technology in community planning for a wide range of activities, including housing. The Housing Assistance Plan was introduced as a tool for communities to assess their needs and set goals.

Housing authorities have learned to use these tools well. An example is the use of Section 8 housing assistance payments. It is not basically a development program because the financing is not federally subsidized directly. Section 8 provides payments on behalf of low-income residents to the private owners of new, existing, or rehabilitated housing.

The 1970s witnessed major fiscal crises for public housing authorities—myriad social problems with insufficient resources and technology to address them; resident rent strikes and a call for resident participation and management; a ten-year goal set by Congress in 1968, for a total addition to the national housing stock of 26 million units, six million units specially for low- and moderate-income persons; a diverse set of housing programs that have attempted to encourage the private sector to provide low-income rental housing and home ownership programs; tax reforms enacted to create incentives for private money to be invested in that low- and moderate-income housing market; special programs targeted at improving public housing operations and management such as the Housing Management Improvement Program (HMIP) in 1973-74, the Target Projects Program in 1975-77, and Urban Initiatives in 1978-80; work incentives; security and resident management block grants; development of local community housing assistance plans that attempt to identify local needs and determine goals; housing and community accessibility for the handicapped; and programs that for the first time attempt to link service and housing dollars specifically in elderly congregate facilities.

The 1980s: The New Federalism Implemented

The 1980 election of Ronald Reagan and a Republican-controlled Senate set the stage for adoption of many items on the conservative agenda. One was the resurrection of the New Federalism ideals of the Nixon years. With enactment of major legislation in the areas of taxes and social welfare, a realignment in the federal/state relationship was initiated. This change was most obvious in those programs under the federal departments of Health and Human Services and Housing and Urban Development. Since 1981, funding for housing programs, administered by HUD, has been reduced by 65 percent. Many HUD programs begun in the 1960s and 1970s have either been drastically cut or eliminated altogether. The construction of new public housing, except for elderly and Indian populations, has come to a virtual stop. Many conservative politicians say that emphasis should be placed on rehabilitating existing public housing developments, rather than building new and costlier units. The glaring contradiction is that the funds necessary to modernize public housing comprehensively are not forthcoming. The successful Section 8 program has been consistently targeted for replacement by the Housing Voucher program.

As the decade of the 1980s came to an end, many of the gains from 50 years of federal leadership in housing policy seem to have been reversed.

Into the 1990s and Beyond

A number of initiatives were begun in the late 1980s and early 1990s, whose ramifications are likely to be felt throughout much of this decade.

Recent legislation has created a new performance assessment system intended for HUD to monitor and evaluate every PHA in the nation. This system, known as the Public Housing Management Assessment Program (PHMAP), utilizes a series of performance indicators for which PHAs must collect the necessary data on an on-going basis. PHMAP will be used in funding decisions and in designating certain agencies as “troubled,” and, therefore, is expected to have a major impact on public housing for some time to come.

The public housing modernization program has once again gone through a major revision. Whereas the Comprehensive Improvement Assistance Program (CIAP) was the primary vehicle for modernization during the 1980s, the new “Comprehensive Grant Program” began in 1992, to govern the modernization programs. A formula will be used to provide eligible PHAs a predictable stream of modernization funds, which are to be used in conjunction with an annual action plan. The action plan requires consultation with both local officials and residents. **The Erie Housing authority receives approximately \$3.6 million annually under the Capital Fund Program.**

In response to the continuing problem of drug-related crime and substance abuse in many public housing communities, the Public Housing Drug Elimination Program (PHDEP) has become one means, which PHAs can use in confronting this issue. In addition to funding anti-crime and drug-prevention initiatives, PHDEP has been linked with youth sports and other programs aimed at preventing the causes of, and dealing with the effects of, drug-related crime and substance abuse. Owing to the severity of the drug problem in America’s communities in general, as well as in some of our public housing communities, anti-crime and drug-prevention programs were expected to continue throughout much of the 1990s. Although the PHDEP funding was eliminated in 2002, many of the services have been continued by the local Housing Authorities.

If there is a common thread or theme to these latest initiatives, which will have affected public housing into the 21st Century, it is one of less funding on the part of HUD in favor of more accountability. This includes an emphasis on process rather than results.

Note: The National Association of Housing and Redevelopment Officials (NAHRO) provided the bulk of this information. NAHRO is the leading housing and community development advocate for the provision of adequate and affordable housing and strong, viable communities for all Americans—particularly those with low- and moderate-incomes.