U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING POLICY IN THE NEW MILLENIUM

Breakout Session: INNOVATIONS IN PUBLIC HOUSING

Hilton Crystal City
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MR. LUCAS: Good morning everyone.

AUDIENCE: Good morning.

MR. LUCAS: We have with us a distinguished panel of experts that are going to discuss all of the good things about what's been happening in public housing over the last few years, on public and private sector partnerships, the issues and areas that we think we've made great progress in and we're going to try to start right away. We have eight members on our panel. We probably have a larger panel than we have an audience.

But that's a good thing because our panel, we're going to be discussing amongst ourselves some of these issues and then we're going to have an opportunity for Qs, and As and we're asking the panel if we can keep our initial presentations to about two to three minutes. That will take about an hour. And we have an hour and 45 minutes to wrap it up. So we're going to ask for a brief presentation from our panel members. We're going to then engage in some dialogue on some areas in public housing and then we're going to open up the Qs and As.

But I would like to start by introducing our panelists. We have, to my immediate left --
well, let me introduce someone that's not on the panel, Cushing Dolbeare, who is the matriarch of this whole process, and she probably should be the only panelist over there but she said that she would not do that today. But we have Cushing with us this morning and we all know her.

But on her immediate left, we have Jill Khadduri, who is a principal and associate in Abt Associates. Previously she worked for the Department in the area of PD&R.

Next to her we have Gayle Epp. She is also with Abt, I believe. And next to her we have Rod Solomon who is the deputy assistant secretary for legislative things at HUD. He worked extensively on the new public housing bill.

Next to him we have from D. J. Lavoy. He's the director of the REAC. You've heard a lot about REAC through the fast discussions. And he's doing a great job there analyzing and cataloging and doing a great job on identifying issues in public housing.

Next to him we have Ms. Elinor Bacon. She's our Deputy Assistant Secretary at HUD for public housing investments. And more importantly, she heads up our Hope 6 program and we need no
introduction about that because we know the great
things that are happening in Hope VI.

Next to Elinor, we have Dr. David
Schwartz. He is a friend of mine from New Jersey
that has done no, he's more than a friend of mine
from New Jersey. Let me get your stuff right. He is
the director of the American Affordable Housing
Institute and a professor at the Edward J. Blownstein
School of Planning and Public Policy at Rutgers
University in New Jersey. Dr. Schwartz is an
internationally recognized expert on housing policy,
homeless worker housing, housing-related issues for
the frail, elderly and handicapped.

Next to Dr. Schwartz, we have James
Riccio. James is a senior fellow at the Manpower
Demonstration Research Corporation which specializes
in the study of work-related programs and policies
for welfare recipients and other disadvantaged
groups. Next to James, we have Sharon Gist-Gilliam.
She is the -- are you the CEO or the chairman? The
chairperson of the board of the Chicago Housing
Authority. And Sharon is heading that housing
authority in a tremendous renovation and change there
and we're going to hear from Sharon on some things
that are happening at the -- is it the redevelopment?
Transportation. There you go. Of the Chicago Housing Authority and it's an exciting time to be in public housing in Chicago.

So without further ado, we're going to ask for some brief presentations from our panel and we're going to start with Sharon.

MS. GIST-GILLIAM: Thank you, Harold. I'm Sharon Gist-Gilliam, chairman of the board of the Chicago Housing Authority. The current board was appointed in, I guess it was June of '99 when the Chicago Housing Authority returned from federal control. We have probably the largest redevelopment program in the nation going on. We are the third largest housing authority after New York City and the island of Puerto Rico.

To give you some idea of the size of what we are doing, we're an authority with 38,000 housing units on the books. As of 10/1/99, 24,770 of those units were actually occupied. Of that number, some 10,000 units, really 9,800 and change, are senior units in 58 buildings. The remaining 15,000 units are spread over some 24 developments and that is our family housing.

With regard to our senior housing, those 58 buildings, we are rehabilitating each building to
a 30-year rehabilitation standard and air conditioning all of the buildings. So all of our seniors will be in totally rehabilitated, air-conditioned buildings and units by the end of basically 2002. We are going through -- right now we're doing that in clusters of building by system; that is, all roofs, all windows, all building envelopes. That's how we're moving through that and getting it done.

We have our family developments which we have put into a series of groupings. Group number 1 of category 1 are those that are already underway, then we have a number of other categories.

Most importantly, from a public policy standpoint and a design standpoint and a human standpoint, is the fact that all of our high-rise buildings -- and in Chicago, a high-rise building is something 16 to 17 stories tall with generally more than 200 units per building -- all of the high-rise buildings will be demolished. They did not pass the tests that HUD imposed on them. They cannot be rehabbed, and even if they could be physically rehabbed, we know after 40 years, high-rise buildings don't work socially for families, especially families with large numbers of children and female-headed
families with large numbers of children who are poor.

Our residents are very poor. Our average family income authority-wide is $7,800 per year. So we are talking about the extremely poor.

What Chicago was able to do was negotiate and get, with HUD involvement, in the Moving to Work Demonstration Act and we have a commitment of roughly 1.45 billion over the next 10 years or $140 million a year over the next 10 years to get this program done.

We have committed to our residents and to the mayor and everyone else on earth that we will get this ten-year program done in about seven years.

Among the interesting things that we are doing is in order to move the program ahead quickly and to get the cash that we need to get this program done, we have set about to, for the first time ever, use CGP funds, our block grant funds, capital funds, to securitize debt so that we will be going into the capital markets within the next couple of three months selling bonds backed by CGP funds in order to get the cash to move this program ahead.

To the financial community and the investment banking community, that is of course endlessly fascinating and interesting to see how the market will accept this kind of financing and see
what we can do.

We would expect to sell, in a series of
two to three tranches, probably $600 - $700 million
worth of bonds to pay for this program. We will be,
on many of our family developments, going through a
very intensive planning process that involves the
residents, the city and its planning department, its
housing department, because we operate under the
control consent decree. We will have to involve as
well the control plaintiffs and, because all of our
development and new construction is in the hands of a
receiver, the receiver.

So we have an extremely complex process to
go through, arguably one of the most complex in the
country, given that we have what all of you in
localities have to deal with, the residents, the
city, but we also have the court, the receiver and
then we will include community stakeholders. We will
go through a planning process.

The other thing that we realize, having
lived with these massive developments for some 40
years now, is that they don't work. Creating these
islands of despair and what I call the islands of
despair and poverty in the midst of communities where
we got rid of the historic Chicago street grid,
created these huge islands, dedicated the streets to
the Housing Authority and, for all intents and
purposes, deprived them of city services and deprived
those residents of interaction with the larger
community around them, in addition to reconstructing
or constructing a new low-rise and really single
family town home style housing.

We are going to restore the Chicago street
grid in these developments. We are in fact busily
drafting up various and sundry pieces of paper
returning all of those streets and the underground
utilities under them to the City of Chicago, working
with the school system with regard to schools, with
the parks to design parks, and we will be working to
create economic communities in these areas as well.
Shopping, probably, in some areas, and some light
industrial and other kinds of places where people can
actually go and work and earn income.

So that all of that is going on. It is
not only a massive effort in rebuilding housing. It
is really, in our minds, rebuilding communities.
When the old Lands Clearance Commission came through,
the old urban renewal programs came through, what was
done in our city, as in many others, was to level
communities and just clear them out, build these
massive high rises, surround them with a few patches of grass and concrete and destroy the communities. We now are in the business of rebuilding those. We seek to -- I'm supposed to talk about deconcentrations here. We will seek to deconcentrate these very, very low-income communities in those areas where we rebuild by building mixed-income communities. And our board has set as a goal that each of the totally redeveloped areas will have 30 percent low income, 20 percent moderate income, which will probably be a series of tax credit deals, and 50 percent market rate. So that for the totally redeveloped communities, we will achieve economic integration, though I'm not altogether sure that we are going to achieve necessarily racial integration, but certainly economic integration.

We do have one series of issues with regard to HUD's economic deconcentration policy. In order for us to get through the plan for transportation without having 140,000 of our tenants marching on City Hall and marching on my house, we committed that everyone who was in residence at 10/1/99 and who was lease-compliant had the right to come back; that is, at the end of the day, they would have a hard unit.
As we go through this program, folks do have a housing choice. They can select a Section 8 voucher, go anywhere they want; they can select a temporary Section 8 voucher which says they can come back to the Authority; they can move to a different development; or they can elect to come back to the development that they originated in or one nearby.

And so the notion that we are going to be able to deconcentrate is problematic at best, given that our current residents, as I said, are at $7,800 a year. Even if every single one of them were to take a Section 8 voucher and move, our waiting list, which we will have to pull from, the average annual family income for the folks on the waiting list is $8,700 a year.

We have, as I said, 24,770 people in residence. We have 26,000 folks on the waiting list. It is unlikely that using the current proposed method for deconcentrating is going to work for us. We need something else, because we can't get there from here given our current population and given who is on our waiting list. That just can't happen. We are not going to see a huge mix of incomes, in other than the totally redeveloped communities where we bring in and build new housing for market rate and moderate rate
tenants.

MR. LUCAS: Okay. Thank you, Ms. Gilliam. And I think the discussion on deconcentration, we should have some lively things because there have been some changes, I think, in the proposed role. We haven't finished yet. But in the new proposed deconcentration policy and rule, we're going to address a lot of the issues that Ms. Gilliam had mentioned about the discrepancies or the similarities in incomes between the people that are in place as well as the people on our waiting list.

Now we would like to hear from James Riccio, senior fellow at the Manpower Demonstration Research Corporation. Jim?

MR. RICCIIO: I wanted to say a few words about the Jobs Plus demonstration, which is a research demonstration project that NDRC, my organization, is conducting in partnership with HUD, the Rockefeller Foundation, other federal agencies and some private foundations.

It's an employment-focused research demonstration project in five cities: Baltimore, Chattanooga, St. Paul, Los Angeles and Dayton. And the goal of the project is transformative in the sense that it aims to dramatically increase
employment in earnings among public housing residents in locations where their reliance on welfare is very high and the tendency of steady work is very low. We're trying to transform that through this particular project.

The project is, to an important extent but not entirely, a project of public housing. By design, it's not entirely a design of public housing, because it was the expectation of the designers that in order for an ambitious project like this to succeed, it was too big a job for public housing. Public housing didn't necessarily have all the expertise that would be needed in an employment focused program like this. So the localities that became involved in the demonstration had to put together local collaboratives or partnerships that would design and oversee the program and share in the funding of it and in the provision of services. And the core partners are the welfare agency, the local work force investment agency, residents, as well as the housing authority. And most sites also have as key partners local service providers and, in some cases, local foundations. The model for the project consists of three core elements. One, it includes employment and
training services and related support services such as child care and transportation. Second, it includes a financial incentives component. All of the programs have developed plans for rent reform whereby residents will be able to keep more of their earnings if they go to work and, in combination with some other earnings and rules, they should be better off working than not working, by a substantial amount.

And third, it includes a component we call community support for work, which is really an attempt to promote social networks that will promote work and support work among residents. So in a sense, it's a three-pronged attack on the problem. Services, incentives to make work pay, and social supports to encourage and promote employment.

In addition, as a place-based employment initiative and one that's very ambitious, the goal is to target all working age residents in the selected developments. So it's a small or a boutique program. It's really targeting all working age residents, and that's thought to be really fundamental if the goal of having a transformative effect on the development is to be achieved.
As I said, it's a research demonstration project and it's still being implemented, by the way. Not all of the pieces are fully in place yet. But because it's a research demonstration project, we're hoping to learn quite a bit from this and I just give you quickly a sense of the kinds of questions we want to answer.

First of all, we care a lot about understanding whether this collaborative process that's taken so much time and energy to develop is really worth the effort. What's the added value of pulling these agencies together? Does it yield a stronger, more powerful intervention than we otherwise would have? And does it really secure the investment of non-housing authority partners, which we think are critical. And is there a meaningful role for residents to play in this process, and do they come forward to play those rules or are they really window dressing to the process. So a lot of questions around collaboration.

Second of all, the model itself is quite ambitious, having all of these three components working together in some coherent and powerful way. We want to really know whether it's feasible to implement and will residents come forward and take
advantage of it. I like to think of this as an
opportunity to throw a terrific party, but will
anybody come, will anybody show up? We're trying to
understand, if they do, what brings them in the door,
what kinds of support resonates with them, what kind
of help do they take advantage of most of all, how do
they view the incentives, the supports and the
employment and training services? Are there better
ways of providing those services and some less useful
ways of doing that, or do residents basically shunt
or do you get a few motivated folks but have
difficulty reaching the most disadvantaged, the ones
who want the help most?

Those are all the kinds of issues we're
going to be struggling with as we think about the
question of feasibility and best practices.

And finally, we want to understand, if it
is feasible, if we can get it off the ground, does it
work in the sense of does it actually increase
earnings, increase employment and steady work, does
it reduce reliance on welfare, are people better off
by having gone through this program? That's a very
tough question to answer with a great deal of
credibility in a place-based initiative.

We can't launch, in this case, a typical
random assignment experiment to do it but we have in place what we think is one of the most ambitious research designs to try to answer that question, and it's a design that involves randomly selecting one public housing development in each of these communities to be the treatment group and comparing the results from that site to the results in one to two other developments in the same city that were randomly selected and serving as comparison developments.

So we do have a kind of a clustered random assignment design, if you will: a very powerful design. But in addition, we are collecting long-term trend data on employment and welfare receipt using administrative records. So we're collecting data going back five years prior to the start of the program, and forward five years after the start of the program, so we can see whether, in the treatment and in the comparison developments, the trend is changing.

And this will give us -- the employment and welfare trends are changing. We'll be able to see whether they change more in the treatment site than in the comparison site. It may be that they change in both sites because of welfare reform and
changing economy and so on. So we have a method to
try to control for that, which is very important so
we can distill the specific effect of this
intervention.

The idea of focusing on employment and
making that the primary goal is fundamental to the
whole enterprise, but it's also in service to the
goal of helping people improve their lives. The
theory is, of course, that increasing work will lead
to a better quality of life. And it might do that
even if people leave the community or stay in the
community. So we have some survey data that will
help us answer the question of how people's lives
have changed as a consequence of working, and how the
development itself has changed if large numbers of
people move from nonwork to steady work. So survey
data will help us answer those questions as will some
data we're collecting through on-site field research.
So it's a very ambitious and rich research design.

The findings will be coming out over the
course of the next few years through about mid-2003
with the demonstration ends. So I do have a copy of
the initial report that would tell you more about the
origins of the demonstration, its goals and some of
the early implementation experiences, if you would
like a copy.

MR. LUCAS: Okay. Thank you, James. Now
we'll hear from Dr. Schwartz.

MR. SCHWARTZ: Thank you, Harold. For the
past five years, I've been working with hospitals,
large groups of physicians and rehab companies on the
one hand, and with public housing authorities and
assistant housing managers of low and moderate income
housing, to see if we could bring those groups of
people together to provide on-site or near-site
health care in order to help low and moderate income
elders to successfully age in place.

For me, this is not an academic exercise.
My mother fell in the community. She was living with
900 other ladies who looked just like her. I
couldn't understand why we couldn't get the kind of
health care for her that I would want. It was a
nightmare to get her out to the doctor. I wasn't
talking about the need for home health aides. I
needed to have her see a doctor because her health
condition keeps changing, as your parents and
grandparents have the same problem. And I couldn't
understand why I couldn't get it to be done.

Today, hospitals in 11 states and 50,000
units of housing have come together and so I know it
can be done. So I come to speak as an advocate. My
mother ultimately died in my arms, but she died
knowing that a whole new industry was being born, a
housing-based health care industry.

I'm from that school of public speaking
that says you tell people what you're going to say,
you say it and you shut up. I'm aware that the
shutting up will be the most popular, but I did bring
with me today two documents, one of which I think you
have. One is a little abstract of what I'm going to
say and then there is a paper that you've presumably
just been handed, an unprovoked show of every edition
in which you can read over the findings.

But the first page says one of the seven
things I'm going to say. So if you're there, first,
elders in public and assisted housing overwhelmingly
and urgently want and need on-site health care. We
have now studied 11,000 seniors, 3,000 seniors in
personal interview studies in Manhattan, in public
housing. You can get what public housing authority
was helpful there. 3,000 seniors in public and
assisted housing in New Jersey statewide, and we're
grateful to all of those folks who came forward. And
another 5,000 seniors in public housing and/or
assisted housing on a multiregional basis across the
country, and I can give you the names of the states if you're interested. And the finding again and again is exactly what you would think: Elders knowing that they need and want on-site health care.

The paper documents, 80 percent of seniors in this study, 77 percent in that study, and I'm not going to try to read you my paper this morning but again and again what we find is an urgent need, people saying I can't get out.

Why is that true? Elders in public housing are more mobility limited, more folks work with wheelchairs, canes and walkers, they are medically underserved. There is a lot of different methodologies to study it but I think you know that.

Ladies and gentlemen, when we talk about aging in place in public housing, that's a happy term, but I have to tell you I've walked in buildings in which people aren't so much successfully aging in place as they are dying in place, languishing unhealthfully in place. And even in places where my data shows that they're seeing a doctor as frequently as our middle-class folks in the same neighborhood, and you would say, oh, well, there is no access problem, I show that they are 400 and 500 percent more ill on disease symptomatology and disease
pathology after disease pathology, so they need to be seeing a doctor much more frequently.

And even where it doesn't look like an access problem, believe me, in public housing in almost every sector of the nation that we've studied, there is an access problem. But seniors want on-site health care.

The second point I want to make is elders in public and assisted housing stock overwhelmingly and urgently know that they need all kinds of geriatric fall-prevention programs and safety accessories. You know that the nation is spending $43 billion on geriatric falls, that 17,000 American elders like my mother will die this year because of these falls. You know it's happening in your public housing and your assisted housing. It can be prevented. Geriatric falls and those deaths can be prevented.

We're doing some exciting work with the housing managers and also with the doctors to create -- we've just got a couple million dollar contract from the Commonwealth of Pennsylvania to do geriatric fall prevention in Philadelphia. We're going to be bringing that to Pittsburgh as well. We're excited about that program. Again, I don't
have time to go into it except to say that those two
things should be remembered.

Your elders need and want on-site fall
prevention services and those things can be done. We
have interviewed housing managers in public housing
authorities on a multiregional basis across the
country, and 61 percent of those housing managers,
public and assisted stock, who expressed an opinion
said, "I would like to have an on-site health care
program or a near-site health care program. I want
to see this happen." Those were in New York, New
Jersey, Pennsylvania, Ohio, Illinois, Indiana,
Georgia, Florida, Massachusetts, Michigan and Texas.
It's not a national sample; it was targeted for both
academic and other reasons; but nonetheless it is
clearly a multiregional study, and again and again we
are finding out that housing managers want to do
these programs.

They don't necessarily know how and they
are going to need technical assistance and if there
is a point to this entire presentation I'm trying to
make to you -- and Harold, I think there is a
point -- it is that HUD needs to be concerned about
how to provide technical assistance to the housing
authorities and assisted housing managers to get this
kind of program going.

You may ask the most important question, "Well, do doctors and hospitals really want to do this?" And the answer is yes. Medicare is becoming increasingly good insurance. I remember when I first started to do this, when my mother first fell, I had a hospital administrator from a wealthy suburban community in New Jersey say if I never see another old person in this hospital, I'll be happy. On the 30th day of this month, he's going to sign a contract to create a multiregional program in New Jersey from his hospital, because Medicare has become a very good insurance as a function of a whole bunch of changes.

Again, time does not permit me to explain anything about medical reimbursements for hospitals but these hospitals are pulling together their physicians, owned health practices, allied health professionals and a lot of other things and we are delivering, we are delivering in Newark and we are delivering in Philadelphia exciting on-site programs. And yes, hospital and physician groups and rehab hospitals want to go ahead and come on-site and are spending millions of dollars to become ready to do it.

My fifth point is that there are a wide
range of promising strategies that housing authorities and housing managers are already doing. They're trying to do things, but while those things they are doing are well-intentioned, they are often very limited, they're very ad hoc. They may have a podiatrist come in and once in a while they may have a home health agency, but they are not comprehensive in scope. It's only beginning, and HUD needs to be concerned about helping housing authorities and your assisted housing managers to access comprehensive health care and high-quality, affordable, convenient, on-site health care.

I will say, and I mean this with no disrespect to the visiting nurses of America, having a home health aides come to follow up on a doctor's order when the overwhelming number of your residents are not seeing the doctors as frequently as they need to and are not seeing specialists hardly at all, except in a hospital setting, is not a strategy for providing health care for America's elderly. You wouldn't want it for your mother, I didn't want it for mine, and you don't want it for public housing. We can do better than that. We need to do better than that, and Medicare will pay for it. All you need to be doing -- I'm not asking for a new
program at HUD for you to be paying health care for
your residence. Medicare is happy to do that.
Medicaid in many states is happy to do that. What
you may need to be paying for is technical assistance
and outreach.

Sixth, what can housing authorities do?
I'm going to suggest that if you did want to go ahead
and do a technical assistance program, on page 10 of
my paper, very briefly, you could help the housing
authorities do the following things. They could do
comprehensive health need surveys or a contractor
could for them, for their residents. You have social
service coordinators. You may want to create a
program not on their payroll but on a contracted
basis for on-site health service workers. We're
doing it and we're doing it well.

You may want to have your housing
authorities put out RFPs for comprehensive health
services on site and you can demand that the
hospitals do some very exciting things that Medicare
doesn't pay for because it's a profitable business.

I know you have a drug elimination
program. I know it's largely targeted to youth but a
whole bunch of those, what, 40-odd percent of units
in question are occupied by elderly people. I
question whether or not they are getting as full
benefits of your drug elimination program as you want
since their drug of choice can't be stopped by barbed
wire, can't be stopped by the Columbian drug cartel.
Basketball courts and antigang activities will not
help the elderly because they're not mostly in those
gangs, and their drug of choice is bought at the
drugstore or at the liquor store. So it's not going
to work unless you have a special drug and alcohol
elimination program.

I'm going to stop there. There is a whole
bunch of other things that I'm going to recommend
that HUD give consideration to at this time.

Finally, let me say this. It seems to me
very clear that there are a limited, modest number of
elders who do need more than health care to live on
site in your buildings, who do need assisted health
services or assisted social services, and the other
issue of low and moderate income assisted living
needs to be addressed. In my studies, the average
number of elders living in independent housing units
who need assisted living services approximates 15
percent. That's a lot of people but a manageable
percentage. And I believe that in most of the states
I'm in, a Medicaid waiver funded program of adding
services to those units needs to be done. That's principally what needs to be done.

I don't say you don't need to be building some new assisted living facilities for frail elders. You probably do in many locations. But overwhelmingly what needs to be done is not relocating elders who would be dislocated and frightened by the process. You need to be bringing services to them. That's what Medicaid waivers are for.

If housing doesn't speak Medicaid and Medicaid doesn't speak housing, it's time we changed that. Thank you very much.

MR. LUCAS: Thank you, Dr. Schwartz. Now we'll hear from Elinor Bacon, Deputy Assistant Secretary for Public Housing Investments.

MS. BACON: Good morning. I wanted to talk briefly about the Hope VI program which we believe is a program of truly historic proportions and is a new paradigm for wholistic community transformation. And Sharon Gist-Gilliam described so eloquently what is going on in Chicago. Some of it is Hope VI and some of it is based on the whole Hope VI principle.

And the reason why this is a program of
historic proportions is this is the first time that
public housing is the economic engine for fundamental
change in the physical and social structure of inner
cities. It's not public housing being stuck off to
the side. It is the center of this kind of
redevelopment that's going on in our cities.

Hope VI is demolishing severely distressed
public housing projects and rebuilding mixed-income,
mixed-use communities of opportunity for everybody.
Hope VI spurs deep-seated and sustainable
partnerships among parties that historically have not
worked together or didn't know each other and had no
relation. Such as residents and housing authorities
where you have years and years and years and
generations of mistrust, distrust and broken
promises.

You have businesses who are now going back
to the inner city. You have mayors who historically
did not claim public housing is their problem. It
was a federal problem. They are now embracing the
public housing redevelopments that are going on.

It's a process which brings together
communities and residents and business and leaders in
the elected realm of public officials, that effects
fundamental change in the way that people relate
together and the way that the society is structured. And it is this process of a charette of bringing everybody together in one room to work together to form these kind of public/private partnerships which is affecting that kind of change. And whether or not people actually win Hope VI, and we only award one grant out of every four applications, it still does fundamentally change the society.

The private sector is playing a pivotal role. Historically the private sector was nowhere in public housing, as developer, as financier, as equity provider, property manager, source of jobs, et cetera. So why is it working? It is working, we believe, because for the first time in public housing, we are addressing, in a holistic manner, the physical and the social aspects of public housing. It is not simply the buildings, it is not simply the residents in terms of programs, programs, programs, it's bringing them together.

We're building from the ground up. There are very few rules and regulations. It is HUD who throws out very high bar and the Secretary certainly has raised that bar every year that he has been here. A very high bar is what this is all about. And we ask the cities and localities to tell us, how are you
1 going to fundamentally change this community?
2 We also are bringing design back to HUD.
3 Historically, as you all know, in public housing,
4 design was not exactly in the forefront. And I do
5 want to mention Stephanie Bothwell from AIA who was
6 here and Shelly Batisha from the Congress of the New
7 Organism who have been so important in helping us to
8 make design an integral and critical part of the
9 redevelopment.
10 We're developing programs that truly
11 address the particular needs of the residents in that
12 locality. These are not national programs where
13 we're saying this is the cookie cutter, you must
14 follow it. We're saying, how are you going to get
15 people self-sufficient with jobs and how are kids
16 going to achieve excellence.
17 The project is now incorporated in the
18 broader community. You no longer can fly over a city
19 and say, they have public housing, as you know you
20 can currently with the configuration that we have,
21 such as in Chicago. So it is reintegrating the
22 project back into the city.
23 We're also very, very strongly promoting
24 mixed-income so that you have models for people who
25 are trying to struggle out of the cycles of poverty
that they have lived in for many, many years. In
Atlanta, for instance, you have people who make
$130,000, $140,000 living next to people who are
perhaps earning $3,000. It's a very results-based
program. We don't want to hear about the programs
and hear about the talk, talk, talk. We want
results. We want to know how many people are going
to have jobs at the end of the training and how many
kids are going to excel in school.

So that in 147 sites around the country,
that's the number of Hope VI's we have at this point
as of this year, this kind of fundamental
transformation is happening, and we are seeing
results which I think you can only describe as
stunning, such as in Seattle. The number of books
being taken out of the library has increased by
threelfold. The crime has been reduced by half.

In Atlanta and in Milwaukee and Baltimore,
you have magnet schools. And these are schools that
are bringing kids from all around the city to the
former public housing site that are focusing on math
and technology and computer. We have computer
learning services in every single site. So we feel
that this is not only a way of transforming public
housing, which has become severely distressed for
many, many years, and I again want to acknowledge Cushing Dolbeare whose perspectives and knowledge and experience on the history of how we in fact did this and how we created public housing in the configuration that we have today is truly interesting.

And one of the reasons, from her perspective, I think if I could mention it, is that the community was not brought in. This was something that was imposed on communities. It was not about inclusion. This program is about inclusion. Thank you.

MR. LUCAS: Thank you, Elinor. Now we'll hear from D. J. Lavoy from the Real Estate Assessment Center at HUD.

MR. LAVOY: Thank you, Harold. Good morning, everyone. Secretary Cuomo, two and a half years ago, instituted a fundamental management reform to HUD known as HUD 2020. One of the mainstays of that is an organization, some people call it a four letter word, REAC, and that is the Real Estate Assessment Center. What is it about? It is about being able to quantify the success story that is public housing.

For the first time ever, we have
inspected, in fact completely twice now, the entire
portfolio of the 14,300 projects in public housing.
We have also inspected the entire portfolio of
housing, FHA and other, about 60,000 projects to
date. What it tells us is that something I know you
all know, as people who are in this, your livelihood,
your mission and your life, is that about 88 percent
of that property is in good physical condition. We
now know where to put those resources, where to
focus, as Elinor is saying, in those areas that need
that type of assistance.

Financially, they're being well managed.
90 percent of the people who are doing this are doing
a very good job. The financiers are in solid shape.
The management assessment, which is from the earlier
form of the fee map is very solid. But I think
another success story that many here can particularly
enjoy is that for the first time, we have done what
is called mail-out surveys, and we have surveyed
about 400,000 people in public housing. 88 percent
of that population comes back and tells us, across
the board, that they are satisfied or very satisfied
with public housing.

That is not by accident. I think you
would look and see a collaborative number with that
of the physical condition. People are comfortable
with security, they're comfortable with the programs
across the board and, once again, identifying the
areas where we need to put the resources so that we
in fact can continue the success story that is
something I know we all believe in.

There is another intended consequence that
I would share with you before I pass the microphone
to Rod, and that is that one of the other success
stories that has come about as a result of this is
that we have moved the public housing industry into
electronic business. In 1998, 60 percent of the
housing authorities were wired up onto the Net, ISP.
60 percent. It's now over 96 percent and increasing.
Why is that so important?

Because what we're able to do is share
real-time information with management. Harold posts
a notice. REAC puts out scores. You can name any
situation and we can come and immediately communicate
with and receive information back from those parties
and it has become an incredibly powerful tool for us
to be able to work with in partnership and ensuring
success.

Another area that's going to become
powerful again in that area is that of the residents
and this is something we're looking at now. If we're
getting 88 percent who are satisfied and we enable
the communication, we are going to be posting the
individual results of all the inspections, et cetera,
and people can actually comment and look and be able
to communicate about the conditions and where they
live and the things that affect their concerns to
them. Once again, being able to look where we can
manage those scarce resources and deal with real
problems, we have real-time information. And that's
what I think the success is all about and what we're
able to accomplish.

There is an awful lot of things that we're
looking at in the future along the same line,
continuously looking to improve our processes, but I
think everyone would agree it's a four-letter word,
REAC, but it's also a very important paradigm, to
share the word from Elinor, that we have put in place
as a result of the Secretary's initiatives. We are a
service provider to public housing as well as
housing. We are an independent assessor but we're
providing the information that allows for good
business decisions for the kind of support that we
expect. Thank you.

MR. LUCAS: Thank you, D.J. Now we'll
hear from Rod Solomon, Deputy Assistant Secretary for
Policy Program and Legislative Initiatives at HUD.

MR. SOLOMON: Thanks, Harold. Just a
couple of words about what HUD and Congress have been
trying to do in this program for the past five years
or so. The most basic thing about any housing
program really is who is it going to serve and what
subsidy level, what rent are they going to pay? In
the mid-'90s, at least when Congress was up for grabs
at least in some quarters, basically Congress settled
on the same kind of rent structure we've had in
public housing, 30 percent of adjusted income. But
in terms of who is going to be served, there was
really a -- there were some fundamental changes.

When you look at public housing and
vouchers together, Congress really enacted a
decentration strategy. They said that for public
housing, we're going to do somewhat more of an income
mix, try to have more working families, more of a mix
of families, but we need to serve the very poor and
continue to -- and, therefore, for vouchers, which
are spread throughout the community, we're going to
target to a lower level of income and make sure that
more of the extremely poor are served in that
program.
The Secretary also wanted to be sure that even in public -- a couple of things. That if we were going to do that, that we got additional resources in the voucher area, recognizing that public housing would have more of a mix and, therefore, we had to have more resources for the extremely poor. And second, that in terms of so-called deconcentration of public housing, that if we were going to mix in working families, have, quote, unquote, "role models," if this is going to help with the kinds of communities we have, that let's at least try to make sure, within the constraints of operating the program, market and so on, that it will be spread throughout the system, that you won't end up doing this only in the developments that basically were better off to begin with, and not in the others.

The deconcentration provisions, as they've been rolled out, have been controversial. I think that we've heard many in the world saying that it's got to be a little bit more flexible than HUD started with. And we never were -- none of the regs ever were to get in the way of the right of households to return in redevelopment situations to a site that they had lived on to begin with.
The other basic themes that Congress and the Administration were trying to accomplish were really just several. Demolish and replace the worst public housing. If you think about it, in the early '90s, all the basically legendary public housing developments, the Caprini Greens and Taylor Homes, worked for 20 years really, even though largely vacant in Philadelphia. Many others basically were still going, were still places that people probably shouldn't have been growing up in but were, et cetera. All of them, in some way or another, are being addressed now. That took many legal, programmatic, regulatory, funding changes.

Upgrade management, both in terms of the worst -- and again, if you think of the early '90s, a number of the, again, legendary cities with poor management over the years, the Philadelphias, D.C.s, name your favorite, Detroit, et cetera, basically had had no intervention as of the early '90s. All of them have had considerable upgrades by now. The efforts that D.J. was talking about really had, among other things, a physical inspection so that we're sure that we're addressing the conditions residents are living in, not just management processes, and that will add another dimension to this as it goes
Upgrading safety in public housing. We have the Administration's one-strike initiative to try to get everybody to pay some attention to screening and evictions in public housing, putting drug elimination money on a predictable formula basis so that people could plan better, trying to involve the community more and get the police working with the housing authorities and the rest of the community.

And then self-sufficiency, the kinds of efforts that Jobs Plus is studying. Congress really recognized that housing authorities aren't being paid to provide these services and, in many cases, don't have the expertise, but it required them to try to reach out and so they should make best efforts to have cooperation agreements with the welfare system, the employment system and so on, try to access other money, the state TANIF money, et cetera, to try to get these services in.

All of these things are in various stages but I think there have been significant progress on all these fronts. For the future, clearly we need to keep working to keep this progress going, refine these things, get the electronic improvements that
D.J. talked about just for an example. We need a lot of work on that and we'll keep working on that.

A couple of other challenges, the situation of the seniors that Dr. Schwartz talked about as well as persons with disabilities. As this whole overhaul of public housing has taken place, there were other things that needed concentration but we, I think in the future, need some more concentration on that. HUD did a capital study for public housing last summer that indicated we've got significant capital needs that we still have to address over the years. And then there is the overall question that we'll always have of trying to keep, sustain and build on support for these programs, in part, I think by all the kinds of efforts that have been talked about, and by trying, as the Secretary has tried to stress so often, to bring the rest of the community in and make sure that we're not the lone rangers out there in public housing and that everybody is trying to help with this problem. Thanks.

MR. LUCAS: Thank you, Rod. Now we will hear from Gayle Epp, vice president of Abt Associates.

MS. EPP: Thank you. Elinor painted a
very glowing and justified success story for the Hope VI program. And I want to build on what she's already said and talk a little bit more about the redevelopment efforts and how innovatively this has been transforming all of public housing in more recent stills. And we're still on a learning curve in that area and there is a lot more to be done, but we've learned a great amount in the past several years.

If Hope VI is the innovative program, I think the innovative tool is the mixed finance, the ability to combine public housing dollars with other public sector and private sector funds, and to bring in the private sector to own, develop and operate public housing units. If we look at what's happened to date in terms of the number of closings with mixed finance, the Department estimates there are about 80 to 90 closings to date on mixed finance transactions. A little more than half of those are related to Hope 6 closings. In fact, 55 percent. And a little less, about 45 percent, are mixed finance.

So you see, this in many ways is a bigger program than just Hope VI and has great potential to do that. Developers are actually doing these transactions in about 75 to 80 percent of the
instances. So the private sector plays a huge role in these redevelopment activities.

The housing authority is taking on -- playing the role as their own developer and typically those who are also redevelopment agencies in their states and so have a fair amount of experience in doing development. This is not something that housing authorities, given their past histories, have the skills and wake up one day and discover that they're going to be their own developer of their projects.

Where private developers are participating in public housing, the public housing agencies in about 50 percent of the instances are special limited partners. And generally that's in spirit only do they participate. The day-to-day work, all of the general management of the development effort is actually taken on by the private developer.

And another statistic, which I think is going to be changing dramatically over the next several years as we're getting this pump primed is that true market rate units are now included in only about 25 to 30 percent of the transactions to date. But I think as we learn more about how to do this, that number will be changing dramatically over the
next several years.

The big story here is the leverage funds. When this program first started, Hope VI, there was
only about 30 cents on the dollar leveraged for every
Hope VI dollar. This past year, I believe, Elinor,
$3.1 were leveraged for every Hope VI dollar that was
funded, which is a huge leverage if you think about
that. And total in the Hope VI program was about
$3.5 billion out there. That has leveraged an
additional $5.6 billion, and $9.1 billion are going
into communities to redevelop the housing as well as
the surrounding neighborhoods in which they're
located.

75 percent of those leveraged dollars come
from 9 percent tax credits and the other 25 percent
come from 4 percent tax credits. I think this places
a huge drain on the tax credit programs in all of the
states and I know that that's an issue that we can
further discuss. And cities are also stepping up to
the plate in ways that are absolutely amazing in
terms of their contribution of their GEO bonds for
their capital improvement funds, their SUBG and home
dollars, creating TIF districts to supplement all of
the other leverage funds. And it's just amazing
what's happening in these areas.
The private sector, as I mentioned before, plays a very critical role in all of this. They bring the experience to the table and the access to capital markets that has not been there before with the public housing industry. They also bring experience and discipline to the process, which has not been there in the public housing industry in general. And they also bring to the table a sense of timing and urgency that typically we have not seen to date in the public housing agencies when they do standard modernization redevelopment. And in the development business, time is money, so moving these along as quickly as possible is absolutely critical.

So who wants to do this? Who is being attracted to this program? Because it is a very tough program. There are a small number of developers, and I think there are about five to ten, who are repeatedly going after and doing a number of multiple Hope VI jobs. I think there is one developer I know who has at least 10 or 11 Hope VI jobs, another that has about six, others that have three or four, and they continue to pursue these transactions.

There are a few who have tried it once and said, too much, not for me, I'm going to do some
other business. But there's a lot who are coming back. And they do it often because there is a social commitment, particularly in their communities. But they also do it -- they develop to manage those properties. A lot of them have very large national portfolios that they manage and so they develop to manage those units.

There is an enormous learning curve in this program, and I think the biggest challenge for us moving forward is we try to transfer some of the knowledge these larger developers have who are doing these repeated Hope VI efforts to a local level, so that the local developers who actually have a stake in their communities can actually be more actively participating in the Hope VI programs in these communities.

We have talked about the impact, in many ways, on residents. Elinor talked about sort of the increase in employment opportunities and the importance of the program to children and neighborhoods. I think one of the things I want to say a few words about is the impact of this program on neighborhoods in general, and I think something that the research community needs to reach out to and provide more hard core data on is what works and what
doesn't work.

As Elinor said, the Hope VI program has created this incredible dialogue at the local level between the housing authorities and the cities and the communities and the neighbors and the residents, and a dialogue that has never taken place in these communities before. Hope VI is increasingly becoming a neighborhood revitalization tool. It's not just redoing a project. If you look at the more recent Hope VI's, in the past couple of years, they are all not only replacement of housing on site but substantially reaching out into the immediate neighborhood, acquiring vacant and abandoned properties, building new housing and using home ownership as a substantial tool to stabilize these neighborhoods, particularly where the neighborhoods are as distressed as some of the public housing that is being demolished and being replaced. So home ownership is absolutely an essential part of the program today.

And the last comment I think is, where we are successful, and we are successful in many, many places. We have also talked about in various forms the issue of gentrification. And I think that's something that we need to address because although
gentrification in many ways, from an economic standpoint, is very positive, if you talk to the low-income folks that are not in the public housing but are living in these communities, gentrification is a very negative concept and is very fearful to them. So I ask the group to think about, does HUD have any responsibility in neighborhoods where some of the programs may lead to gentrification, in assisting some of those communities in maintaining affordable housing there, whether it's being able to use HUD dollars to partially fund community land trusts or other ways to make sure that affordability is maintained in communities. I think that's an issue.

I think the message is the pump is primed. Housing authorities have learned the business of working with the private development sector. They can deliver housing at the community level, at the local level, and I think they are well positioned to do so.

MR. LUCAS: Thank you, Gayle. And finally, we're going to hear from Jill Khadduri, also from Abt, a former policy person at HUD.

MS. KHADDURI: Thank you, Harold. I'm going to return to the topic of deconcentration,
which was touched on by Sharon Gilliam and then talked about a little bit more by Rod, which is central to this whole issue of transformation of public housing. When we talk about deconcentration, we mean at least two different things. We mean transforming public housing so that it has more income diversity within buildings, both those that remain owned and operated by public housing authorities and those that are redeveloped and have a public housing subcomponent within a mixed income development.

We're also talking about encouraging the use of housing vouchers to help families move to neighborhoods that will increase the life chances for the family and its children. I responded to HUD's invitation to write a paper by writing a paper. It's in your binder. I will only try to hit on some of the points, maybe some of the more provocative points.

First of all, when we talk about using vouchers, particularly for relocating public housing families from those developments that are being torn down, redeveloped, fundamentally changed, I think we need to consider that for those families who come from distressed public housing and who may have
special difficulties gaining access to a broad range of neighborhoods, who may have particular issues that they have to deal with, small changes in the quality of the neighborhood, in the poverty rate of the neighborhood, which we tend to use as a proxy for neighborhood quality -- and the paper talks a lot more about that -- but that small changes for families may be okay; that moving from a very, very highly concentrated situation into a somewhat less concentrated situation is something that frequently happens.

And we already have some evidence from the Moving to Opportunity experimental program that families who move out of public housing and still are located in fairly high-poverty neighborhoods are nonetheless experiencing a great deal of benefit in terms of lower exposure to crime and greater physical and psychological health of families and their children.

Another lesson that I think we're beginning to learn is that programs that encourage families to move to areas of lower poverty are often more successful if they concentrate not on the first move but on the second move. And a lot of mobility programs are looking at families who already have
been using a voucher for at least a year and helping
those families think about the kinds of greater range
of neighborhoods that they may move to at that point.

And the other side of saying that maybe
small changes, incremental changes, are okay, is that
we still have a lot to learn about what is a good
neighborhood. I talk in the paper about how using
poverty rates as a proxy, we sort of settled on
certainly a neighborhood that is 10 percent poor or
less is a good neighborhood. Probably a neighborhood
that's 20 percent poor or less is a good
neighborhood. At the other end of the spectrum, 40
percent poverty or more has been -- the kind of
consensus has emerged around that as an underclass or
highly distressed neighborhood. And probably a
neighborhood with 30 percent poverty or more is not
ideal.

But what about the 20 to 30 percent poor
range? These are neighborhoods with a lot of units
that are available below the fair market rents and
because of the way the PHAP deconcentration measure
works and some other things that are going on, these
are often identified in fact as opportunity
neighborhoods. And I think we have a lot more to
learn about the diversity of neighborhoods that are
in this middle range of poverty and about the
circumstances within which we really want to be
encouraging families to move there.

And a particular concern is that some of
these neighborhoods may be fragile neighborhoods.
They may be neighborhoods that have been undergoing
racial transition. Those who are helping families
decide where to move, whether it's housing
authorities or counseling agencies that are helping
these families, have to be very conscious of what
they are doing, especially when it's a situation of
moving a lot of families, being relocated from public
housing.

My colleagues at Abt Associates are doing
a bunch of case studies on neighborhoods in which
there has been a lot of controversy around the
voucher program. One of those neighborhoods is
Patterson Park in Baltimore. And the neighborhood
groups in Patterson Park are certain that many
families are using vouchers to move out of Lafayette
Court, one of the Hope VI developments, or did do
that, and into Patterson Park. And when I was first
reading the case study, I tended to pooh-pooh this as
being sort of paranoia.

Turns out that we have some evidence from
another research project that did happen. A very large fraction of the families moved from Lafayette Court into the very census tracts in Patterson Park that underwent very rapid change in terms of racial composition and poverty rate between 1980 and 1990. So what I'm saying is that there may be some situations in which a neighborhood is sufficiently fragile that you want to be really careful about how the voucher program is administered in relationship to those neighborhoods.

And the earlier presentation we had on Communities 2020 software, that tool should be put in the hands of every housing authority and they should be taught to use it along with their data about their families and where their families are going in order to be able to pick up cases in which a very large number of families are moving into a particular census tract that may represent a fragile neighborhood.

Turning to the topic of deconcentration or greater income diversity within public housing itself, we have three models going on, all of them very interesting. One is the kind of mixed finance, mixed income, Hope VI, in some sense perhaps the current ideal of what a Hope VI should look like in
which there is a public housing component, there are families who are below poverty living in the development but there also are market rate families. There is a second model in which there is income diversity within mixed finance development, but the nonpublic housing part of the development is supported by the low income housing tax credit and, therefore, the maximum degree of income diversity is limited to 60 percent of median income.

And finally, there are developments that remain all public housing and where families have incomes that are still almost all below 50 percent of area median income or the low income cutoff but nonetheless are transformed into communities that are a lot more diverse than they were before.

And I point in the paper to one of the older generation Hope VI developments, Hillside Terrace in Milwaukee, which my colleagues did a case study on and they told me, oh, this isn't very interesting, don't bother to read it because it's not a real Hope VI, it's not mixed finance, it's really much more like a public housing modernization project, I found it absolutely fascinating because this is still the principles of the new urbanism as far as design were applied in this development.
About half of the families are the same families who lived there before who have the right to come back, and they came back.

And this is not a case in which this was really part of a broader neighborhood transformation. Nonetheless, at Hillside Terrace, the fraction of families who have extremely low incomes dropped from 90 to 66 percent. The percentage receiving public assistance dropped from 83 percent to 18 percent. This apparently was a result of screening for those who were not returning former residents, but folks taken from the waiting list. And I suspect that this waiting list in Milwaukee was not very different from the waiting list that Sharon was talking about in Chicago.

The percentage with earned income increased from 17 to 58 percent. At least shortly after initial reoccupancy, the families in this development feel a great deal more secure, crime rates have gone down, there is a great deal of positive social interaction in the community. It remains to be seen if all of this will stick. I mean, this is one of the issues that we have to keep looking at over time, but I think it is interesting for showing us what might be done in the kind of
public housing deconcentration that we're talking
about, not for the Hope VI's, not for the new
generation Hope VI's but for the mainstream public
housing program.

I think that -- just a final note, I think
the transformation of public housing has been
extremely useful for teaching us new ways of looking
at income diversity and mixed income, partly because
of the constraints of where public housing is and
what the waiting list is and all the rest of it,
where we're looking at the benefits of income
diversity much more in the same way that we're
looking at them for voucher mobility programs.

That is to say, we're asking what is good
for poor families and their kids, whether it's
reduction in crime, whether it's networks that
provide better access to services and jobs, the kinds
of stuff that Jim Riccio was talking about in the
context of Jobs Plus. We're looking at peer
influences, adult role models, all the same kinds of
things are the issues that we're now talking about
when we're talking about income mixing in the public
housing context.

One of the open questions, and there are
many open questions, drawing your attention to an
article in HUD's publication Citiscape by Paul Brofy and Rhonda Smith which looks -- it's called something like Mixed Income Factors for Success. One of the very interesting things they found is that some of the more celebrated mixed-income developments have resulted into communities, a market rate community that are all singles or young people, not families with kids, different in race and ethnicity from the other component of the mixed-income community which are African-American, very, very, extremely low-income families with kids.

And the open question is, does this mixed-income model work? Does it provide the kind of networking and role modeling and so forth for poor families and their kids that mixed-income housing we now think is supposed to be all about? The answer may be, in some circumstances, yes. Thank you very much.

MR. LUCAS: Thank you, Jill. I think my assessment was correct when I said that we had three minutes each and an hour and 45 minutes, it would take us about an hour and a half to get through the three-minute presentations. And so I'm not sure if I introduced myself when I started. I'm Harold Lucas, the Assistant Secretary for the Office of Public and
Indian Housing. I know a lot of folks in the room and I would like to meet the others.

And there we have it. We heard about the need for health care and what we're trying to do in the health care area for public housing, jobs and the tracking, how jobs can work in public housing. Public housing assessment, first time that we're doing it on a wholesale basis from D.J.

Legislatively there are some ideas that are working through this whole process. Secretary Cuomo has been very aggressive on his public housing agenda.

I believe when I first became the assistant secretary, the first thing I heard was that public housing is on the down low. Don't worry about it. Nobody is focused on it. Secretary Cuomo made everybody a liar on that. Public housing has been pushed to the forefront. We heard a lot of talk about the kinds of things that are happening.

I can testify that -- I ran a public housing authority, not unlike Chicago. I ran the Newark Housing Authority. Looked just like Chicago. Wasn't quite as large but it had the same Robert Taylor buildings, it had the same buildings that we had to knock down, and I sympathize with Sharon's process out there because her cause is four times or
five times larger than what we had to do in Newark.

But I would like to say two things. One
is that we've been in this public housing business
for about 65 years and it's been a developing debate
for the last 60 years. Certainly we know today about
the mistakes we made over these last 60 years and
we're trying to figure out how not to make those same
mistakes again.

I think we heard two tales of Hope VI
today but one thing we did hear was the whole Hope VI
process has created a discussion that is causing
people to focus down on how can we do a different job
with our public housing families. Mixed income,
mixed finance is working in some places. I think
Jill is saying it doesn't necessarily have to be that
to make it work, but I think what is important that
makes it work is that the will of the people that are
now in charge of our public housing program are
focusing down on the real issue, and that's how do we
incorporate the families who live in public housing
into the decisions that are being made on how they
should continue their lives and how they should plan
for their children's futures. That debate had not
gone on at all for a long, long time with each other.

I mean, certainly the debate happened
among our residents. The debate happened perhaps
among the managers, it happened at HUD, but it was
not a concept where everybody got together to talk
about the same thing. So I think that whether you
believe Hope VI is working or not working, whether we
need to tweak it or change it or improve it, one
thing that it has done, it has made us all focus down
on how public housing -- and this is my -- and Elinor
teases me on this all the time -- my signature
phrase. How do we make public housing a part of our
communities rather than apart from communities like
it's been so long?

So we've heard it from the experts. We
did intend to have a panel discussion but I think the
panel has discussed their points of view. We have
about 20 minutes or so and I have some celebrated
folks in the audience that are just dying to ask some
questions. So I think that we would open it up now
for some questions that can focus down hopefully on
what should HUD's role be in the future of public
housing policy, how should we approach that concept
and what could we all do together to make it all
better for our residents.

MS. SARD: I'm Barbara Sard, director of
housing policy at the Center on Budget and Policy
Priorities in Washington. I have a sort of set of questions that have to do with the relationship between public housing agencies and helping residents work. When I was listening to the panel, I felt that things were -- there was a disconnect, if I may say, and I want to try to point it out and ask a set of questions.

On the one hand, HUD does seem to be, I think rightfully, proud of some very important changes in the direction of helping tenants work. That's part of what both Jill and Elinor talked about of some changes that happened in the context of Hope VI. It's part of what Jim Riccio talked about what's going on in Jobs Plus. And Rod referred to it as -- but in Rod's comments, I think he really was more direct about what's going on in most of public housing, which is that other than these special places, there isn't much emphasis on helping tenants work.

HUD has not really resolved, I think, the question of what it thinks PHAs should do to help tenants work and I'm not sure HUD has resolved for itself what it should be doing to promote PHAs helping tenants work.

I think we are skipping around the
question by saying, let's get different people into
public housing who are already working. And if
you'll excuse me, that's too easy. That's not
changing anybody. That's changing the people who
live there at the cost, I think, of helping people
who need housing more.

So to try to push the question of what
could or should HUD be doing to help tenants work, I
think there are a couple of things on the table that
have been ambiguous in the past in terms of HUD
policy. There is a new component of the public
housing assessment system that would, for the first
time, rate PHAs on their efforts to promote economic
self-sufficiency. That's excellent.

What I have seen, at least, of the
ratings, I can't figure out what a PHA would have to
do to do well on this score. I don't know that a PHA
could. If you can't figure out what you could do to
do well, query whether it promotes that activity.

There is no indication -- and this is somewhat moving
on to the next question, that the standard that's set
out is that PHAs will be rated on how they do with
money they get from HUD for this purpose.

Well, all money they get from HUD carries
with it an obligation to give tenants the first crack
at new jobs and new hiring. But it's not -- this is
what's called Section 3 obligation. It's not at all
clear that that measure includes how PHAs perform on
hiring of residents or training of residents or
whether it looks only at special money.

HUD, to my knowledge, has never assessed
how PHAs are doing on hiring and training with the
money that they get from HUD. So I don't want to
take up too much time here, but I think that the key
third element of this is the deconcentration policy.

To what extent is the deconcentration efforts by PHAs
going to be looked at solely as a question of who was
admitted versus what is done to help the people who
live there go to work? Which I think -- I would like
to suggest means maybe a great deal more than income
diversity, which is the mix between working and not
working in the development, but helping people both
go to work and increase their incomes in place. And
anyone can answer this.

MR. LUCAS: I'm not sure what the question
was.

MS. GIST-GILLIAM: What I recall is, we
have clearly said that we are looking to move
everybody who is working and is capable of working,
they're not sick, into work. The thing is, as PHAs,
we don't necessarily have that set of skills and we are busily trying to get out of the business of all these social programs that Chicago has been in the business of running not very well for any number of years.

So we're working at almost cross-purposes with ourselves. On the one hand, we want to get all these folks working. On the other hand, we don't want to become a jobs agency ourselves. What would be helpful to us is that the feds talk to each other. You've got the feds running housing programs and you've got the feds running and funding all jobs programs. And I'm not convinced that once you get out to the regions and the localities, that the fed's HUD, even though that the feds deal with, exists.

Now, both agencies are massive. They have billions of dollars, they drive this money down into communities. But they never talk to each other, let alone put together programs that would support each other.

And it has led to us who are trying to run these developments day to day to try and pull together our local agencies that are getting funding, oftentimes funding through the state, to pull these programs together. And of course, the programs have
varying roles, regulations, outcomes and tend to work
at cross-purposes. So that we are left with
trying -- and that's what we're doing in Chicago.

We're using the mayor's office and a mayoral staffer
whose role is to support service agencies, but now
we've got to deal with a number of city agencies,
ourselves, a number of state agencies to try and pull
something off.

It would just be helpful if -- you know, I
know you don't have regional offices anymore. But
whoever is out there, the regional whatever you're
calling it now, talks to the dealer, cut a card or
two out there. Out there.

MR. LUCAS: I think that Ms. Gilliam has
hit on a very serious note. Once the public housing
authorities get done with this housing thing, there
is not a lot left to really do a lot of the other
things that we have always tried to do. I know that
the trailing housing authorities, when I was running
the direct, they had great social programs but they
had lousy housing programs and they were criticized
for having no housing and a whole lot of other
programs.

And then when we started doing the
housing, they said, well, you're doing housing okay
but now you don't have programs for the people. But
the public housing budget cannot hire all the people
in public housing for jobs. I think the connection
there is I think a little bit of what Sharon said and
certainly a lot of what Barbara said, is that we need
to have the agencies that are experienced in these
areas really step up to the plate to work. I mean,
and if we begin to make public housing a part of the
general community, they in fact, almost by osmosis,
are going to be exposed to some of the benefits of
the local community.

I mean, I used to tell my mayor, you know,
when we needed police protection, I used to say,
"Listen, Mayor, I just want the same lack of
protection you give everybody else." So we had to
get the same services, so I think there is a
connection and there is a benefit that we could get
by having public housing become a part of our regular
community. That's going to help force some of these
benefits because they're going to be right there in
the same line with everybody else.

UNIDENTIFIED SPEAKER: I wanted to ask a
somewhat different question, and let me preface it
very briefly. The 1999 American housing survey shows
that there are -- I forget the exact number. It's in
the paper I wrote for the voucher panel -- more than
10 million households with incomes below 30 percent
of median. The median amount that they can afford
for housing is $160 a month. The only institutions
in this country other than homeless providers that
have the capacity and the function of providing
housing that's affordable for those families are
public housing agencies.

There are not enough units and there are
not PHAs, I realize, to administer the voucher
programs. Public housing vouchers and programs are
the only programs that get down to that income level
without other assistance. And my question really
is -- and it's an effort to try to put this on the
agenda on the theory that this conference is to try
to look forward to things. How can we take the
experience that we've heard described this morning
about Hope VI and get a production program which will
produce more housing and more communities like this
so we do not lose the number of very low income
housing slots, extremely low housing income slots
that we now have in public housing because we need
that kind of supply?

And I think that this is something that --
the biggest criticism that the housing advocates have
of Hope VI is not what they're doing in terms of
rebuilding communities. It's the loss of the units
for extremely low income people. And I think,
frankly, that the hope for public housing is to find
some way of building a production program on the
basis of this experience, using the mixed financing,
using all the other lessons we've learned, but to
really think of this as a kind of opportunity to move
public housing to the role in this country's housing
sector that it was originally envisaged. Senator
Hatch said that 10 percent of our production units in
this country -- new production ought to be public
housing back in 1949.

MR. LUCAS: Okay. Rod, Elinor, somebody,
do you want to tackle that? Or anybody on the panel.

MR. SOLOMON: I guess since we're now
having a discussion with Congress as the
Appropriations have sessions whether or not we will
start the voucher program up again in any significant
way. And so I guess the questions for everyone are
whether the kind of things envisioned where, for
instance, there is a deep subsidy for about a quarter
of the units and no more and whether -- some grant
money to encourage this, we don't know how much yet,
whether those are the right directions.
Or sort of what else ought to be -- if we've gotten to the step where we're even having this discussion, which is a substantial step from the last several years, now is the discussion taking the right focus? I guess that's the next question. So I guess to ask Cushing whether she thinks so. Do you think so?

MS. DOLBEARE: I would also suggest that given -- I don't know how it is in the rest of the country, but in our metro area, this rental housing period is extremely tight and it is not only obviously low income priced out, and extremely low income, but rental housing for working class and middle incomes is almost nonexistent. So I think that the issue is a larger issue than that and there needs to be, either through the housing authority or the tax code, incentives simply to build more multiunit housing particularly.

And then you can engage in a conversation of, if there are incentives to build that multiunit housing, then what incentives can you give to the developers of that for lower income, extremely low income. But there is definitely a need for more rental housing.

UNIDENTIFIED SPEAKER: I would like to ask
Cushing about a couple of different models for having a production program that serves in part the extremely low income. Do you think that the subsidy that serves the extremely low income should be self-contained within that program; that is to say, should write the rents all the way down to rents they should afford? Or do you think that component should be available to those using vouchers? Those are two rather different models for designing such a program.

And then I have a second question, an equally important question, which is how, if we're about to have a new housing production program, how do we make sure that it is not heavily concentrated in the poorest neighborhoods?

MS. DOLBEARE: I really feel a little bit embarrassed at having the panel ask me questions. But I think that it's important, if we're talking about development -- I'm going to sidestep this a little bit. I think it's important to have a subsidy for the very low income people attached to that development. Now, whether that's done through a voucher program that you can access or whether it's done through a deep subsidy for the development itself I think is -- kind of doesn't really matter. I'm on the board of the Enterprise Foundation and I
see how many different funding sources they have to
use -- 5, 10, 15 different funding sources in order
to try to put the money together to get the housing
affordable to extremely low income people -- and
that's ridiculous.

I mean, we need something that's simple
and I think that -- I didn't mean to imply, by the
way, that PHAs are the only potential producers of
housing that's affordable, but I think they're a
significant institution and that we ought to find a
way of enabling this institution by giving public
housing more resources than this kind of program to
perform the role that it was set up to do and in the
way that it's now doing it, because CDCs are really
not interested in this income level, and neither are
other developers, unless there is some real carrot to
do it.

UNIDENTIFIED SPEAKER: I think one of the
keys to this is what you said, Cushing, is to find
not just the public housing industry to do the
production but actually to piggyback the production
of public housing on other delivery systems, because
it's very labor-intensive now for the public housing
industry to do these developments. It's incredibly
labor-intensive.
MS. DOLBEARE: That is assuming that that is part of the model we're talking about.

UNIDENTIFIED SPEAKER: And it would be an ideal world if, for example, the tax credit program in each of the states, there was a -- whether it was a set-aside or extra points in the system, if you took 5 or 10 or 20 percent of the units in a tax credit project, which is public housing, and the capital funds were there and the operating dollars were there to back you up and you had another system for delivering the public housing. I think we need to broaden ways of looking at this.

MR. LUCAS: I think what we're hearing is that it's money, money, money, money. If we can get the money right, we can get down to where we can perhaps build the housing. I think what Cushing is saying, why can't we get it done in a simple way? I mean, why do we have to have 15 different steps? Why do we have to have tax credits and this and that and this and that and this to build one unit when all the money is coming out of the same pot? See, the federal government is putting up the money and it's coming out of the same pot so why don't we have like a pile of money that helps do what we know that we need to do?
And that's part of this discussion that we need to continue to have because the tax credit dollars come out of the Treasury, because there is money that's not put into the Treasury. The subsidy money comes out of the Treasury through HUD. The other monies come out of investments in other things that ultimately comes back to the taxes that we pay the federal government. So why can't we begin to understand that there is a cost for low-income housing and very low-income housing? How do we make that thing simpler?

UNIDENTIFIED SPEAKER: The Moving to Work program offers some promise in being able to be more flexible and to be able to do housing production. My understanding is that up to 30 housing authorities can participate and that isn't all the way there yet so I would be curious to hear HUD's plans for continuing to make those designations and offer that opportunity like Chicago has, to do some real innovative work.

MR. LUCAS: Okay. Rod?

MR. SOLOMON: Well, the sort of technical bureaucratic answer now is that up to 30 housing authorities are authorized under current law to do it. What Moving to Work really does is it says,
except for a couple of very basic things, other laws
can be wagged or there can be variations, and that
has been needed in a number of situations and
certainly was helpful in Chicago. So maybe it could
be needed in some other situations and used.

There is, for example, whether one would
go from that to saying that the whole country ought
to be Moving to Work, well, that's really quite a
different thing. You couldn't do it the way we've
done Moving to Work because we've done it very
carefully, sort of going through, well, what
regulations are you talking about, what laws are you
talking about, what does your housing authority need.
But that's not a way that you could run a 3,400
housing authority system even if everybody thought it
were a good idea. Then there are also some basic
issues that we think Congress saw that I would argue
ought to stay in place for the nation.

So yes, I think there is some room in the
current system to do that in some places where it's
really needed. I wouldn't project what that means
about a national proposal.

MR. LUCAS: Okay. We have time for one
more question. We will be well past our time. Yes,
sir.
UNIDENTIFIED SPEAKER: What are the plans for calculating cost-effectiveness of Hope VI in delivering housing?

MS. BACON: Well, we currently -- I mean, we do do comparisons about the cost of the box, the Hope VI box and a private sector box and an equivalent. And one of the things you have to look at with Hope VI is you're essentially taking a brownfield site, demolishing, say, a thousand units and putting back -- it's usually 40 percent go back up. And the whole cost of the demolition or remediation of the entire site has to be borne on these units and it really is an inaccurate look.

But we are looking, with the Urban Institute, at overall effects of Hope VI in terms of the changing economics of the community and also the revitalization that is spurred overall on the community. In terms of doing a study which it seems to me you're talking about, which I think would be fabulous if we could do it, to look at the cost of what it costs society not to have people in prison, to have kids who are going to graduate school, all of these kinds of things, we haven't really looked at that price. Is that what you're talking about?

UNIDENTIFIED SPEAKER: I was talking more
just in terms of how good the housing is and how much
it costs to get housing that's that good. You're
right, there are other benefits. Cost-effectiveness
is usually conceived to be only one thing you want to
look at. I was just thinking more the --

MS. BACON: The hard costs.

UNIDENTIFIED SPEAKER: -- the units
versus what it costs and then look at that, and you
can look at other benefits. And I think you're
telling me you are working with the Urban institute
on the other benefits.

MS. BACON: Yes. We have, in terms of the
hard costs, we have quite good data right now because
we've been working with KPMG to be developing a data
collection system. And if you're interested in
looking more at what in fact the actual costs of
Hope VI are, we have really excellent data which we
can share with you. And I should note also, since
Secretary Cuomo became secretary, one of the first
things he asked me to do was to get our arms around
these costs and to get a total development cost
policy which would be fixed and that would in fact
allow the kind of level of housing to be developed
that we all want.

We don't want to go back to the old mode
of the way that public housing was developed
originally because it's not sustainable, it doesn't
blend with the community, et cetera. So we've been
working very hard not only on controlling the hard
costs but also the soft costs, the legal costs, the
time is money, obviously, so doing model documents
and those kinds of things so we can give you
information on that as well. Thank you.

MR. LUCAS: Okay, folks. There we have
it. The production and the operation of public and
low-income housing is a very, very, very complicated
process, but it's one that we must do, it's one that
we must solve, and I think that you guys in the room
are going to help us do it. That's why we're here
and we need to have more of these discussions. It's
unfortunate that we had an hour and 45 minutes to
discuss a 60-year program. It doesn't seem like
enough time. So we need to continue these dialogues.
I know that Ms. Bacon has her seminars on Hope VI,
her round tables, her focus groups. Rod's
everywhere. The industry groups, we talk with them
about this from day to day. I go around the country.
I've been in almost every state. I did 10,000 miles
last week alone. So I am very, very tired.

But anyway, we can't get too tired to
really address these issues, though, because we're
really talking about people's lives and that's what
it's all about. We can talk about building a box and
building a house and a unit and two plugs on this
wall but it's not the construction that's important.
It's the people who live in the construction that we
do and it's the services that we must provide so that
they can better themselves and make a better life for
their family and their children.

So that's the challenge that we have to
continue to fight. That's building houses right and
let's get them at the right price, let's do all the
social engineering that we need to do but, most
importantly, let's remember that there's people that
live in these places and we that have a little bit
more than they have a responsibility to make sure
that what we do does not hurt their lives. Thank you
very much.

(Applause.)