

1 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2

3 HOUSING POLICY IN THE NEW MILLENNIUM

4

5 Breakout Session: INNOVATIONS IN PUBLIC HOUSING

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1 P R O C E E D I N G S

2 MR. LUCAS: Good morning everyone.

3 AUDIENCE: Good morning.

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

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

24 But I would like to start by introducing
25 our panelists. We have, to my immediate left --

1 well, let me introduce someone that's not on the
2 panel, Cushing Dolbeare, who is the matriarch of this
3 whole process, and she probably should be the only
4 panelist over there but she said that she would not
5 do that today. But we have Cushing with us this
6 morning and we all know her.

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

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

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

22 Next to him we have Ms. Elinor Bacon.
23 She's our Deputy Assistant Secretary at HUD for
24 public housing investments. And more importantly,
25 she heads up our Hope 6 program and we need no

1 introduction about that because we know the great
2 things that are happening in Hope VI.

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

14 Next to Dr. Schwartz, we have James
15 Riccio. James is a senior fellow at the Manpower
16 Demonstration Research Corporation which specializes
17 in the study of work-related programs and policies
18 for welfare recipients and other disadvantaged
19 groups. Next to James, we have Sharon Gist-Gilliam.
20 She is the -- are you the CEO or the chairman? The
21 chairperson of the board of the Chicago Housing
22 Authority. And Sharon is heading that housing
23 authority in a tremendous renovation and change there
24 and we're going to hear from Sharon on some things
25 that are happening at the -- is it the redevelopment?

1 Transportation. There you go. Of the Chicago
2 Housing Authority and it's an exciting time to be in
3 public housing in Chicago.

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

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

16 To give you some idea of the size of what
17 we are doing, we're an authority with 38,000 housing
18 units on the books. As of 10/1/99, 24,770 of those
19 units were actually occupied. Of that number, some
20 10,000 units, really 9,800 and change, are senior
21 units in 58 buildings. The remaining 15,000 units
22 are spread over some 24 developments and that is our
23 family housing.

24 With regard to our senior housing, those
25 58 buildings, we are rehabilitating each building to

1 a 30-year rehabilitation standard and air
2 conditioning all of the buildings. So all of our
3 seniors will be in totally rehabilitated,
4 air-conditioned buildings and units by the end of
5 basically 2002. We are going through -- right now
6 we're doing that in clusters of building by system;
7 that is, all roofs, all windows, all building
8 envelopes. That's how we're moving through that and
9 getting it done.

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

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

1 families with large numbers of children who are poor.

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

5 What Chicago was able to do was negotiate
6 and get, with HUD involvement, in the Moving to Work
7 Demonstration Act and we have a commitment of roughly
8 1.45 billion over the next 10 years or \$140 million a
9 year over the next 10 years to get this program done.
10 We have committed to our residents and to the mayor
11 and everyone else on earth that we will get this
12 ten-year program done in about seven years.

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

22 To the financial community and the
23 investment banking community, that is of course
24 endlessly fascinating and interesting to see how the
25 market will accept this kind of financing and see

1 what we can do.

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

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

20 The other thing that we realize, having
21 lived with these massive developments for some 40
22 years now, is that they don't work. Creating these
23 islands of despair and what I call the islands of
24 despair and poverty in the midst of communities where
25 we got rid of the historic Chicago street grid,

1 created these huge islands, dedicated the streets to
2 the Housing Authority and, for all intents and
3 purposes, deprived them of city services and deprived
4 those residents of interaction with the larger
5 community around them, in addition to reconstructing
6 or constructing a new low-rise and really single
7 family town home style housing.

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

19 So that all of that is going on. It is
20 not only a massive effort in rebuilding housing. It
21 is really, in our minds, rebuilding communities.
22 When the old Lands Clearance Commission came through,
23 the old urban renewal programs came through, what was
24 done in our city, as in many others, was to level
25 communities and just clear them out, build these

1 massive high rises, surround them with a few patches
2 of grass and concrete and destroy the communities.
3 We now are in the business of rebuilding those.

4 We seek to -- I'm supposed to talk about
5 deconcentrations here. We will seek to deconcentrate
6 these very, very low-income communities in those
7 areas where we rebuild by building mixed-income
8 communities. And our board has set as a goal that
9 each of the totally redeveloped areas will have 30
10 percent low income, 20 percent moderate income, which
11 will probably be a series of tax credit deals, and 50
12 percent market rate. So that for the totally
13 redeveloped communities, we will achieve economic
14 integration, though I'm not altogether sure that we
15 are going to achieve necessarily racial integration,
16 but certainly economic integration.

17 We do have one series of issues with
18 regard to HUD's economic deconcentration policy. In
19 order for us to get through the plan for
20 transportation without having 140,000 of our tenants
21 marching on City Hall and marching on my house, we
22 committed that everyone who was in residence at
23 10/1/99 and who was lease-compliant had the right to
24 come back; that is, at the end of the day, they would
25 have a hard unit.

1 As we go through this program, folks do
2 have a housing choice. They can select a Section 8
3 voucher, go anywhere they want; they can select a
4 temporary Section 8 voucher which says they can come
5 back to the Authority; they can move to a different
6 development; or they can elect to come back to the
7 development that they originated in or one nearby.

8 And so the notion that we are going to be
9 able to deconcentrate is problematic at best, given
10 that our current residents, as I said, are at \$7,800
11 a year. Even if every single one of them were to
12 take a Section 8 voucher and move, our waiting list,
13 which we will have to pull from, the average annual
14 family income for the folks on the waiting list is
15 \$8,700 a year.

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

1 tenants.

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

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

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

21 It's an employment-focused research
22 demonstration project in five cities: Baltimore,
23 Chattanooga, St. Paul, Los Angeles and Dayton. And
24 the goal of the project is transformative in the
25 sense that it aims to dramatically increase

1 employment in earnings among public housing residents
2 in locations where their reliance on welfare is very
3 high and the tendency of steady work is very low.
4 We're trying to transform that through this
5 particular project.

6 The project is, to an important extent but
7 not entirely, a project of public housing. By
8 design, it's not entirely a design of public housing,
9 because it was the expectation of the designers that
10 in order for an ambitious project like this to
11 succeed, it was too big a job for public housing.
12 Public housing didn't necessarily have all the
13 expertise that would be needed in an employment
14 focused program like this. So the localities that
15 became involved in the demonstration had to put
16 together local collaboratives or partnerships that
17 would design and oversee the program and share in the
18 funding of it and in the provision of services.

19 And the core partners are the welfare
20 agency, the local work force investment agency,
21 residents, as well as the housing authority. And
22 most sites also have as key partners local service
23 providers and, in some cases, local foundations.

24 The model for the project consists of
25 three core elements. One, it includes employment and

1 training services and related support services such
2 as child care and transportation. Second, it
3 includes a financial incentives component. All of
4 the programs have developed plans for rent reform
5 whereby residents will be able to keep more of their
6 earnings if they go to work and, in combination with
7 some other earnings and rules, they should be better
8 off working than not working, by a substantial
9 amount.

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

18 In addition, as a place-based employment
19 initiative and one that's very ambitious, the goal is
20 to target all working age residents in the selected
21 developments. So it's a small or a boutique program.
22 It's really targeting all working age residents, and
23 that's thought to be really fundamental if the goal
24 of having a transformative effect on the development
25 is to be achieved.

1 As I said, it's a research demonstration
2 project and it's still being implemented, by the way.
3 Not all of the pieces are fully in place yet. But
4 because it's a research demonstration project, we're
5 hoping to learn quite a bit from this and I just give
6 you quickly a sense of the kinds of questions we want
7 to answer.

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

21 Second of all, the model itself is quite
22 ambitious, having all of these three components
23 working together in some coherent and powerful way.
24 We want to really know whether it's feasible to
25 implement and will residents come forward and take

1 advantage of it. I like to think of this as an
2 opportunity to throw a terrific party, but will
3 anybody come, will anybody show up? We're trying to
4 understand, if they do, what brings them in the door,
5 what kinds of support resonates with them, what kind
6 of help do they take advantage of most of all, how do
7 they view the incentives, the supports and the
8 employment and training services? Are there better
9 ways of providing those services and some less useful
10 ways of doing that, or do residents basically shunt
11 or do you get a few motivated folks but have
12 difficulty reaching the most disadvantaged, the ones
13 who want the help most?

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

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

25 We can't launch, in this case, a typical

1 random assignment experiment to do it but we have in
2 place what we think is one of the most ambitious
3 research designs to try to answer that question, and
4 it's a design that involves randomly selecting one
5 public housing development in each of these
6 communities to be the treatment group and comparing
7 the results from that site to the results in one to
8 two other developments in the same city that were
9 randomly selected and serving as comparison
10 developments.

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

21 And this will give us -- the employment
22 and welfare trends are changing. We'll be able to
23 see whether they change more in the treatment site
24 than in the comparison site. It may be that they
25 change in both sites because of welfare reform and

1 changing economy and so on. So we have a method to
2 try to control for that, which is very important so
3 we can distill the specific effect of this
4 intervention.

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

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

1 like a copy.

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

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

13 For me, this is not an academic exercise.
14 My mother fell in the community. She was living with
15 900 other ladies who looked just like her. I
16 couldn't understand why we couldn't get the kind of
17 health care for her that I would want. It was a
18 nightmare to get her out to the doctor. I wasn't
19 talking about the need for home health aides. I
20 needed to have her see a doctor because her health
21 condition keeps changing, as your parents and
22 grandparents have the same problem. And I couldn't
23 understand why I couldn't get it to be done.

24 Today, hospitals in 11 states and 50,000
25 units of housing have come together and so I know it

1 can be done. So I come to speak as an advocate. My
2 mother ultimately died in my arms, but she died
3 knowing that a whole new industry was being born, a
4 housing-based health care industry.

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

14 But the first page says one of the seven
15 things I'm going to say. So if you're there, first,
16 elders in public and assisted housing overwhelmingly
17 and urgently want and need on-site health care. We
18 have now studied 11,000 seniors, 3,000 seniors in
19 personal interview studies in Manhattan, in public
20 housing. You can get what public housing authority
21 was helpful there. 3,000 seniors in public and
22 assisted housing in New Jersey statewide, and we're
23 grateful to all of those folks who came forward. And
24 another 5,000 seniors in public housing and/or
25 assisted housing on a multiregional basis across the

1 country, and I can give you the names of the states
2 if you're interested. And the finding again and again
3 is exactly what you would think: Elders knowing that
4 they need and want on-site health care.

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

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

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

1 pathology after disease pathology, so they need to be
2 seeing a doctor much more frequently.

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

8 The second point I want to make is elders
9 in public and assisted housing stock overwhelmingly
10 and urgently know that they need all kinds of
11 geriatric fall-prevention programs and safety
12 accessories. You know that the nation is spending
13 \$43 billion on geriatric falls, that 17,000 American
14 elders like my mother will die this year because of
15 these falls. You know it's happening in your public
16 housing and your assisted housing. It can be
17 prevented. Geriatric falls and those deaths can be
18 prevented.

19 We're doing some exciting work with the
20 housing managers and also with the doctors to
21 create -- we've just got a couple million dollar
22 contract from the Commonwealth of Pennsylvania to do
23 geriatric fall prevention in Philadelphia. We're
24 going to be bringing that to Pittsburgh as well.
25 We're excited about that program. Again, I don't

1 have time to go into it except to say that those two
2 things should be remembered.

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

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

1 kind of program going.

2 You may ask the most important question,
3 "Well, do doctors and hospitals really want to do
4 this?" And the answer is yes. Medicare is becoming
5 increasingly good insurance. I remember when I first
6 started to do this, when my mother first fell, I had
7 a hospital administrator from a wealthy suburban
8 community in New Jersey say if I never see another
9 old person in this hospital, I'll be happy. On the
10 30th day of this month, he's going to sign a contract
11 to create a multiregional program in New Jersey from
12 his hospital, because Medicare has become a very good
13 insurance as a function of a whole bunch of changes.

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

25 My fifth point is that there are a wide

1 range of promising strategies that housing
2 authorities and housing managers are already doing.
3 They're trying to do things, but while those things
4 they are doing are well-intentioned, they are often
5 very limited, they're very ad hoc. They may have a
6 podiatrist come in and once in a while they may have
7 a home health agency, but they are not comprehensive
8 in scope. It's only beginning, and HUD needs to be
9 concerned about helping housing authorities and your
10 assisted housing managers to access comprehensive
11 health care and high-quality, affordable, convenient,
12 on-site health care.

13 I will say, and I mean this with no
14 disrespect to the visiting nurses of America, having
15 a home health aides come to follow up on a doctor's
16 order when the overwhelming number of your residents
17 are not seeing the doctors as frequently as they need
18 to and are not seeing specialists hardly at all,
19 except in a hospital setting, is not a strategy for
20 providing health care for America's elderly. You
21 wouldn't want it for your mother, I didn't want it
22 for mine, and you don't want it for public housing.

23 We can do better than that. We need to do
24 better than that, and Medicare will pay for it. All
25 you need to be doing -- I'm not asking for a new

1 program at HUD for you to be paying health care for
2 your residence. Medicare is happy to do that.
3 Medicaid in many states is happy to do that. What
4 you may need to be paying for is technical assistance
5 and outreach.

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

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

22 I know you have a drug elimination
23 program. I know it's largely targeted to youth but a
24 whole bunch of those, what, 40-odd percent of units
25 in question are occupied by elderly people. I

1 question whether or not they are getting as full
2 benefits of your drug elimination program as you want
3 since their drug of choice can't be stopped by barbed
4 wire, can't be stopped by the Columbian drug cartel.
5 Basketball courts and antigang activities will not
6 help the elderly because they're not mostly in those
7 gangs, and their drug of choice is bought at the
8 drugstore or at the liquor store. So it's not going
9 to work unless you have a special drug and alcohol
10 elimination program.

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

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

1 services to those units needs to be done. That's
2 principally what needs to be done.

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

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

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

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

25 And the reason why this is a program of

1 historic proportions is this is the first time that
2 public housing is the economic engine for fundamental
3 change in the physical and social structure of inner
4 cities. It's not public housing being stuck off to
5 the side. It is the center of this kind of
6 redevelopment that's going on in our cities.

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

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

22 It's a process which brings together
23 communities and residents and business and leaders in
24 the elected realm of public officials, that effects
25 fundamental change in the way that people relate

1 together and the way that the society is structured.
2 And it is this process of a charette of bringing
3 everybody together in one room to work together to
4 form these kind of public/private partnerships which
5 is affecting that kind of change. And whether or not
6 people actually win Hope VI, and we only award one
7 grant out of every four applications, it still does
8 fundamentally change the society.

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

20 We're building from the ground up. There
21 are very few rules and regulations. It is HUD who
22 throws out very high bar and the Secretary certainly
23 has raised that bar every year that he has been here.
24 A very high bar is what this is all about. And we
25 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

1 that they have lived in for many, many years. In
2 Atlanta, for instance, you have people who make
3 \$130,000, \$140,000 living next to people who are
4 perhaps earning \$3,000. It's a very results-based
5 program. We don't want to hear about the programs
6 and hear about the talk, talk, talk. We want
7 results. We want to know how many people are going
8 to have jobs at the end of the training and how many
9 kids are going to excel in school.

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

18 In Atlanta and in Milwaukee and Baltimore,
19 you have magnet schools. And these are schools that
20 are bringing kids from all around the city to the
21 former public housing site that are focusing on math
22 and technology and computer. We have computer
23 learning services in every single site. So we feel
24 that this is not only a way of transforming public
25 housing, which has become severely distressed for

1 many, many years, and I again want to acknowledge
2 Cushing Dolbeare whose perspectives and knowledge and
3 experience on the history of how we in fact did this
4 and how we created public housing in the
5 configuration that we have today is truly
6 interesting.

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

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

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

25 For the first time ever, we have

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

12 Financially, they're being well managed.
13 90 percent of the people who are doing this are doing
14 a very good job. The financiers are in solid shape.
15 The management assessment, which is from the earlier
16 form of the fee map is very solid. But I think
17 another success story that many here can particularly
18 enjoy is that for the first time, we have done what
19 is called mail-out surveys, and we have surveyed
20 about 400,000 people in public housing. 88 percent
21 of that population comes back and tells us, across
22 the board, that they are satisfied or very satisfied
23 with public housing.

24 That is not by accident. I think you
25 would look and see a collaborative number with that

1 of the physical condition. People are comfortable
2 with security, they're comfortable with the programs
3 across the board and, once again, identifying the
4 areas where we need to put the resources so that we
5 in fact can continue the success story that is
6 something I know we all believe in.

7 There is another intended consequence that
8 I would share with you before I pass the microphone
9 to Rod, and that is that one of the other success
10 stories that has come about as a result of this is
11 that we have moved the public housing industry into
12 electronic business. In 1998, 60 percent of the
13 housing authorities were wired up onto the Net, ISP.
14 60 percent. It's now over 96 percent and increasing.
15 Why is that so important?

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

24 Another area that's going to become
25 powerful again in that area is that of the residents

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

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

25 MR. LUCAS: Thank you, D.J. Now we'll

1 hear from Rod Solomon, Deputy Assistant Secretary for
2 Policy Program and Legislative Initiatives at HUD.

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

15 When you look at public housing and
16 vouchers together, Congress really enacted a
17 deconcentration strategy. They said that for public
18 housing, we're going to do somewhat more of an income
19 mix, try to have more working families, more of a mix
20 of families, but we need to serve the very poor and
21 continue to -- and, therefore, for vouchers, which
22 are spread throughout the community, we're going to
23 target to a lower level of income and make sure that
24 more of the extremely poor are served in that
25 program.

1 The Secretary also wanted to be sure that
2 even in public -- a couple of things. That if we
3 were going to do that, that we got additional
4 resources in the voucher area, recognizing that
5 public housing would have more of a mix and,
6 therefore, we had to have more resources for the
7 extremely poor. And second, that in terms of
8 so-called deconcentration of public housing, that if
9 we were going to mix in working families, have,
10 quote, unquote, "role models," if this is going to
11 help with the kinds of communities we have, that
12 let's at least try to make sure, within the
13 constraints of operating the program, market and so
14 on, that it will be spread throughout the system,
15 that you won't end up doing this only in the
16 developments that basically were better off to begin
17 with, and not in the others.

18 The deconcentration provisions, as they've
19 been rolled out, have been controversial. I think
20 that we've heard many in the world saying that it's
21 got to be a little bit more flexible than HUD started
22 with. And we never were -- none of the regs ever
23 were to get in the way of the right of households to
24 return in redevelopment situations to a site that
25 they had lived on to begin with.

1 The other basic themes that Congress and
2 the Administration were trying to accomplish were
3 really just several. Demolish and replace the worst
4 public housing. If you think about it, in the early
5 '90s, all the basically legendary public housing
6 developments, the Caprini Greens and Taylor Homes,
7 worked for 20 years really, even though largely
8 vacant in Philadelphia. Many others basically were
9 still going, were still places that people probably
10 shouldn't have been growing up in but were, et
11 cetera. All of them, in some way or another, are
12 being addressed now. That took many legal,
13 programmatic, regulatory, funding changes.

14 Upgrade management, both in terms of the
15 worst -- and again, if you think of the early '90s, a
16 number of the, again, legendary cities with poor
17 management over the years, the Philadelphias, D.C.s,
18 name your favorite, Detroit, et cetera, basically
19 had had no intervention as of the early '90s. All of
20 them have had considerable upgrades by now. The
21 efforts that D.J. was talking about really had, among
22 other things, a physical inspection so that we're
23 sure that we're addressing the conditions residents
24 are living in, not just management processes, and
25 that will add another dimension to this as it goes

1 on.

2 Upgrading safety in public housing. We
3 have the Administration's one-strike initiative to
4 try to get everybody to pay some attention to
5 screening and evictions in public housing, putting
6 drug elimination money on a predictable formula basis
7 so that people could plan better, trying to involve
8 the community more and get the police working with
9 the housing authorities and the rest of the
10 community.

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

21 All of these things are in various stages
22 but I think there have been significant progress on
23 all these fronts. For the future, clearly we need to
24 keep working to keep this progress going, refine
25 these things, get the electronic improvements that

1 D.J. talked about just for an example. We need a lot
2 of work on that and we'll keep working on that.

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

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

25 MS. EPP: Thank you. Elinor painted a

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

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

22 So you see, this in many ways is a bigger
23 program than just Hope VI and has great potential to
24 do that. Developers are actually doing these
25 transactions in about 75 to 80 percent of the

1 instances. So the private sector plays a huge role
2 in these redevelopment activities.

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

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

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

1 next several years.

2 The big story here is the leverage funds.
3 When this program first started, Hope VI, there was
4 only about 30 cents on the dollar leveraged for every
5 Hope VI dollar. This past year, I believe, Elinor,
6 \$3.1 were leveraged for every Hope VI dollar that was
7 funded, which is a huge leverage if you think about
8 that. And total in the Hope VI program was about
9 \$3.5 billion out there. That has leveraged an
10 additional \$5.6 billion, and \$9.1 billion are going
11 into communities to redevelop the housing as well as
12 the surrounding neighborhoods in which they're
13 located.

14 75 percent of those leveraged dollars come
15 from 9 percent tax credits and the other 25 percent
16 come from 4 percent tax credits. I think this places
17 a huge drain on the tax credit programs in all of the
18 states and I know that that's an issue that we can
19 further discuss. And cities are also stepping up to
20 the plate in ways that are absolutely amazing in
21 terms of their contribution of their GEO bonds for
22 their capital improvement funds, their SUBG and home
23 dollars, creating TIF districts to supplement all of
24 the other leverage funds. And it's just amazing
25 what's happening in these areas.

1 The private sector, as I mentioned before,
2 plays a very critical role in all of this. They
3 bring the experience to the table and the access to
4 capital markets that has not been there before with
5 the public housing industry. They also bring
6 experience and discipline to the process, which has
7 not been there in the public housing industry in
8 general. And they also bring to the table a sense of
9 timing and urgency that typically we have not seen to
10 date in the public housing agencies when they do
11 standard modernization redevelopment. And in the
12 development business, time is money, so moving these
13 along as quickly as possible is absolutely critical.

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

24 There are a few who have tried it once and
25 said, too much, not for me, I'm going to do some

1 other business. But there's a lot who are coming
2 back. And they do it often because there is a social
3 commitment, particularly in their communities. But
4 they also do it -- they develop to manage those
5 properties. A lot of them have very large national
6 portfolios that they manage and so they develop to
7 manage those units.

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

17 We have talked about the impact, in many
18 ways, on residents. Elinor talked about sort of the
19 increase in employment opportunities and the
20 importance of the program to children and
21 neighborhoods. I think one of the things I want to
22 say a few words about is the impact of this program
23 on neighborhoods in general, and I think something
24 that the research community needs to reach out to and
25 provide more hard core data on is what works and what

1 doesn't work.

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

21 And the last comment I think is, where we
22 are successful, and we are successful in many, many
23 places. We have also talked about in various forms
24 the issue of gentrification. And I think that's
25 something that we need to address because although

1 gentrification in many ways, from an economic
2 standpoint, is very positive, if you talk to the
3 low-income folks that are not in the public housing
4 but are living in these communities, gentrification
5 is a very negative concept and is very fearful to
6 them. So I ask the group to think about, does HUD
7 have any responsibility in neighborhoods where some
8 of the programs may lead to gentrification, in
9 assisting some of those communities in maintaining
10 affordable housing there, whether it's being able to
11 use HUD dollars to partially fund community land
12 trusts or other ways to make sure that affordability
13 is maintained in communities. I think that's an
14 issue.

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

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

24 MS. KHADDURI: Thank you, Harold. I'm
25 going to return to the topic of deconcentration,

1 which was touched on by Sharon Gilliam and then
2 talked about a little bit more by Rod, which is
3 central to this whole issue of transformation of
4 public housing. When we talk about deconcentration,
5 we mean at least two different things. We mean
6 transforming public housing so that it has more
7 income diversity within buildings, both those that
8 remain owned and operated by public housing
9 authorities and those that are redeveloped and have a
10 public housing subcomponent within a mixed income
11 development.

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

20 First of all, when we talk about using
21 vouchers, particularly for relocating public housing
22 families from those developments that are being torn
23 down, redeveloped, fundamentally changed, I think we
24 need to consider that for those families who come
25 from distressed public housing and who may have

1 special difficulties gaining access to a broad range
2 of neighborhoods, who may have particular issues that
3 they have to deal with, small changes in the quality
4 of the neighborhood, in the poverty rate of the
5 neighborhood, which we tend to use as a proxy for
6 neighborhood quality -- and the paper talks a lot
7 more about that -- but that small changes for
8 families may be okay; that moving from a very, very
9 highly concentrated situation into a somewhat less
10 concentrated situation is something that frequently
11 happens.

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

20 Another lesson that I think we're
21 beginning to learn is that programs that encourage
22 families to move to areas of lower poverty are often
23 more successful if they concentrate not on the first
24 move but on the second move. And a lot of mobility
25 programs are looking at families who already have

1 been using a voucher for at least a year and helping
2 those families think about the kinds of greater range
3 of neighborhoods that they may move to at that point.

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

18 But what about the 20 to 30 percent poor
19 range? These are neighborhoods with a lot of units
20 that are available below the fair market rents and
21 because of the way the PHAP deconcentration measure
22 works and some other things that are going on, these
23 are often identified in fact as opportunity
24 neighborhoods. And I think we have a lot more to
25 learn about the diversity of neighborhoods that are

1 in this middle range of poverty and about the
2 circumstances within which we really want to be
3 encouraging families to move there.

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

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

25 Turns out that we have some evidence from

1 another research project that that did happen. A
2 very large fraction of the families moved from
3 Lafayette Court into the very census tracts in
4 Patterson Park that underwent very rapid change in
5 terms of racial composition and poverty rate between
6 1980 and 1990. So what I'm saying is that there may
7 be some situations in which a neighborhood is
8 sufficiently fragile that you want to be really
9 careful about how the voucher program is administered
10 in relationship to those neighborhoods.

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

20 Turning to the topic of deconcentration or
21 greater income diversity within public housing
22 itself, we have three models going on, all of them
23 very interesting. One is the kind of mixed finance,
24 mixed income, Hope VI, in some sense perhaps the
25 current ideal of what a Hope VI should look like in

1 which there is a public housing component, there are
2 families who are below poverty living in the
3 development but there also are market rate families.

4 There is a second model in which there is
5 income diversity within mixed finance development,
6 but the nonpublic housing part of the development is
7 supported by the low income housing tax credit and,
8 therefore, the maximum degree of income diversity is
9 limited to 60 percent of median income.

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

16 And I point in the paper to one of the
17 older generation Hope VI developments, Hillside
18 Terrace in Milwaukee, which my colleagues did a case
19 study on and they told me, oh, this isn't very
20 interesting, don't bother to read it because it's not
21 a real Hope VI, it's not mixed finance, it's really
22 much more like a public housing modernization
23 project, I found it absolutely fascinating because
24 this is still the principles of the new urbanism as
25 far as design were applied in this development.

1 About half of the families are the same families who
2 lived there before who have the right to come back,
3 and they came back.

4 And this is not a case in which this was
5 really part of a broader neighborhood transformation.
6 Nonetheless, at Hillside Terrace, the fraction of
7 families who have extremely low incomes dropped from
8 90 to 66 percent. The percentage receiving public
9 assistance dropped from 83 percent to 18 percent.
10 This apparently was a result of screening for those
11 who were not returning former residents, but folks
12 taken from the waiting list. And I suspect that this
13 waiting list in Milwaukee was not very different from
14 the waiting list that Sharon was talking about in
15 Chicago.

16 The percentage with earned income
17 increased from 17 to 58 percent. At least shortly
18 after initial reoccupancy, the families in this
19 development feel a great deal more secure, crime
20 rates have gone down, there is a great deal of
21 positive social interaction in the community. It
22 remains to be seen if all of this will stick. I
23 mean, this is one of the issues that we have to keep
24 looking at over time, but I think it is interesting
25 for showing us what might be done in the kind of

1 public housing deconcentration that we're talking
2 about, not for the Hope VI's, not for the new
3 generation Hope VI's but for the mainstream public
4 housing program.

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

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

24 One of the open questions, and there are
25 many open questions, drawing your attention to an

1 article in HUD's publication Citiscape by Paul Brofy
2 and Rhonda Smith which looks -- it's called something
3 like Mixed Income Factors for Success. One of the
4 very interesting things they found is that some of
5 the more celebrated mixed-income developments have
6 resulted into communities, a market rate community
7 that are all singles or young people, not families
8 with kids, different in race and ethnicity from the
9 other component of the mixed-income community which
10 are African-American, very, very, extremely
11 low-income families with kids.

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

19 MR. LUCAS: Thank you, Jill. I think my
20 assessment was correct when I said that we had three
21 minutes each and an hour and 45 minutes, it would
22 take us about an hour and a half to get through the
23 three-minute presentations. And so I'm not sure if I
24 introduced myself when I started. I'm Harold Lucas,
25 the Assistant Secretary for the Office of Public and

1 Indian Housing. I know a lot of folks in the room
2 and I would like to meet the others.

3 And there we have it. We heard about the
4 need for health care and what we're trying to do in
5 the health care area for public housing, jobs and the
6 tracking, how jobs can work in public housing.
7 Public housing assessment, first time that we're
8 doing it on a wholesale basis from D.J.
9 Legislatively there are some ideas that are working
10 through this whole process. Secretary Cuomo has been
11 very aggressive on his public housing agenda.

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

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

1 five times larger than what we had to do in Newark.

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

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

25 I mean, certainly the debate happened

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

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

24 MS. SARD: I'm Barbara Sard, director of
25 housing policy at the Center on Budget and Policy

1 Priorities in Washington. I have a sort of set of
2 questions that have to do with the relationship
3 between public housing agencies and helping residents
4 work. When I was listening to the panel, I felt that
5 things were -- there was a disconnect, if I may say,
6 and I want to try to point it out and ask a set of
7 questions.

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

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

25 I think we are skipping around the

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

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

15 What I have seen, at least, of the
16 ratings, I can't figure out what a PHA would have to
17 do to do well on this score. I don't know that a PHA
18 could. If you can't figure out what you could do to
19 do well, query whether it promotes that activity.
20 There is no indication -- and this is somewhat moving
21 on to the next question, that the standard that's set
22 out is that PHAs will be rated on how they do with
23 money they get from HUD for this purpose.

24 Well, all money they get from HUD carries
25 with it an obligation to give tenants the first crack

1 at new jobs and new hiring. But it's not -- this is
2 what's called Section 3 obligation. It's not at all
3 clear that that measure includes how PHAs perform on
4 hiring of residents or training of residents or
5 whether it looks only at special money.

6 HUD, to my knowledge, has never assessed
7 how PHAs are doing on hiring and training with the
8 money that they get from HUD. So I don't want to
9 take up too much time here, but I think that the key
10 third element of this is the deconcentration policy.
11 To what extent is the deconcentration efforts by PHAs
12 going to be looked at solely as a question of who was
13 admitted versus what is done to help the people who
14 live there go to work? Which I think -- I would like
15 to suggest means maybe a great deal more than income
16 diversity, which is the mix between working and not
17 working in the development, but helping people both
18 go to work and increase their incomes in place. And
19 anyone can answer this.

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

22 MS. GIST-GILLIAM: What I recall is, we
23 have clearly said that we are looking to move
24 everybody who is working and is capable of working,
25 they're not sick, into work. The thing is, as PHAs,

1 we don't necessarily have that set of skills and we
2 are busily trying to get out of the business of all
3 these social programs that Chicago has been in the
4 business of running not very well for any number of
5 years.

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

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

21 And it has led to us who are trying to run
22 these developments day to day to try and pull
23 together our local agencies that are getting funding,
24 oftentimes funding through the state, to pull these
25 programs together. And of course, the programs have

1 varying roles, regulations, outcomes and tend to work
2 at cross-purposes. So that we are left with
3 trying -- and that's what we're doing in Chicago.
4 We're using the mayor's office and a mayoral staffer
5 whose role is to support service agencies, but now
6 we've got to deal with a number of city agencies,
7 ourselves, a number of state agencies to try and pull
8 something off.

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

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

24 And then when we started doing the
25 housing, they said, well, you're doing housing okay

1 but now you don't have programs for the people. But
2 the public housing budget cannot hire all the people
3 in public housing for jobs. I think the connection
4 there is I think a little bit of what Sharon said and
5 certainly a lot of what Barbara said, is that we need
6 to have the agencies that are experienced in these
7 areas really step up to the plate to work. I mean,
8 and if we begin to make public housing a part of the
9 general community, they in fact, almost by osmosis,
10 are going to be exposed to some of the benefits of
11 the local community.

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

22 UNIDENTIFIED SPEAKER: I wanted to ask a
23 somewhat different question, and let me preface it
24 very briefly. The 1999 American housing survey shows
25 that there are -- I forget the exact number. It's in

1 the paper I wrote for the voucher panel -- more than
2 10 million households with incomes below 30 percent
3 of median. The median amount that they can afford
4 for housing is \$160 a month. The only institutions
5 in this country other than homeless providers that
6 have the capacity and the function of providing
7 housing that's affordable for those families are
8 public housing agencies.

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

24 And I think that this is something that --
25 the biggest criticism that the housing advocates have

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

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

16 MR. SOLOMON: I guess since we're now
17 having a discussion with Congress as the
18 Appropriations have sessions whether or not we will
19 start the voucher program up again in any significant
20 way. And so I guess the questions for everyone are
21 whether the kind of things envisioned where, for
22 instance, there is a deep subsidy for about a quarter
23 of the units and no more and whether -- some grant
24 money to encourage this, we don't know how much yet,
25 whether those are the right directions.

1 Or sort of what else ought to be -- if
2 we've gotten to the step where we're even having this
3 discussion, which is a substantial step from the last
4 several years, now is the discussion taking the right
5 focus? I guess that's the next question. So I guess
6 to ask Cushing whether she thinks so. Do you think
7 so?

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

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

25 UNIDENTIFIED SPEAKER: I would like to ask

1 Cushing about a couple of different models for having
2 a production program that serves in part the
3 extremely low income. Do you think that the subsidy
4 that serves the extremely low income should be
5 self-contained within that program; that is to say,
6 should write the rents all the way down to rents they
7 should afford? Or do you think that component should
8 be available to those using vouchers? Those are two
9 rather different models for designing such a program.

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

15 MS. DOLBEARE: I really feel a little bit
16 embarrassed at having the panel ask me questions.
17 But I think that it's important, if we're talking
18 about development -- I'm going to sidestep this a
19 little bit. I think it's important to have a subsidy
20 for the very low income people attached to that
21 development. Now, whether that's done through a
22 voucher program that you can access or whether it's
23 done through a deep subsidy for the development
24 itself I think is -- kind of doesn't really matter.
25 I'm on the board of the Enterprise Foundation and I

1 see how many different funding sources they have to
2 use -- 5, 10, 15 different funding sources in order
3 to try to put the money together to get the housing
4 affordable to extremely low income people -- and
5 that's ridiculous.

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

18 UNIDENTIFIED SPEAKER: I think one of the
19 keys to this is what you said, Cushing, is to find
20 not just the public housing industry to do the
21 production but actually to piggyback the production
22 of public housing on other delivery systems, because
23 it's very labor-intensive now for the public housing
24 industry to do these developments. It's incredibly
25 labor-intensive.

1 MS. DOLBEARE: That is assuming that that
2 is part of the model we're talking about.

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

13 MR. LUCAS: I think what we're hearing is
14 that it's money, money, money, money. If we can get
15 the money right, we can get down to where we can
16 perhaps build the housing. I think what Cushing is
17 saying, why can't we get it done in a simple way? I
18 mean, why do we have to have 15 different steps? Why
19 do we have to have tax credits and this and that and
20 this and that and this and that to build one unit
21 when all the money is coming out of the same pot?
22 See, the federal government is putting up the money
23 and it's coming out of the same pot so why don't we
24 have like a pile of money that helps do what we know
25 that we need to do?

1 And that's part of this discussion that we
2 need to continue to have because the tax credit
3 dollars come out of the Treasury, because there is
4 money that's not put into the Treasury. The subsidy
5 money comes out of the Treasury through HUD. The
6 other monies come out of investments in other things
7 that ultimately comes back to the taxes that we pay
8 the federal government. So why can't we begin to
9 understand that there is a cost for low-income
10 housing and very low-income housing? How do we make
11 that thing simpler?

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

21 MR. LUCAS: Okay. Rod?

22 MR. SOLOMON: Well, the sort of technical
23 bureaucratic answer now is that up to 30 housing
24 authorities are authorized under current law to do
25 it. What Moving to Work really does is it says,

1 except for a couple of very basic things, other laws
2 can be wagged or there can be variations, and that
3 has been needed in a number of situations and
4 certainly was helpful in Chicago. So maybe it could
5 be needed in some other situations and used.

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

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

23 MR. LUCAS: Okay. We have time for one
24 more question. We will be well past our time. Yes,
25 sir.

1 UNIDENTIFIED SPEAKER: What are the plans
2 for calculating cost-effectiveness of Hope VI in
3 delivering housing?

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

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

25 UNIDENTIFIED SPEAKER: I was talking more

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

6 MS. BACON: The hard costs.

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

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

25 We don't want to go back to the old mode

1 of the way that public housing was developed
2 originally because it's not sustainable, it doesn't
3 blend with the community, et cetera. So we've been
4 working very hard not only on controlling the hard
5 costs but also the soft costs, the legal costs, the
6 time is money, obviously, so doing model documents
7 and those kinds of things so we can give you
8 information on that as well. Thank you.

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

25 But anyway, we can't get too tired to

1 really address these issues, though, because we're
2 really talking about people's lives and that's what
3 it's all about. We can talk about building a box and
4 building a house and a unit and two plugs on this
5 wall but it's not the construction that's important.
6 It's the people who live in the construction that we
7 do and it's the services that we must provide so that
8 they can better themselves and make a better life for
9 their family and their children.

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

19 (Applause.)

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