

# **THE CHANGING ROLE OF PUBLIC HOUSING AUTHORITIES IN THE AFFORDABLE HOUSING DELIVERY SYSTEM**

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Westpark (Bremerton, WA)



New Holly (Seattle, WA, 2007)



Hunters View (San Francisco, 2013)



Bellingham, WA (2007)

# WHY CARE?

1. PHAs as delivering housing and services beyond HUD subsidies
  2. The health of these agencies and their ability to manage both subsidized units and vouchers have major influence on the preservation and good functioning of both.
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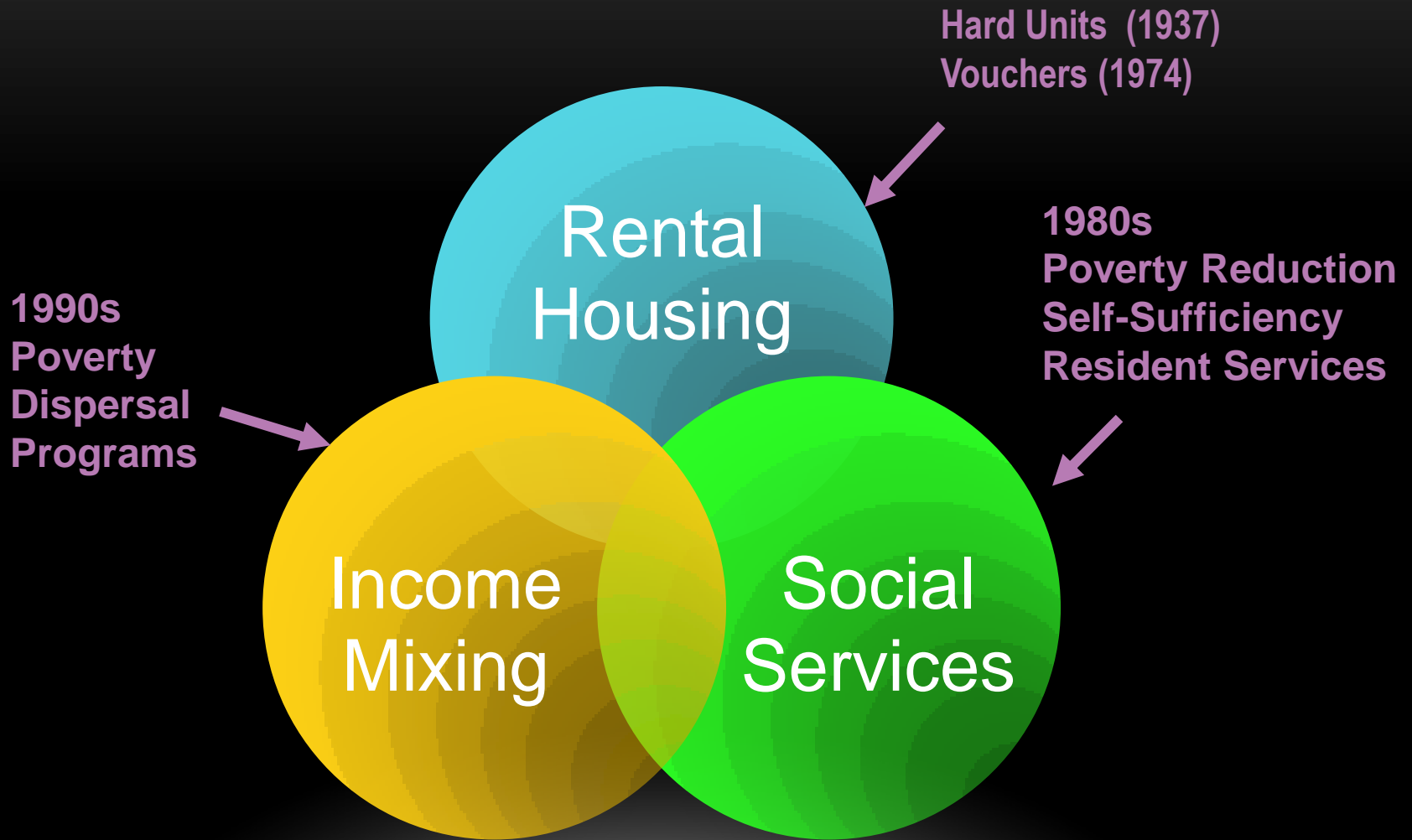
# WHAT IS A PUBLIC HOUSING AUTHORITY?

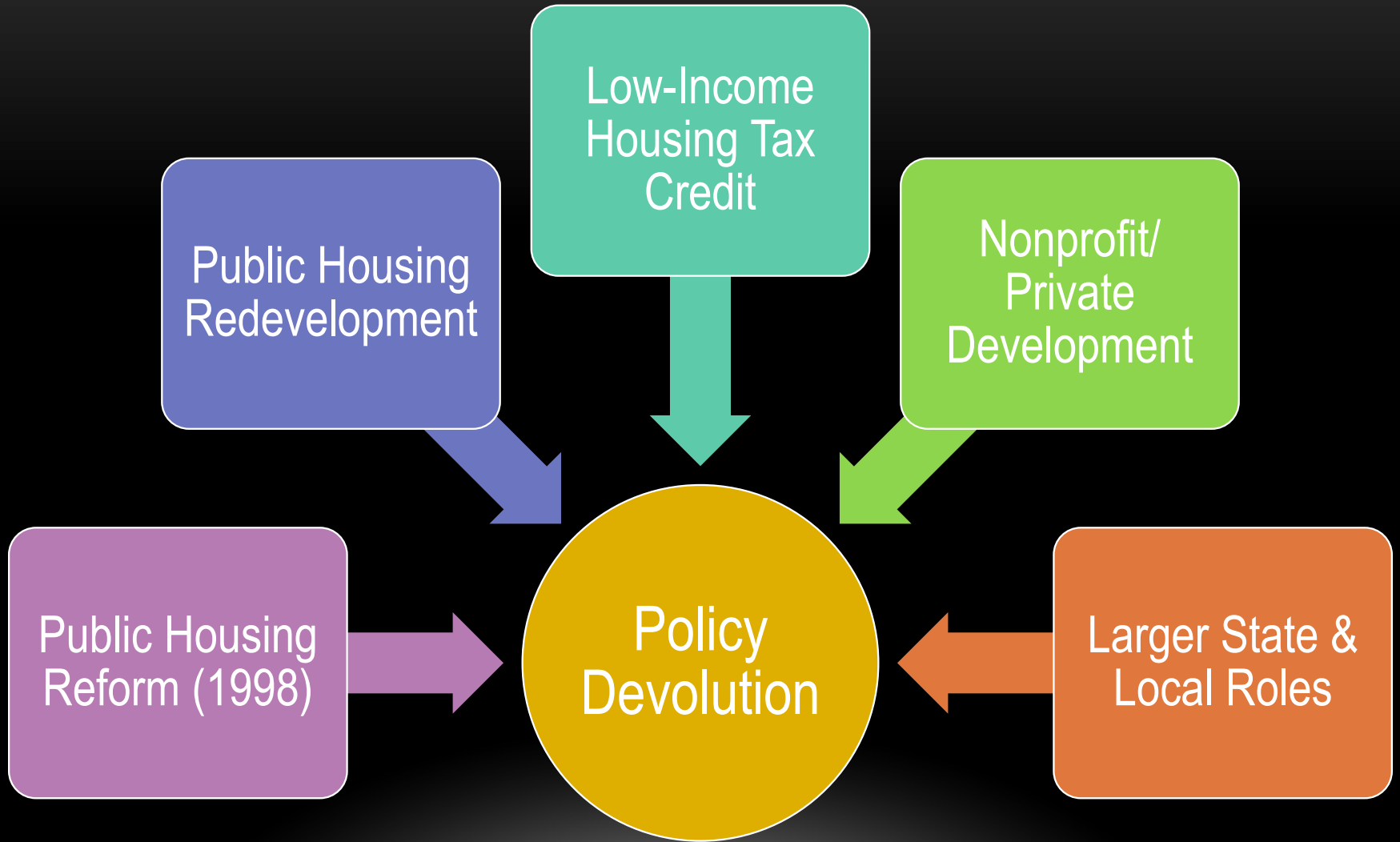
- Non-profit and quasi-public housing manages and developer
- State-enabling legislation
- Partially federally regulated
- Locally controlled



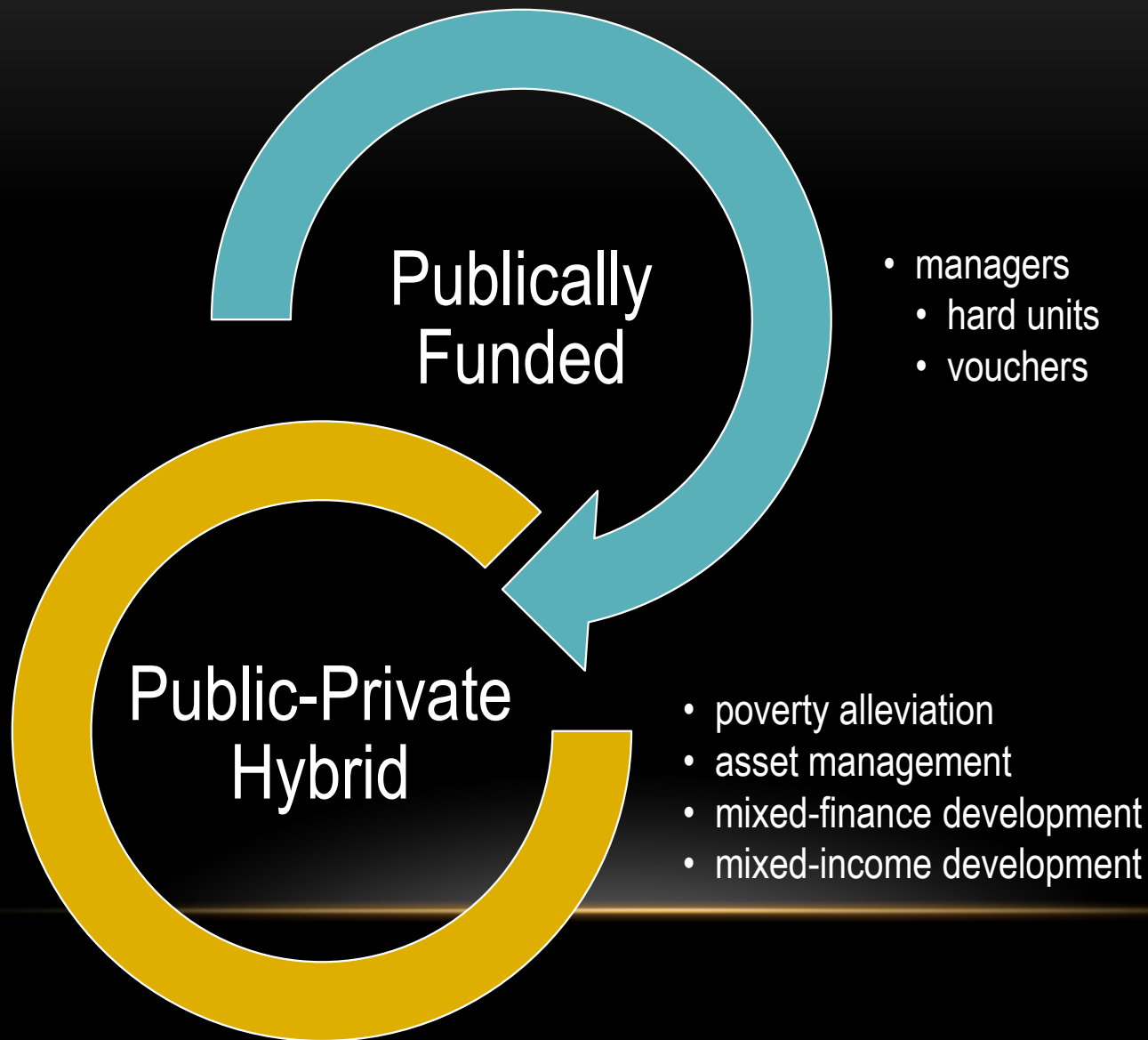


# CHANGING U.S. AFFORDABLE HOUSING POLICY





# PHAS AND DEVOLUTION



# UNSTABLE POLICY CONTEXT OF 2000S

- Funding unstable or static
  - Capital backlog
  - Most developments are small
  - Local
    - Charters
    - Commissions
    - Markets
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# METHODS



- 13 largest PHAs in WA & OR (of 61)
  - 14,000+ public housing—77%
  - ~46,000 vouchers—59%
  - ~18,000+ non-HUD affordable units
- Content analysis of public documents and websites
- In person & telephone interviews with 20 or so executive directors and senior staff (Oct 06-Feb 07)

**Sampling Distribution by PHA Size (2006)**  
Public Housing Authorities

PHA Unit Count	Sample	OR/WA (N)	US (N)
1-999	-	37	3510
1,000-2,999	38%	16	417
3,000-4,999	80%	5	74
5,000-9,999	100%	1	65
10,000-29,999	100%	2	37
30,000+	-	-	5
<b>Percent of Total</b>	21%		
<b>N</b>	13	61	4,108

Source: Picture of Subsidized Housing in the United States 2006.  
Total number of PHAs in the US excludes PHAs with no units and combines sampled PHAs that manage the units of a smaller PHA.

# FIVE PATHS

	Private Means	Public Mission
1. Agency Survival	Non-HUD Stock Essential	
2. Affordable Housing Developers	Workforce Housing	
3. Diversify	Yes	Yes
4. Embracing Poverty Alleviation		Ungrudgingly changing mission of agency
5. Integrating with Other Public Entities	More possible	Expanding powers and resources for flexibility

# PUBLIC PURPOSE BUT PRIVATE MEANS

Our asset management model is based on [the principle] that private managers have to turn a profit.... [That's] not the same motive as a nonprofit or government agency... [N]onprofits and government make more investments.”

## PUBLIC MISSION?

The question is how do we go to site-based management and remain focused on the core mission to serve the neediest population....Some other agencies have responded to the demands from HUD by changing their focus towards workforce housing. We are going to do more of that, but it is not our core mission. One of the consequences of the federal decline in funding has been a push by HUD to get out of public housing. This has been met by two responses. The first is filling up public housing with a higher income population. The second is to simply sell off the public housing.



# DEVELOPER?

~19,000 units

Low-market units by 9 of 13 did housing development throughout the 1980s

A variety of sources: HOME, LIHTC, housing bonds (some self-issued), local housing resources (state housing trust fund, local housing levy), and, occasionally, capital available in the equity of the buildings they own.

4 also using mixed-finance

# DEVELOPER WITH SOCIAL MISSION

A public housing authority is...

“[1]a real estate developer with a strong social mission that is heavily regulated. So much of what we do is real estate....we own that real estate for a reason—a public purpose, a mission—but we need to break even—and then we operate in this heavily regulated environment....[2] Some housing authorities have reversed that paradigm: first a heavily regulated organization that serves low-income people and so has to go into real estate. If that’s the case then you’ll operate like a HUD franchise.”

- Buying dilapidated units, fixing them up, and selling them.

# DIVERSIFICATION FOR SURVIVAL AND MISSION

“We're not leaving our mission of serving extremely low-income people. But one way to hold onto that mission is to make a few pennies off workforce housing. So we are connecting the both private and public sector partners to build workforce housing. ”

The executive director observed, “I believe housing is opportunity based. And we have to be positioned to take advantage of the opportunities that are out there—take advantage of state funds, federal funds, whatever funds are out there—that’s what we do.”

In 1994, the board, “discovered agency had big heart but it was broke...The board worked through that they needed something different....They needed more of a focus on operations and financial viability—keeping the institution solvent so keep doing good work. Over the years we’ve been able to balance things—make operational changes, but grow units to spread costs.”

Spin-off enterprises

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# POVERTY ALLEVIATION

“We don’t deliver social services, but we partner with other organizations who do. We do not want to set up a social service department....I’ve seen too many agencies get pulled under by it. There isn’t any funding for social services.”

Upon arriving in his agency in the mid-1990s, one executive director asked senior staff whether their allegiance was to buildings, the residents, or the communities. The senior staff said their allegiance was to buildings. “But that's not we're about. We're about people, about communities.”

Expanding self-sufficiency programs of the 1980s and 1990s.

# INTEGRATION AND OTHER POWERS

- County council IS the commission
- IS a designated Community Revitalization Agency
- Integrated with county departments expands abilities:

We thought we had do things differently [from traditional PHAs]—this was not the way it was going to be in the future....So, we decided to take a very long term strategy...what we went to do is play Robin Hood Economics [sic]...What we would do is use our bond financing ability, leverage tax credits, and use all those tricks to create affordable housing that would be part of our inventory and that we would have control of....At first, the rent was for the working poor, but over time we stratified that...now our rents are \$200 below market, and over time we've created a supply of permanently affordable housing without government assistance...

# TARNISHED SILVER LINING

- PHA's can
  - own and develop (quite a lot) of stock outside the HUD subsidies (and have for over 20 years!)
  - Take a variety of local roles
- BUT, because of funding sources, mostly growing “work force” sector, not those in most need

“If a housing authority depends on section 8 and public housing to survive, they are not going to... What's sad is it that the poorest the poor are getting left out.... it isn't penciling out at 30 to 40% of AMI. We're helping the rich poor. We are acquiring for lots of units but not at deep subsidy levels....No one is talking about it because no one has a solution to it. It takes a lot of capital to bring the rents down... housing authorities can tap into capital, but it isn't the massive amounts of capital required [to provide deep subsidies].”

# WHY THIS DIVERSITY OF RESPONSES?

H1: Uneven timing of responses materialized unevenly among PHAs in different parts of the country due to differences in state charters, local market pressures, or the choices of PHAs' boards, executive directors, and key staff.

H2: The dependence of a PHA on HUD programs, its state charter, and its degree of integration with local government all contribute to its level of activity in using private means to develop housing.

# FIVE DOMINANT PATHS

	Path 1	Path 2	Path 3	Path 4	Path 5
PHA #	Agency Survival	Development of "Workforce"	Diversify	Poverty Alleviation Mission	Other Government Powers
1	X	X			X
2	X	X	X	X	
3	X	X	X	X	
4	X		X	X	
5	X	X	X	X	
6	X	X		X	
7		X			
8		X	X		X
9		X	X		X
10		X	X	X	
11		X		X	
12		X	X	X	
13			X		X