

Program Origins and Defining Principles

PART

I



A New Moment for People and Cities

In the winter of 1993, early in my tenure as secretary of the Department of Housing and Urban Development (HUD) in the Clinton administration, I took a road trip to Baltimore that profoundly affected my aspirations for public housing and urban neighborhoods. I took the trip at the request of James Rouse, a lifelong community builder whom I knew from serving on the board of the Enterprise Foundation, which he founded. Jim thought I should see Enterprise's efforts to revitalize Baltimore's Sandtown-Winchester neighborhood.

Energized by Enterprise's comprehensive approach—pairing housing development with employment, training, drug rehabilitation, and schools—I joined Mayor Kurt Schmoke for a walk through the surrounding neighborhoods. The massive structure of the high-rise Lexington Terrace public housing development a few blocks away towered over the landscape. I had recently read a *Washington Post* article on conditions there, and I asked the mayor if we could take a quick walk through the buildings.

As we neared the entrance, we were approached by police officers from the Baltimore Housing Authority who told us that we should not enter the building because it had not been swept and secured. If we did, they warned, we might find ourselves in the cross-fire of a drug deal gone wrong. We went in anyway but restricted our tour to the lower floors.

The officers' warning stunned me. We expected mothers and children to make their way through the building every day but could not safely allow the U.S. secretary of housing and the mayor of the city to enter? In subsequent years, I visited many cities as HUD secretary, making a point to spend the night in public housing when I could. I met with residents who told distressing tales of long-delayed repairs, of living with the constant sound of gunshots and other horrors. But it was this Baltimore visit that first drove home the urgent need to improve conditions for public housing residents.

The opportunity lay in front of me. As I was touring Baltimore that brisk mid-winter afternoon, back on my desk in Washington sat legislation awaiting implementation. I returned to the office with a commitment to seeing

The Broadway-Overlook HOPE VI development (foreground) in Baltimore's Washington Hill neighborhood provides a bright new view of the city looking west toward downtown.

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On February 3, 1993, Mayor Kurt L. Schmoke of Baltimore (left) and Barbara Bostick of the Sandtown-Winchester Project (second from right) take the author (center) on a neighborhood tour that ends at Lexington Terrace, where the terrible conditions underscore the need to improve the environment for public housing residents.

The Baltimore Sun staff photograph/Amy Davis



that the legislation—the HOPE VI program—would enable fundamental and massive change.

Saving a Critical National Resource

HOPE VI posited drastic change as a way to save public housing, which had reached rock bottom in the court of public opinion. Headline events such as the 1991 publication of Alex Kotlowitz's book *There Are No Children Here* and the 1992 shooting of seven-year-old Dantrell Davis in Chicago's Cabrini-Green neighborhood seemed to tell the nation that with respect to public housing in its most troubled neighborhoods, it had failed: the projects were unlivable.

Change was brewing well before HOPE VI. Jack Kemp, my predecessor at HUD, had spent much of his tenure focusing on the idea of selling entire public housing complexes to their residents. While the plan drew a good deal of attention and resulted in a well-publicized conveyance of buildings in St. Louis, the idea did not catch on as the broad national solution to the public housing crisis.

The severe state of deterioration and the crushing costs of maintenance were among the chief roadblocks to Secretary Kemp's approach. Indeed, in 1992, the National Commission on Severely Distressed Public Housing, appointed by Kemp and members of Congress, concluded that upgrading or replacing the worst of the nation's public housing stock would require massive federal investment. Noting the commission's recommendations, Congress in late 1992 passed the Urban Revitalization Demonstration (URD) as part of Kemp's HOPE (Homeownership and Opportunity for People Everywhere) series of programs, the first of which were enacted in 1990. URD, which came to be known as HOPE VI, authorized a major new allocation of capital funds for the removal and replacement of the most blighted public housing.

That was the state of affairs in November 1992 when President Clinton asked me to serve as secretary of HUD. I had my own ideas about the imperative to address homelessness, about the importance of serving as liaison to the nation's mayors, and about the urban development component of the job. But I had no particular detailed plan for public housing reform, only a general belief in the importance of public housing and a strong commitment to reducing the concentrated poverty that drained the promise from once-proud communities.

My belief in the importance of public housing was formed early. I grew up in Prospect Hill, a central city neighborhood in San Antonio that was adjacent to three public housing developments: Alazán-Apache, Mirasol, and San Juan Homes. My family appreciated the importance of those developments, which were built to replace housing conditions so dire that a Jesuit priest from nearby Our Lady of Guadalupe Church had personally implored President Franklin Roosevelt to act.

But over the years the homes built on President Roosevelt's commitment to New Deal public housing in San Antonio deteriorated. Few efforts were made to maintain the densely packed, two-story, red-block buildings or to provide amenities or open space. When I became mayor of San Antonio in 1981, I worked with the San Antonio Housing Authority in its efforts to modernize the public housing stock. My wife and I spent time visiting with public housing families, and we gained a sense of what public housing meant to struggling families.

Developing a Public Housing Agenda

As secretary designate of HUD, I began to develop an agenda for public housing with the aid and resources of many partners. I reviewed the report of the National Commission on Severely Distressed Public Housing, which

Below left: In 1935, President Franklin D. Roosevelt speaks at Grant Field, on the campus of the Georgia Institute of Technology, during his visit to Atlanta to dedicate Techwood Homes, the nation's first public housing project.

Below right: Conditions in the Mexican quarter in west San Antonio, Texas, in the 1930s so distressed a Jesuit priest that he implored Roosevelt to bring public housing to the city.



San Antonio's first public housing project, Alazán Courts, opened in 1940 on the near west side, shown here in 1942. The subsequent decline of this and other public housing complexes deprived cities of an important resource for struggling families.



had as a member Lila Cockrell, my predecessor as mayor of San Antonio. I toured public housing projects with housing authority directors, attempting to understand better precisely how key capital programs interacted, learning of the urgency of remedying operating budget shortfalls, and listening to residents.

In January 1993, during my first trip as HUD secretary, I met with residents at a public housing project in Atlanta. Discussions about replacement and renovation were already under way there, and residents and Atlanta officials alike expressed hope that public housing improvements could be linked to the momentum generated by the revitalization of the surrounding near-downtown neighborhoods, including the largest economic generator in the area, the Georgia Institute of Technology.

The following month came my tour in Baltimore. There and in subsequent visits to public housing in Chicago and other cities, it became clearer and clearer that public housing in the form it took in many big cities was an unacceptable way to house the nation's most needy residents. It seemed, if anything, that the analysis of the National Commission on Severely Distressed Public Housing had understated the severity of the problem.

The Early Implementers

A core group of HUD staff, members of Congress, public housing authority directors, and private sector leaders shaped early HOPE VI rules with an eye to going beyond the first-order objective of the legislation. We knew that it was not enough to eliminate the most distressed public housing buildings—we needed to dramatically reorient the workings of public housing as a system.

The team included Bruce Katz, the HUD chief of staff, who, as a staff aide to the Senate Banking Committee, had been present for the drafting of the

legislation, and Joe Shuldiner, assistant secretary of the Office of Public and Indian Housing at HUD, who had headed both the Los Angeles and New York City housing authorities.

We were fortunate to have the wisdom of important members of Congress, such as senators Donald Riegle of Michigan and Paul Sarbanes and Barbara Mikulski of Maryland, on the Democratic side, and senators Christopher Bond of Missouri and Alfonse D'Amato of New York, on the Republican side. Each had strong views about the way urban public housing could be improved in their states.

On the House side we consulted especially closely with representatives Louis Stokes of Cleveland, Henry B. Gonzalez of San Antonio, and Maxine Waters of Los Angeles, among the Democrats, and representatives Rick Lazio of Long Island and Jerry Lewis of Southern California, among the Republicans.

From the private sector we had the advice of people such as Richard Baron, of the private firm that is now McCormack Baron Salazar. In late 1993, he wrote a memorandum outlining how HOPE VI could be reshaped to attract meaningful private investment to public housing neighborhoods in the cities. And we had the advice of executives who were leading authorities on public housing at the time, prominent among them Richard Gentry from Richmond, Virginia, Sally Hernandez-Pinero from New York City, and Reneé Glover from Atlanta.

These leaders underscored the imperative that we had to do more than just replace the most distressed units. Simple replacement of units on the same sites, framed by the same concepts, and governed by the same regulations would certainly result in the same failures.

In our first iteration, we began requiring grant winners to pay attention to the economic and social needs of the residents as well as the physical condition of the housing. Further reforms were prompted by troubles with some of the early grants, which were made to the most distressed sites, which in some cases were managed by troubled public housing authorities with little experience in social service delivery or real estate development. Authorities were instructed to evaluate the welfare of displaced residents and to devise creative ways to enlist broader public and private sector investment in the new effort to change whole neighborhoods.

As HOPE VI matured, we designed new regulations, new operational practices, and new financial incentives to allow housing authorities across the nation to make changes on the scale necessary. We could drive their responses to the issues that cried for action: deterioration of the older stock, flawed physical designs that were overly dense, patchwork rules that were formulas for failure, lax administration, and the impossible dilemmas confronting residents who had to choose between work and housing assistance when their incomes increased just enough to make them ineligible for public housing but not enough to be truly self-sufficient.

HOPE VI Drives Broader Policy Change

HOPE VI was more than a housing or urban redevelopment program. It forced a dialogue on basic concepts concerning housing, redevelopment of cities, and generation of opportunities. Over time, as the program evolved and the ideas of many people were incorporated, the resulting debates and dilemmas forced working solutions, which became principles.

Among the working principles that emerged in the early years was the recognition that the physical design and density of the communities, in conjunction with rules that virtually expelled working families, were a significant part of the problem. As just one example, single mothers with children complained of being harassed by gang members as they carried groceries through unlit hallways that were hidden from view.

That recognition coincided with the emergence of an influential community-building movement called New Urbanism. A number of national architects were making serious progress in their advocacy of urban designs that featured “walkability” and encouraged social interaction by linking structures and streetscapes. They were espousing an architectural theory that understood “human scale” and incorporated shared amenities in practical ways. Our HOPE VI team invited New Urbanism leaders Peter Calthorpe, Andrés Duany, Ray Gindroz, Elizabeth Plater-Zyberk, and Dan Solomon to advise us on how we could apply community-building principles to the renovation of public housing. What emerged was an adaptation of New Urbanism through such practical concepts as “defensible space.”

The HOPE VI strategy of constructing smaller-scale replacement buildings helped force the repeal of the “one-for-one” replacement rule, which required every public housing unit taken out of service to be replaced with a hard unit. Given the barriers to finding suitable sites for replacement units, that policy made meaningful redesign impossible because it required replacing high-rises and densely packed barracks-style buildings on essentially the same scale. Advocates for the homeless argued that no units should be sacrificed and that even the worst of the high-rise public housing was needed for the poorest of people on the streets. Advocates for redevelopment argued that significant numbers of the units in the worst buildings were already out of service: vacant, looted, and burned out.

The one-for-one rule was lifted by Congress in 1995, and HUD allowed the use of other forms of housing subsidies, such as Section 8 rental assistance vouchers, to house people who had previously lived in the worst units. It was my hope that residents who had lived in a development and wanted to return to the redeveloped site would be offered the first opportunity to do so. I personally insisted that without exception a housing authority had to be able to show that every resident who was in public housing before would be provided some form of housing, either a unit or a voucher.



Lexington Terrace in Baltimore (shown here prior to demolition) was not designed to encourage residents to engage with one another or the surrounding neighborhood.

In retrospect, given the lag in many cases between demolition and reconstruction as well as the unassisted use of Section 8 vouchers, my concerns were justified. While some cities, such as Chicago, eventually developed reliable organizations to help residents use Section 8 vouchers to find private market housing closer to jobs and educational opportunities, such “housing mobility” did not in effect exist in other cities. As was later discovered, some of the problems arose on the counseling end because of insufficient understanding of just how much effort was involved in helping people unfamiliar with the private market find housing. But at the time there was concern within HUD that people would not be able to use vouchers in part because suburban residents’ opposition to relocating central city residents in the suburbs was so intense. At the same time, complaints from central city officials and landlords that new voucher recipients were concentrating in city neighborhoods fueled a push by leading advocates and researchers to expand the voucher program beyond high-poverty, high-minority areas.

HUD therefore changed its Section 8 regulations to make it easier for residents to use the program and for landlords to rent to voucher holders. For example, we changed the “take one, take all” regulation, which required a landlord who accepted one Section 8 resident to accept anyone with a Section 8 voucher. By lifting that requirement, we enabled participation in Section 8 by landlords who wanted to balance the mix of incomes in their properties.

Another key working principle that emerged was the need to attract private investment to the HOPE VI sites to create mixed-income communities with a seamless public housing component. Following a legal ruling by HUD general counsel Nelson Diaz that enabled HOPE VI grants to be used in conjunction with low-income housing tax credits and other private capital, we pushed through regulatory changes that sent a strong signal that HOPE VI was not going to operate by traditional public housing rules. With the commitment of real estate professionals and substantial private dollars, HOPE VI communities would be designed well and include socially beneficial amenities, and through the application of modern real estate management practices, they could be well maintained.

Creating opportunities for leveraging public housing grants with private sector equity and ultimately with other forms of private sector capital was transformative. It forced recognition of the need to modernize the management operations of the public housing authorities. Although in many cases the housing authority was the largest real estate manager in a city, few had the organizational structure and trained personnel to execute real estate transactions of the complexity required under HOPE VI, and they were not regarded by the municipal leadership or by the private sector as respected real estate enterprises. To capitalize on the full potential of private investment and enlist

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the private sector in creative site planning and development, housing authorities needed to function in the bond and debt markets.

For HOPE VI to be a success, the authorities would have to retain the requisite talent, revamp their accounting systems, adopt less centralized operational models, and learn the techniques of site management. In turn, HUD needed to alter its public housing development processes to enable authorities' adoption of private sector practices and partners. To facilitate that on-the-ground transformation, HUD altered the way it did business. We assembled a mobile team from across the department to act as an incubator of change within public housing, staffed by some of the most creative civil servants, appointees, and consultants—David Sowell, Valerie Piper, George Latimer, Mindy Turbov, Paul Brophy, and others. It was their job to experiment and to expose the field—and HUD—to new ideas in design, planning, and finance. Thanks to the able leadership of Milan Ozdinec, who administered the HOPE VI program from the outset, HOPE VI became the “hot spot” where these new ideas came to fruition.

Solidifying the Core Program Principles

The contributions of creative and passionate staff continued when Andrew Cuomo succeeded me as secretary of HUD in 1997. Cuomo gave prominence to HOPE VI and encouraged the HUD team, working with its outside partners, to make the program's innovations a matter of course. Led by deputy assistant secretary Elinor Bacon, who had been working as a private real estate developer, HUD restructured HOPE VI administration to support the core program principles. Formerly separate HOPE VI and mixed-finance staff were merged into one working team to discourage straight public housing redevelopment and work projects through to completion. Leading real estate development consultants and practitioners were hired as “Expediter” on projects that were moving slowly. HUD standardized reporting requirements and began requiring housing authorities to evaluate their HOPE VI projects, generating a body of data enabling analysis of the program and communication with critical constituencies, from Congress to the public and the press.

The best minds in the public housing management, real estate development, architecture, legal, and finance sectors continued to apply their problem-solving skills to improving and expanding HOPE VI. Senators Mikulski and Bond and their staffs, as well as early partners from the private sector, remained engaged as informal advisors. Housing authority leaders and key executives with the Council of Large Public Housing Authorities, including Sunia Zaterman, CLPHA's executive director, and Gordon Cavanaugh, CLPHA's general counsel, helped HUD craft guidance that gave structure to the program while retaining flexibility at the local level. For example, cost

guidelines were rewritten to allow for the high-quality design and construction needed to create communities that would attract market-rate buyers.

During the final four years of the Clinton administration, resident participation and supportive services came into sharper focus. To ease some of the tensions that had arisen during early development efforts, HUD met with resident leaders and held sessions in different regions training residents on real estate development and the opportunities and challenges of public housing redevelopment. The Community and Supportive Services division was established under the leadership of Ron Ashford, and HOPE VI began to require HOPE VI housing authorities to prepare clear, outcome-oriented CSS plans. Experts with the Urban Institute and other organizations were enlisted to research and disseminate community-building practices that centered on developing resident leaders and linking residents to resources.

The New Dynamics of Urban Opportunity

The HOPE VI solutions guided a substantial transformation of public housing—of physical sites, of the organization of housing authorities, and of the national system of rules and regulations. But they did more than that. The solutions also affirmed concepts concerning workable urban revitalization plans and increased confidence among urban leaders that change could occur.

We saw contemporary applications of the ideas of legendary urban writer and activist Jane Jacobs about the power of street-level vitality in urban neighborhoods. We were forced to think through the harnessing of metropolitan-wide opportunities as part of a focused revitalization strategy. We realized that public housing operations had to transcend “command and control” bureaucratic models and use market dynamics unleashed by proven real estate management practices. As we witnessed efforts to create mixed-income communities, we ventured beyond abstract conversations about urban design and came to understand how architecture that features human-scale solutions could be the impetus for better communities, worlds removed from the bleak environment of post-World War II superblocks.

Each of those realizations, which in theory seem obvious, emerged in physical form from the conundrums addressed and hard choices made in the actual building of HOPE VI communities. In turn these realizations expanded the realm of the possible in the nation’s cities. Essentially, HOPE VI was a statement that public housing was important and that cities were important. That signature response to great needs by no means single-handedly saved cities, but it was one of the forces that effected a big change in outlook. HOPE VI not only helped spur new attitudes concerning the opportunities that ought to be available to public housing residents, it also reframed management concepts about how public authorities should operate. In measurable ways, HOPE VI sharpened the vision of what urban neighborhoods and cities could be. In



Community-building design principles shaped the HOPE VI redevelopment of Baltimore’s Lexington Terrace public housing project in the late 1990s.

many cities, substantial new investment has occurred immediately adjacent to HOPE VI redeveloped public housing. Sites that for decades had been off-limits to almost any kind of private investment suddenly have become magnets for new developments.

Today, city leaders are drawing confidence from and building on public-private investment as they nurture the growth industries of the New Economy—green building and renewable energy, higher education, health care, business and professional services, new media, international trade, biomedical research, telecommunications, and various other forms of technology. Public and private entities are investing in the anchor institutions that have chosen to stay and build up urban neighborhoods. Universities, medical centers, corporate headquarters, athletic facilities, convention centers, cultural and artistic venues, and church complexes are being tapped as the building blocks of employment growth, consumer spending, historic restoration, and newfound stability in urban neighborhoods.

Cities also are benefiting from a more entrepreneurial spirit of governance. Today mayors are the orchestrators of vast civic energies, drawn from the private and nonprofit sectors and applied to maximum effect. City administrators in many places have become non-ideological problem solvers, who, in a role akin to that of traffic cops, make sure that financial resources and the goodwill of community leaders flow to the most productive channels. They are joined in that effort by nonprofit community development corporations. These nonprofits, formed in the 1960s and 1970s to give voice to raging anger over conditions in many minority communities, today have created sophisticated financial teams to build housing, construct neighborhood business districts, and launch commercial centers.

The new demographics of cities reinforces the potential of mixed-income communities. One of the most important dynamics in cities is the growth of the minority middle class—generating higher incomes, a pool of educated and skilled labor, and civic leaders intent on improving neighborhood schools and public facilities. Another major force is the growth of immigrant groups from many parts of the world whose members have flocked to inner-city urban neighborhoods, demonstrating the role of cities as a launching pad for upward mobility in U.S. society. Add to that the positive effects of new flows of urban residents, including suburban empty-nesters, tired of fighting traffic and ready for the stimulation of city life, and the creative class of young professionals so essential to the pool of urban talent and to the success of entertainment businesses.

There is good evidence in city after city of the market for infill housing and downtown residential construction to augment private housing investment in neighborhoods around HOPE VI sites. All of these trends toward stronger urban markets are likely to accelerate as the price of gasoline continues

its long-term rise and makes it more expensive to commute to the only land available for traditional residential subdivisions—far in the urban hinterland, at distances that are increasingly prohibitive.

The new dynamics of urban opportunity reinforce the imperative to replace the most distressed public housing. But they also highlight the need to preserve homes for the most needy families in the nation's improving cities. Particularly in earlier years, when redevelopment took longer, HOPE VI was criticized for forcing people to move from their communities. Although even residents living in horrible conditions had mixed feelings about leaving neighborhoods where they had developed bonds of friendship and mutual support, it was our judgment that conditions in the most distressed public housing developments were so bad that replacement was the only reasonable course.

But it is imperative—indeed it is a moral obligation—that we provide housing for struggling families. Unfortunately, the new attractiveness of strategically located inner-city land has sparked calls from some real estate leaders to convert public housing sites to more commercial uses. As we go forward under HOPE VI and its successor programs, we must resist those calls and proceed from the core principle that when public housing residents are integrated into mixed-income communities, those communities can fulfill multiple roles that are crucial to the urban workforce, to the housing mission of cities, and to the metropolitan economy. Well-planned mixed-income communities can become the focal point for the essential social progress of our cities and our nation.

Public housing is an integral part of the housing policies under which families are provided safe and decent homes from which they can chart their path to personal advancement. HOPE VI has shown us that the public housing mission can be carried out with respect for the residents, with appreciation for the dynamic potential of our cities, and with confidence that wise public investments can support the values of our society.



City West, the HOPE VI redevelopment of Cincinnati's West End, is restoring economic vitality to a near-downtown neighborhood that is critical to the city's prosperity.

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