

A Home of



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Over the past 50 years, publicly financed housing has been afflicted by its own variation on the law of unintended consequences. Housing-construction programs, proposed in part to provide jobs for skilled tradesmen idled by the Great Depression, were intended to provide decent homes away from the crime-filled slums for working-class city dwellers. But as the working class, armed with FHA and VA loans, began to leave the cities for the suburbs after World War II, the political and economic basis for public housing changed. The focus shifted to helping the urban poor, themselves seen as people in temporary need of public assistance while they worked their way out of their economic and cultural disadvantages. By the beginning of the 1980s, however, public-housing programs had long since swelled into expensive travesties; in the public perception, the nation's low-income housing projects were the locus of an unending and unwelcome obligation to provide not for the temporarily disadvantaged but for an inexplicably permanent indigent class. Residence in public housing seemed not to lead the way out of, but to guarantee, continued unemployment and poverty. The Reagan administration, as inheritor of the widespread revulsion with the problem, took office vowing a change for the better, but succeeded only in clamping the lid on the cauldron by cutting off funding for new construction of public-housing units.

In Houston, however, where the economy was reeling through its worst slump in generations, the Reagan doctrine had a paradoxical effect: it ended the city's gridlock in public-housing matters by stimulating the creation of an innovative (for Houston) program.

The Housing Authority of the City of Houston (HACH), which oversees the bulk of public-housing activity in the city, is a quasi-governmental corporate entity created by federal and state laws that date back to 1937. HACH is overseen by a five-member board appointed by the mayor of Houston. The agency's money comes principally from federal Department of Housing and Urban Development (HUD) funds and from federal Community Development Block Grants funneled through the City of Houston's Planning Department; bond sales and rental revenues make up the rest.

Most of HACH's budget is spent operating the agency's 15 large-scale conventional housing developments,

which contain 4,075 apartments. But a portion of the remainder is now being dedicated to scattered-sites housing, a program under which the agency buys houses from HUD (which got them from homeowners who defaulted on government-backed loans during the economic downturn of the mid-1980s), makes necessary repairs, and rents them to low-income families at a rate equal to 30 percent of the family's income. All the houses purchased for the program by HACH have three or four bedrooms and stand on conventional lots in subdivisions that are exceptional only in that they were particularly hard hit by bad times. Under a quirky requirement of the 1937 law that created HACH, all of these houses lie within five miles of the Houston city limits but not in any other community. Since 1986, when the program began, HACH has purchased 316 houses, at a cost of \$13.9 million. At latest count, 208 were occupied by eligible residents, and the rest are being prepared for occupancy.

It was 1986, the year the scattered-sites program started, that marked a turning point for HACH. The agency had come under intense criticism for substandard conditions at its conventional housing projects, and for the high cost and low quality of the work performed by some of its contractors. The controversy over the fate of Allen Parkway Village, extensively debated in these pages (see *Cite*, Winter 1984), was in full swing. In addition, there was considerable pressure to build new housing projects. But residents of the Westbury area in southwest Houston had won a court order barring construction there of a HACH project in the works since 1982, and, with further legal challenges threatened, the agency's construction funding was rescinded by federal authorities.

"I could see that a lot of the blame for the whole situation was ours," said HACH executive director Earl Phillips during a recent interview in the agency's offices on San Felipe. "Some people thought that the opposition to these projects was racial, but I thought it was really because we hadn't done the necessary preparation work with the communities that were involved."

Phillips says he met with the HUD director for the Houston area to discuss funding, and they jointly arrived at the idea of converting some of the city's growing numbers of abandoned dwellings to public housing.

"It looked like a 'win-win' situation," says Phillips. "HUD could get the properties off their hands. We could get them for very low prices, since we were buying them in large parcels. While they

were vacant, they were dragging down property values and stood open to vandalism and deterioration, so it was good for the neighborhoods to get them occupied." The scattered-sites program became the focus of HACH's expansion efforts. HACH began by buying 80 houses in neighborhoods around the edges of the city.

Meeting the Neighbors

Few residents in these neighborhoods saw themselves winning in Phillips's equation, however – at least at first. Opposition was strongly expressed at a series of public meetings that saw HACH officials grilled and threatened with legal action by residents.

"It's natural that people came with negative feelings that had to be turned into positives by experience," says HACH spokesman Marco Milazzo. "They imagined a lot of low-class trashy people moving in, destroying property values. We had to show them that we had mechanisms in place in the program that would address those concerns."

The HACH scattered-sites housing program has proven, with some exceptions, to be a success over the past two years largely because of those "mechanisms" – rules and conditions that help match scattered-sites program residents with their new neighborhoods. Much of the credit for coming up with these mechanisms goes to Leiv S. Platou. As president of the Westbury Civic Club, Platou was one of the people who fought HACH to a standstill in the early eighties. Platou is now a strong supporter of HACH's scattered-sites program and serves on its site-selection committee. He says that the scattered-sites projects in his neighborhood (two houses in a several-hundred-house area) have worked out well.

"The main thing that people say when they're against HACH purchasing a house in their neighborhood is that it will drive down property values," says Platou. "That's certainly true of a large-scale project next to a residential area. But the way I see it, the houses in the scattered-sites program had already been devalued when the owners walked away from them, and it was better to have them owned by an agency with some rules and some responsibility than to have them vacant or owned by an absentee landlord who would let them fall apart." At Platou's urging, the agency took steps that showed it was listening to the civic clubs and associations that stand guard in Houston against the entropic forces of real estate in a sinking market. HACH began notifying the groups when a house was being purchased for the scattered-sites program. The agency promised to be

responsible for major repairs and to abide by all deed restrictions governing property maintenance and architectural standards, and it began paying mandatory and supplemental dues assessed by each civic association. HACH also restricted to no more than 20 the number of houses purchased in any given 13.5-square-mile Key Map area, so as not to overload a given neighborhood. "They got their act together with the civic associations," says Platou.

In addition, the agency set up eligibility rules for prospective scattered-sites residents. The program was restricted to families with between three and nine members, at least one of whom had to be employed full-time. The family's yearly income (after adjustment for child care and other expenses) had to be between \$13,500 and \$30,000. Families had to pass a check of their credit histories. At least one member of each household had to successfully complete an 18-hour "pre-occupancy training course," covering housekeeping standards, lawn care, and minor home repairs. Residents had to agree to be monitored in their upkeep by both neighborhood groups and HACH inspectors. And they had to agree not to own any pets, except fish or caged birds.

"Lawn care is a big concern," says Marco Milazzo. "People are most often willing to give the clients a chance to fit in with the neighborhood as long as they keep the property up and make sure the yard is in keeping with the rest of the block. This is a new responsibility for some of the residents, however. If residents don't stick with the rules, we try and help them comply. If they can't, they are subject to eviction. I think that these regulations give someone living next to a scattered-sites house a lot more protection than is provided by the normal marketplace for rental housing."

Some neighborhood groups say that the HACH mechanisms have not worked, however. John Pellicciotti, former president of the Oak Forest Civic Association in northwest Houston, charges that HACH "lied from the start about the program," violating early promises to notify neighborhood groups in advance of any purchase, misrepresenting the actual cost of the program to taxpayers, and failing to live up to its promises on maintenance. "The two houses in our neighborhood stood empty for almost a year after the housing authority bought them," says Pellicciotti. "We had to call the health department because the grass wasn't cut and there were rats in the yard."

Pellicciotti says that proponents of the program accuse Oak Forest residents



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of racism. "That's their answer to every reasonable objection, and it's just absurd. Check the demographics of Oak Forest or go visit one of our schools, and you can see that. It's a fairness issue up and down," he says. Current Oak Forest Civic Association president Michael Lafferty says that complaints about maintenance at the projects have continued. "It's irresponsible what they [HACH] are doing," says Lafferty. "The people didn't keep the places up and there's been a lot of trouble out there."

The complaints of Pelliciotti and Lafferty are not the only ones. Residents of the Northglenn subdivision vehemently oppose the placement of 12 scattered-sites houses in their area. But at its worst, HACH's scattered-sites program has fewer problems than similar efforts in other cities. In Chicago, for example, the local housing authority board voted in late 1988 to take its scattered-sites program out of the hands of its own staff and turn it over to a separate nonprofit corporation. "We were taking occupied buildings, boarding them up, and making them unoccupiable," the board chairman said in a nationally televised press conference.

At its best, the HACH scattered-sites program blends in seamlessly with suburban Houston. "We are very anxious for this program to work," says Milazzo. "We want the residents to be first-class participants in their neighborhoods. The anonymity of the residents is important to us, so that they don't get singled out for problems, and the only way they can keep that anonymity is by succeeding." Regina B. Thomas, area coordinator for the program, boasts that in some cases "you can tell a scattered-sites house from the others on the block because it's the one in the best condition." Says Leiv Platou, perhaps more realistically, "You can't tell the houses in the program in my area from the others on the block. They blend right in."

Urban Homesteading

HACH is not the only agency turning single-family foreclosures into subsidized housing: there is also the urban-homesteading program of the City of Houston Planning and Development Department. Begun in 1986 at the urging of city councilman Rodney Ellis and based on analogous schemes in East Coast cities, urban homesteading has an even more innovative premise than HACH's scattered-sites housing.

In Houston, following the national model, federal funds (from Community Development Block Grants and HUD's Section 8 housing budgets) are used to purchase abandoned dwellings in conventional

tract-house suburbs. Eligible homesteaders who occupy and maintain a house for five years, pay rent on it, and otherwise meet the program requirements get clear title to the property.

As of January 1989, 149 houses in four neighborhoods (South Park, East End, Melbourne/Settegast, and Little York) have been successfully homesteaded. The median family income in those areas, where abandoned homes are numerous, is less than \$20,000, and the average sale price for houses is below \$32,000. Program coordinator Cele Quesada estimates that the city paid an average of \$20,000 for each house and spent an additional \$20,000 apiece on rehabilitation.

As in scattered-sites housing, prospective homesteaders must meet stiff criteria, according to Quesada. They must have an income of between 80 and 50 percent of the median income for the neighborhood in which they would be living. The applicants must demonstrate stable work and credit histories, as well as the ability to maintain the homesteaded property. Despite these restrictions, the number of applicants for the program vastly exceeds the number of houses available, so that the city has had to set up a two-stage lottery to handle applications. For the August 1988 lottery, for example, some 3,500 homesteading applications were filed. Of these 2,500 passed an eligibility check, and from that pool, 250 names were chosen in the semifinal drawing. After further screening, 50 homesteaders received houses.

The goals for urban homesteading are to help create new homeowners and to improve housing stock and revitalize neighborhoods. As with the HACH scattered-sites program, however, replacing traditional public housing doesn't quite fit the equation. Quesada says there is no intention to exclude residents of traditional public housing from the program, "but the income and employment requirements do have the effect of screening out almost all such applicants."

Perhaps because of strong demand and an unusual level of community support for public housing, the City of Houston Planning and Development Department has come under fire for the way it funds the urban-homesteading program. Barry Goodman, a planning consultant, recently estimated that only 10 percent of available community development funds go directly to housing — far less than the 55 percent allocated to housing in Pittsburgh or the 75 percent in Boston. Goodman recently chaired a task force appointed by Mayor Kathy Whitmire to

Can you find the scattered- site house in this picture ?

study the planning and development department after the departure of director Efraim García. The committee recommended sweeping changes, charging that the department scatters money that should be targeted and spends too much on administration, diluting any possible benefits to the point of inconsequentiality. In particular, the task force recommended setting aside 50 percent of available funds for low-income housing, and concentrating the money in specific neighborhoods. The city's current procedures (in which the city council approves all expenditures) politicize the process, the task force charged, arguing that a new nonprofit corporation, with clearly defined goals, should be created to administer housing programs.

Resolving Contradictions

The major success of the urban homesteading and scattered-sites programs has been in terms of the process they embody. Housing officials in other cities have been stymied by political and economic problems, but in Houston, particularly at HACH, the programs have been moving forward. "What the housing authority has managed to get done is significant," says Jeffrey Baloutine, a housing specialist at the Houston Committee for Private Sector Initiatives. "The 350 and more units they have put together in the program, that's on a par with the total of all the conventional housing projects that they were attempting to build in the early eighties.

During a time when it has been very difficult to get any new public housing built and when there is an excess inventory on the housing market, this is a meaningful accomplishment."

Beyond this bricks-and-mortar success, there is the fact that the scattered-sites program (and to a lesser extent the urban-homesteading program) also marks a philosophical watershed: now not only critics but proponents of public housing argue that, as Marco Milazzo says, "in terms of fitting today's realities, conventional public housing has been a disaster. By forcing all the poor to live in one place, it institutionalizes poverty and cuts poor people off from contact with the mainstream institutions they need to get out of poverty. Scattered-sites housing at least offers them an option, a way out of the public-housing ghetto and into the mainstream."

This is a theme that housing officials are eager to expound upon. Milazzo was quoted in the *Houston Post* last October, saying, "The ideal public housing isn't to provide a safety net that [residents] can rely upon — it's to provide them a ladder to climb." And HUD official William Robertson told the *New York Times* in April that the scattered-sites program participants are former housing-project residents who "have demonstrated some ambition, some pride in their housing, part-time jobs, something that says they're trying to better themselves."

Such descriptions are misleading, however. The HACH and urban-homesteading rules about income, employment, and background that help applicants fit into suburban Houston exclude all but a tiny number of the residents of conventional public housing — not to mention the estimated 60,000 homeless people in the Houston area. In effect, the scattered-sites and urban-homesteading programs mostly provide housing for people who are just like the residents of the suburbs in which the houses are located. Herein lies a paradox: HACH and planning department officials have constructed programs that match the intent of the original legislation creating public housing back in the 1930s. In doing so, however, they have done little to help the clientele for conventional public housing. Until this population can be appropriately accommodated as well, these programs will remain only a very qualified success. ■



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