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## WITH SENATE HELP, THERE COULD BE NEW HOPE FOR INNER CITY HOUSING

(Updating Backgroundunder No. 359, "Public Housing: From Tenants to Homeowners," June 12, 1984.)

The housing reauthorization bill passed by the House of Representatives June 12th is a major step toward a landmark change in the nation's housing policy. Amendments to the legislation, passed by a remarkable coalition of liberals and conservatives, could pump new life into America's depressed inner cities. The problem is that the House also adorned the bill with wasteful new spending and failed to eliminate many pet urban programs that benefit developers rather than cities. As a result, the bill is considerably over budget and thus risks a presidential veto. To avoid this and save the important new approach to housing in the bill, the Senate must take tough action to trim the legislation down to size.

The bipartisan amendments are a signal by the House that federal housing and development policy must take a bold new direction, learning from earlier successes and failures. An amendment sponsored by Steve Bartlett, the Texas Republican, for instance, would divert \$860 million in public housing funds from construction to the rehabilitation of existing units. Since many cities have public housing vacancy rates exceeding 15 percent, thanks to a dilapidated stock, the Bartlett amendment is a sensible step. And by improving the projects already built, it would help remove the pall of hopelessness that comes with boarded-up units.

Amendments co-sponsored by Jack Kemp, the New York Republican, and Walter Fauntroy, the District of Columbia Democrat, would empower public housing tenants to run their own projects, recognizing that self-help brings benefits to residents and taxpayers alike. The Kemp-Fauntroy amendments would encourage tenant management in projects and, in a dramatic move, give tenant groups the right to purchase public housing units at a discount. In addition, low-income Americans

would be given greater choice over where they can live by a change that would make Section 8 rent assistance "portable." And in a long-overdue step, the House gave overwhelming support to an amendment by Robert Garcia, the New York Democrat, to establish up to 100 enterprise zones, a program designed to spur economic activity in depressed neighborhoods by reducing red tape at all government levels. State versions of enterprise zone legislation already have been enacted by more than two dozen states.

Passage of these amendments reveals that lawmakers are learning from recent experience. The record shows that when poor, public housing residents are given the chance to run their own projects, the results can be impressive. In 1982, for instance, the Kenilworth-Parkside project in Washington, D.C., was transferred to resident control. A recent analysis by the international accounting firm of Coopers and Lybrand indicates that the tenants have cut operating costs significantly, boosted rent collections by 77 percent, reduced the vacancy rate by two-thirds, and halved the rate of welfare dependency thanks to jobs in the project created by the management team. These savings and new revenues, say the accountants, will add close to \$10 million to Washington's tax collections by the end of 1991.

But there is a catch under existing law. Because they are tenants, these savings provide no direct benefits to residents. The Kemp-Fauntroy amendments would change this by allowing resident-managers to use savings to fund housing improvements and self-help programs--rather than having to return the cash to housing bureaucrats. The homeownership amendment means ultimately that residents could turn savings into equity by becoming homeowners. Bartlett rightly describes these changes as "the dawn of a new day in federal housing policies."

Though the measure has won enthusiastic support of both conservative Republicans and inner city public housing residents, it still has a long way to go. Because of special interests determined to keep the federal gravy train running, there are many provisions in the bill that will push outlays well over the level set by the federal deficit reduction guidelines. This means that Ronald Reagan may be forced to veto the bill, throwing out the good with the bad--or else risk opening the spending floodgates. Only decisive action by the Senate can pare down the bill to an acceptable level of spending. It is thus essential that Senators take a sharp budget knife, while preserving the historic amendments passed by the House, so that the U.S. at last can have a housing policy which lives within budget and yet gives real hope of improvement to inner city Americans.

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