

The Reluctant Hand: Privatization of Public Housing in the U.S.  
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ABSTRACT

Unlike the situation in most industrialized countries, most affordable housing in the U.S. is provided by the private market through the “filtering” process where housing units move from higher to lower income occupants. The scale is quite different as well; in the U.S. only 1.3 million housing units of public housing are owned and operated by local housing authorities compared with the U.K. where about one-third of the national housing inventory is owned and operated by such authorities (Sternlieb and Hughes, 1991).

The public housing program in the U.S. was created by the 1937 Housing Act and was designed to provide jobs and house the working poor; rents were set too high to house the very poor. But times have changed; the liberal majorities of the New Deal, Fair Deal and Great Society have been eroded by a rising conservative tide and public housing’s demographics have changed. In large cities, the stock of public housing is often located in sub-optimal, racially-segregated neighborhoods and now provides shelter for very poor, mostly African American households with many problems and annual incomes of about \$6,000 or 15 percent of the area median income (AMI). There have been many warnings about the dangers of segregating housing and concentrating poverty, but these warnings have been largely ignored. Through the years, there also have been many efforts to improve, privatize or pulverize these troubled public housing projects the latest of which is now underway in the Home Ownership for People Everywhere (HOPE VI) program.

Until the advent of the Great Depression, most American political leaders believed that the private market, with some help from generous philanthropies, could solve the problems of housing the poor. During the era of Progressive Reform, reformers like Mary Kingsbury Simkhovitch, Benjamin Marsh and Lawrence Veiller fought for housing codes and other government regulations to reduce congestion and improve the physical condition of housing. Lawrence Veiller, author of the New York tenement housing legislation of 1901, maintained that housing for the poor would be improved if local government only enforced local building regulations (Scott, 1995). American reformers, unlike their European counterparts, rejected the idea that government should spend public money to build and manage housing for the poor (Lubove, 1962, 104). It soon became clear, however, that without government subsidies housing code enforcement simply raised the cost of housing beyond what the poor and working classes could pay.

Reformers like Mary Simkhovitch, a settlement house worker, and Catherine Bauer, a brilliant journalist/planner and an early hero of social reform, pushed for well-designed, mixed income government subsidized projects including resident-owned cooperatives. They were lonely voices in the wilderness until the economic collapse of the Great Depression when the number of organizations supporting subsidized housing

issue expanded widely. Key among the supporters of a public housing bill were liberals, social reformers and unions, anxious to remedy widespread unemployment in the building trades. The reformers were far from a solid block; Veiller, a great supporter of building codes and regulations as a means to end slums, was prepared to testify against subsidized public housing in 1936 (McDonnell, 1957). As the Public Housing Act of 1937 moved through the Congress, the coalition of proponents was outmaneuvered by the real estate industry. Representatives of the politically potent National Association of Real Estate Boards (NAREB) were unremittingly hostile to the idea of public housing. Their representatives warned Congress that the program would destroy the private housing industry, that it would destroy the self-reliance of tenants and that it was “socialistic”; a charge that has had remarkable enduring power. (Congressman Jesse Wolcott, a conservative Republican, charged in 1949 that public housing would “fashion the keys to open the door to socialism in America” (Davies, 1966, 79) and Bob Dole, Republican candidate for the presidency in 1996 told an audience that American public housing is “one of the last bastions of socialism in world”). Instead of providing housing for the poor by having public agencies build and manage such housing, NAREB suggested that the rents of poor tenants be subsidized for use in private apartments through a rent certificate scheme (Orlebeke, 2000, 502). Although NAREB’s objections were finally overcome, NAREB successfully managed to limit public housing occupancy to the poor and to give local government power over site selection. The first limitation ended any notions of privately-owned co-op apartments or income-mixed communities and the second laid the groundwork for innumerable neighborhood not-in-my-back-yard location conflicts. NAREB also successfully linked public housing to slum clearance by having Congress mandate that one slum house was to be torn down for every public housing unit built. The supply of low-income housing was to be improved but not expanded (Dreier, 2000, 333).

The Housing Act of 1937 produced about 270,000 public housing units by 1939 before the approach of WW II brought production to a virtual halt. Little housing of any kind was built during the war and a major housing shortage emerged after the war and during the birth of the baby-boomer generation. The pent-up demand for housing and worries about the return of pre-war unemployment fueled discussions of new post-war housing legislation which was introduced in 1945 and finally passed four years later as the Wagner-Ellender-Taft Housing Act of 1949. Powerful contenders on both sides failed to reach agreement during this four-year stalemate. On one side were most business leaders, the National Association of Manufacturers, NAREB and its research arm, the Urban Land Institute. Ranged against them were social welfare groups, most unions, most big-city mayors and the Executive Branch. Persistent opposition in the Senate was led by Joseph McCarthy who honed his reactionary skills on public housing before discovering the State Department. In the House, the debate was acrimonious to the point of fisticuffs between two aging democratic members (the contenders were respectively 83 v 69 years old) and featured a crucial roll-call where public housing squeaked through by just five votes (Gelfand, 1975, 151). Truman’s come-from-behind victory in the 1948 elections and renewed Democratic control of both Chambers in the 81<sup>st</sup> Congress provided the housing act with a slim, but working majority and the bill was finally passed by a vote of 227 to 204 (von Hoffman, 2000).

This Act promised “a decent home and a suitable living environment for every American family”. This lofty goal raised questions about the meaning of “decent” and seemed to de-emphasize the urgent need for better housing for poor Americans in favor of the general needs of all. As part of the 1949 Housing Act, Congress authorized the construction of 810,000 public housing units to be built over the next six years. However, the opponents of public housing saw to it that Congressional appropriations committees provided the funds for only 25,000 units. Ten years later, fewer than one-quarter of the authorized units had been built (Orlebeke, 2000, 493).

The 1949 Housing Act also included the urban renewal program as Title I of the legislation. Since urban renewal was part of a housing act, and since one of its stated purposes was the removal of slums and blight, it was easy to assume that affordable housing would be the chief focus of the program. However, nothing in Title I mandated the construction of low or moderate income housing. Indeed, the wording of the legislation permitted federal subsidies for projects that destroyed low rent residential slums and replaced them with high rent apartments and commercial structures. Private developers were quick to seize on this language. They also exploited changes in the 1954, 1959 and 1961 Housing Acts that allowed urban renewal projects to contain higher and higher percentages of commercial development and lower percentages of housing. Ultimately, the urban renewal program was rightly criticized from both the left and the right as destroying more low income housing than it built, uprooting minority populations and displacing the poor from their neighborhoods in order to provide for commercial and upper-income housing development (Gans, 1962, Anderson, 1964). Not surprisingly, the very groups who were most strongly opposed to public housing, were the most enthusiastic supporters of Title I. They included NAREB, the U.S. Saving and Loan League and the Mortgage Bankers Association. Ultimately, the political problems created by the widespread use of eminent domain and the wholesale demolitions and relocations under Title I forced the federal government to reconsider the program. First, the program was liberalized to allow for compensation to poor families that were displaced by renewal and finally Title I was terminated and folded into the Community Development Bloc Grant (CDBG) in 1974.

One program that succeeded in providing privately owned, low-income social housing in the U.S. was Section 202 of the Housing Act of 1959. It provided for direct federal loans for up to 50 years at a below-market-interest-rate of 3 percent or less to non-profit housing agencies for the production and management of multifamily rental housing for the elderly and/or the disabled. Housing built under Section 202 could not be privatized during the term of federal financing and regulation. The result was the creation of a group of private and non-profits organizations specializing in low-income social housing (Stone, 2004).

In the 1961 Housing Act Congress began to explore other avenues in which government could subsidize the private sector for a more robust participation in the low-income housing field. One of its most important contributions was Section 221 (d)(3) a rental program for moderate income families, a group that earned too much to be eligible for public housing but too little to afford decent housing in the unassisted private market.

Under Section 221 (d)(3) private developers or non-profit sponsors could be eligible for FHA insured three percent loans if they agreed to accept a limited profit and pass along their lower development costs to tenants in the form of lower rents. Production of new housing under 221 (d)(3) turned out to be limited because of a lack of interest on the part of qualified sponsors. As Morton Shusheim (1969, 1) put it, “production of housing for lower income families was a major aim of the (Kennedy and Johnson) Administrations (but) never reached a significant level”.

Another effort of the 1961 Housing Act to involve the private market in the production of low income housing was the Section 23 leased housing program. In many older cities with sharply falling populations, whole neighborhoods were being abandoned. Local housing authorities argued that federal law should make it possible for them to acquire, rehabilitate and re-use some of this housing for lower income families. Section 23 was the response: a modest program, but ultimately one with great impact. For the first time, this program allowed local public housing authorities to lease existing privately-owned housing for eligible low-income tenants. Section 23 was the forerunner for much more extensive privatization in the form of housing allowances or rental vouchers to emerge in subsequent housing acts; it was cheaper than conventional public housing and more easily accepted by the community.

In contrast to the disappointing results of the 1949 and 1961 Housing Acts, the 1968 Housing Act, passed in the waning day of The Great Society, produced high volume production results. The 1968 Act called for six million low and moderate income units to be built over the next decade. To accomplish this ambitious goal, the Act offered two new programs: Section 235 which provided home purchasers with mortgages subsidized by the Federal Housing Administration down to one percent, and Section 236 which gave apartment developers insured one percent mortgages enabling them to offer below market rents to low and moderate income families. Congress provided full funding to both programs and subsidized production soared to 197,000 starts in 1969 and 431,000 in 1970 (Orlebeke, 2000, 496). Ironically, the high production in Sections 235 and 236 came under attack from three quarters: first, it was argued that high production in these subsidized programs was overly oriented toward builders and feeding runaway inflation of national housing costs; second it was argued that high housing production, based on the assumption that our cities suffered from a desperate physical housing shortage was incorrect—otherwise why would many city neighborhoods be emptying out and perfectly sound housing being abandoned? The problem seemed to be less a shortage of housing than a shortage of income, and all this new housing might be contributing to abandonment. Third, the programs were attacked for their high-cost, shoddy workmanship, and frequent examples of corrupt administration. In the city of Detroit, for example, scandals involving the 235 and 236 programs revealed massive corrupt relationships between bankers, real estate dealers, appraisers and home repair companies.

As time went on, the conventional public housing program began to suffer from a gradual loss in constituency. During the Depression, when President Roosevelt could see “one-third of a nation ill-housed” most American families lived close to the poverty line, about one-third of the labor force was unemployed, and the public housing program

was seen by most Americans as desirable and necessary. After WWII, however, American family incomes rose, millions of white families left the cities in favor of the newly-built suburbs, and efforts by housing authorities around the country to integrate new projects into outlying neighborhoods encountered stiff and sometime violent resistance. By the 1960s public housing projects—particularly high-rise projects in big cities--- were providing housing for very low income, most African-American families and the projects projected an image of disaster and came to be seen as housing of the last resort. With their constituency falling away, public housing officials were also caught between rising costs of maintenance and falling rents. They began to cut their maintenance and security budgets. Then the well-meaning Booke Amendment to the 1968 Housing Act placed a ceiling on rents of 25 percent of the tenant's income. This further reduced the amount of money available for operating expenses since the original concept assumed that rents would go up parallel to inflation and costs of maintenance. Architects and sociologists who were formerly supporters of public housing began to criticize it. In the late 1960s and early 1970s, architects like Oscar Newman (1972) and sociologists like Lee Rainwater (1970) attacked various projects as inhuman centers of crime and violence. This view of on-going crisis and disaster was reinforced by books like There Are No Children Here (Kotlowitz, 1991). The despair that surrounded high-rise public housing projects was powerfully symbolized by the demolition in 1974 of architect Minoru Yamasaki's prize-winning Pruitt-Igoe project in St. Louis after attempts to rehabilitate it had failed. When President Richard Nixon placed a moratorium on all federally-funded housing programs in 1973, many felt his action was long overdue.

Yet, with all the well-publicized failures in large projects and in large cities, overall public housing continued to be a respected part of the housing inventory of many cities. The 40 percent of all public housing which was built for the elderly was overwhelmingly accepted without controversy and smaller public housing agencies in smaller cities reported few difficulties with their buildings. In addition, the public housing program produced millions of jobs. From 1937 to 1970 the public housing program produced 1.3 million units of low-income housing; most of this inventory is still standing and providing decent housing to very low income families. Indeed, the 1991 report by the National Commission on Severely Distressed Public Housing found that 94 percent of the nation's 13,741 projects were providing "decent, safe and sanitary housing at an affordable price" (Stockard, 1998, 241). Only three percent of all public housing agencies were designated as "troubled".

The Nixon Moratorium of 1973 was a watershed in the evolution of low-income housing policy. Up to that time, conventional public housing was mostly a supply-side program in which tangible, "hard" new units were built and maintained by local public housing authorities. The private housing market played only a small role in this program. But around the time of the 1973 Nixon moratorium events began moving toward a shift in policy involving much less reliance on conventional public housing and greater use of the nation's private housing stock through the use of Section 8 housing allowances or vouchers, now called "housing choice vouchers". Vouchers would subsidize rentals by making up the difference between a fixed percentage of a low-income household's income and the fair market rent of a private unit. Vouchers would never cover the full

rent of a housing unit and they would never become an entitlement but they offered a choice in perhaps better neighborhoods. The approach was similar to NAREB's rent certificate proposals in 1937.

A test of this proposed program was HUD's 1973 \$175 million Experimental Housing Allowance Program (EHAP) in a variety of actual operating conditions. The results of the tests in 12 sites embracing 30,000 households were mixed but generally positive. They suggested that the use of vouchers would not inflate the local market for rental units; that it lowered oppressive rent burdens for participants; and that served as a means of upgrading housing quality, although the upgrades were modest (Winnick, 1995, 107). Congress paid little attention to the EHAP findings, but enacted the Section 8 Housing Assistance Payments Program in 1975 and steadily expanded Section 8 in the Ford and Carter Administrations. The gradual adoption of vouchers since 1975 de-emphasizes the conventional production approach of new units built and maintained by a local housing authority and almost entirely replaces it with demand-side subsidies. Later, production subsidies were made available through tax credits in the Low Income Housing Tax Credit program (LIHTC) which has now become "the primary production vehicle for low income housing in the U.S." (Wallace, 1995, 793). In both the voucher and tax credit programs the private market plays the key role. The Nixon Moratorium and the rising conservative political tide also marked the beginning of the devolution of decision-making in low-income housing production to state and local governments.

The critical forces that pushed the government away from conventional public housing programs toward housing vouchers and tax credits include:

- the waning interest of former advocates in the face of suburban reality and anti-collectivist ideology;
- the horror tales of Cabrini Green and other big-city projects and the graphic destruction of the Pruitt-Igoe project;
- the recognition that the core housing problem in many cities has less to do with shortages and more to do with inadequate income and the need to reduce rent burden;
- the aspect of consumer choice within a given market area, the possibility of desegregation and broader neighborhood acceptance.
- finally, the rising conservative tide. Most conventional public housing advocates identify themselves as liberal or progressive and support Democratic politics; most supporters of vouchers are interested in privatization and support Republicans. The growth of conservative political power beginning with the 1968 election of Richard Nixon and reinforced by the election of Ronald Reagan, the Congressional coup by Newt Gingrich and the elections of Bush I and II make it likely that the trend toward privatization will continue.

Housing allowances may have carried the day for demand-side subsidy programs, but they are not without problems. For one thing, federal subsidies under Section 8 have been reduced over the past few years; the Reagan Administration required renters to pay 30 percent of their incomes toward rent rather than 25 percent, obviously increasing the rent burden. President George W. Bush is drawing on various HUD programs for his "deficit reduction" strategy. In his FY05 budget proposal to Congress on

February 2, 2004, Bush proposed \$11.8 billion for the Housing Choice Voucher program (Section 8) which is too little to fully fund all currently authorized vouchers let alone fund any new vouchers. Critics observe that the proposed budget cuts will leave between 113,000 and 137,000 previously authorized vouchers unfunded. Because of the great demand for vouchers and limited federal appropriations, only a small portion of the needy will be given a subsidy to compete on the open market for a supply of decent vacancies within the rent limit. Landlord resistance in desirable neighborhoods is another problem. NAREB's persistent interest in housing vouchers in 1937 and again in 1949 may reflect the wish of their members to direct a stream of federal subsidies to their least desirable buildings while declining to accept vouchers in their more attractive properties. Racial discrimination may be an added barrier to achieving a reasonable metropolitan distribution of vouchers. Because of the discriminatory workings of the private housing market, reliance on vouchers means that nonwhites will have to deal directly with discrimination as they attempt to use their Section 8 subsidies. HUD rent ceilings as well as discrimination also prevent many minorities from relocating to the suburbs thus concentrating most Section 8 vouchers for use in the central cities. Finally, in this list of problems, is the fact that vouchers never pay all the rent, nor are they an entitlement.

Despite these many real problems, Section 8 tenant-based rental assistance vouchers continue to be very popular. According to HUD report celebrating the 30<sup>th</sup> anniversary of the creation of housing allowance, vouchers serve 1.4 million families with success rates that are "almost equally high no matter the racial or ethnic group, the age or disability status, or the primary source of income" (HUD, March 2000).

Vouchers are highly flexible are in demand both as invaluable tools of racial dispersion as exemplified by the Gautreaux program and as tools for neighborhood stabilization as used by community development corporations (CDCs) and other neighborhood advocates.

The Gautreaux program was mandated by a 1976 Supreme Court consent decree which ordered HUD to make available some 5,000 Section 8 vouchers (since increased) in order to relocate mostly African-American tenants in Chicago public housing and waiting lists to white-majority areas within the city or suburbs. Chicago's Metropolitan Leadership Council, a respected open-housing organization was to direct the program with all costs paid by HUD.

By most measures the program has been rated a success. The program administrator scattered about half the participants in white, middle class suburbs and the other half in good, integrated neighborhoods within the central city. The two sets of low-income participants were then compared regarding changes in such indicators as employment, income and education.

In almost all respects, the suburban group scored higher than the group assigned to central city neighborhoods. For the suburban group, employment was higher, school and college attendance and educational scores were higher, and dropout rates were lower (Rosenbaum, 1995).

True, the size of the Gautreaux program was small especially compared with the extensive need and the role of the Metropolitan Leadership Council might have been key to the successful results, but HUD was encouraged by the experiment and determined to expand the effort to a much larger program called Moving to Opportunity (MTO).

MTO, however, quickly ran into difficulties. In 1994, residents of Baltimore County Maryland objected to HUD's plan to move 285 inner-city residents into their neighborhoods under the MTO program. When the request for funding MTO came before Maryland Senator Barbara A. Mikulski's committee, the committee declined to earmark the funds necessary to implement the program.

If Section 8 vouchers offer low-income families (however fraught with difficulties) a way out of the central city, they also offer a way for CDCs to redevelop and stabilize inner city neighborhoods. CDCs are neighborhood-based non-profit housing organizations who have, over the past twenty years, developed most of the new and rehabilitated housing for low and moderate income families in the U.S. For twenty years, they, not the local housing authorities, have been the engines of housing redevelopment in older neighborhoods. (Vidal,1995).

Typically, CDCs forge alliances with neighborhood residents and businessmen, city officials, various intermediaries and lenders in order to promote reinvestment in their neighborhoods and reverse decline. They target most or all of their benefits toward low and moderate income residents of their neighborhoods and all use Section 8 rent subsidies in their work and would like as many more as they can get.

CDCs also use the Low Income Housing Tax Credit (LIHTC) another program that involves the private market extensively as an essential part of their housing deals. Briefly stated, LIHTC offers profitable corporations an opportunity to invest in low income housing while, at the same time, receiving a reasonable rate of return on their investment. The direct tax write-offs on corporate tax liability made possible by LIHTC now make up about 50-60 percent of the equity capital—that is, invested not borrowed money—in most CDC low income housing developments. In the United States, LIHTC has become the primary and essential subsidy tool for low income housing production. For CDCs, developers, investing corporations, lawyers and accountants participating in (and profiting from) the complicated syndication of tax credits, and limited partners investing in low income housing LIHTC is a way of doing good while doing well, especially since most of the risk is absorbed by the federal government. Not surprisingly, LIHTC is highly popular and Congress permanently renewed the program in 1992.

The uncertainty that surrounds the conventional public housing program in the U.S. is best summarized by the controversy around HOPE VI. HUD's latest attempt to privatize, demolish and otherwise improve "troubled" conventional projects. HOPE VI was created by Congress in 1992. It represents the most serious attempt by the federal government to solve the problems of severely distressed public housing projects and reduce racial segregation and concentrations of poverty. HOPE VI's goals included the following: lowering the concentration of very poor residents and developing mixed-

income communities; strengthening surrounding neighborhoods with sustainable development; involving tenants in the planning and implementation of any changes; and leveraging additional resources. Extensively distressed low income housing projects were to be extensively rehabilitated or completely demolished. To bring in capital from new sources, housing authority officials were urged into partnerships with the private or non-profit sectors. No tenant would be left homeless; some of the tenants who would be displaced by HOPE VI demolitions would be given Section 8 vouchers and some were to be included in redeveloped mixed-income properties on and off the original site. These are complicated and in some cases contradictory goals as Quercia and Galster (1997) point out.

Between 1993 and 2001, HUD funded a total of 165 HOPE VI revitalization grants nationally, representing \$4.5 billion plus an additional 35 planning grants and another \$293 million for demolition (Popkin, et.a., 2002,1). In some respects, HOPE VI is similar to welfare reform. Like welfare reform, some tenants are offered the promise of an improvement in their quality of life through a rent voucher or inclusion in a new, mixed-income development, but others who cannot make the transition may suffer because of the loss of their home, no matter how severely distressed.

The difficulties (and the promise) of the HOPE VI program are many; they have been examined elsewhere in a large variety of scholarly studies (Galster and Quercia, 1997 ; Salama, 1999; Popkin, et.al.2000). To date, only a few major studies of the neighborhood effects of HOPE VI have been completed (Kingsley, et.al. 2004). These suggest that there have been some dramatic improvements in many HOPE VI neighborhoods. For example, many HOPE VI neighborhoods report a rise in per capita income of neighborhood residents and in neighborhood lending; and a drop in unemployment rates, concentrated poverty and crime rates (Popkin, et. al. 2004, 43).

At the same time, some important questions remain:

1. HUD is using the HOPE VI program to demolish tens of thousands of public housing units and replace them with mixed-income affordable developments on and off the original site. This is the intent of the program and it is working; over 60,000 units of “hard” public housing have already been demolished. Only a small proportion of the new units will be available to very low income tenants, that is, to tenants with 15-20 percent of the area median income. The HOPE VI program, therefore, will significantly and permanently reduce the number of deeply-subsidized hard housing units available for poor families who need housing the most. Does HUD have a back-up strategy to deal with this short-fall?

2. The emphasis on HOPE VI may be accompanied by significant reductions in funding for the conventional public housing program most of which is not severely distressed and is supposed to be extensively rehabilitated under the program. As noted earlier in this paper, 94 percent of all public housing is providing “decent, safe and sanitary housing at affordable prices”. If investments in existing public housing are not supported by adequate funds for maintenance, modernization and services they will

decline and become eventual candidates for demolition. Will this essential stock be maintained through adequate and routine funding?

3. HUD now seeks to entirely discontinue the HOPE VI program arguing that few projects have been completed over eleven years. In its FY 2004 and FY 2005 budget submissions, the Bush Administration proposed completely eliminating all funding for the program claiming long delays in the completion of various programs. Congress restored funding for the program for FY 2004, but at much lower levels. Yet HOPE VI is now the only source of funding for low income housing and research suggests that it is, on balance, quite successful. Does Congress intend to introduce a new program to fund low income housing?

4. The average cost of new units in HOPE VI on and off-site have never been estimated. It would be important to have accurate figures on the average unit cost in order to determine whether this is a prudent use of scarce federal funds. When does HUD intend to provide such data?

## CONCLUSION

This brief overview of the privatization of public housing in the U.S. turns on changes in the United States in the understanding of the “housing problem” and in the political climate. In the Great Depression and the two decades that followed, the problem was understood as a shortage of housing and the remedy was large scale production programs. By the late 1960s, it was clear that in certain cities and certain parts of the country whole neighborhoods were being abandoned, including much housing that was in good condition. In these areas, at least, a physical shortage of housing did not seem to exist and questions about making better use of the existing housing stock began to surface. The President and Congress were also concerned that massive production programs might be feeding inflation in the housing market. The rising tide of conservatism aided the switch from production programs to privatization, reliance on demand-side subsidy programs and tax credits. None of this should be surprising; affordable housing policy in the U.S. is driven by interest-group politics, popular prejudices and the business considerations that dominate our political system.

The present dominance of tenant-based subsidy is part of government’s strong and growing thrust toward privatization which now includes: food stamps, Medicare, Medicaid, and even public school vouchers on an extremely limited scale. But housing allowances should not bring an end to production subsidies in low income housing. The thousands of cities in urban America are too diverse, too different to rely on any single subsidy. There are simply too many circumstances where production, not vouchers, is key, and many other circumstances where both should be applied in tandem. In areas of rapid population growth and tight markets, in areas of special-needs housing, and in inner city redevelopment, some mix of tenant-based subsidy and new housing production may be the best answer.

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