Federal Housing Policy and Preservation: Historical Evolution, Patterns, and Implications

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Abstract

This paper considers the evolution and patterns of federal low-income[1] housing policies and programs over roughly the past half-century. It begins with an overview of the multifaceted involvement of the federal government in housing — only one aspect of which is its intervention in the low-income sector. This is followed by an overview of federal low-income housing policy from the New Deal to today. The underlying assumptions and approaches of these policies are then considered with respect to such considerations as the government's presence and role, its targeting of assistance, and the selection of subsidy levels and vehicles. The paper concludes with a brief review of the implications of the historical record for future policy.

Introduction

This paper considers the evolution and patterns of federal low-income housing policies and programs from the New Deal to today. Federal assistance, resulting in the subsidy of about 5 million housing units, is charged with multiple goals that are often difficult to satisfy simultaneously. Government intervention is accepted; however, housing delivery is to be primarily through the private sector. The focus of the public assistance regarding the degree of disadvantage of the households to be aided has fluctuated over time. The mechanism of the housing subsidy has been consistently categorical in type; there have been changes, however, in the subsidy vehicle, going from a supply- to a demand-side approach. Finally, the housing programs have often been poorly coordinated with other forces affecting housing, such as welfare support; similarly, there is a narrow focus on the housing unit itself as opposed to housing as it is affected by the social needs of its occupants and surrounding neighborhood conditions. The paper concludes with a brief review of the implications of the historical record for future policy.

Multifaceted federal housing involvement

The federal government has been involved in housing in many ways. It has formed national commissions to study housing programs and strategies. One of the first federal housing "actions" was the formation of a Congressional commission in 1892 to investigate slum conditions in the nation's cities.[2] In times of emergency, the federal government has built housing directly. During World War I, the U.S. Housing Corporation constructed, organized, and managed housing for defense workers; in World War II, the National Housing Agency performed a similar role and (with other programs) delivered almost 1 million units for defense workers and military service personnel.[3]

On a much more long-term and permanent basis is the federal government's involvement in facilitating residential mortgage financing in general and fostering the goal of homeownership in particular. To this end, it has assisted and regulated a savings and loan industry focusing on home lending; provided insurance through such agencies as the Federal Housing Administration (FHA) so that mortgages would be granted on the most favorable terms; and, most significantly, extended generous tax benefits for residential mortgage and property tax payments. These aids for homeownership constitute the most significant federal outlay for housing. In fiscal year (FY) 1988, tax incentives to foster homeownership cost the federal government almost $50 billion (encompassing deductions for mortgage insurance, mortgage revenue bonds, and property taxes).[4] This outlay was roughly four times greater than what the U.S. Department of Housing and Urban Development (HUD) spent for assisted housing that year.

The federal government is involved in housing in still other ways. Provisions in the Internal Revenue Code (depreciation, recapture, credits, etc.) have at times discouraged, and at other times have specifically aided, investment in rental housing, rehabilitation, and other housing outlays.[5] On a different but nonetheless significant front is the housing component of the nation's welfare system. It is estimated that the combination of explicit and implicit shelter allowances provided by the welfare system — Aid to Families with Dependent Children (AFDC), Supplemental Security Income, and General Assistance — amount to at least $10 billion yearly.[6] The latter expenditure is roughly equivalent to HUD's annual support for housing assistance.

This multifaceted federal involvement is in addition to the federal government's half-century effort of directly assisting lower cost housing production. This effort has been implemented by HUD and the Farmers Home Administration (FmHA) and their predecessor agencies. The following section reviews the programmatic effort since the 1930s, focusing on HUD subsidies.

Overview of federal low-income housing policy since the New Deal[7]

Depression-era efforts (1930s)

The United States was a late and reluctant entrant in assuming some responsibility for providing lower cost housing. Great Britain, for instance, adopted a large-scale, government-aided housing program after World War I.[8] In this country, there was little support for such a role, especially in light of the vigorous private housing production in the 1920s.

With the advent of the Depression, the housing boom went bust. Housing starts plummeted to under 100,000 — a drop of 90 percent from the 1920s' peak. Mortgage foreclosures soared to 1,000 daily, and half of the country's homeowners were in default.[9]

These shocks goaded the nation into action. To stabilize the financial industry and to foster residential construction with its attendant employment benefit, a constellation of programs and agencies was created. These agencies included the Federal Home Loan Bank, the Federal Housing Administration, the Federal National Mortgage Association, and the Federal Savings and Loan Insurance Corporation. An alphabet-soup list of largely market-oriented programs ensued, such as FHA Title I guarantees for home repairs, and FHA Section 203 insurance for home mortgages.

There were also the first efforts to produce lower cost housing. The Relief and Construction Act of 1932 authorized the Reconstruction Finance Corporation (RFC) to make loans to low-income and slum redevelopment housing corporations.[10] The RFC made numerous loans, such as an $8 million commitment to Knickerbocker Village in New York City and a $15 million loan for rural housing in Kansas.

The federal government then elected to intervene directly in housing production — both to provide shelter and to pump-prime the economy and employment. The 1933 National Industrial Recovery Act[11] authorized the Public Works Administration (PWA) to construct lower cost housing.[12] Ultimately about 40,000 such housing units were produced. This effort ended, however, when the United States Court of Appeals declared the PWA's use of eminent domain powers for low-cost housing and slum clearance to be unconstitutional.[13]

That decision proved only a temporary setback. The 1937 Housing Act[14] created the landmark public housing program. Instead of intervening directly, the federal government would assist local public housing agencies that had eminent domain powers. Aid would be provided in the form of capital grants and loans, with a capital subsidy commitment being made in the form of an Annual Contributions Contract paying principal and interest for as long as 60 years (later reduced to 40 years). With financing support, rents could be lowered to cover only the housing's operating cost. Public housing developed into a landmark effort to house the poor. At first, this meant the "working poor" — those whose circumstances did not allow them to afford privately produced housing; over time, public housing was directed to the most disadvantaged.

Early postwar response (1940s-1950s)

Even during World War II, there was congressional consideration of the nation's need for housing and the need to alleviate slum conditions. Thus, a 1945 congressional report, *Postwar Housing,* proposed "the establishment of a new form of assistance to cities in ridding themselves of unhealthful housing conditions and of restoring blighted areas."[15]

From 1945 to 1949, Congress debated the details of new housing and slum clearance legislation. The denouement was the landmark 1949 Housing Act.[16] It declared the goal of "a decent home and a suitable living environment for every American"[17] To achieve the goal, numerous programs were formulated under the collective program title of urban renewal. Title I of the 1949 Housing Act authorized $1 billion in loans and $500 million in grants to aid local slum clearance programs (i.e., land costs would be written down with federal assistance); Title II increased the FHA mortgage insurance authorization; Title III expanded the Public Housing Authorization to a total of over 800,000 units; and Title V authorized the secretary of agriculture to establish programs to improve rural housing. Title V led to the establishment of the Section 502 program whereby FmHA directly granted mortgages for the purchase or repair of new or existing single-family housing for rural residents. (These were not subsidized with a specific interest write-down until 1968, however, other than the lower rate inherent in a mortgage granted by the federal government at its favorable borrowing rate.)

In the early 1950s, there was much emphasis on clearing deteriorated units under urban renewal, with only minor aided-housing production. In 1950, for instance, only 32,000 public housing units were started nationally.[18] Production soon increased. In 1951 and 1952, a total of over 125,000 housing units were started. By 1955, there was a cumulative total of approximately 350,000 housing units subsidized by the federal government under public housing (table 1).

Despite an increase in production, it was apparent that an expansion and reformulation of federal housing programs were in order. In 1953, the Advisory Committee on Government Housing Policies and Programs recommended that the urban redevelopment activities authorized by the 1949 Housing Act be broadened to include the rehabilitation of existing structures. A year later, the 1954 Housing Act[19] broadened urban renewal from mere demolition and new construction to encompass housing rehabilitation and the prevention of neighborhood decline. It also authorized Section 220 and Section 221 FHA insurance for housing in urban renewal neighborhoods. Finally, to foster a secondary market for these new mortgages, Fannie Mae was authorized to provide "special assistance functions (purchases)."

Even with these changes, it was soon apparent that the housing assistance arsenal was limited. Urban renewal continued to emphasize the demolition of older housing. The public housing program, which was intended to replace these lost units, was never funded at a sufficient level. In addition, public housing was increasingly becoming the repository of the poor. This occurred because public housing was being used primarily to shelter families displaced by urban renewal and because of other changes (e.g., the 1949 Housing Act mandated that there be a "20 percent gap" between the highest public housing rents and the lowest rents in private housing). Finally, other housing programs, such as the growing list of FHA insurance provisions for those displaced by urban renewal, were welcome (i.e., under the Section 220 program) but offered only shallow assistance.

The end of the 1950s saw a new subsidy program, Section 202 assistance for the elderly (later expanded to include the handicapped). Authorized by the Housing Act of 1959,[20] the Section 202 program

Table 1. **Cumulative Number of Assisted Housing Units by Major HUD and FmHA Programs (End of Fiscal Year 1955-1989) (Units in Thousands)**

	Major HUD Programs							Major FmHA Programs (Estimated)			
Fiscal year (end of)	Public housing	Section 236[a]	Section 235	Rent supplement	Section 8 including voucher	Total HUD Gross[b]	Net[c]	502	515	Total FmHA	**Major subsidized HUD (net) and FmHA programs**
1955	344	NA[d]	NA	NA	NA	344	NA	0	0	0	344
1960	425	NA	NA	NA	NA	425	NA	0	0	0	425
1965	577	NA	NA	NA	NA	577	NA	0	0	0	577
1970	830	5	66	31	NA	932	NA	40	5	45	977
1975	1,151	400	409	165	NA	2,126	NA	230	40	270	2,396
1980	1,192	377	219	165	1,153	3,268	3,107	330	180	510	3,617
1985	1,355	332	200	46	2,010	4,140	3,943	390	315	705	4,648
1986	1,380	337	182	34	2,143	4,269	4,077	400	330	730	4,807
1987	1,390	339	159	23	2,240	4,341	4,151	390	350	740	4,891
1988	1,398	326	148	23	2,332	4,430	4,227	370	370	740	4,967
1989	1,401	324	137	24	2,418	4,506	4,315[e]	370	375	745	5,060

Source: FmHA Office of the Budget and Delinquency File Series #616; the Housing Assistance Council; and Grace Milgram, "Urban Housing Assistance Programs in the United States," *CRS Report,* March 2, 1989.

[a] Until 1980, indicates the gross numbers of subsidized units; after 1980, the net number of units (see below).

[b] Indicates the number of subsidies to units (i.e., a single unit receiving dual subsidies, such as Section 236 and Section 8, would count as two units).

[c] Indicates the number of units subsidized (i.e., a single unit receiving dual subsidies would still count as one unit).

[d] Information not available or applicable.

[e] Indicates corrected final total.

Note: FmHA-subsidized units are *estimated* and include only units with an interest subsidy. In addition, HUD- and FmHA-assisted units as shown here are not identical; they are summed to indicate a gross level of national housing assistance. Finally, the HUD subsidized figures do not include approximately 150,000 units under the Section 221(d)(3) and Section 202 programs for which there is a BMIR mortgage but no other subsidy such as Section 8, nor do they include any CDBG-assisted units.

was designed to assist households with incomes above public housing levels but below that permitting rental of standard-quality, market-produced housing. To accomplish this, the Section 202 program provided for direct loans from the federal government at a below-market interest rate (BMIR) to nonprofit housing sponsors. The program represented an expansion in the federal government's shelter intervention beyond public housing. The private sector, as opposed to local housing authorities, would build and develop units with BMIR loans in order to assist households above public-housing income limits. This approach became the mechanism of choice in the explosion of housing programs in the 1960s.

Housing program expansion in the 1960s

The decade of the New Frontier and Great Society witnessed an outpouring of housing assistance. The 1961 Housing Act,[21] under Section 221(d)(3), provided for BMIR-3-percent loans to limited dividend as well as nonprofit sponsors of rental housing for households with below-median incomes but incomes above that of public-housing levels. (While Section 202 involved a direct federal loan, in Section 221(d)(3) Fannie Mae would purchase loans made by private lenders.) A year later, an important rural housing program, Section 515, was authorized by the Senior Citizens Housing Act of 1962.[22] Section 515 provided a directly administered loan from FmHA for rental housing for moderate-income elderly families in rural areas. (The limitation to the elderly was removed in 1966.)

The vigorous housing tenor of the 1960s was exemplified by the scope of the Housing Act of 1968.[23] A new subsidy, Section 236, offered a BMIR loan with an interest rate as low as 1 percent for privately developed rental housing; a sister program, Section 235, provided similar assistance for homeownership. (To foster more lower income homeownership, a Section 104 Special Risk Fund modified conventional underwriting standards in older, declining urban neighborhoods.) A Section 521 program was added to make the l-percent BMIR subsidy available in the FmHA Section 502 (homeowner) and Section 515 (rental) programs. In short, a multitude of low-cost loans were offered to households that were above public-housing income levels but that might nonetheless experience difficulty in affording market-produced housing.

Assisted production soared. In 1960, a cumulative total of approximately 425,000 units was provided by the major federal housing-subsidy programs; by 1970, subsidized housing production approached 1 million units, mostly under HUD programs (table 1).

Even while assisted housing delivery rose dramatically, there was a realization that existing subsidies were deficient. As public housing increasingly became the home of the troubled poor, the basic mechanism of federal interest assistance proved insufficient to ensure adequate maintenance. This situation was financially exacerbated by the Brooke Amendment of 1969, which capped rents in public housing to one-fourth of the tenant's typically low income.[24] On a different front, the BMIR loans of Sections 202, 221 d(3), 235, 236, and others also often proved inadequate to cope with rising fuel and other maintenance expenses.

There were efforts to address these deficiencies. The 1965 Housing Act provided for a deeper subsidy (Section 101 Rent Supplement) that encompassed operating expenses;[25] under these programs, the supplement would pay the difference between the fair market rent and one-fourth of the tenant's income. Section 23 of this act also allowed for greater flexibility in the public housing program by permitting public housing authorities (PHAs) to lease privately owned units.

These changes heralded the housing approaches of the 1970s and 1980s. They came too late, however, to save the day for the housing programs of the 1960s. The inadequacies of these subsidies in an era of rapid inflation, coupled with loose administration by HUD that encouraged chicanery, led to a mounting number of troubled projects by the late 1960s and early 1970s. For instance, numerous congressional hearings on the Section 235 program documented many cases of poorly located and physically deficient homes being sold to inadequately prepared purchasers who soon defaulted.

Reappraisal and new directions in the 1970s and 1980s

The late 1960s and early 1970s saw mounting troubles in the federal government's housing involvement. The demolition of Pruitt-Igoe in 1972 pointed to the distressing state of the nation's public housing program. Delinquencies and foreclosures mounted in the Section 221(d)(3), 235, 236, and other subsidized projects. FHA mortgage activity, such as under the Section 104 Special Risk Fund, was often abused by realtors and mortgage bankers; the term " 'FHAing a neighborhood' was coined to describe the purposeful destruction of a neighborhood by a malevolent force."[26] All this was occurring while outlays for federally subsidized housing exceeded $1 billion in FY 1972 and increased at a rate approaching a half-billion dollars a year.[27]

In January 1973, the Nixon Administration imposed a moratorium on subsidized production pending a reevaluation. Sweeping change was soon introduced by the 1974 Housing Act.[28] Title I of the act replaced urban renewal and many categorical housing and community development programs with Community Development Block Grants (CDBG). Communities would either be entitled to, or would compete for, CDBG monies. Once secured, the CDBG monies could be used for a variety of housing and community improvement purposes by the recipients.

The 1974 act also established a major new housing subsidy under Section 8. Section 8 went beyond the interest-cost write-down of public housing (as originally structured) and Sections 202, 236, 515, and others, to encompass a more extensive operating cost subsidy. In this respect, Section 8 mirrored the deeper assistance of the earlier Rent Supplement program; Section 8 also reflected and benefitted from the activities and findings of the Experimental Housing Allowance Program (EHAP) initiated in 1971.[29] Under Section 8, the federal government would pay the difference between an established fair market rent and 25 percent (later amended to 30 percent) of the tenant's income. Eligible households were those with "lower income," defined as households with incomes under 80 percent of the area's median adjusted for family size. Section 8 could be applied on new, rehabilitated, and existing privately owned housing.

In parallel with Section 8, Section 521 of the 1974 Housing Act added a similar operating subsidy for FmHA-financed rental housing programs (i.e., Section 515). Under Section 521, lower income tenants in these FmHA projects would pay no more than 25 percent of their income in rent.

The federal government also acted to foster the financing of Section 8 and similar assisted-housing projects. For instance, in 1974, the Tandem program was authorized by the Brooke-Cranston Act. Under the Tandem arrangement, the Government National Mortgage Association would purchase below-market-rate mortgages from private lenders at par — above what these loans were worth on the market — and would then resell these mortgages at their true discounted value to Fannie Mae. The net effect of buying at par and selling at a discount was a financing subsidy by the federal government over and above the operating cost assistance provided in such programs as Section 8.

The new operating and financial assistance subsidies were extensively used, resulting in a rapid rise in the number of aided housing units. In 1970, the tally stood at around 1 million (0.9 million HUD; 0.1 million FmHA); by 1980, there were 3.6 million assisted units (table 1). As in years past, most of the subsidized production, about 3.1 million, was under HUD auspices. The two major components of HUD assistance were the Department's earliest and most current programs — Public Housing and Section 8. As of 1980, there were about 1.2 million housing units under each of these programs. In addition to the HUD production, there were about 0.5 million FmHA-assisted units, mostly under the Section 502 homeownership program, though there was a dramatic upsurge in Section 515 production in conjunction with the Section 521 operating subsidy.

With the advent of the Reagan Administration in 1980, assisted-housing activity was sharply curtailed. There were also numerous programmatic changes, especially with respect to Section 8. In 1981, Section 8 was targeted to the most disadvantaged. Henceforth, almost all Section 8 assistance could be used only by households of "very low" income — those earning under 50 percent of the areawide median, as opposed to those earning between 50 and 80 percent of the median.

Given the nature of the Section 8 subsidy, targeting the most disadvantaged made it quite expensive. Questions were also rising as to whether the federal government's major housing subsidy, Section 8, should take the form of a commitment to developers building or substantially rehabilitating housing, as opposed to offering assistance directly to tenants who would select their own units. In this regard, the 1982 President's Commission on Housing declared that "Today. . . .the largest problem is not the quality of housing in which most people live but its affordability. . . .The purpose of federal housing programs should be to help people, not to build projects."[30] For these reasons, the Housing Act of 1983 repealed Section 8's use for new construction and substantial rehabilitation as opposed to existing housing.[31] Section 8 would then take the form of a certificate or voucher provided to an income-eligible tenant who would secure an eligible unit in the marketplace. (The voucher is similar to a certificate except that it offers greater flexibility in the amount of rent that may be charged and in the percentage of the tenant's income that can be spent on housing.)

The remainder of the 1980s saw other efforts at housing assistance, but these did not change the basic imprint of federal housing programs. The Rental Rehabilitation Grant (RRG) and Housing Development Action Grants (HoDAG), both authorized in 1983, never developed into major production programs. (As of the 1990 budget year, RRG is funded at approximately $100 million while HoDAG is basically terminated.) The Housing Act of 1987 authorized Nehemiah Opportunity Grants to assist low-income homeownership; again, only minor funding was authorized. Sale of public housing units to tenants was encouraged; this effort is still in the demonstration stage. HUD also began to support emergency shelter and supportive housing demonstration projects as part of the package of assistance authorized by the 1987 Stewart B. McKinney Homeless Assistance Act. This effort is a beginning response to a growing national problem.

The brief record of recent housing programs would be incomplete without mention of the tax credits authorized by the Tax Reform Act of 1986. These credits represent the latest manifestation of shifting tax policy for low-income housing. Before the late 1960s and early 1970s, Internal Revenue Service (IRS) provisions did not differentiate between market and low-income rental housing; given the difficulties inherent in operating the latter, a neutral tax policy in effect discouraged investment in lower rental projects. In time, however, more favorable treatment for low-income housing was accorded in depreciation, recapture, and other IRS provisions. For instance, the 1981 Economic Recovery Act, which in general was very favorable to investment in real estate, provided for more accelerated depreciation and a shorter depreciable life for low-income housing. The 1986 Tax Reform Act eliminated most provisions encouraging real estate investment. It did, however, provide for special tax credits for investment in existing, rehabilitated, and new low-income housing. These tax credits are encouraging some such investments; however, they are not a substitute for the more deeply subsidized production programs such as Section 8.

In short, at the dawn of the 1990s, federal housing programs are largely a legacy of legislation from yesteryear. As of FY 1989, the assisted-housing production is approximately 5.1 million units, with 4.3 million under HUD auspices and 0.8 million under FmHA. Section 8 dominates HUD's share with 2.4 million units. This is followed by public housing with 1.4 million units, Section 236 (0.3 million), Section 235 (0.1 million) and Rent Supplement (0.025 million). FmHA's inventory of an estimated 0.8 million assisted units is comprised of the Sections 502 and 515 programs in approximately equal numbers (table 1).

General approaches and assumptions

While it is difficult to generalize about a half-century of federal housing programs, it is possible to identify a number of central themes and significant assumptions. This section discusses the following elements: goals, role, focus, mechanisms, and coordination.

Goals

From the outset, the federal government's housing programs have been imbued with multiple goals. There is a shelter component — to eliminate substandard units and to provide decent and affordable housing. There is an economic objective — to stimulate employment and production in the construction and building trade industries. The economic goal is an important one; it was the economic distress of the 1930s that pushed the federal government to overcome its historical reluctance to become involved in housing. Housing programs also have a social agenda, such as to overcome discriminatory living patterns and to provide job-training opportunities for the disadvantaged. In addition, there are other objectives, from improving health conditions to bolstering the tax base of central cities.

Not surprisingly, the presence of multiple goals has resulted in sometimes contradictory program emphases and results. For many years, new construction was favored; while such a focus worked as an economic pump primer, it was not necessarily the best shelter strategy (it is expensive and often resulted in dislocation). Similarly, the Davis-Bacon provision requiring that federally assisted housing projects pay prevailing wages helps the construction trades; however, it adds to housing-subsidy costs. There are other tensions in realizing multiple program goals. Over time, federal housing policy shifted from almost exclusive reliance on new construction to rehabilitation, the latter often accompanied by a job-training component. Such an employment overlay was good social policy but often made the housing more expensive.

While other federal actions have multiple goals, the housing assistance effort may have more than most. There is also less acceptance of a federal role in housing compared with such other federal functions as defense. This quiescent role is discussed next.

Role

Role, in this sense, encompasses the scope of the federal government's intervention in the lower income housing sector vis-à-vis the private market. In the United States, the primary response is by the private sector. This philosophy is embodied in the Declaration of National Housing Policy in the landmark 1949 Housing Act. After declaring the goal of a decent home and a suitable environment for every American, the legislation states that "private enterprise shall be encouraged to serve as large a part of the total need as it can."[32]

The private-sector emphasis is manifest in a number of ways. Filtering is an implicit assumption of American housing policy. Consumption of private housing and the federal government's encouragement of private housing investment (e.g., through offering tax incentives for homeownership) will culminate in a filtering down of private units affordable to lower income households. The emphasis on the private sector is also evident in the relatively low coverage of federally assisted units, which house only a small share of the lower income population — approximately 10 to 15 percent of all households earning under 80 percent of the area median. The converse is that 85 to 90 percent of this population is in private, unassisted units. The Kaiser Commission in the late 1960s spoke of the possibility of the federal government becoming the "nation's houser of last resort,"[33] but this posture was the exception in the half-century record of federal housing policy.[34]

The emphasis on the private sector is also evident in the fact that even when units are assisted by the federal government, the government eschews public ownership. Except for public housing, the federally subsidized housing inventory is privately owned. (Even public housing used private production and turned to the private stock in the Turnkey and Section 23 programs, respectively.) The panoply of programs described earlier under Section 8, 202, 221(d)(3), 236, and 515 represents private housing that for a period of time, typically varying from 5 to 20 years, is contracted for lower income occupants. This is one basis for the current concern over the preservation of such subsidized housing; with the expiration of the contracts, the private owners of these buildings will be free to open them to market occupancy.

Focus — which households should be assisted?

The question of precisely who should be assisted by federal housing intervention has dogged policy-makers for a half-century. At first, the answer in public housing was the working poor who had trouble affording private housing. Families were eligible for assistance if their incomes did not "afford them to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings."[35] Over time, however, because of numerous policies — requiring a "20 percent gap" between public and private housing rentals, using the program to assist those displaced by urban renewal, evicting upwardly mobile households (i.e., those whose incomes rose over time to exceed the maximum earnings allowed), discouraging screening in admissions policies (households would be admitted on a first-come, first-served basis), and skimping on basic unit amenities such as closet doors — public housing became the repository of the poor.

With this change, there was a gap in support for those above public-housing incomes but nonetheless experiencing difficulty in securing market housing. To fill this gap, the Sections 202, 221(d)(3), 236, and sister programs were established in the 1960s and 1970s. Such broad-based assistance was acceptable as long as the federal government was willing to maintain a significant housing expenditure for a broad spectrum of need groups. When this commitment waned in the 1980s, housing subsidies were then targeted to the lowest income households — those at 50 percent of the area median and below. This policy, in turn, has evoked calls for broader assistance to allow at least some support for those closer to the median, whether through housing block grants or other mechanisms. The historical tension of determining which households should be aided is again being felt.

The federal government has further differentiated in terms of special-needs groups. On this count, it has historically favored the elderly. Section 202, one of the earlier programs established, assisted the aged; it still remains in use, while its contemporary subsidies of Sections 221(d)(3), 236, and others, have long been dropped. Similarly, the FmHA Section 515 program, when first adopted, was targeted to the elderly. The first operating subsidies in public housing (in 1961) were directed to elderly tenants. And in general, federal housing subsidies, such as Section 8 and public housing, while not limited to elderly occupants, have been used disproportionately to assist this group.

Other groups have also received favored status. The handicapped, for instance, are also assisted by Section 202. More recently, special programs have been formulated for the homeless.

Focus — which housing should be assisted?

New versus existing units. There has been a distinct change in the type of housing subsidized by the federal government — from building new units to assisting households in existing units. This change in part reflects a shift from supply-side to demand-side subsidy, a change that will be discussed shortly, but there is more at work here.

When subsidized production began with public housing, the emphasis was on removing the squalor of tenements and slum areas by demolishing the deteriorated older stock and replacing it with new construction. New construction was also deemed to have a powerful pump-primer effect on the construction industry, an economic benefit underlying much of the early support for federal housing intervention.

By the 1960s, the almost exclusive focus of federal subsidies on new construction was replaced with some turn to rehabilitation, mostly of a substantial nature. Rehabilitation was viewed as being expeditious, cost-effective, and socially more desirable, as it would provide a vehicle for job training and would be less disruptive to a neighborhood. While these advantages often proved elusive, substantial rehabilitation was included in the major housing programs of Sections 221(d)(3), 236, and in the early years of Section 8, albeit the focus of all of these subsidies was on new construction.

Over the past decade, there has been a dramatic reversal from new construction and substantial renovation to subsidy of existing housing. In FY 1979, about two-thirds of HUD's new budget authority was directed towards new construction and substantial rehabilitation (table 2). This dropped to roughly half by FY 1981 and has been at the 20 to 25 percent range since. The converse is an increase in the share of HUD's new budget authority for existing housing, rising from one-third to the three-quarters to four-fifths level.

Table 2. **Percentage of HUD New Unit Reservations**

FY	New Construction and Substantial Rehabilitation	Existing Housing	Total
1979	62	38	100
1980	63	37	100
1981	46	54	100
1982	56	44	100
1983	25	75	100
1984	23	77	100
1985	19	81	100
1986	19	81	100
1987	26	74	100
1988	23	77	100
1989	19	81	100

Note: Figures derived from data sheets maintained by the National Association of Housing and Redevelopment Officials.

This change occurred for numerous reasons. It cost half as much to subsidize existing housing compared with new construction or substantial rehabilitation.[36] Coupled with this saving was the perception that after 40 years of demolishing deteriorated units and of taking other actions to improve the quality of housing supply, the nation's housing problem was more one of affordability than of production. Subsidy of the existing stock, therefore, would be favored over the production orientation of new construction and substantial rehabilitation. This change underlies the shift from supply side to demand side, one of the changes in the subsidy mechanisms discussed next.

Rental versus ownership units. The 50 years of federally assisted, low-income housing programs have emphasized the provision of rental as opposed to ownership units. This focus likely reflects the belief that rental units are less costly to provide and that low-income families lack homeowner skills.

Over time, however, there have been periodic attempts to encourage lower income homeownership. In 1966, the Demonstration Cities and Metropolitan Development Act established a 221(h) program for this purpose. Two years later, the Section 235 subsidy attempted to do the same in a much more expansive program. The high rate of Section 235 foreclosures, however, soured policy-makers on lower income homeownership. This was an unfortunate misreading of the historical record: Section 235 failed as much because of inadequate oversight and fraud as because of the inherent problems of making first-time homeownership a success for the disadvantaged.

With the passage of time, there has been renewed espousal for lower income homeownership. It is the objective of such recent efforts as the Nehemiah Plan and the sale of public housing units to current tenants.

Mechanism — how should housing be subsidized?

Subsidy type. The half-century of federal housing assistance has consisted overwhelmingly of categorical, rather than block grants; monies under the different programs could be applied only for specific purposes and uses — a BMIR loan for building housing for the elderly or handicapped, an FmHA mortgage for providing rural housing, and so on. The only exception was CDBG assistance in the form of a block grant. Yet, while CDBG can be and is used for housing, it is more of a general prop for a wide range of community development activities than a specific housing subsidy. Almost all of the housing programs from HUD and FmHA have been and continue to be decidedly categorical in nature.

Subsidy scope. Fifty years of federal housing programs have seen an evolving shift from assisting only financing to more encompassing operating-cost subsidies (table 3). After the short-lived effort of the Work Projects Administration to provide housing directly, the federal government began to offer a range of financing assistance to housing sponsors. At first, this took the form of assuming the financing expenditure of PHAs through an annual contribution contract. Next, the federal government offered direct, lower cost loans in such programs as Sections 202 and 502. When direct federal loans "showed" expensive in the budget, there was an alternate strategy of using privately granted mortgages that were subsidized and purchased on the secondary market; this format characterized such programs as Sections 235 and 236. (Section 502 has remained a direct loan program.)

Despite these various forms of mortgage assistance, the rising cost of operating housing in the 1960s and 1970s, coupled with growing impoverishment of those aided (especially in public housing), led to financial distress. The response was to provide for more encompassing operating subsidies by modifying the public housing program and by adopting such programs as Rent Supplement. The

Table 3. **Subsidy Strategies of Major HUD and FmHA Housing Assistance Programs**

Subsidy strategy mechanisms	PWA (1934-1937)	Public Housing: Conventional (1937)	Public Housing: Section 23 (1965)	**FmHA 502/521 (1949)**	**Section 202 (for elderly & handicapped) (1959)**	**Section 221 (d)(3)BMIR (1961)**	**FmHA 515/521 (1962)**	**Rent SUPP (1965)**	**Section 235 (Homeowner-ship) (1968)**	**Sec. 236 (Rental) (1968)**	Section 8: New Construction and Rehabilitation (1974)	Section 8: Existing Housing Certificates/ Voucher (1974)
Supply side												
Direct public provision	X											
Financing assistance												
Direct loan				X	X		X					
Interest reduction		X		X		X	X		X	X		
Secondary market takeout						X			X	X	X	
Operating cost subsidy							X				X	
Demand side												
Leasing by government subleasing to tenant			X									
Tenant rent payment								X				X

Source: Adapted from Grace Milgram, "Urban Housing Assistance Programs in the United States," *CRS Report*, March 2, 1989.

shift to an operating cost approach was exemplified by the adoption of the Section 8 program, which became the major subsidy of the modern era.

Subsidy uehicle. Housing subsidies are often classified as either supply or demand side. In the former, assistance is directed to the producers of housing, such as public entities (i.e., PHAs), private developers, and nonprofit groups. In the latter, assistance is given directly to the consumer to secure physically sound and affordable shelter.

When Congress first considered the concept of public housing in the 1930s, there were debates about which subsidy strategy would be preferable — supply or demand. The answer in the public housing program, as it was formulated in the 1930s, was a supply-side approach: PHAs directly built the needed units. This supply-side format remained in place for most of the next 50 years (table 3). Thus, the BMIR loans of Sections 202, 221(d)(3), and 236 were offered to sponsors who would construct the needed units. While there were examples of demand-side support in such 1960s programs as Rent Supplement, Section 23, and in the EHAP experiment, these were the exceptions. When Section 8 was first implemented in the 1970s, it encompassed supply-side assistance to the housing developer constructing or substantially rehabilitating rental housing.

In the 1980s, however, with Section 8 now being applied in the form of certificates and vouchers offered to tenants in existing housing, the program changed to a demand-side subsidy. Some federal assistance was still of a supply-side nature, such as Section 515/521 rental production in rural areas, but such programs paled in scale compared to Section 8. Federal housing assistance is thus currently dominated by a demand-side orientation.

Coordination

Thus far, this discussion has focused on the federal housing subsidies themselves. A recurring characteristic of American housing policy is a lack of coordination between federal housing programs and other influences, provisions, and programs that have a significant impact on housing. This characteristic is evident in a number of ways. The housing programs have concentrated on delivering the physical unit itself; relatively little attention was paid to supportive social services that the family living in the subsidized unit may need, or to the overall neighborhood's impact on the subsidized unit. The Model Cities program attempted to address the package of influences affecting the lower income household — the quality of the home, the job-training skills of the occupant, the ambiance of the neighborhood, and so on. Model Cities was unique in this comprehensive approach; by contrast, for a half-century, federal housing programs have focused more narrowly on delivery of the physical housing unit.

There is also little coordination between the federal housing programs and the housing component of the nation's welfare system. As summarized in a recent study by Newman and Schnare:

> In reality, then, there are two streams of government financing of low-income housing — a housing stream and a welfare stream. Government involvement is shared by two federal agencies, HUD and the U.S. Department of Health and Human Services, and a multiplicity of state and local jurisdictions. But their approaches are uncoordinated and potentially overlapping. Furthermore, there are stark disparities in the amount of shelter assistance that the systems provide: similar people are not treated similarly. This two-pronged approach . . .raises serious questions regarding the efficiency, equity, and overall effectiveness of the existing system.[37]

In sum, considering a half-century of federal housing programs shows both constants and changes with respect to the programs' goals, roles, mechanisms, and coordination. Public assistance is charged with multiple goals that are often difficult to satisfy simultaneously. Government intervention is accepted; however, housing delivery is to be primarily through the private sector. The focus of public assistance — as far as the degree of disadvantage of households to be aided — has fluctuated over time and remains a painful policy choice. The focus of the program in terms of the housing to be assisted has dramatically shifted from new construction to the existing stock. There remains, however, a historical emphasis on rental as opposed to ownership tenure. The mechanism of the housing subsidy has been consistently categorical in type. There have been changes, however, in the scope of the subsidy to encompass operating and financing costs and in the subsidy vehicle, going from a supply- to a demand-side approach. Finally, the housing programs have often been poorly coordinated with other forces affecting housing, such as welfare support; similarly, there is a narrow focus on the housing unit itself as opposed to housing as it is affected by the social needs of its occupants and surrounding neighborhood conditions.

Assessment and implications for future federal intervention

After half a century of federal housing intervention, what has been accomplished? Recent congressional hearings on the operation of some HUD programs, such as moderate rehabilitation, leave the impression that much is in disarray. No doubt there have been serious management gaffes, as has been the case historically with such predecessor subsidies as the Section 608 program in the early postwar period and Sections 235 and 236 in the late 1960s and early 1970s. Yet these recurring problems, serious as they have been, should not be allowed to distort the achievements over time.

The 50 years of federally assisted housing activity represent a cumulative federal investment of over $110 billion (1986 dollars).[38] This investment has produced a stock of about 5 million units. About 1.3 million units are under the public housing program. Public housing has its Pruit-Igoes; however, there have been significant recent efforts to foster modernization and to improve management. Most units in this program will remain a public shelter recourse in perpetuity.

The federal government has augmented the private market by assisting households for which private producers typically have problems providing, such as the poor. The two major federal programs of public housing and Section 8 typically house those at the lower end of the economic spectrum. According to a 1986 survey, public housing tenants had incomes just over 50 percent of the poverty level. Section 8 residents, on average, had earnings just slightly higher, at about 60 percent of the poverty level.[39]

The federal government has augmented the private market in other ways. It has provided shelter for populations with special needs, such as the disabled and the homeless, who are notoriously poorly served in the marketplace. It has built housing to achieve social objectives that the marketplace may ignore, such as racial integration; albeit for much of their history, federal housing programs have followed (and in early decades fostered) discriminatory patterns.

The private sector also affords low-income housing opportunities. The overwhelming share of low-income families live in unsubsidized housing. This is the case for 85 to 90 percent of all low-income households (earning under 80 percent of median); for some 80 percent of all low-income, renter households (earning under 80 percent of median); and even for 70 to 75 percent of very low-income renters (earning under 50 percent of median).[40] The private sector can provide low-income housing to the extent that filtering is working, whereby market-priced construction ultimately adds to the lower cost supply by inducing a chain of moves across the housing systems.[41] Filtering, in turn, is abetted by many government actions fostering investment in housing, such as tax policy, nurturing of the savings and loan industry, secondary mortgage market purchases, and others.

The private sector has also offered low-income housing opportunities through its participation with the public and other sectors. As noted, most of the federal government's assisted-housing production encompasses private development and ownership. The private sector has also been involved in low-income housing in partnership with a constellation of others — foundations, neighborhood groups, credit agencies, and state and local governments. Over time, these entities have built new housing, rehabilitated units, and in other ways fostered lower-income housing supply.[42]

There are, however, gaps and strains in both the public and private low-income delivery systems. The annual increment of federally subsidized production in the last few years is down significantly from levels of a decade ago. (See table 4 for details on the HUD subsidized volume.) The ability to use flexibly whatever monies are made available each year is limited by sometimes narrow federal programmatic strictures. The inventory of subsidized units — the legacy of the 50 years of programs described earlier — is threatened by prepayment of mortgages, expiration of Section 8 contracts, loss of deteriorated public housing units, and other leakage.[43]

There are other limitations. The private sector delivery system has gaps. For instance, HUD estimates that approximately four million households in the private sector have a "high-priority need." These households are defined as families in unaided rental units paying more than 50 percent of their income for shelter or living in severely inadequate units (lacking plumbing, heating, or electricity or experiencing multiple lesser defects).[44] There is also stress on the future ability of the private sector to deliver affordable shelter. A recent study by the Neighborhood Reinvestment Corporation concluded that there will be a growing gap ahead between the demand for low-income units and its supply in the private sector. This gap will result from changes in demographics (an increase in the share of the population that is poor), changes in housing (a loss of low-rent units due to such forces as abandonment and conversion), and changes in tax provisions (the 1986 Tax Reform Act lessened the tax benefits of investments in rental housing).[45]

Table 4. **Cumulative Subsidized Housing Units: Major HUD Programs**

				Section 236 Rental Housing Assistance			Total	
Year	Public Housing	Section 235 Homeownership	Rent Supplement	Gross[a]	Net[b]	Section 8	Gross[a]	Net[b]
1941-56	343,907	124,400	165,400	191,261	377,285	2,518,800	343,907	3,107,078
1957	365,896						365,896	
1958	374,172						374,172	
1959	401,467						401,467	
1960	425,481						425,481	
1961	465,481						465,481	
1962	482,714						482,714	
1963	511,047						511,047	
1964	539,841						539,841	
1965	577,347						577,347	
1966	608,554						608,554	
1967	639,631		930				640,561	
1968	687,336		2,731				690,067	
1969	767,723	5,454	12,299				785,476	
1970	830,454	65,654	30,804	5,437			932,349	
1971	892,651	204,832	57,786	32,322			1,187,591	
1972	989,419	344,363	92,070	98,699			1,524,551	
1973	1,047,000	411,670	118,184	191,261			1,768,115	
1974	1,109,000	418,905	147,847	293,831			1,969,583	
1975	1,151,000	408,915	165,326	400,360			2,125,601	
1976	1,167,000	339,325	177,645	439,872		130,471	2,254,313	
TQ	1,172,000	380,784	174,339	447,126		273,266	2,254,313	
1977	1,174,000	292,814	179,908	543,360		453,135	2,643,217	
1978	1,173,000	261,866	171,598	544,515		690,914	2,841,893	
1979	1,178,000	235,187	178,891	541,460		898,441	3,031,979	
1980	1,192,000	219,482	164,992	538,285	377,285	1,153,311	3,268,070	3,107,070
1981	1,204,000	240,539	157,779	537,206	376,206	1,318,927	3,458,451	3,297,451
1982	1,224,000	241,927	153,355	536,531	361,931	1,526,683	3,682,496	3,507,896
1983	1,250,000	229,772	76,919	533,469	356,733	1,749,904	3,840,064	3,663,328
1984	1,331,908	209,730	55,606	530,735	352,620	1,909,812	4,037,791	3,859,676
1985	1,355,152	200,471	45,611	527,978	331,698	2,010,306	4,139,518	3,943,238
1986	1,379,679	182,260	34,376	529,121	337,121	2,143,339	4,268,783	4,076,783
1987	1,390,098	159,379	23,487	528,174	338,785	2,239,503	4,340,641	4,151,252
1988	1,397,907	147,886	23,476	528,174	325,599	2,332,462	4,429,905	4,227,330
1989	1,400,500	136,900	23,500	527,000	324,000	2,418,300	4,506,200	4,315,000

Source: HUD, Office of the Budget.

Note: Subtotals may not add to indicated totals.

[a]Indicates the number of subsidies to units (i.e., a single unit receiving dual subsidies, such as Section 236 and Section 8, would count as two units).

[b]Includes the number of units subsidized (i.e., a single unit receiving dual subsidies would still count as one unit).

All these elements comprise the preservation crisis. It is suggested that one step to addressing at least some aspects of this problem is to reconsider some of the federal housing policy approaches described earlier.

Goals and role

A half-century after the public housing program was initiated, it is time for the federal government to be more comfortable with the goal of improving lower income housing opportunities. It is recognized that the political and budgetary climate is not ripe for the federal government to become the "houser of last resort," as was suggested by the Kaiser Commission. The primary responsibility for delivering lower cost housing in this country will remain with the private market acting alone and in conjunction with neighborhood groups, foundations, state and local government, and others; the federal government will continue to play just a supporting role. It is essential, however, that the federal government not be relegated to a cameo appearance. Very bluntly, additional resources must be committed to assist those who are at the lowest end of the income spectrum and who are experiencing housing distress, such as the very low-income renters identified by HUD as having "high-priority need." Increased federally subsidized housing investment may require reallocation from such sacred cows as the extensive tax benefits accorded to homeownership.

The federal government should consider other roles besides that of providing housing subsidies. It can play a leadership role by issuing an annual housing "state of the nation," conducting technical analyses (i.e., researching optimal rehabilitation materials and retrofitting techniques), supporting demonstration studies, and publicizing innovative local initiatives and legislation (i.e., receivership statutes that allow nonprofit groups to take control of deteriorated properties before they are abandoned). The federal government can also act as a facilitator. Recent experience shows that neighborhood and nonprofit groups can contribute much to housing, but they need incubation support in the form of "seed money" and the like. Additionally, the federal government can use its leverage as a regulator of financial institutions to foster enhanced credit availability for lower cost housing. Such a strategy is embodied in the affordable housing programs mandated by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Finally, federal enforcement of fair housing laws is essential. Since an enduring aspect of the housing problem is discrimination, HUD must make a serious commitment to implement the Fair Housing Amendments of 1988 that deal with enforcement.

In addition to a greater federal housing resource, leadership, and regulatory commitment, changes in how the housing subsidies are provided are in order.

Subsidy mechanisms

The housing experience of the past decade by nonprofits, foundations, and developers working across the country is that there is no single formula for producing low-income housing. Multiple approaches are used. Land costs are written down, first and second mortgages are insured, credit enhancement is given, technical assistance is provided, and so on.

This diversity is not reflected in the current federal housing subsidies that are categorical — limited to one specific application. It is suggested that some general-purpose block assistance be made available for housing-delivery purposes for lower income families. As with all block grants, federal oversight will be needed to ensure that local usage indeed serves the stipulated program objective, especially in terms of beneficiaries. Notwithstanding the need for monitoring, a block grant offers significant advantages because its use can be custom tailored to different local conditions. Thus, CDBG has been flexibly applied over the last decade to many diverse housing and community development applications.

Attention must also be given to the supply- versus demand-side format of the housing subsidies. Current programs are dominated by a demand-side approach. This again ignores the diversity of local housing conditions. In metropolitan areas with adequate vacancies in the lower income housing market, demand-side subsidies are generally appropriate. In contrast, in locations with a minuscule vacancy rate, especially of appropriate units (large enough for families, suitably located near jobs, available to minority families, etc.), supply-side subsidies for housing production should be made available.

Program focus

Current federal housing programs are targeted to the most needy. Since this group is the most difficult to serve, it makes sense for the government to focus its assistance here. Yet, some flexibility is required. A portion of federal support, perhaps in the proposed block grant discussed earlier, should be used for the somewhat less advantaged (i.e., those whose income is 50 to 80 percent of the median, as opposed to only those under 50 percent of the median).

Greater flexibility is also needed concerning housing to be assisted — existing units or new construction/substantial rehabilitation. There is no turning back the clock to the time when the latter dominated. Yet, the current near-exclusive focus on existing housing again ignores differences in local housing markets. New construction may be a more appropriate housing delivery vehicle in areas of very low vacancy or where available units are not well located (i.e., far from jobs or located only in areas of high minority concentration) or are in other ways unsuitable (i.e., too few bedrooms for larger families or physically inadequate).

Coordination

The federal housing programs will always be fighting a failing rearguard action if they are not better coordinated with other major forces, such as welfare payments, that affect shelter and the poor. For instance, the shelter payments of the AFDC program are at half the fair market levels[46] as determined by HUD; such an arrangement institutionalizes housing problems. It is also important for the housing programs to range beyond the housing unit to supportive neighborhood and social services. An example is the Baltimore public housing authority, which provides health clinics, high school equivalency training, job preparation and placement, and a wide array of other social services.[47] On a broader scale, numerous housing and social efforts were integrated in HUD's nationwide demonstration, Project Self-Sufficiency.

Bringing together housing programs, welfare support, community development activities, and social services is an essential strategy. It is chastening that the historical record is characterized by anything but long-time coordination on these different fronts.

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Endnotes

1. Unless indicated otherwise in the text, "low-income" and similar terms in this paper are used in a general as opposed to a specific programmatic definition (i.e., households earning under 80 percent of the areawide median).

2. Public Res. 52-22. For a historical chronology, see U.S. Congress, House of Representatives, Committee on Banking, Currency and Housing, Subcommittee on Housing and Community Development, *Evolution of the Role of the Federal Government in Housing and Community Development: A Chronology of Legislative and Selected Executive Actions, 1892-1974* (Washington, DC: U.S. Government Printing Office, 1975).

3. See Barry G. Jacobs et al., *Guide to Federal Housing Programs* (Washington, DC: Bureau of National Affairs, 1982).

4. Barbara L. Miles, "Housing Policy: Homeownership Affordability," *CRS Issue Brief* (March 9, 1989): 1.

5. National Association of Home Builders (NAHB), *Low- and Moderate-Income Housing: Progress, Problems, and Prospects* (Washington, DC: NAHB, 1986): 55.

6. Sandra Newman and Ann Schnare, "Integrating Housing and Welfare Assistance" (MIT Housing Policy Project #12, Cambridge, MA, March 1988).

7. This section is based on the following sources: Jacobs, *A Guide to Federal Housing Programs*; Grace Milgram, "Urban Housing Assistance Programs in the United States, *CRS Report* (March 2, 1989); George Sternlieb and David Listokin, "A Review of National Housing Policy," in *Housing America's Poor,* Peter Salins, ed. (Chapel Hill, NC: University of North Carolina Press, 1987), 14; Henry J. Aaron, *Shelter and Subsidies* (Washington, DC: The Brookings Institution, 1972); R. Allen Hays, *The Federal Government and Urban Housing* (Albany, NY: SUNY Press, 1985); David C. Schwartz et al., *A New Housing Policy for America* (Philadelphia, PA: Temple University Press, 1988); National Association of Housing and Redevelopment Officials (NAHRO), *Housing and Community Development: A 50-Year Perspective* (Washington, DC: NAHRO, 1986); and Milton Semer et al., "A Review of Federal Subsidized Housing Programs," in U.S. Department of Housing and Urban Development, *Housing in the Seventies–Working Papers* vol. 1 (Washington, DC: U.S. Government Printing Office, 1974), 82.

8. National Commission on Urban Problems, *Building the American City* (New York: Praeger, 1971), 108.

9. Ibid.

10. Public Law 72-302. See also Jacobs, 4.

11. Public Law 73-67.

12. Jacobs, 7.

13. *U.S.* v. *Certain Land in the City of Louisville, Jefferson County, Kentucky,* 297 U.S. 726 (1935). *See Housing in the Seventies* (Washington, DC: U.S. Government Printing Office, 1973), 1-9.

14. Public Law 75-412.

15. See HUD, *Housing in the Seventies*, 1-12, for a discussion of the background to the legislation.

16. Public Law 83-560.

17. Declaration of National Housing Policy, 2 of the Housing Act of 1949.

18. National Commission on Urban Problems, 152.

19. Public Law 83-560.

20. Public Law 372.

21. Public Law 70.

22. Section 4(b) of Public Law 87-723 (September 28, 1962).

23. Public Law 90-448.

24. Public Law 91-152.

25. Public Law 89-117.

26. NAHB, 62.

27. Albert A. Walsh, "Housing Assistance for Lower-Income Families: Evolution," in *Housing and Community Development — A 50-Year Perspective* (Washington, DC: National Association of Housing and Redevelopment Officials (NAHRO), 1986), 42.

28. Public Law 93-383.

29. See Raymond J. Struyk et al., *Future U.S. Housing Policy* (Washington, DC: Urban Institute Press), 25.

30. The President's Commission on Housing, *Final Report* (Washington, DC: Government Printing Office, 1982), xxii.

31. Public Law 91-181.

32. Public Law 83-560.

33. See *Report of the President's Committee on Urban Housing* (Washington, DC: U.S. Government Printing Office, 1969). Also see Langley C. Keyes and Denise Di Pasquale, "Housing Policy For the 1990s," MIT Housing Policy Project, Cambridge, MA, August 1988.

34. See *Report of the President's Committee on Housing* (Washington, DC: U.S. Government Printing Office, 1983) for the changed perception concerning the proper governmental role since the Kaiser Commission.

35. Semer et al., 102.

36. See Milgram, "Urban Housing Assistance Programs"; idem, "Housing Policy: Low- and Moderate-Income Assistance," *CRS Issue Brief* (September 15, 1988); idem, "Housing Programs: Issues in Low- and Moderate-Income Housing Assistance," *CRS Issue Brief* (October 14, 1987).

37. Newman and Schnare, 3.

38. Salins, *Housing America's Poor,* 1.

39. See Council on Large Public Housing Authorities (CLPHA), *Public Housing Today* (Washington, DC: CLPHA, 1986), 11.

40. Figures derived from tabulations from the 1987 American Housing Survey prepared by the HUD Housing and Demographic Analysis Division, Office of Policy Development and Research. See also Morton J. Schussheim, "Housing Problems and Policies," *CRS Issue Brief* (February 16, 1990): 9.

41. NAHB, 18.

42. Michael A. Stegman and David Holden, *Non-Federal Housing Programs* (Washington, DC: ULI–the Urban Land Institute, 1987).

43. National Corporation for Housing Partnerships (NCHP), *Preventing the Disappearance of Low-Income Housing — The Report of the National Low-Income Housing Preservation Commission* (Washington, DC: NCHP), 1988.

44. Telephone conversation with HUD Office of Housing and Demographic Analysis, March 1990.

45. Philip L. Clay, *At Risk of Loss: The Endangered Future of Low-Income Rental Housing Resources* (Washington, DC: Neighborhood Development Corporation, 1978).

46. Newman and Schnare, i.

47. Margery Turner and Veronica Reed, *Housing America — Learning from the Past, Planning for the Future* (Washington, DC: Urban Institute, 1990), 24.