

# History of Affordable Housing

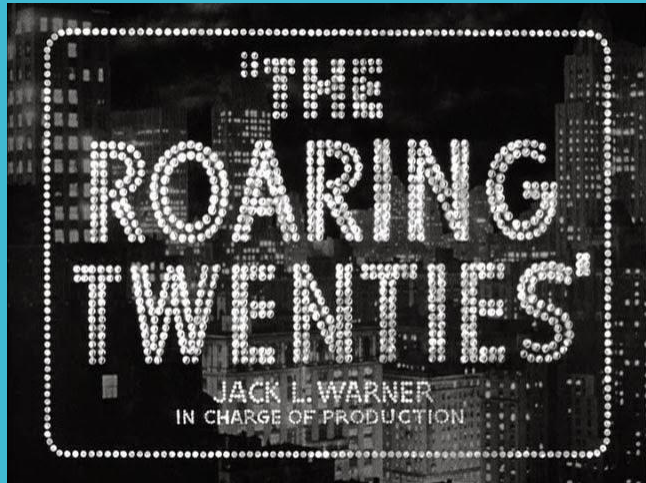
NJNAHRO Spring Conference-2024

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# Presenters

- William F. Snyder
- Louis Riccio
- Eric Chubenko



## Roaring 20s

**The Roaring twenties were not enjoyed by everyone:**

**FARMERS**-struggled to keep up with changes. The industrial revolution and new equipment put many farmers out of business and forced migration to urban areas for jobs.

**IMMIGRATION**-life was very difficult for immigrants moving to America. Most lived in crowded unsanitary conditions and faced discrimination.

**KKK**-tormented the lives of African Americans, Jews and other minorities throughout the 1920s.

**POVERTY**-40% of the American population lived in poverty.

**ILLNESS**-smallpox, tuberculosis, scarlet fever, pertussis, diphtheria, measles, mumps, chickenpox

# Stock Market crash of 1929

1929 to the late 1930s

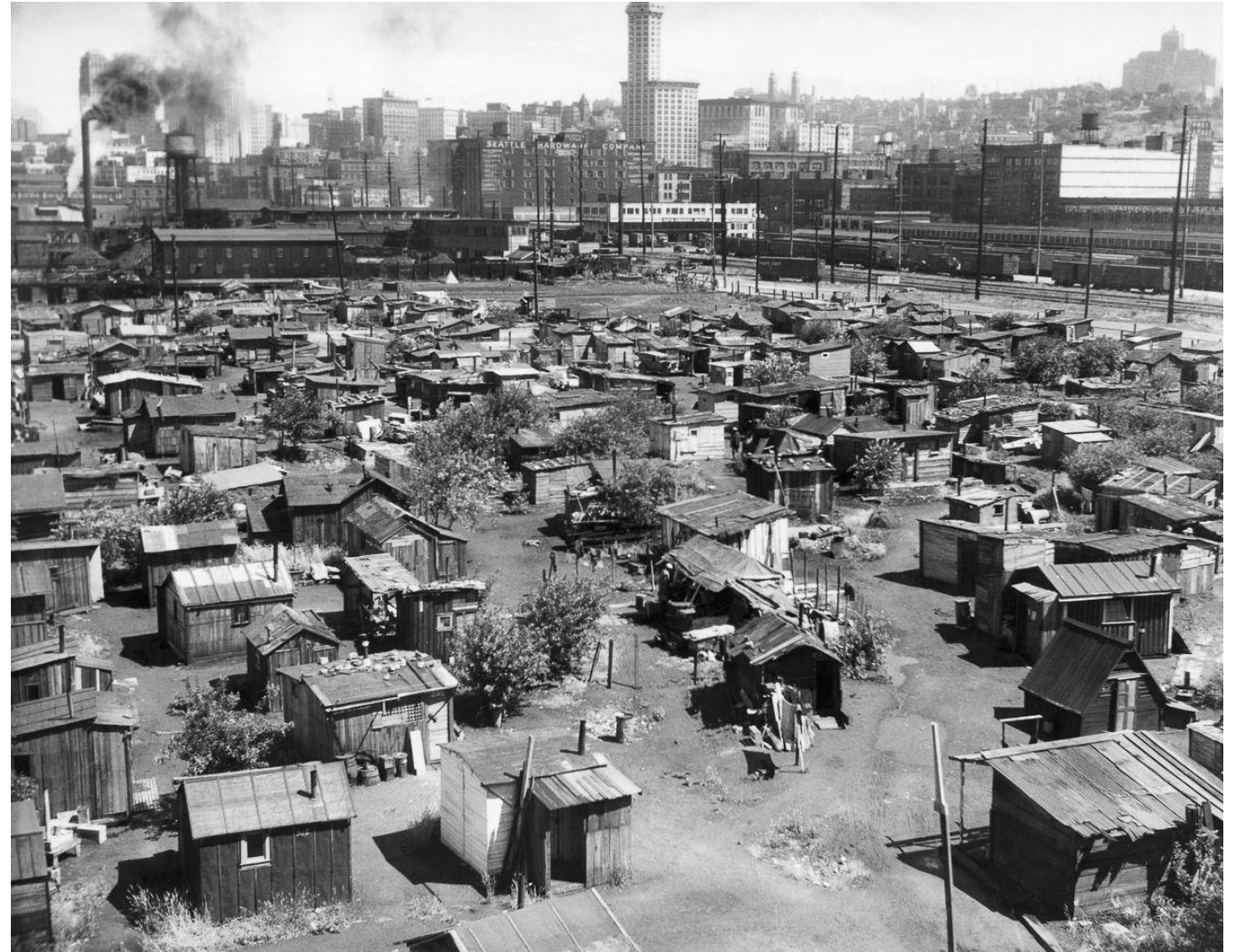


## Facts about the great Depression

1929 to 1939

- 1) Unemployment rose to almost 30%
- 2) 5,000 banks went out o business
- 3) Housing prices plummeted 30%
- 4) International trade collapsed by 60%
- 5) Prices fell by 10%
- 6) Homelessness increased
- 7) Agricultural Products dropped causing farmers to abandon their farms in search for employment
- 8) 6,000 Shantytowns sprang up
- 9) Wages fell 42%
- 10) Children were placed in orphanages at high rates

Shantytowns were also known as "Hovertowns."



The Great Depression created terrible housing conditions for low-income citizens

In 1900 , up to 30% of all infants died before reaching age 1.





## National Recovery Act of 1933

Poorer urban dwellers lived in slums, crime, overcrowding, pollutions & disease (Cholera, Yellow fever & Tuberculosis). Almost 25% of all babies born in the late 19<sup>th</sup> century cities died before the age of one. Human waste was dumped directly into rivers. Water purification and trash removal.

The National Recovery Act 1933 authorized federal funds to finance slum clearance & resulted in 21,600 new units in 37 cities. This law stimulated the creation of local housing authorities under state enabling legislation with powers to receive federal assistance to finance, develop and manage low-income housing.

# Early Era-1934-1973

## Birth, Development and expansion of programs & mission



During this long period starting with the great depression and ending at the peak of the Nixon Presidency, the history of HUD was one of new programs, new missions and the molding of the organization. Budgetary growth and staff expansion. The National Housing Act of 1934 created the Federal Housing Administration. The FHA program was designed to restore stability to the housing market, boost homebuilding, provide jobs and increase home purchases by easing mortgage credit. From 1934 to 1973, FHA helped 11 million families become homeowners. Homeownership rates went from 44 percent in 1940 to 63 percent in 1970. The rate of homeownership for African Americans doubled over this period, but lagged behind the national average by nearly 20%.

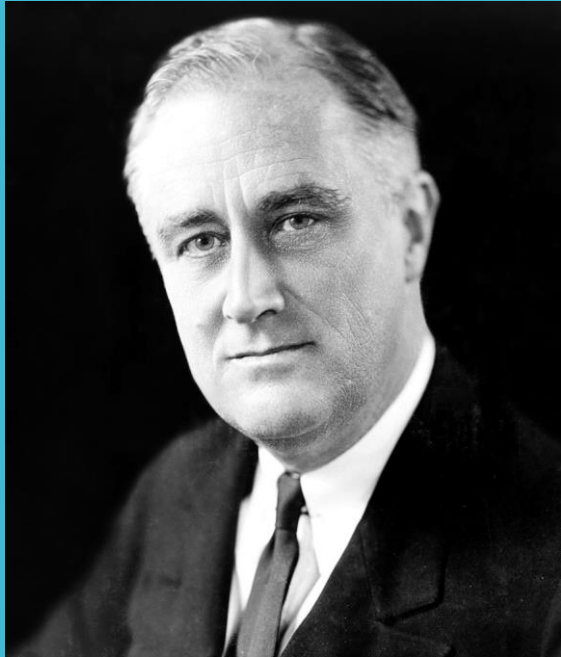


# The U.S. Housing Act of 1937

The “Wagner-Steagall Act” established a permanent public housing program and led to the expansion of local housing authorities.







“I see one-third of a nation ill-housed, ill-clad, ill-nourished. . . . The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.”

**FDR's second inaugural address**

# The “New Deal”



Franklin Delano Roosevelt (FDR) served as President of the United States from 1933 to 1949. The Wagner-Steagall Act recognized adequate housing as an important societal benefit. There was fierce opposition, especially from the south for programs they labeled as socialistic.



Catherine Bauer  
Born May 11<sup>th</sup>, 1905  
Elizabeth, New Jersey

## Hero of Affordable Housing-Catherine Bauer

Catherine Bauer was chosen to act as the primary author of the Housing Act of 1937 also known as the Wagner-Steagall Act, which revolutionized American housing by providing affordable, subsidized residences for low-income citizens for the very first time. Bauer was chosen to become the first Director of Information and Research for the United States Housing Authority, a federal agency of the Department of the Interior that was borne out of the New Deal. In this role, she wielded immense influence as consultant and advisor to national, state, and local housing and urban planning agencies from the 1930-1960s. From the Federal Housing Administration to the Housing and Home Finance Agency; she influenced housing and urban planning strategies throughout the reign of three different United States presidents.

In FDRs 1944  
State of the  
Union address,  
he declared that  
every family  
had a right to a  
decent home

The Wagner-Steagall Act established the United States Housing Authority (USHA) and provided \$500 million in loans for low-cost housing projects across the country. Loans were provided to local housing authorities to construct housing. **Franklin Roosevelt felt that adequate housing was not just a need, but a right.**

- The Housing Act of 1937-the Act required that for each new public housing unit created, a unit of substandard quality must be removed. This one-to-one policy ensured that the federal program would increase the quality of housing, but not the quantity.

- Operational decisions were left to local authorities, ensuring that communities that did not want public housing could avoid it and those that did could determine the project's location, virtually guaranteeing that housing projects would remain racially segregated.

*“It is the policy of the United States (1) to promote the general welfare of the Nation by employing the funds and credit of the Nation...(A) to assist States and political subdivisions of States to remedy the unsafe housing conditions and the acute shortage of decent and safe dwellings for low-income families; [and] (B) to assist States and political subdivisions of States to address the shortage of housing affordable to low-income families...”*

– Excerpt from the United States Housing Act of 1937

## The Housing Act of 1937 Birth of Public Housing

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- 2) Operational decisions were left to local authorities, ensuring that communities that did not want public housing could avoid it and those that did could determine the project's location, virtually guaranteeing that housing projects would remain racially segregated.







# The United States Housing Act of 1949

The 1940 census indicated that nearly 50% of all housing units lacked adequate plumbing and almost 20% were dilapidated or in need of major repair.

This Act, signed by President Truman, established the national housing policy of a “decent home & suitable living environment for every American family.” It established federal assistance to local communities for slum clearance and redevelopment programs.

This was landmark legislation with dramatic expansion of the federal role in mortgage insurance and construction of public housing. It was part of President Harry Truman’s program of domestic legislation known as the “Fair Deal.”

Authorized 810,000 new public housing units over a 6-year period.

# The Housing Act of 1954

Passed during the Dwight D. Eisenhower administration. It funded 140,000 units of public housing, giving preferential treatment to families that would be relocated due to slum eradication or revitalization. It changed policy direction and focused on “urban renewal.” Redevelopment plans often eliminated poor neighborhood and left other overcrowded.

This act resulted in many people being displaced, particularly minorities. This was also the beginning of “white flight” from many urban areas and mortgage redlining.



It sounded like a good idea at the time. It gave cities funding to clean up impoverished areas. Unfortunately, it led to racist consequences for those persons that were displaced.

# The Consequences of Urban Renewal

Hundreds of thousands of families were displaced from their homes.

Social & economic impact fell on poor people and people of color.

Areas were “redlined to keep put minorities which resulted in their concentration in large public housing projects.

Local neighborhoods and cultural ties were broken.

<https://youtu.be/mWGwsA1V2r4>





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# Urban Removal!



# Such Hope for the Future!



John Fitzpatrick Kennedy served as the 34<sup>th</sup> President from January 20<sup>th</sup>, 1961 to his assassination on November 22, 1963. The Housing Act of 1961 authorized 35-year mortgages with 3% down payment to moderate income families. The Act eliminated the age requirement (50) for the disabled to become eligibility for public housing. It authorized an additional 100,000 public housing units. His many other Progressive ideas would never be fulfilled due to his assassination.

Lyndon B. Johnson was sworn in as the 35<sup>th</sup> President on November 22<sup>nd</sup>, 1963 aboard Air Force One. He started implementing his programs known as the "Fair Deal."



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# The Housing Act of 1965

This Act created the U.S Dept. Department of Housing & Urban Development as a cabinet level agency. It was signed into law by President Lyndon Johnson.

On April 4<sup>th</sup>, 1968 Dr. Martin Luther King was assassinated in Memphis, Tennessee.

The Civil Rights Act of 1968 was approved by Congress one week after Dr. King's death. Also know as the Fair Housing Act gave HUD a new regulatory role in both the public & private housing market. HUD is responsible for investigation of discrimination complaints



# The Housing Act of 1969

The “Brooke Amendment” established the concept of a formula-based rent. It was set at 25% of the family’s adjusted annual income.

This Act established the concept of “operating subsidy” to public housing authorities. \$75 million was appropriated for these subsidies.

Prior to operating subsidy, rents were based upon a broad range of incomes. People would pay the rent that was associated with their income. Housing Authorities had to operate on their rental income.





# The Event of 1973

1973 was a pivotal year in the history of HUD. Growing skepticism about the cost effectiveness of HUD's major programs led to President Richard Nixon's decision to halt additional funding to many programs. This became known as the "Nixon Moratorium on Housing."

Over the prior 15-year period HUD has dramatically expanded in both budget authority and staff.

## Budget Outlay

1962	1972	Increase
826 million	3,600 million	336% increase

## HUD Staff

1965	1972	Increase
13,700	16,900	23%

# The Modern Era

1973 marked the end of the Early Era at HUD. The Housing & Community Development Act of 1974 was signed into law by President Gerald Ford. It created 3 policy shifts:

- 1) Reduced emphasis on public housing in favor a private rental assistance program know as Section 8 Project-Based Rental Assistance (PBRA).
- 2) Introduced the tenant-based Section 8 Program (Certificate Program).
- 3) Rolled 7 cities programs into the Community Development Block Grant Program.



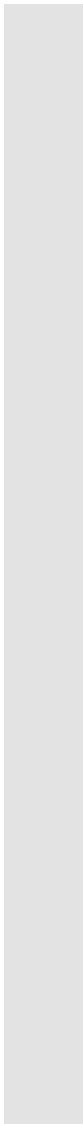


August 9<sup>th</sup>, 1974

## Modern Era-1974-Current

The Housing Act of 1974 consolidated five major “categorical” assistance programs into a new Community Development Block Grant Program. The Act reduced emphasis on the public housing program in favor of a new Section 8 “project based rental assistance program (PBRA). It introduced a new approach to rental assistance known as the “tenant-based” Section 8 program.

In 1992 the National Commission on Severely distressed Public Housing issued a report that lead to the HOPE VI Program.



# Cranston-Gonzalez National Affordable Housing Act of 1990



Established the HOME Investment Partnership Program to increase the supply of affordable housing. It also established the Home Ownership for People Everywhere (HOPE) Program which provided grants to convert public housing to resident ownership. A third feature was the establishment of the Family Self Sufficiency (FSS) Program.

Signed into law by President George H.W. Bush.

HUD starts implementing the Operating Fund Prorations. 1994 proration level was 94%.



## Quality Housing & Work Responsibility Act of 1998

It amended the Housing Act of 1937 in less than was anticipated. The focus of the legislation was to allow more economic integration and deconcentration of public housing, reduce racial segregation in public housing and encourage and reward work. The Act provided for a resident commissioner on all PHA boards. It repealed the federal admission preferences, established income targeting, provided for ceiling rents and choice, allowed pets in public housing and merged the Section 8 certificate program and voucher programs. An emphasis was placed on staff working closely with residents and local governments.

# 2005-2009

HUD implements the “New Public Housing Operating Fund Rule.” PHA’s soon learned about the meaning of the rule-Asset Management.

2007, 2008, 2009 and 2010 HUD budgets faced uncertainty due to continuing resolutions at the end of each year.

The recession of 2007-2009 created a greater number of applicants for housing and loss of work created reduced rent levels.

Under President Obama, the American Recovery and Reinvestment Act was approved and provided billions to Capital Fund Projects. HUD’s own estimates included a capital fund backlog in excess of 30 billion dollars.




President Barack Obama and  
HUD Secretary Julian Castro  
2009-2017



## Why did we build High-Rise Public Housing Projects?



An aerial photograph of a large, multi-story housing complex. The buildings are arranged in a grid-like pattern with several courtyards. The image is divided into three horizontal sections. The top section shows a portion of the complex. The middle section is highlighted with a green border and shows a different part of the complex with a large green field. The bottom section shows a dense grid of buildings with a large green oval field in the upper left corner.

# One section of Robert Taylor Homes

2002

# Current Issues

## What are we dealing with today?

High Rents

High Homeownership Costs

Lack of Priority for Affordable Housing Development

Federal Government Disinvestment in Affordable Housing

**What can we do to better address our nation's affordable housing crisis?**

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CONDOMINIUM

**CONSUMER ALERT**

## **CRACKING DOWN ON HOUSING COSTS**

BIDEN REVEALS NEW POLICIES TO PROVIDE SOME RELIEF

# Asset Reposition-HUD New Direction

RAD

Section 18

RAD/Section 18 Blend

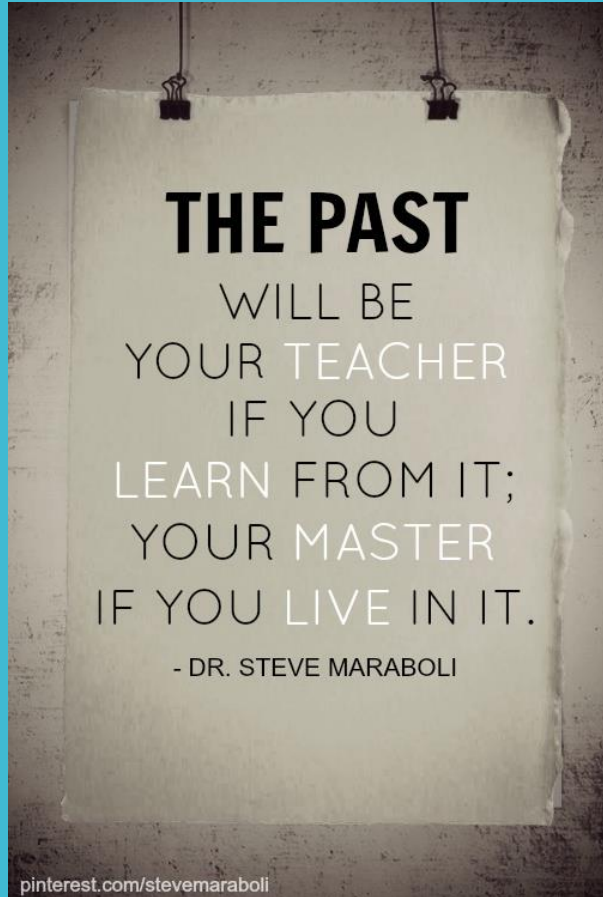
Streamlined Conversion

Capital Fund Financing

Energy Performance Contracting

Choice Neighborhood Program





What has history taught us about the development & management of government subsidized housing?