

ISSUE: FURTHER REFORM PUBLIC HOUSING?

Issue: The Commission could recommend fundamental change for public housing, on the basis that the current systems for governance, administration and funding of public housing have demonstrated their failure to support the long-term sustainability of public housing. Alternatively, the Commission could recommend continuation of the *status quo*, perhaps with minor reforms.

Discussion: See the Preservation background paper's discussion of public housing issues.

Recommendations: The Committee recommends fundamental reforms, to improve the utilization of existing funding. Each of the approaches recommended below would be amenable to targeting based on resident profile, property performance, and PHA performance. Similarly, a particular approach could be required in some situations, optional in others, and not available in others, based on factors such as historical performance of the PHA and whether the property is troubled. Finally, each of these approaches would be enhanced by incentives to achieve the desired results, and disincentives for failure to do so.

1. **Clarity Regarding Public Housing Standards.** The Committee recommends that public housing be brought into market-competitive condition over a specified time period such as five years. PHAs that do not produce a credible plan, or that fail to make acceptable progress, would be placed in receivership or otherwise put under new management.
2. **Allow Public Housing to Convert to Alternative Subsidy Systems.** The Committee recommends the creation of opportunities for at least some public housing properties to convert to alternative forms of subsidy delivery. One example is to give tenants vouchers while requiring the property to meet reasonable standards and to continue to house voucher holders. Another is conversion to project-based §8, perhaps for some but not all units, instead of public housing Operating Fund and Capital Fund.
3. **Allow Public Housing to Privatize.** The Committee recommends the creation of opportunities for the transfer of public housing properties to preserving entities, with appropriate use agreements providing for very long term affordable housing use.
4. **Allow PHAs to Access Mortgage Financing For Renovations.** The Committee recommends enacting authority for at least some PHAs to convert their stock to a more market-like system, in conjunction with the ability to borrow (perhaps with FHA credit enhancement) against the market value of their portfolios.
5. **Allow Conversion to a New PHA Governance System.** The Committee recommends allowing at least some PHAs to convert to private not-for-profit status, with Board members who are not appointed through the political system.