

The Abell Report

What we think about, and what we'd like you to think about

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The dismantling of Baltimore's public housing: Housing Authority cutting 2,400 homes for the poor from its depleted inventory — A 15-year trend shows a decrease of 42 percent in occupied units.

ABELL SALUTES: New Leaders For New Schools, and New Leader principal Shaylin Todd — for building a learning community by “mapping out the building.”

The building—Ft. Worthington Elementary at Oliver Street and Lakewood Avenue in East Baltimore—is long and low in the architectural model popular after WWII. But when Ms. Shaylin Todd, principal of Ft. Worthington Elementary, talks about “the building,” she is not referring to its physical presence. The “building” she is referring to is more comprehensive, as in “turn the building around,” as in “gathering data within the building,” and as in “knowing everything that is going on in the building,” also known among principals as “mapping out the building.” The building is her universe; it is school and office, home and laboratory, where she and faculty and students live and work as many as 12 hours a day, 12 months of the year, and where, within its walls, she is committed to personally knowing at all times the complexity of its dynamics: exactly what is going on among teachers and students, exactly what in the community outside is

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Response by Housing Authority of Baltimore City begins on Page 9

By Joan Jacobson

While more than a quarter of Baltimore City families are living in poverty, more than 2,400¹ homes for the poor are quietly being removed from the already depleted inventory of the Housing Authority of Baltimore City (HABC).² With little public input, this plan will eliminate the same number of homes as those removed when Baltimore imploded four public housing high-rise projects a decade ago.³ On its seventieth anniversary, the Housing Authority - once on a mission to replace slums with safe homes for Baltimore's poor - is now in the demolition business; its occupied inventory has dropped by 42 percent over the last 15 years - from 16,525⁴ units in 1992 to 9,625 in the spring of 2007.⁵ With virtually no plans to replace the deteriorated units being razed or sold, tenant representatives and housing advocates have watched with growing alarm as they wonder if the Housing Authority has abandoned its mission to house the poor.

Housing Authority officials blame their predicament, in part, on an aging housing stock, federal cutbacks, and increased utility costs. The agency's budget for operating, capital, and drug elimination funds has been cut by \$79 million over the last six years, and its finances are far short of the hundreds of

millions of dollars needed to repair its aging housing projects.⁶ The agency is also diverting more than \$20 million from funds usually earmarked for new public housing and rent vouchers to honor a court order to retrofit 830 units for disabled public housing tenants.

Nevertheless, the Housing Authority is not in complete financial distress:

- It has a \$26 million reserve it can spend for operating or capital improvements.⁷
- It has yet to spend \$18.5 million awarded six years ago to replace 1,000 units lost in the demolition of Hollander Ridge in East Baltimore.⁸
- In a special arrangement with HUD, reserved for a select number of housing authorities, Baltimore's Housing Authority gets to keep operating subsidies for every public housing unit it has abandoned or demolished since 2005. This year, Baltimore expects to receive \$4 million for 3,201 homes that no longer exist.⁹
- In 2004 it had enough funds to finance a half-million-dollar study analyzing the supply and demand of local low- and middle-income housing markets. The study - which urged creation of more homes for the very poor - was never released to the public or shown outside the housing authority.¹⁰

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- The Housing Authority is razing some of its homes with money from a non-public housing fund controlled by the city. Earlier this year, for example, the city granted \$4 million from the Affordable Housing Trust Fund for the demolition of 257 units at Somerset Court.¹¹ (The fund was created during a 2005 controversy over financing the Convention Center Hotel, when church leaders and city council members complained the city wasn't addressing affordable housing needs.) However, there are currently no plans to rebuild affordable housing on the site of Somerset Court (or at Westport Extension¹², another project being razed with the trust's money.)¹³

A city in need

"Baltimore contains a ring of blighted residential tracts of the most serious importance and size...any belief that Baltimore has no blighted districts completely ignores the present known facts."¹⁴

This was written in 1934 by the Maryland Emergency Housing and Park Commission in its Report of the Joint Committee on Housing in Baltimore. It could also be written today, as more than one-third of Baltimore's private rental housing is in substandard condition¹⁵. With 29,477 households on the waiting list for public housing or Section 8 rental vouchers,¹⁶ poor Baltimoreans have few places to turn. Today's downsizing of the city's public housing stock makes their plight even more urgent.

The situation is particularly grim for families with children, who make up Baltimore's poorest population.¹⁷ Due largely to demolition, the number of occupied units has decreased overall by 42 percent, and the number of occupied homes for families with children has decreased by 52 percent, from 13,589 to 6,496, over

the same 15-year period.¹⁸ This decline makes the current decision to eliminate hundreds of homes – most of them for families – even more troubling.

A diminished option for the poor

In 1996, the federal government dropped its requirement that housing authorities replace each home they demolish. Since then, the massive reduction in Baltimore's inventory has obviously put the squeeze on other poor families waiting to get into fewer and fewer available public housing units. And while displaced public housing tenants are being offered homes in other public housing projects (or are offered Section 8 rent subsidies), qualified new families move further down the waiting list.

Today's quiet plans for demolition are in contrast to the dramatic implosion a decade ago of the city's four troubled high-rise projects that once housed the same number of families being displaced today.¹⁹ Starting in 1995, when the demolition of Lafayette Courts, just east of downtown, was celebrated with a parade as television cameras rolled, the implosions led to the creation of better, safer homes for the poor within mixed income communities through the Hope VI program. Today's demolition plans offer no sense of hope for Baltimore's neediest.²⁰

Demolition Plans

The city's demolition plans mirror those of public housing authorities across the country. Nationwide, 64,164 public housing units have already been razed, with another 43,377 approved by HUD.²¹

Other cities, also faced with federal cutbacks and aging housing stock, have used creative financing techniques to turn around their deteriorated public housing projects to renovate and replace thousands of units. The Seattle Housing Authority "is committed to maintaining an equal or greater number of housing

units for very low-income residents" and is replacing 2,279 public housing units.²² Kansas City's agency, once under a court receivership plan, has renovated or rebuilt its public housing projects and increased its scattered-site inventory by nearly 500 homes.²³

By contrast, in Baltimore, while the Housing Authority is financing a small number of new public housing units, the agency is also concentrating on plans to reduce its deteriorating inventory. The agency is planning to spend almost twice as much on demolition (\$24 million) as it will spend for redevelopment (\$14 million) in 2007 and 2008.²⁴

A summary of Baltimore's demolition activities:

- The Housing Authority plans to raze the 64-year-old Somerset Court just west of Johns Hopkins Hospital. Early this year the agency told tenants they would have to leave "voluntarily" by March for other public housing projects or to private rentals with Section 8 vouchers. Otherwise, they would face "a formal 90-day notice to vacate...remaining at the site is just not a feasible option or reasonable suggestion."²⁵ The tenants' representative argued that there was nothing "voluntary" about the move if remaining in their homes was not an option; more than 150 of the 257 homes were already vacant when warning letters were sent in late February.²⁶ Housing Authority officials say they have no plans for redeveloping the eight acres in the heart of the city, or for replacing the homes elsewhere.
- In Westport, half of the 232 units in the Westport Extension public housing project are in the final stages of being prepared for demolition. HABC did not have HUD's permission before relocating most of the tenants. Paul T. Graziano, executive director

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of the Housing Authority (who also serves as Baltimore's housing commissioner), said the deteriorated houses would cost too much money to rehabilitate under HUD guidelines, but a federal official said the Baltimore agency never asked for a HUD assessment to rehabilitate.²⁷ The Housing Authority has no plans for replacing the units and filed a demolition and relocation plan in April 2007, several months after most of the tenants were moved.²⁸

- At the sprawling O'Donnell Heights project on the city's eastern edge, where 900 units were once occupied, nearly 600 are being demolished.²⁹ A master plan, written by a private consultant after holding meetings with tenants in 2003, called for 612 low income units to replace some of those being demolished, but those plans were not implemented.³⁰
- The city has significantly scaled down a program started 38 years ago that converted vacant rowhouses scattered throughout the city to public housing. At its height, there were 2,848 rowhouses in the Rehab Housing, or Scattered Site, program.³¹ Vandalism and poor management left more than 400 houses vacant by 1992. By the spring of 2007 only 838 were occupied, a 71 percent drop.³² The city has already demolished 233 of the houses and is planning to transfer another 1,399 to the city's Project 5000 program for demolition or reuse. So far, only 383 of the properties have been transferred. New uses include church parking lots, reconstituted low-income housing, and use in East Baltimore Development Inc.'s biotech project.³³

An unsettling trend

The elimination of aging homes from the public housing stock without replacing them is part of a trend that has been

escalating since the implosion of the high-rise projects.

For example:

- In 2000 HABC demolished 1,000 homes at Hollander Ridge on the city's Southeast side. The Housing Authority sold the land for \$3.5 million.³⁴ HABC recently lost a bid to buy a vacant Northeast Baltimore apartment complex for replacement housing.
- Cherry Hill in South Baltimore has lost 428 public housing units in the last ten years, as HABC demolished 193 units at Cherry Hill 17 in 1997, 122 units at Charles K. Anderson in 2003, and 113 units in Cherry Hill 12 in 2006.³⁵ Though families had lived in the demolished units, there have been no new family homes built to replace them.
- The new Orchard Ridge in Northeast Baltimore will replace the demolished Claremont Homes, which had 292 public housing units, and the adjacent Freedom Village Apartments, which had 308 units of low-income housing under another program. The new project will contain only 142 low-income rental units, using Section 8 subsidies, with a net loss of 459 low-income homes.³⁶

Finances and the housing authority's deregulated status

In recent years, operating subsidies from HUD have not kept up with inflation, making it difficult to run the day-to-day operation of the city's aging housing projects, said Graziano.³⁷

In the past, Baltimore's strategy of demolishing units has harmed its budget; it has lost subsidies for hundreds of abandoned homes, many that were the most costly to manage. (This changed after 2005 when HUD allowed Baltimore to keep subsidies for lost units.)

The Housing Authority has cut staff by 314 positions (from 1,480 to 1,166) since 2001 and has seen a budget short-

fall of \$31 million in operating subsidies and \$30 million in capital funds.³⁸ The agency's net loss for 2006 and 2007 was \$22 million "in funding eligibility," said Graziano.³⁹ It also lost a \$3.6 million Drug Elimination Grant in 2001 that helped the now-defunct Housing Authority Police to fight crime. (Crime fighting has been taken over by the Baltimore City Police Department in an earlier cost-saving measure.) The total budget for FY 2008 is \$239 million. Each year HUD estimates how much money Baltimore should receive, but Congress only funds a portion of the budget. In 2006, for example, Baltimore only received 86 percent of its expected operating funds (\$58.7 million, instead of \$68.2 million).⁴⁰

Cost estimates for maintaining its aging public housing stock vary – but they all exceed the agency's budget. The Housing Authority estimates that it would cost \$862 million to maintain its inventory in standard condition over the next seven years.⁴¹ A private, independent study commissioned by the Housing Authority gave a much lower number — \$270 million over five years.⁴² Whatever the figure, Graziano said the aging projects, "cannot be remedied with existing funding."⁴³ He noted this is part of a national \$22 billion backlog of needed public housing capital repairs.⁴⁴

Though the budget has shrunk and housing officials say the costs of adequately maintaining aging projects are out of reach, the agency has a healthy reserve of \$26 million, which it could spend on operating or capital improvements.⁴⁵ Housing officials say the money is an emergency rainy day fund that they do not want to tap into.⁴⁶ "Depleting this modest reserve is in no way an appropriate or sufficient response to the capital needs facing HABC," said Graziano.⁴⁷

Additionally, as stated above, the agency has not spent \$18.5 million, granted in 2001 to replace the demolished Hollander Ridge development.

The Housing Authority also operates with advantages over other public housing authorities. Since 2005 HUD has

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designated Baltimore as a “Moving to Work” agency, which gives it latitude to combine its assets (public housing and Section 8 budgets, for example) into one fund and be exempt from many federal regulations.

The Moving to Work (MTW) designation also comes with a special perk that allows the agency to keep operating subsidies for the level of housing units it had in 2005. Therefore, the more units it removes from its inventory, the more money it will have to manage what’s left. Today Baltimore receives subsidies for 13,958 homes, even though it only had 10,757 available earlier this year for tenants – with 10 percent of them vacant.⁴⁸ The agency expects to receive almost \$4 million more this year than it did two years ago, even though it is operating 3,201 fewer homes.⁴⁹ Graziano noted that the extra money “will not even cover the annual BG&E utility rate increase for HABC’s properties.”⁵⁰

The agency’s financial difficulties have been exacerbated by the high cost of honoring the Bailey court decree, requiring it to retrofit 830 homes for disabled tenants and to rebuild the exterior of buildings for handicap accessibility. The court order was a result of a suit filed by the Maryland Disability Law Center and U.S. Justice Department on behalf of low-income people with disabilities who were denied access to public housing.⁵¹ The cost to retrofit and rebuild has skyrocketed from an original estimate of \$46 million to \$74 million.⁵² In its ongoing work to complete the handicap-accessible units, the agency is tapping into capital funds (\$16 million) and bond funds (\$33.8 million) over the next two years.⁵³

The Housing Authority’s deregulated designation allows it to divert \$5.6 million over the next two years from Replacement Housing Factor Funds, usually designated to build new public housing, and another \$14.5 million from its fund for Section 8 rental vouchers in order to honor the Bailey court decree.⁵⁴

That money, said Graziano, could have paid for three years of rental vouchers for 626 households.⁵⁵ Without the MTW designation, the agency would not be allowed to do this.⁵⁶

At the same time the agency may be violating a part of its MTW agreement to “continue to assist substantially the same number of eligible low-income families under MTW, and to maintain a comparable mix of families by size, as would have been served or assisted if HUD funding sources had not been used under the MTW designation.”⁵⁷

Between 2005 and 2006, Baltimore lost 1,107 public housing and Section 8 rental vouchers (from 20,918 to 19,811).⁵⁸

Housing Authority officials, however, believe they are not in violation of the MTW agreement. Earlier this year, they said, they met with HUD officials who were pleased with Baltimore’s strategy to get the units for the disabled completed and to “identify the nonviable units and dispose of them, take the balance of the public housing inventory, renovate the units that need renovating and get them reoccupied,” said Graziano.⁵⁹

Vacancies: a perpetual problem

Another limitation on available public housing units is the high vacancy rate. Though the average vacancy rate in habitable projects stood at a little more than 10 percent in early 2007 (not counting thousands of units being prepared for demolition), it has ranged from 11 to 26 percent since 2001,⁶⁰ with higher vacancy rates for family projects, which are generally older and in worse condition than buildings housing the elderly and the disabled.⁶¹ The city’s family projects with unusually high vacancy rates as of June 2006 included Brooklyn Homes (24 percent), McCulloh Homes (19 percent), and Mount Winans (44 percent).⁶² (The vacancy rates, for Brooklyn Homes and McCulloh Homes, however, have since been reduced to 15 percent and 10 percent, respectively.⁶³) Graziano attributes current vacancy problems to the need to keep some units empty while they are retrofitted for the disabled.⁶⁴

High vacancy rates have been a problem for more than a decade, with HABC repeatedly vowing to reduce the number of vacant units by making repairs and turning around vacated units for new tenants faster.⁶⁵

Uncertain future plans

The Housing Authority’s future plans for new housing are unclear. Graziano said a recent “Replacement Housing” report sent by his office to HUD on future public housing construction is based on “crude estimates. . . it’s almost a meaningless document.”⁶⁶ The report sent to HUD in January 2007 states that Baltimore will build “1,255 low-income rental units over the next ten years to replace severely distressed units in its current inventory.”⁶⁷ Jemine Bryon, the Housing Authority’s deputy executive director added, “That’s what information HUD asks for and you make your best guess.”⁶⁸

Graziano and Bryon blamed federal budget cuts for the Housing Authority’s indecisiveness. (A HUD official was surprised by the comments and said he expected the Housing Authority’s numbers to be a true projection of what the agency plans to build.⁶⁹)

Graziano also blamed the Housing Authority’s inability to build new public housing on the HUD v. Thompson decree, a 1996 federal court ruling that limits building in “impacted areas,” areas with high poverty rates, high percentages of African Americans, and a high concentration of subsidized housing. In the decree, the federal court set out to undo decades of housing segregation by ordering the Housing Authority and HUD to replace about 3,100 units previously razed with new public housing units and subsidized rent vouchers, many in “non-impacted” areas that do not have high poverty rates or largely African American populations. Ironically, while Graziano and his staff blame the Thompson decree for the agency’s failure to build new public housing, it is actually this court order that has propelled the housing authority to build most of its

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new units during the last decade.

The court order was issued after African American public housing tenants, represented by the American Civil Liberties Union, succeeded in showing that HUD practiced a racially discriminatory housing policy. Eleven years later, HABC has provided only two-thirds of the court-ordered homes and subsidies.⁷⁰

As for plans to replace projects currently being demolished, the Housing Authority is still bound by the restrictions on where it can rebuild public housing. Graziano said, “There are very, very limited options in terms of land available in non-impacted areas.” While a court-approved agreement lists 43 city full and partial census tracts where the Housing Authority can rebuild public housing.⁷¹ Graziano said many permitted areas are “prohibitively expensive,” such as Federal Hill and Roland Park.⁷² If the housing authority chooses to build in non-approved areas, it can ask permission to build on a case-by-case basis. Housing Authority officials acknowledged that they have only made a formal request on one occasion.⁷³

“We’re not building any new public housing projects,” said Graziano, adding that the city prefers building mixed-income projects that combine a small number of subsidized homes for the poor with homes for sale and rent to people with higher incomes.

The strategy, though a laudable ideal for integrating a diverse group of people in one neighborhood, allows for only a small number of the lost public housing units to be replaced. For example, aside from the units being replaced under court order from the Thompson decree, HABC currently has definite plans for only 134 public housing units: 40 in Reservoir Hill, 23 in Sharp Leadenhall, 55 in Barclay, 16 in Greenmount West. But none of these units are new to the public housing inventory. They will be reconstituted scattered-site public housing rowhouses that have been vacant.⁷⁴

The city is also involved in a small

number of other development projects that include low-income housing that will not use public housing funds, such as Section 8 subsidies and Low Income Housing Tax Credits.⁷⁵

A half-million-dollar study

The Housing Authority has never released to the public a voluminous market research study it commissioned four years ago to analyze the needs of housing the poor and offer solutions. Completed in 2005 and financed with nearly a half million in tax dollars, a copy of the study provided to the Abell Foundation was still marked “draft.”

The study, called *An Analysis of Supply and Demand Conditions of Low and Middle Income Housing Markets in Baltimore City and Region: Based on Market Research Conducted from July 2004 through June 2005*, was conducted by Real Estate Strategies Inc. of Philadelphia. It found a pressing need to house very low-income families. For example, in 2004 there were 66,472 households with incomes below \$15,000 and more than 78 percent of “small family renter households” had incomes below 50 percent of the area median income.

The study examined housing conditions in the city and suburbs through original data collection and several focus groups. It analyzed the needs of the city’s public housing projects, examined conditions of buildings and surrounding neighborhoods, then ranked the projects (and neighborhoods) according to their capital maintenance needs. The study’s authors concluded that although HABC is building some laudable mixed-income projects, the city’s housing officials failed to aggressively leverage federal dollars with other financial incentives (such as low-income housing tax credits) to build new low-income housing. It concluded:

“It is critical for Baltimore Housing to continue serving as many very low-income residents as possible by maintaining those public housing developments that can be reasonably maintained and do not offer possible redevelopment

options. Priority should be given to redevelopment options that will leverage other funds for public housing, thereby freeing up public housing capital for properties that require routine and deferred maintenance.”

The study also recommended that, “new housing is needed to serve a range of very low income and lower income and middle income households.” The study was financed with \$466,323⁷⁶ from the Housing Authority’s capital budget, money usually earmarked for public housing repairs and rehabilitation. A HUD official monitoring Baltimore’s housing authority said he’d never seen or heard of the study.⁷⁷

Graziano said his agency has been using the study as an internal guide. “There’s certainly no objection to releasing it to the public,” he said. “It wasn’t intended to be a major public study...It’s just that it’s a document to be used in our strategic planning.”⁷⁸

Erroneous reporting leads to a lack of public concern

“Baltimore Housing currently serves over 40,000 residents in more than 14,000 housing units.” This statement appears (as this study is being written) on the city’s public housing website.⁷⁹ HUD also reports a similar number — 14,446.

But the true numbers of public housing units being used in Baltimore are far lower and can be found in the Housing Authority’s most recent annual plan,⁸⁰ as well as City Hall’s Citistat Reports.⁸¹ Nevertheless, the Housing Authority and HUD continued to use these outdated numbers in 2007.⁸² The HUD official who oversees Baltimore’s housing authority appeared unaware that as of spring 2007, Baltimore only had 10,748 available units in its inventory (with 1,123 of them vacant).⁸³

The absence of accurate and consistent reporting and the lack of analysis of the loss of public housing has served as a convenience in a political climate where even a suggestion of building a small number of public housing units can cause a neighborhood uproar.

Housing advocates will not soon forget the outcry of objection as the city tried to scatter ten public housing families in a large swath of Northeast Baltimore in 2006. A public meeting brought out more than 1,000 angry residents who were only mollified when then-Mayor Martin O'Malley promised to pull back on the plan. Later, however, the ten families were moved into public housing homes dispersed in the same Northeast city neighborhoods – and another 30 dispersed in other stable communities.⁸⁴ Public opposition resurfaced recently when a private developer announced plans to convert a vacant Catholic school into 30 subsidized apartments.⁸⁵

News of the diminished system is also absent from recent city-wide reports examining the impact of Baltimore's housing policies. Critical opportunities to discuss the future of public housing in the city have been lost. For example, it is not documented in Baltimore's 2006 Comprehensive Master Plan, or in the report on future housing development called "At Home in Baltimore, a Plan for an Inclusive City of Neighborhoods" that was presented to the Baltimore City Council in 2006. Since the data are missing from the city council study, it apparently was not taken into account when considering city council legislation to require some private developments to include affordable housing in their projects.⁸⁶

Additionally, an explanation of habitable units and the agency's plans for removing some projects from its inventory are absent from the city's Consolidated Plan (July 2005 to June 2010), a 153-page guide to community development that is required by the federal government.⁸⁷ The plan does not, for example, mention that the Housing Authority intends to demolish Somerset Court's 257 units or Westport Extension's 232 homes. (A Housing Authority official said the decision to demolish these projects was not yet made when the plan

was written⁸⁸). It reported an inventory of 2,872 units of scattered-site public housing, with plans to remove 1,707, leaving 1,165. But these numbers can be misleading, as they far exceed the number of houses actually occupied by tenants. That same year, the 2005 Citistat reports showed an average of only 961 scattered-site units occupied.⁸⁹ By 2007, there were 838.⁹⁰

The city's previous Consolidated Plan for 2000 to 2005 named the necessity to "expand the supply of assisted housing" as the department's number one priority for the future.⁹¹

A lack of public participation

Housing advocates have complained of a lack of public input in the demolition plans, despite federal law requiring a housing authority to "conduct reasonable outreach activities to encourage broad public participation" in its annual public housing plan.⁹² At a sparsely attended April 17, 2007 hearing on the future of Baltimore's public housing, several advocates protested that they found no public notice of the event, and questioned why it wasn't posted on the agency's website.⁹³

Housing officials said sufficient notice was given when they advertised in *The Baltimore Sun* and the *Afro-American* in March and at the Enoch Pratt Free Library.⁹⁴ The *Baltimore Sun* notice, however, was a tiny, one inch by three- and three-quarter-inch ad buried in the classified ads that ran for three days, a month before the hearing.⁹⁵ During the hearing, no copies of the 100-page plan were available (though an electronic copy was on HABC's website), and housing officials gave no overview or public explanation for their decision to demolish projects.⁹⁶ One advocate accused housing officials of trying to "circle its wagons" against public participation and called the plan "a roadmap for the continued decline of public housing."⁹⁷ Each of the eight people testifying was given two minutes to speak. The hearing was over in a half hour.⁹⁸

Section 8 rent vouchers

The loss of public housing units has been mitigated, only in part, by an increase in Baltimore's use of Section 8 subsidies (mostly vouchers), which are federal subsidies paid to private landlords. Over the last 15 years, public housing units (and other HUD assisted housing) have dwindled, as Section 8 subsidies have increased from 5,966⁹⁹ to 11,700,¹⁰⁰ an increase of 49 percent.

But, advocates argue, Section 8 vouchers are an unacceptable substitute for permanent public housing units. Section 8 subsidies can be difficult to use. Tenants must have the required security deposit. And Baltimore landlords are not required to accept vouchers, making it difficult to match private rentals with prospective tenants. Additionally, only homes that pass inspection qualify, making it difficult to find eligible rentals in a city with so many substandard properties. Often, many tenants find rentals with landlords willing to accept a voucher, then must find another qualified rental before the 120-day rental voucher expires¹⁰¹ when a home does not pass inspection. Rents of properties in good condition are often too high for voucher holders.¹⁰²

Additionally, a large number of tenants already living in approved rental homes with vouchers must move (to a second qualified home) if the first home later fails a follow-up inspection. During one ten-month period (from July 1, 2006 to April 30, 2007), the Housing Authority issued 2,156 vouchers, 1,593 of them for tenants already in the program, but who had to move due to inspection failures.¹⁰³

Historically, Baltimore's Section 8 program has had its share of management problems. The federal government reclaimed \$117 million in unspent money between 1998 and 2002.¹⁰⁴ Part of the program's problem was a computer system that was not Y2K compatible, which prevented the staff from tracking landlords, tenants, and payments.¹⁰⁵

The agency, while getting high marks in 2007 from HUD on its use of

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the program, is currently curtailing its use of Section 8 vouchers because of the diversion of \$14.5 million from the rental program (over a two-year period) to finance a portion of the Bailey court decree for disabled tenants. Another \$14 million will be used to modernize existing public housing units.¹⁰⁶

Loss of services

The Housing Authority's Moving to Work Annual Plan for 2007-2008 outlines cutbacks due to reduction in federal funding for several programs aimed at job training and child-care services. Job training services, for example, will be available to 185 people in 2007 and only 65 in 2008. Employment readiness, job placement, and retention services will be offered to 1,402 people in 2007, but only 1,100 in 2008. Child day-care funds will be available to 200 children in 2007 and 150 in 2008. One of the programs offered by the Housing Authority, however, will be significantly enhanced. Its "Post and Pre-Occupancy Program" will be mandatory for residents and will be provided to 200 residents in 2007 and 2,000 in 2008. This program helps tenants become self sufficient in keeping their homes well maintained. The Housing Authority plans to establish a non-profit subsidiary to raise funds privately to continue many of its resident programs.¹⁰⁷

Despite the reductions in the number of people served, a Housing Authority official downplayed them, saying some of the declines in job training and employment services simply showed a "natural drop" due to people graduating from those programs.¹⁰⁸

Recommendations for Change

This report makes the following key recommendations:

- Convene a group of private developers, city representatives and public housing experts to analyze the current state of public housing and financial resources and make recom-

mendations to the Mayor, Housing Authority executive director, its Board of Commissioners, and HUD.

- Expand the public hearing notification process to conform with federal regulations so housing advocates and the general public can attend the hearings and offer solutions to the city's housing problems.
- Reconstitute the HABC Board of Commissioners by adding representatives with complementary analysis, financial, and development skills.
- Baltimore should adopt a "one-for-one" replacement policy for units demolished. City officials and representatives in Congress should also advocate for more federal funds to finance new public housing.
- HUD and the Housing Authority should update their websites to accurately reflect the numbers of Baltimore's public housing units in use.
- The Housing Authority should study and adopt solutions from other cities, such as Kansas City and Seattle that are rebuilding their public housing stock and setting goals to replace as many demolished public housing units as possible.
- In an effort to make Section 8 Housing Choice Vouchers more available, Baltimore housing leaders and the city's Maryland delegation to the General Assembly should follow the example of Howard and Montgomery Counties by introducing a state-wide fair housing bill in the next legislative session that would require landlords to accept federal rent vouchers.
- The housing authority should work more aggressively and in partnership with the litigants in the Thompson consent decree to finally complete the number of Thompson units

required in the federal consent decree and find locations to build replacement public housing in "non-impacted areas." The 30 new scattered-site units provided by St. Ambrose Housing Center in "non impacted neighborhoods" should be duplicated with the recruitment of more competent private developers to build and manage public housing. St. Ambrose has already shown a good track record under the Thompson decree, as the Housing Authority's most recent report shows there are no vacancies at any St. Ambrose properties.¹⁰⁹

- HABC should stop moving tenants out of housing projects it plans to raze until HUD has approved a relocation and demolition plan. Otherwise, Baltimore is missing out on Section 8 vouchers available to relocating tenants.¹¹⁰
- In communities that have historically resisted subsidized housing the city should convene public forums involving public housing tenants already living in those stable neighborhoods — along with their homeowner neighbors — to talk about their experience living side by side, as well as the condition and maintenance of the homes.
- The Housing Authority should consider using a small amount of its \$26 million in reserves to augment other funds to repair its inventory and create new public housing units.
- Every effort should be made to prevent deterioration of public housing projects so they will not have to be razed in the future, even if it means leveraging funds outside the public housing allocation from HUD.

- Set into action the recommendations outlined in the half-million-dollar study, *An Analysis of Supply and*

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Demand Conditions of Low and Middle Income Housing Markets in Baltimore City and Region: Based on Market Research Conducted from July 2004 through June 2005, conducted by Real Estate Strategies Inc. In concert with the Department of Housing and Community Development, local elected officials, and housing advocates, the Housing Authority should build more, not less, public housing, leveraging federal dollars with low-income tax credits and other funds.

If the study had been shown to the city's planning department during the writing of its Comprehensive Plan or, more importantly, to the Baltimore City Task Force on Inclusionary Housing and Zoning, those reports – and resulting legislation – might have better addressed the housing needs of the city's poorest residents, as well as middle income-residents.

Baltimore needs to set an aggressive housing strategy for the future of its poorest residents. The Housing Authority, its Board of Commissioners, and the city's elected leaders failed to take a leadership role in solving the problems, both financial and logistical, of rehabilitating old public housing projects, replacing those being razed, and making vouchers easier to use. With the Housing Authority under the city government umbrella (as Mr. Graziano is both Baltimore's housing commissioner and the executive director of the Housing Authority of Baltimore City), it should make a logical partnership for the city leaders to join with the public housing professionals to begin rebuilding Baltimore's low-income housing system, rather than tearing it down.

A final word from a resident

Michelle Holmes is president of the Resident Advisory Board, the city-wide organization that represents public housing tenants. She feels the dismantling of

the city's public housing on a personal level, as O'Donnell Heights has been her home since 1985, shortly after the project was renovated. In the spring of 2007, she was surrounded by blocks and blocks of bricked up homes being prepared for demolition. When she thought of O'Donnell and all the other projects slated for demolition, she wondered where the housing authority will send so many of the tenants being displaced.

"What's going to happen to us?" she asked. "We're less than less. We're not important and we don't have a say."¹¹

Joan Jacobson is a former reporter for The Evening Sun and The Sun, where she covered housing for more than a decade. This report is based on a four-month review of hundreds of documents, visits to public housing projects and numerous interviews.

Endnotes

- ¹ U.S. Census data; Economic Profile – Selected Statistics 2000 vs 2005, provided by the Baltimore City Department of Planning, Tara Penders, city planner.
- ² Moving to Work Annual Plan, FY 2007-2008, interview with Paul Graziano, executive director of the Housing Authority of Baltimore City, March 9, 2007.
- ³ There were 2,448 families living in the high rises, according to the Semi-Annual Statistical Bulletin, HABC, June, 1992.
- ⁴ Semi-Annual Statistical Bulletin, June 1992, Housing Authority of Baltimore City. This statistic was derived by subtracting the number of vacant but viable units (1,843) from the total inventory of 18,368. The number excludes vacant units at Fairfield Homes, which was slated for demolition at the time.
- ⁵ Interview with Jemine Bryon, deputy executive director HABC, March 9, 2007.
- ⁶ HABC figures provided to the Abell Foundation ("Funding Reductions by Programs"); *An Analysis of Supply and Demand Conditions of Low and Middle Income Housing Markets in Baltimore City and Region: Based on Market Research Conducted from July 2004 through June 2005*. By Real Estate Strategies Inc. 2005. The study estimates the projects need \$270 million for repairs over the next five years.
- ⁷ HABC staff; this number includes reserves for public housing projects and Section 8 voucher programs.
- ⁸ Interview with Rainbow Lin, chief financial officer HABC, March 9, 2007.
- ⁹ Housing Authority of Baltimore City, Funding Reductions by Programs; HUD interview January 26, 2007 with William Tamburrino, director of Public Housing HUB for Maryland, D.C., Virginia and West Virginia, and James Kelly; Baltimore Field Director, Baltimore HUD office; HABC works under a Moving to Work agreement, a deregulated plan that gives benefits, such as main-

taining a higher level of operating subsidy; Baltimore CitiStat report 2007.

- ¹⁰ *An Analysis of Supply and Demand Conditions of Low and Middle Income Housing Markets in Baltimore City and Region: Based on Market Research Conducted from July 2004 through June 2005*. By Real Estate Strategies Inc. 2005.
- ¹¹ Resolution of HABC's "Board of Commissioners Authorizing the Demolition of Somerset Homes and Acceptance of a Baltimore City Affordable Housing Trust Fund Grant for Demolition Costs." May 15, 2007, signed by Paul T. Graziano, secretary/executive director and Joseph L. Smith, chairman.
- ¹² Agenda for Westport Homes Extension, presentation to Westport Homes Resident Advisory Board: "Funds have recently become available for the proposed demolition through the City Affordable Housing Program."
- ¹³ In an interview with Paul Graziano on March 9, 2007, he said a master plan had yet to begin on the area of East Baltimore that includes the Somerset Court land. He also said no housing will be rebuilt on the Westport Extension location because it is too close to an industrial area and a highway.
- ¹⁴ Maryland Emergency Housing and Park Commission, Report of Joint Committee on Housing in Baltimore, March 19, 1934.
- ¹⁵ Low-End Rental Housing; The Forgotten Story in Baltimore's Housing Boom by Sandra J. Newman.
- ¹⁶ HABC Moving to Work Annual Plan FY 2007-2008.
- ¹⁷ U.S. Census data; Economic Profile – Selected Statistics 2000 vs 2005, provided by the Baltimore City Department of Planning, Tara Penders, city planner.
- ¹⁸ Semi-Annual Statistical Bulletin, HABC, June 1992; CitiStat report, February 2007.
- ¹⁹ There were 2,448 families living in the high rises, according to the Semi-Annual Statistical Bulletin, HABC, June 1992.
- ²⁰ *The Baltimore Sun*, 1,000 pounds of explosives to level Lafayette Courts towers today, by Joanna Daemmrich and Joan Jacobson, August 19, 1995.
- ²¹ HUD Demolition/Disposition application information by date: <http://www.hud.gov/offices/pih/systems/pic/sac/#reports>
- ²² Seattle Public Housing: <http://www.seattlehousing.org/Development/replacement/Replacement-Housing.html>
- ²³ Housing Authority of Kansas City: http://www.hakc.org/jeffrey_lines.html
- ²⁴ Interview with Graziano, HABC Moving to Work Annual Plan 2007-2008.
- ²⁵ February 27, 2007 letter to Iris Bradford, Somerset Tenant Council president, from Jemine Bryon, Housing Authority deputy executive director.
- ²⁶ February 27, 2007 letter from Jemine Bryon to Iris Bradford.
- ²⁷ Tamburrino interview, April 19, 2007.
- ²⁸ Interview with Paul Graziano, Jemine Bryon, March 9, 2007, Tamburrino interview. On May 14, 2007 HABC spokeswoman Tania Baker said ten families remained at Westport Extension.
- ²⁹ Numbers supplied by the Housing Authority of Baltimore City, March 2007.
- ³⁰ O'Donnell Heights Master Plan, final report, March 2003 by STV Incorporated. Interviews with public housing officials and Michelle Holmes, president Resident Advisory Board and an O'Donnell Heights Tenant.
- ³¹ HABC Semi-Annual Statistical Bulletin June, 1992.
- ³² CitiStat, February 2007.
- ³³ CitiStat, February 2007, HABC Moving to Work FY 2006 Annual Plan; Table prepared by HABC for the Abell Foundation on the status of reuse for

continued from page 8

- scattered-site public housing units.
- ³⁴ HABC A Moving to Work Agency, FY 2006 MTW Annual Report.
- ³⁵ Ibid; Interview with Graziano.
- ³⁶ HABC A Moving to Work Agency, FY 2006 Annual Report.
- ³⁷ Graziano interview, March 9, 2007, HABC Moving to Work Annual Plan 2007-2008.
- ³⁸ HABC Funding Reductions by Programs, Baltimore Citistat reports, 2007.
- ³⁹ Letter from Graziano to Robert C. Embry Jr., Abell Foundation president, July 9, 2007.
- ⁴⁰ Ibid.
- ⁴¹ Moving to Work Annual Plan 2007-2008.
- ⁴² *An Analysis of Supply and Demand Conditions of Low and Middle Income Housing Markets in Baltimore City and Region: Based on Market Research Conducted from July 2004 through June 2005*. By Real Estate Strategies Inc. 2005
- ⁴³ Graziano letter to Embry, July 9, 2007.
- ⁴⁴ Ibid.
- ⁴⁵ HUD, Tamburrino. This number includes reserves for public housing projects and Section 8 programs.
- ⁴⁶ HABC staff interviews.
- ⁴⁷ Graziano letter to Embry, July 9, 2007.
- ⁴⁸ HUD, Tamburrino, Kelly; Baltimore Citistat report February 2007.
- ⁴⁹ Housing Authority of Baltimore City, Funding Reductions by Programs.
- ⁵⁰ Graziano letter to Embry, July 9, 2007.
- ⁵¹ Letter to the Abell Foundation from the Maryland Disability Law Center, June 12, 2007.
- ⁵² Graziano interview May 8, 2007.
- ⁵³ HABC document, *Capital Work for HABC*, provided to Abell researcher.
- ⁵⁴ Graziano interview May 8, 2007.
- ⁵⁵ Graziano interview May 8, 2007.
- ⁵⁶ *Capital Work for HABC*; Graziano interview; HABC Moving to Work Annual Plan, 2007; Bailey, et al v. HABC et al., Civil Action No. JFM-02-CV-225 and United States v. HABC, Civil Action No. JFM-04-CV-03107.
- ⁵⁷ Housing Authority of Baltimore City MTW agreement with HUD.
- ⁵⁸ MTW Plans 2005, 2007
- ⁵⁹ Graziano interview, May 8, 2007.
- ⁶⁰ Citistat reports from 2001 to 2006. The current vacancy rate is from the March 16, 2007 Citistat report.
- ⁶¹ Citistat reports from 2001 to 2006.
- ⁶² HABC Moving to Work Annual Plan 2007-2008.
- ⁶³ Graziano letter to Embry, July 9, 2007.
- ⁶⁴ Graziano letter to Embry, July 9, 2007.
- ⁶⁵ The City of Baltimore Comprehensive Housing Affordability Strategy 1994-1998, Dec. 30, 1993, DHCD.; Housing Authority of Baltimore City, PHA plans; 5 year plan for fiscal Years 2003-2007; Annual Plan for Fiscal year 2003, April 8, 2003.
- ⁶⁶ Graziano interview, March 9 2007.
- ⁶⁷ Amended HABC Replacement Housing Plan – FY 2007, sent to HUD from HABC January 30, 2007.
- ⁶⁸ Graziano interview, March 9, 2007.
- ⁶⁹ Tamburrino interview, April 19, 2007.
- ⁷⁰ Carmen Thompson et al v. U.S. Department of HUD Partial Consent Decree, Update on Replacement Housing Programs.
- ⁷¹ Thompson: Stipulation and Order Amending Partial Consent Decree.
- ⁷² Graziano letter to Embry, July 9, 2007.
- ⁷³ Interview with Paul Graziano, March 9, 2007.
- ⁷⁴ Moving to Work Annual Plan 2007-2008.
- ⁷⁵ Ibid.
- ⁷⁶ April 4, 2007 letter to Joan Jacobson from Tania

Baker, director of communications, HABC.

- ⁷⁷ Tamburrino interview, April 19, 2007.
- ⁷⁸ Graziano interview May 8, 2007.
- ⁷⁹ http://www.baltimorehousing.org/index/ps_public.asp
- ⁸⁰ Draft of Moving to Work Annual Plan, FY 2007: http://www.baltimorehousing.org/index/pdfs/HABC_Annual_Plan_2007.pdf
- ⁸¹ <http://www.ci.baltimore.md.us/news/citistat/reports.html>
- ⁸² Housing Authority of Baltimore City Website: http://www.baltimorehousing.org/index/ps_public.asp (as of March 21, 2007), Housing Authority Inventory report from the U.S. Department of Housing and Urban Development, provided by the Baltimore HUD office, as of March 2007, reports 14,446 units in management.
- ⁸³ Tamburrino interview, April 19 2007.
- ⁸⁴ American Civil Liberties Union, *The Baltimore Sun*, October 5, 2000 by M. Dion Thompson.
- ⁸⁵ *The Baltimore Sun*, Apartment plan stirs Hamilton residents by Eric Siegel, April 11, 2007.
- ⁸⁶ The City of Baltimore Comprehensive Master Plan, A Business Plan for a World Class City, 2007-2012, At Home in Baltimore, a Plan for an Inclusive City of Neighborhoods, July 2006. Coty Council Bill # 06-0558.
- ⁸⁷ http://www.baltimorehousing.org/index/ps_plans.asp
- ⁸⁸ Interview with Steve Janes, assistant commissioner for research and compliance, Department of Housing and Community Development/HABC.
- ⁸⁹ Averaged from the three 2005 Citistat reports for HABC.
- ⁹⁰ Citistat reports for February 2007 for HABC.
- ⁹¹ Department of Housing and Community Development Consolidated Plan, July 2000 to June 2005.
- ⁹² HUD regulations: 24 CFR Ch. IX (4-11-04 edition) Section 903.17, “What is the process for obtaining public comment on the plans?”
- ⁹³ Housing advocates who protested included repre-

- sentatives from Maryland Legal Aid, the American Civil Liberties Union of Maryland, the Maryland Disability Law Center and the University of Maryland School of Law’s Clinical Law Office.
- ⁹⁴ Letter from Graziano to Abell Foundation President Robert C. Embry, July 9, 2007.
- ⁹⁵ *The Baltimore Sun*, Classified Advertisements, Legal notices, March 19, 20 and 21, 2007.
- ⁹⁶ http://www.baltimorehousing.org/index/pdfs/HABC_Annual_Plan_2007.pdf
- ⁹⁷ Comments by Barbara Samuels, managing attorney for fair housing at the American Civil Liberties Union of Maryland.
- ⁹⁸ Abell study author Jacobson attended the hearing.
- ⁹⁹ Section 8 Housing Programs, statistical bulletin, July 1992, Department of Housing and Community Development.
- ¹⁰⁰ Jemine Bryon interview, March 9, 2007.
- ¹⁰¹ Interview with Iris Bradford, Somerset Court Tenant Council president.
- ¹⁰² Letter from Paul Graziano to the HUD regional Inspector General, December 8, 2004. Graziano blamed HABC’s difficulty using Section 8 vouchers on “extremely difficult market conditions” and called the situation “beyond the control of HABC.”
- ¹⁰³ Graziano interview, May 8, 2007.
- ¹⁰⁴ HUD Office of the Inspector General report, December 2004, OIG report, March 2001.
- ¹⁰⁵ Interview with HABC staff March 9, 2007; January 26, 2007 Interview with HUD officials Tamburrino and Kelly.
- ¹⁰⁶ Capital Work for HABC, document provided to the Abell researcher.
- ¹⁰⁷ HABC Moving to Work Plan 2006-2007.
- ¹⁰⁸ Bryon interview May 8, 2007.
- ¹⁰⁹ HABC Moving to Work Annual Plan 2007.
- ¹¹⁰ HUD notice PIH 2007-10 (HA), Subject: Voucher Funding in Connection with the Demolition or Disposition of Occupied Public Housing Units.
- ¹¹¹ Interview with Michelle Holmes, president Resident Advisory Board, March 21, 2007.

Response by Housing Authority of Baltimore City

September 7, 2007 Baltimore Housing

I. Introduction

Joan Jacobson’s report entitled “The Dismantling of Baltimore’s Public Housing” minimizes the funding crisis which affects the Housing Authority of Baltimore City (HABC) and every other Public Housing Authority (PHA) in the nation (see attached news articles) while trivializing the highly complex challenges facing Baltimore City’s public housing program. The author’s point of view represents a fantasy vision in which funding gaps disappear, the federal government recommits itself to supporting the public housing program, and

contentious and dense legal issues and requirements can easily be resolved.

Jacobson’s report does little to inform a public discourse regarding the challenges facing HABC as a result of shifting national policies, many years of federal disinvestment, seismic shifts in the population of Baltimore City, and the severely distressed and obsolete conditions of much of HABC’s housing stock. These challenges are further exacerbated by the need to comply with complex and expensive court-ordered Consent Decrees which significantly define how and where HABC can invest its limited and inadequate funding.

The author’s complete dismissal of

continued on page 10

¹ Ms. Jacobson is also referred to as the author throughout this response.

the enormity of the capital funding gap facing HABC and unwillingness to acknowledge the significant successes achieved by HABC and its umbrella agency, Baltimore Housing, including production of 3,276 affordable housing units since 2000, calls into question her objectivity and undermines the validity of the report's conclusions and recommendations. HABC attempted to set the record straight with comments on a draft of the report; however, very few adjustments were made to the final report to reflect these comments. The deficiencies in the Jacobson report are myriad:

- Contrary to her assertion that we are “abandoning our mission to house the poor,” the Housing Authority is at near record levels of households served and will, over the next year lease-up 2,500 new Section 8 units and increase public housing occupancy to 97%, and thereby be serving significantly more low-income households than at any other point in the nearly seventy (70)-year history of the Authority.
- The bottom line problem of HABC's lack of resources is minimized and dismissed by the author. In response to the \$862 million in capital needs to address physical conditions in HABC's public housing portfolio, the author proposes using a “small amount” of HABC's operating reserve, which currently totals approximately \$27 million. HABC's operating reserves are equivalent to about six (6) weeks of public housing and Housing Choice Voucher (HCV) operating expenses. Depleting this modest reserve is in no way an appropriate or sufficient response to the capital needs facing HABC.
- In response to the ongoing underfunding of HABC's operating budget which over the past two years alone has resulted in reductions of \$22 mil-

lion in federal funds needed to pay for utilities, maintenance repairs, and other ongoing operating expenses, the author points to a provision of the Moving To Work Agreement (MTW) which made HABC eligible for an additional \$4 million in funding. The author implies that this \$4 million is evidence of the agency's financial health; however, the fact is that this amount will not even cover the annual BG&E utility rate increase for HABC's properties.

- The author acknowledges that HABC's demolition plans “mirror those of public housing authorities around the country,” but makes no attempt to analyze the underlying reasons why the demolition decisions were made. These reasons vary by property, but always involve underlying serious physical distress which cannot be remedied with existing funding. The report ignores the fact that federal caps on funds available to renovate properties such as Westport Extension, O'Donnell Heights and Somerset make it impossible to conduct these renovations. Despite these restrictions, we are committed to redevelopment of mixed income housing at both O'Donnell Heights and Somerset, subject to federal funding and Thompson Consent Decree related approvals.
- No discussion of the enormous and unique operating challenges faced by HABC is included in the report. For example, the Bailey and Thompson Consent Decrees are only briefly mentioned in spite of the fact that these two court matters absorb an enormous amount of agency resources and profoundly shape and constrain agency development and operational priorities.
- In an effort to paint a relentlessly negative picture of the City's affordable housing options for low-income households, the author mentions,

then discounts, the fact that the total number of Section 8 recipients has gone from less than 6,000 to almost 12,000 in the past fifteen years. This increase has been achieved despite the fact that landlords are not required to accept Section 8 vouchers in the City and most of the surrounding counties. The author starts the discussion of this very successful program with the words, “But Section 8 subsidies often come with problems...” While Section 8 is not a panacea or the solution to all of the City's housing affordability problems, especially given the extreme age of most housing in the City, a fair assessment of the program would mention positive attributes such as the program's ability to open up a wide range of housing choices and neighborhoods to program participants including metropolitan and nationwide mobility options. It should also have been noted that the current administration has transformed the HABC Section 8 program from a “HUD troubled” agency with a rating of five (5) to a “HUD High Performer” agency with a rating of 140.

- The author's wish list of recommendations includes urging HABC to work to reinstate “one-for-one replacement of demolished units, accompanied with enough money to finance new public housing.” This recommendation is made without referencing the current \$22 billion national backlog of needed public housing capital repairs or the realities of national politics, which have resulted in the systematic underfunding and disinvestment in public housing.
- The extensive neighborhood revitalization activities, including public housing redevelopment, undertaken by Baltimore Housing and HABC over the past decade are virtually ignored while the author lauds the undefined activities of other cities as

models for Baltimore. There is little acknowledgement of HABC's five (5) successful HOPE VI revitalization initiatives, the State Partnership Rental Housing Program development activities or other completed or planned successful development activities. The fact that HABC has leveraged over \$181 million in non public housing funds to support these activities at just the completed HOPE VI projects is not mentioned. The author ignores these large-scale efforts which have produced over 1,100 affordable housing replacement units, while recommending the replication of a thirty (30)-unit scattered site St. Ambrose development. This recommendation is made in a vacuum, absent any discussion of the exorbitant acquisition, construction and management costs of this development.

- The author disingenuously uses two paragraphs from a 220-page study commissioned by Baltimore Housing to criticize HABC's performance. These references distort the overarching message of the study, which analyzes the dramatic changes in Baltimore City's demographics and housing stock and presents a thoughtful analysis of future housing development options and strategies. In contrast to Ms. Jacobson's representation, the study actually applauds a number of Baltimore Housing's ongoing mixed income housing initiatives such as Barclay and Sharp-Leadenhall. Further, a central focus of the study is the need to attract moderate and market rate income households into the City, a point which is entirely ignored by the author.
- The author makes repeated references to a purported lack of public involvement or opportunities for input into HABC's redevelopment

policies. The facts tell an entirely different story, i.e. that HABC conducts its business in a transparent and open manner. As just one example, prior to submitting its most recent Moving To Work Annual Plan, HABC: conducted fourteen (14) meetings with residents; convened a public hearing; placed advertisements for the public hearing in the Baltimore Sun and The Afro-American; posted the Plan on its website, at all public housing sites and in the Enoch Pratt Free Library; and, conducted a public vote of its Board of Commissioners.

There are many more errors and omissions in this deeply flawed and biased report. A well researched, objective analysis of the challenges facing public housing both nationally and locally would have provided a much different story than the one presented by the author. The real story begins with an understanding of major national public housing policy shifts and the resultant funding problems facing HABC.

II. Public Housing: National Challenges

The public housing program in Baltimore and nationwide has been steadily decreasing in size over the past two decades. This is a direct result of federal housing policy which has stopped funding public housing development, shifted resources to the Section 8 Housing Choice Voucher program, all but eliminated the last remaining source of public housing revitalization dollars (HOPE VI) and dramatically under funded public housing operating and capital programs.

The Center on Budget and Policy Priorities (CBPP) summarizes the situation as follows:

Recent funding cuts also are undermining other housing policy goals, such as the preservation of the public housing stock, which remains an important source of affordable housing to families with very low incomes. Over the past decade, the nation has experienced a net loss of approximately 170,000 pub-

lic housing units to deterioration and decay, and much of the remaining public housing stock has substantial repair and rehabilitation needs that must be met if public housing is to be revitalized and preserved. Efforts to meet this goal are being hindered, however, by a steep decline in funding for public housing; annual funding for public housing operating and capital costs fell by 25 percent between 1999 and 2006, after adjusting for inflation. Without an infusion of new resources, the remaining 1.2 million public housing units, about half of which are home to people who are elderly or have serious disabilities, will continue to deteriorate. (Source: CBPP, February 1, 2007)

Using well-documented facts, CBPP goes on to describe the national shift from "project-based housing" to "tenant-based vouchers." From 1995 to 2005, there was a net gain of 700,000 authorized tenant-based vouchers, while "project-based housing" (a term that CBPP uses to include public housing and privately owned housing receiving project-based subsidies) declined by 500,000 units.

The CBPP report goes on to state that, "Public housing is being starved of resources despite substantial capital repair needs." In terms of capital funding, the report concludes that, "*Between 1999 and 2006, funding for the Public Housing Capital Fund, which helps cover agencies' costs for substantial repairs and modernization of deteriorated public housing, dropped by 33 percent, after adjusting for inflation. The 2006 funding level of \$2.4 billion is slightly below the amount HUD estimates is required just to meet new capital repair needs that arise each year, without taking into account the substantial funding needed to address the \$22 billion backlog of needed capital repairs.*"

Thus, it is clear that Baltimore's experience over the past decades with a declining public housing program and an increasing Section 8 program is consistent with national trends. Communities all over the nation have been forced

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to close down public housing because of inadequate funding and decaying housing conditions. Jacobson briefly acknowledges this fact, but then dismisses it, recommending instead that Baltimore adopt the “creative financing techniques” used by Seattle and Kansas City to renovate and rebuild public housing. Just what those creative financing techniques are, how Baltimore can access them or, more importantly, how they differ from the creative financing strategies already in use in Baltimore is left to the reader’s imagination as the author provides no facts or details.

Public Housing Operating Fund

While the shortfall in public housing funding is a national problem, it is particularly acute in Baltimore. With respect to the Operating Fund, HABC has not received full funding to support public housing operating costs such as maintenance and utilities since Fiscal Year 2003. Since that time, HABC Operating Fund resources have been cut by \$26.2 million below the amount it is due based on the federal funding formula. For calendar years 2006-2007 alone, the net loss to the agency is more than \$22 million. HABC has taken aggressive measures to operate with reduced funding including eliminating 314 staff positions during this period; however, many of HABC’s costs, particularly utility costs, have continued to increase. Chart 1 illustrates the gap between the formula-determined operating subsidy amount and the actual funding amounts provided by HUD.

In discussing the shortfall in operating funds, the author basically dismisses the issue stating, “Though the budget has shrunk and costs of adequately maintaining aging projects are out of reach, the agency has a healthy reserve of \$26 million, which it could spend on operating or capital improvements.” In fact, HABC does periodically use reserve funds for operating and capital needs including accommodating cash

flow needs associated with program budgets in excess of \$224 million. It is re-stating the obvious to note that the entire reserve balance (which is presently at \$27 million) is only \$5 million more than the 2006-2007 federal funding shortfall. Further, it represents approximately six (6) weeks of operating costs for the public housing and HCV programs. Spending the reserve down would place the agency in a precarious financial position, one that would be imprudent and reckless in light of the ongoing funding uncertainties. It should also be noted that the reserve balance is less than the 20% previously recommended under HUD guidelines.

The author then proceeds to discuss a “special perk” of the Moving To Work program that generates “almost \$4 million” in additional funds this year, further stating that “...the more units it removes from its inventory, the more money it will have to manage what is left.” The additional \$4 million referenced in the report is a result of an increase in the utility component of the operating subsidy. Even with this additional subsidy, HABC has not received sufficient funding to properly maintain its occupied unit inventory. Further, as previously noted, the \$4 million payment did not even fully cover the costs

associated with the annual BG&E utility rate increase.

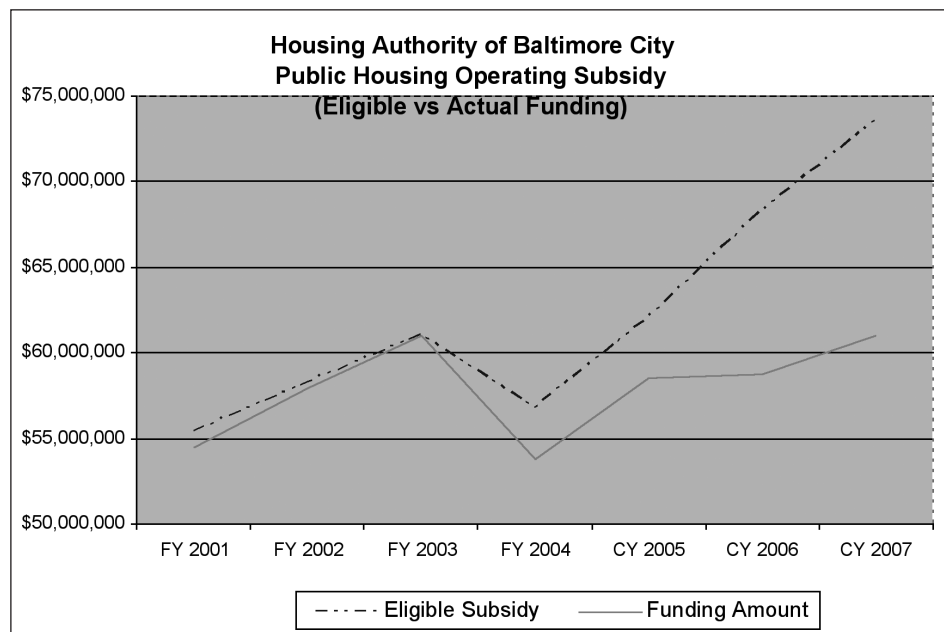
Public Housing Capital Fund

Jacobson faults HABC for not implementing a “one-for-one” replacement policy for all of its obsolete and uninhabitable or demolished public housing units, while offering no meaningful funding options. It should be noted that HUD does not provide development funds for “one-for-one” replacement and, with a recent HUD rule change, now only provides replacement vouchers for public housing units that are occupied at the time of HUD’s approval of a demolition/disposition application. HUD’s policy of limiting vouchers to occupied units only will cost HABC over \$12 million per year in funding. As an MTW site, HABC could have used these funds to develop “hard” units.

Further, the capital investment needs for HABC are staggering in light of the limited resources available to address these needs. In the aggregate, HABC’s portfolio of public housing units requires greater than \$862 million in capital investment over the seven (7)-year MTW term to maintain its inventory in standard condition and redevelop non-viable sites.

These needs are in stark contrast to

Chart 1



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the approximately \$22 million in Capital Fund program grant funds expected annually in each of the next several years. In an attempt to leverage and expedite the impact of Capital Fund dollars, in 2004 HABC issued bonds that generated over \$65 million in revenue. However, more than 50% of the bond proceeds were used to make units accessible per Bailey Consent Decree requirements. The balance was used for public housing vacancy reduction and critical capital replacement items such as elevators, fire management systems, roofs and heating systems.

HABC will also utilize its flexibility under MTW to use a limited amount of HCV funds to help support additional public housing vacancy reduction and provide hundreds of accessible units for persons with disabilities. Both the bond issuance and the use of HCV funds reflect creativity and innovation in attempting to improve conditions and increase overall occupancy.

As with the issue of operating funds, the author acknowledges the capital shortfall, then minimizes it as something that could be solved through more creative financing, more public input and the like. There are numerous inaccurate, misleading references to the capital program in the report. In discussing capital needs, the author cites the "...more than \$200 million needed to repair its aging housing projects." Again, the estimated figure is \$862 million including the cost of redeveloping non-viable sites.

The author also implies that the Hollander Ridge HOPE VI grant could be utilized to address agency-wide capital needs; however, the grant is restricted by statute to the provision of replacement housing units or total renovation of units on a single site. For years, HABC has been thwarted first by HUD and then the ACLU in its efforts to build replacement housing using the Hollander Ridge grant. HABC is hopeful that recent discussions with the ACLU regarding additional options will yield positive results

and help us to move forward with building these critically needed housing resources. Again, however, the funds cannot be used for general capital improvement purposes.

The report's discussion of HABC's Replacement Housing Factor Fund program also presents a distorted view of HABC's plans and priorities. Contrary to the author's statement, the agency stands behind the figures reported to HUD, while acknowledging that the specifics of these future development programs can and will change over time.

III. Public Housing: Local Challenges

In addition to ignoring the powerful impacts of national policy and budget decisions on public housing in Baltimore, the author ignores or distorts some of the most fundamental challenges facing public housing in Baltimore including demographic changes of historic proportions and court-ordered consent decrees which severely limit the agency's development agenda.

Baltimore's Demographic Changes

Despite its gains over the past few years, Baltimore remains a city with significant concentrations of poverty, severe population loss, and disinvestment, particularly when compared to the region. While the counties grew and prospered, Baltimore City lost much of its middle class base but experienced increases in the number of individuals who live in poverty. Household incomes increased in the surrounding jurisdictions, but earning power continued to lag in the City. As the middle class fled, disinvestment became a more practical and viable economic option. Properties were

not maintained or, in many instances, were abandoned leaving entire neighborhoods debilitated.

These are not new trends, but ones that have been evident since the 1950's. Between 1950 and 2006 the City's population declined by slightly more than 33% from 949,708 individuals to 631,366 individuals. Baltimore City now includes only 25.5% of the region's population. According to Living Cities data Baltimore lost 34% of its middle-income households between 1990 and 2000. Households earning between \$34,000 and \$52,000 decreased by 14% while households earning between \$52,000 and \$81,000 decreased by 20%.

At the same time the City's poverty rate has increased from 18.4% in 1970 when the Census first began tracking this data to 22.6% in 2006. The child poverty rate in the City stands at 33% versus 7.1% in the surrounding counties. Half of the census tracts in Baltimore City contain poverty rates of 50% or more; for example, 32.4% or 83,601 households in Baltimore City earned \$18,000 or less, ranking Baltimore fifth among 23 major metropolitan areas.

While the City's median household income increased, it still lagged significantly behind its suburban counterparts. Table A compares Baltimore's median income with the region:

The City's changing and challenging demographics are also reflected in the concentration of Housing Authority-owned properties as a percentage of the City's overall housing stock. In 1950, the Housing Authority had 6,021 available units, representing 2.24% of the City's total housing stock. By 1990, the number of available public housing units

Table A

	1990	2000	2006
Baltimore City	\$24,045	\$30,078	\$32,456
Anne Arundel County	\$45,147	\$61,765	\$71,961
Baltimore County	\$38,837	\$50,667	\$56,295
Howard County	\$54,348	\$74,167	\$91,194

Source: US Census & Baltimore Metropolitan Council

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increased to over 21,000 (including HABC-owned units and Section 8 units), or 10% of the City's households. It is also true that in the 1990's the decrease in the number of available Public Housing units exceeded the increase in Section 8 units by approximately 500 units. However, it is equally important to note that from 1999 to 2007, the increase in Section 8 units exceeded the decrease in available Public Housing units by more than 1,200 units. Table B illustrates the above point.

An equally important point to note in any discussion concerning the Housing Authority's inventory is the Thompson Consent Decree requirement that the concentration of Public Housing be reduced on the redeveloped sites. This requirement has resulted in 850 Public Housing units being rebuilt on five Housing Authority owned sites. The remaining 3,340 units are being replaced by scattered Public Housing and Housing Choice Vouchers. The Housing Authority has not, as Ms. Jacobson alleged, moved away from the business of providing affordable housing, but continues to operate under a hampering set of circumstances that limits how and where housing can be provided.

Even without these constraints, Seattle and Kansas City do not come close to maintaining the inventory that Baltimore does. Seattle currently has 6,156 public housing units and 8,451 Section 8 units or a total of 14,607 units – 8,145 fewer units than Baltimore. Kansas City has a total 9,803 units, or 12,949 fewer than Baltimore. HABC's viable public housing inventory alone is five times as large as Kansas City, while Baltimore's population is about 50% larger. Table C illustrates the significant differences in the ratio of public housing units to each city's population.

In spite of Ms. Jacobson's assertions, Seattle and Kansas City portray a dramatically different set of demographics. Between 1950 and 2000, Seattle's population increased by 24.5%

from 467,591 individuals to 582,454. Kansas City's population remained relatively constant decreasing by only 2%. In this same time period, Baltimore lost 33% of its population. Seattle's poverty rate is about half of Baltimore's: 12.3% compared to 22.6%. With a poverty rate of 16.5% Kansas City is also well below the City's level of poverty. While Baltimore's share of low-income households increased, Seattle's actually decreased by 7.4%.

Both Kansas City and Seattle have vacant house rates well below Baltimore's 17.4% vacancy rate. According to the Census, Kansas City had a 13.7% vacancy rate in 2006 while Seattle had a 6.7% vacancy rate. Obviously, high vacancy rates due to disinvestments and abandonment, as in the case of Baltimore, compound the challenges of preserving or producing affordable housing opportunities.

Ms. Jacobson's use of cities that are not comparable to the Baltimore experi-

ence reiterates the overall lack of methodology and academic rigor that is typically demonstrated in this type of report. Table D further illustrates the differences between Baltimore and Seattle or Kansas City.

The best and most effective way to reverse the above referenced trends is through the approach currently followed by Baltimore Housing: strategically focusing on areas for redevelopment. This is the approach that is recommended and reinforced in the Real Estate Strategies, Inc. 2005 report, *An Analysis of Supply and Demand Conditions of Low and Middle Income Housing Markets in Baltimore City and Region*. The report confirms that Baltimore faces a "number of powerful, overriding market realities that should be understood because they exert a strong influence on Baltimore's housing markets..." The report also notes that the most effective way to rebuild distressed communities is by providing mixed-income housing, an

Table B

	Dec. 1980	Dec. 1990	Dec. 1999	June 2007
Viable Public Housing Units	16,355	16,637	13,640	11,028
Sec. 8 Units	2,306	4,747	7,624	11,724
TOTALS	18,661	21,384	21,264	22,752

Source: Baltimore Housing

Table C

	2006 Population	Public Housing Units	PH Housing/ Population	Total PH units & Section 8	PH Units & Section 8/ Population
Baltimore	631,366	11,028*	1/57	22,752	1/28
Kansas City	447,306	2,193	1/204	9,803	1/46
Seattle	582,454	6,157	1/95	14,607	1/40

Source: US Census & Council of Large Public Housing Authorities (CLPHA). * As of June 30, 2007 HABC had 13,454 public housing units in its inventory. 2,400 are slated demolition or disposition and 26 are converted to non-residential units leaving a balance of 11,028 public housing units.

Table D

	1950 Population	2006 Population	Difference	% of Increase/ Decrease	% Living in Poverty	% of Vacancy
Baltimore	948,708	631,366	-317,342	-33.44%	22.60%	17.40%
Kansas City	456,622	447,306	-9,316	-2.04%	16.50%	13.70%
Seattle	467,591	582,454	114,863	24.56%	12.30%	6.7%

Source: US Census

approach lauded by the Baltimore Sun in an August 28, 2007 editorial. Many specific recommendations in the RES Report are in place and evident in Baltimore Housing's policies, programs, and operations. The RES report also acknowledges that much of the City's housing stock is not suitable for rehabilitation and that a majority of the rental stock is also in need of a significant amount of repair. Rather than allocate already scarce resources, the report recommends focusing on leveraging public dollars in a concentrated fashion — the approach that is being implemented in Orchard Ridge, Uplands, Barclay, Poppleton, and EBDI, Baltimore Housing's strategic focus areas. This decision ensures that a wide variety of housing will be available throughout the City, especially to those who are in the most need of affordable housing.

Thompson Consent Decree

Despite the author's assertion, the eleven-year old partial consent decree was not the result of the ACLU's "showing that HUD practiced a racially discriminatory housing policy." The partial consent decree, an agreement reached by both parties, resolved only some of the issues in the *Thompson* complaint. The parties litigated the remaining issues at a trial held in December 2003. In January 2005, Judge Garbis, the presiding judge, issued a decision absolving HABC and the City of all wrongdoing. The Judge also held that HUD had violated the Fair Housing Act by failing to take a regional approach to the desegregation of public housing.

In discussing the restrictions placed on HABC development activities under the Thompson Consent Decree, the report states that there are, "...43 city census tracts where the Housing Authority can rebuild public housing." In fact, out of a total of 200 census tracts in Baltimore City, thirty-two (32) full census tracts and eleven (11) block groups (partial census tracts) are eligible locations

for housing units under Thompson. Note, however, that this includes prohibitively expensive and largely built-out areas including Federal Hill and Roland Park along with several other areas that present few if any opportunities to build rental housing.

The report recommendations include a statement that HABC should "...work more aggressively and in partnership with the litigants to finally complete the number of Thompson units required in the federal consent decree and find locations to build replacement public housing in non-impacted areas." This recommendation ignores the fact that the vast majority of the hard units have been completed. All 850 of the HOPE VI on-site replacement units have been completed and 265 of the 353 off-site replacement rental units are done. Thus, of the 1203 hard units required by the Thompson partial consent decree, only eighty-eight (88) remain to be completed. HABC has selected a contractor to complete ten (10) of the units. This contractor is in the process finalizing the design plans and phasing of the project. Another contractor was selected to complete fifty-seven (57) of the units. One of these units has been completed and that contractor is now in the process of identifying units for purchase and rehab of the remaining fifty-six (56) units. HABC's plans for acquiring the remaining twenty-two (22) units are being finalized. It should be further noted that, under the terms of the partial consent decree, these twenty-two (22) units were to be built in Sandtown Winchester (a heavily impacted area). HABC has voluntarily agreed to seek opportunities in less impacted areas, which will increase the diversity and range of housing options.

HABC has and will continue to work towards fully implementing the Thompson requirements, regardless of whether these requirements make for sound public policy today. The author's citation of St. Ambrose Housing Aid Center, Inc. as a model for future development ignores the fiscal realities of this very complex

and expensive undertaking and underscores her lack of knowledge of the complexity and cost associated with this type of endeavor. For example, the per unit monthly operating costs of this thirty (30)-unit development are more than double the average cost of other privately managed scattered sites.

IV. Leveraging Public Housing Assets to Support Neighborhood Revitalization

While the future of Baltimore's public housing program is challenging, HABC remains committed to preserving viable public housing communities, increasing occupancy in both the public housing and HCV programs, and revitalizing neighborhoods through well-planned mixed income housing development. Leveraging public housing assets to support neighborhood revitalization is a fundamental component of HABC's strategy, one that helps support sustainable neighborhood development while avoiding non-viable concentrations of extremely low-income housing units as was done in the past. Moreover, Mayor Dixon is committed to taking a holistic approach to revitalizing neighborhoods. This approach not only provides safe, decent and affordable housing, but also gives residents access to quality education, recreation and a range of family services.

In addition to achieving full compliance with court ordered mandates, HABC and Baltimore Housing's affordable housing strategy focuses on these elements:

- Promoting neighborhood revitalization and expanding affordable housing choices through support of a wide range of mixed income housing developments throughout the City. As detailed below, all of these developments include significant affordable housing components.
- Increasing occupancy at viable public housing developments. Work is currently underway in developments

across the City, using scarce resources to rehabilitate and reoccupy vacant public housing units. As detailed below, vacancies have been substantially reduced over the past two (2) years and nearly 500 units have been made accessible for households with disabilities.

- Restructuring the scattered site portfolio. HABC operates one of the largest scattered site public housing portfolios in the country. Large numbers of these units are located in profoundly distressed neighborhoods with high levels of crime and housing abandonment. The costs associated with managing these units are high, creating significant asset management challenges. HABC is working to restructure this portfolio through conveyances, as appropriate and feasible, to the City's disposition program and affordable housing developers. This is an approach successfully implemented at Sharp-Leadenhall and planned at Barclay.
- Demolition/disposition and identification of redevelopment options for sites deemed "non viable". Under federal regulation, HABC is required to proceed with demolition of Westport Extension, O'Donnell, Somerset, and portions of Mt. Winans. This is an immensely complicated and expensive undertaking for which there are few available resources. However, the agency will use the same level of innovation and creativity in the pursuit of successful funding and development options. Funds from the City's Affordable Housing program are being utilized to clear O'Donnell and Somerset in preparation for new affordable/mixed income housing.
- Expanding housing choices through increased utilization and lease up of Housing Choice Voucher program

resources. This program has proven to be an enormously important resource in promoting housing affordability, allowing participating households to find their own decent, safe and sanitary housing that is then subsidized by HABC. As noted above, the dramatic rise in the number of HCVs in use in Baltimore City has offset reductions in non-viable public housing units.

These strategic elements represent a realistic and attainable vision of how HABC's limited resources can be used to support housing affordability while encouraging the renaissance of Baltimore neighborhoods.

Neighborhood Revitalization

Most importantly, the strategies adopted by HABC and Baltimore Housing are working. Significant revitalization programs using HOPE VI, Low Income Housing Tax Credits, private equity and other resources have been implemented at:

- *Pleasant View Gardens* – The profoundly distressed Lafayette Courts public housing development has been transformed into a 338 unit development, of which 311 units are for public housing eligible households and the balance are homeownership units.
- *The Terraces* – The former Lexington Terrace public housing site is now a 391 unit mixed rental and homeownership community. Of the total units, 250 are for public housing eligible households.
- *Heritage Crossing* – Once the site of the dense, non-viable Murphy Homes and Julian Gardens public housing developments, Heritage Crossing is now a mixed rental-homeownership community with 75 units for public housing eligible households and 185 homeownership units.
- *Broadway Overlook* – This mixed income, rental and homeownership development replaced The Broadway public housing development with 166 units, of which 84 are for public housing eligible households.
- *Albemarle Square* – Located on the site of the Flag House Courts public housing development, this new community includes 336 homeownership and rental units, of which 130 rentals are for public housing eligible households and ten (10) are affordable homeownership units.

These major initiatives are barely mentioned in the Jacobson report, a stunning omission given that these five (5) redevelopment projects alone created 850 public housing and 641 homeownership and other units, leveraging total investments of more than \$369 million.

With the exception of St. Ambrose, nor does the author acknowledge other projects supported by HABC and Baltimore Housing to create affordable housing units as part of mixed income developments throughout the City. These include:

- *Reservoir Hill* – This rental community will include sixty-four (64) units of which forty (40) are for public housing eligible households and the remaining twenty-four (24) are affordable rentals.
- *Sharp-Leadenhall* – This affordable rental community will consist of 31 units, of which 23 are for public housing eligible households.
- *Orchard Ridge* – Situated on the site of the once distressed Claremont Homes public housing and the long vacant, FHA-foreclosed Freedom Village, Orchard Ridge will be a 442 unit rental and homeownership community. Of this total, 157 are affordable rentals and fifty-four (54) are affordable homeownership units.

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- **Uplands** – This failed FHA site will be combined with adjacent parcels to create more than 1,100 units of mixed-income housing. According to the terms of the Sales Contract with HUD, 74% of the units on the FHA site must be affordable housing (for sale or rental), and a maximum of 26% of new construction units at the site can be market rate rental or homeownership. The Sales Contract also requires that affordable units must be made available to families that are considered very low and low income.
- **Barclay** – This major redevelopment effort encompasses approximately 300 properties in the Barclay/Old Goucher neighborhoods. The plan includes replacement public housing units, other affordable rental and homeownership units, and market-rate rental and for sale units.
- **East Baltimore** – This 80-acre, large scale mixed-use, mixed-income development will include 2,100 mixed-income housing rental and for sale units, that will include one-third affordable (at or below 50% of the Area Median Income), one-third for workforce housing, and one-third for market rate housing.

There are also several other affordable housing projects in the pipeline including the planned acquisition of fifty-seven (57) units of housing discussed above as part of the Thompson Consent Decree.

As indicated in Chart 2, since the year 2000, these combined efforts and others have resulted in the production of 3,267 units of affordable housing.

In addition to the above identified units, Baltimore Housing assisted 1,263 low-income renter households in becoming homeowners via mortgage and down payment assistance during the same time period.

Increasing Occupancy at Viable Public Housing Developments

While expanding affordable housing production, HABC remains focused on reducing public housing vacancies at viable public housing sites. By next year, HABC intends to achieve 97% occupancy of its available public housing units, up from approximately 88% on June 30, 2006 and 94% on June 30, 2007. Utilizing the flexibility of its MTW designation, HABC has expended significant efforts over the past two years to increase occupancy at its viable developments, a goal made more challenging by the need to accommodate transfers of existing residents. Over the past two years, a total of 3,391 vacant units were made ready by HABC staff and contractors. Nine hundred forty-seven (947) units accommodated the transfer of current residents that required accessible housing features or for consolidation of occupancy into viable developments.

The vacancy rates at a number of viable HABC sites over the past several years is due largely to the extensive accessibility modifications required under the Bailey Consent Decree or severe, unfunded capital needs which must be addressed in order to make vacant units livable. The Bailey-related costs to retrofit public housing units is now estimated to total \$70 million.

Among HABC's many accomplishments to date in meeting the Bailey

mandate is the completion of 425 units that are compliant with the Uniform Federal Accessibility Standards (UFAS) for wheelchair accessibility, the completion of an additional 73 "near UFAS" compliant units, and the rehabilitation of 29 common areas in HABC developments to meet UFAS/ADA standards.

Promoting Affordability and Housing Choice

In response to shifts in federal housing policy and resources, HABC has continued to expand the number of households who receive subsidies through the Housing Choice Voucher Program. The HCV program is and will continue to be a crucial element of Baltimore's efforts to support housing affordability while opening up more housing choices to low-income households. While the number of public housing units in Baltimore and nationwide has gone down as a result of federal disinvestment, the number of units leased under the HCV program has skyrocketed. From zero units in the mid-1970s, Baltimore City's Section 8 program has expanded to serve nearly 12,000 households. In August 2007, HABC began a process to lease up 2,500 new households, which after allowing for attrition will result in a net increase of approximately 1,700 new units. This new leasing effort was made possible by HABC's MTW authority and a recently announced increase in federal funds for

Chart 2



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HCV – an exception to the generally downward funding trend experienced in recent years. In the fall of 2006, HABC contracted with a private firm to commence lease up of 1,350 HCV units for non-elderly persons with disabilities as part of the Bailey Consent Decree. Finally, HABC has just set-aside 75 vouchers to provide emergency relocation resources for families with children with elevated blood levels.

Conclusion

In sum, the Jacobson report is filled with inaccuracies, distorts the historical record, and offers no useful recommendations to respond to the crisis caused by the steady erosion of federal support for public and other types of affordable housing. The author has chosen to ignore creative efforts to mitigate draconian federal funding cuts. These include:

- HABC's successful designation as one of fewer than thirty (30) housing authorities in the nation to receive a Moving to Work (MTW) designation allowing for unprecedented programmatic flexibility
- The Revenue Anticipation Bond issuance
- Energy Performance Contracting
- The creation of a \$59.8 million Affordable Housing Fund
- Tax Incremental Financing (TIF)
- The use of FHA Up-Front Grants and,
- Significant utilization of Low Income Housing Tax Credits (LIHTC), Tax-Exempt Bonds, State subsidies, and private capital.

Despite a very difficult national funding situation and complex local challenges, HABC and the entire Balti-

more Housing organization continue to make progress in providing quality, affordable housing resources to Baltimore City's low income households in mixed income communities. HABC welcomes the opportunity to engage in meaningful dialogue, grounded in facts and careful analysis, on the future direction of Baltimore City's affordable housing policies and programs.

NEWS ARTICLES

Harrisburg Housing Authority

Morrison Towers is a 126-unit high-rise public housing facility operated by the Harrisburg Housing Authority. Because the authority will lose \$3 million in federal money, it will lay off 22 employees, Executive Director Carl Payne announced yesterday. The layoffs came after the federal government cut funding for public housing authorities nationwide by 24 percent.

Patriot-News (Harrisburg PA), 1/10/07

Pittsburgh Housing Authority

An emerging plan to merge the Pittsburgh Housing Authority's 30 police officers with the City's 840-man force has aroused the ire of the Fraternal Order of Police. "I oppose it, per se, because of the fact that they're actually lowering the standards of the Pittsburgh Police Bureau to secure \$3 million" in federal housing police funding said FOP President James Malloy yesterday. His comments came on the eve of today's event by the authority protesting \$9 million in federal funding cuts that will prompt service reductions and 57 job cuts according to authority Executive Director A. Fulton Meachem.

Pittsburgh Post-Gazette, 1/10/07

Philadelphia Housing Authority

Citing severe federal budget cuts, the Philadelphia Housing Authority announced yesterday that it was laying off about 350 employees, roughly 22 percent of its 1,600-person workforce.

PHA Executive Director Carl R. Greene said the layoffs, which he has warned about for months, would do particular damage to the authority's maintenance operations, meaning tenants will face longer waits for repairs.

At a news conference at PHA's Martin Luther King Plaza in South Philadelphia, Greene placed the blame for the layoffs on the Bush administration, which has reduced the budget for the U.S. Department of Housing and Urban Development more than 20 percent during the last six years.

"In Washington, 'the Decider' has decided to abandon the nation's mission of serving the very low income, those people who are elderly and those who are disabled," Greene said.

Philadelphia Inquirer, 1/10/07

Wilmington Housing Authority

The Wilmington Housing Authority's annual operating budget will be cut by more than \$800,000 this year, officials learned Thursday, potentially jeopardizing new security measures. If Congress or the Bush administration doesn't add money to the U.S. Department of Housing and Urban Development's budget, that will mean layoffs for some of the authority's 125 full-time employees. This will be the third consecutive year the authority has taken a funding hit from HUD, its sole money source.

The Wilmington (DE) News Journal, January 5, 2007

Camden Housing Authority

The authority, which manages public housing in Camden and serves 4,000 residents in those units, is due to have a budget deficit of up to \$1.3 million this year. Utility bills have gone unpaid. Because of that, the authority approved laying off 19 of its 70 union workers and another 18 in September, including maintenance, security and clerical workers.

Courier-Post, December 10, 2006

Jersey City Housing Authority

The Jersey City Housing Authority is expected to lay off at least 60 people by early next year, representing the largest job cuts in the history of the city's housing agency, according to city officials. The cuts come as the JCHA expects a \$3.4 million cut in federal funding next year, which follows a series of budget cuts over the past decade and a pullback in the role of the federal government to provide low-income housing, Maria Maio, Jersey City Executive Director said.

Three years ago, the JCHA had a staff of 450 personnel to run and maintain its 11 conventional public housing developments and its two HOPE VI developments. The projected cuts - combined with previous layoffs and cuts through attrition - will bring the staff to below 300, Maio said. "We just can't maintain our services in light of the cuts in federal funding," she said. The cuts are expected to involve personnel from maintenance to administration, Maio said. "This is not the case of losing bad employees, these are great employees," she said.

Jersey Journal, December 7, 2006

Akron Metropolitan Housing Authority

Akron Metropolitan Housing Authority (AMHA) tenants can expect reductions in service if Congress doesn't find more money for subsidized public housing, AMHA Executive Director Tony O'Leary said. A lame-duck Congress reconvenes in December and must decide whether to pass a federal appropriations bill or postpone action until a new Democratic-controlled Congress convenes next year.

The Center on Budget and Policy Priorities, a nonprofit group that analyzes government policies affecting low- and moderate-income people, reported last month that the House's \$3.6 billion appropriations bill for HUD next year doesn't reflect inflation in utility costs since the start of 2005. The report cites data that show utility prices rose by 16 percent from December 2004 through December 2005.

O'Leary said that the utility bills for AMHA have risen by about 15 percent over the last year and make up 22 percent of the agency's overall operating budget. Reduced services at AMHA also could include reductions in security provided by Summit County sheriff's deputies, reduced after-hours maintenance and higher maintenance charges for tenants.

The House bill provides agencies ``with only about 79 percent of the public housing operating subsidies for which they are legally eligible under the federal formula for determining operating subsidy needs," according to the center's report. ``This would be the deepest shortfall in operating subsidy funding in more than 25 years."

Akron Beacon Journal, 11/20/06

San Joaquin Housing Authority

SJHA has notified staffers that job reductions are among the cost-cutting measures being considered after federal funding was reduced because of high energy costs. Officials are also looking at potential reductions to programs and other operating costs to save money. The agency is attempting to meet a 15% to 20% reduction in federal funding.

Record.net, 9/21/06

Housing Authority of Winston-Salem

The Housing Authority has discharged eight of its nearly 100 employees and has reduced other expenses to save money. The Authority has a \$4.6 million debt to HUD arising from the inappropriately expenditure of federal funds by a previous administration. To address the debt, the Authority will sell several properties, including Oak Hill Apartments, Pinnacle Place and Lansing Ridge and will refinance the agency's new central office building.

Winston-Salem Journal, 9/13/06

Newark (NJ) Housing Authority

The agency expects to lay off nearly half of its employees, 425 of the agency's 989 workers. Newark needs to address a 20% reduction in federal subsidies and the agency's failure to make 10% and 15% reductions in previous years.

New York Times, 8/31/06

Peoria (IL) Housing Authority

The Authority has cuts 25 full-time positions, nearly one-third of its full time staff of 82, in order to comply with new HUD guidelines on property management.

Peoria Journal Star, 8/29/06

St. Paul (MN) Housing Authority Minneapolis Public Housing Authority

St. Paul is facing difficult choices with years of funding cuts and skyrocketing utility costs. Tough choices include selling off housing, delaying repairs and upgrades and cutting staff.

The Minneapolis Housing Authority is facing the same difficulties as St. Paul and recently laid off 32 employees.

Pioneer Press, 8/24/06

San Francisco Housing Authority

The Housing Authority faces a \$7 million shortfall in 2006 as it addresses a 23% reduction in operating assistance, from \$454 to \$342 per unit. The agency expects employee layoffs, an increase in the backlog of repairs and a reduction in social services.

San Francisco Indymedia, 8/23/06

In June 2006, HUD announced a 15% cut to the SFHA operating budget. HUD has indicated that the SFHA will face a \$4 million or 22% cut to its operating budget in 2007. The cuts will result in reductions to security and maintenance. This year's loss was absorbed by laying off 24 employees and spending operating reserves. City supervisors, Mayor Gavin Newsom and advocates are reaching out to Senator Diane Feinstein to restore funding.

San Francisco Examiner, 9/19/06

San Francisco Chronicle, 9/18/06

Boston Housing Authority

2006 is the fourth year with no growth. In 1996 Boston had 1,100 full-time employees. Staffing is now at 870 and additional lay-offs are under consideration.

Boston Globe, 8/17/06

Nashville Metropolitan Development and Housing Agency

Lay off of 31 staff members out of 317 employees to offset an estimated \$5 million funding cut.

Nashville Post, 8/3/06

Buffalo Municipal Housing Authority

The Housing Authority disbanded its public housing police force as federal funding for its 26 member safety force has dried up.

Associated Press, 6/30/05

Akron (OH) Metropolitan Housing Authority

The Housing Authority is preparing contingency plans to address a potential \$3 million loss of federal funding. Plans include ending 24-hour maintenance, fewer social services for residents, higher tenant fees and employee layoffs.

Akron Beacon Journal, 6/19/06

Philadelphia Housing Authority

Estimates 300-500 layoffs if funding reduced from \$150 million to estimated \$112 million

Philadelphia Daily News 6/13/06

Birmingham (AL) Housing Authority

More than half the 325 member staff will be laid off due to a \$5 million loss of federal funding and a directive from HUD that the Authority revise its management responsibilities. 200 staff members were given layoff notices.

Associated Press, 5/9/06

Mobil Housing Board

2006 budget gap of \$3.1 million has caused the Housing Authority to lay off 28 employees and shifts \$2.6 million from its capital budget to cover unfunded operating expenses.

Mobil Press Register 3/31/06

Jersey City Housing Authority

Jersey City Housing Authority workers accepted 10-day furloughs to forestall layoffs. The Authority has exhausted its reserve of \$5 million and was advised by HUD that its allocation will be \$500,000 less than requested. The 15-person administrative staff took a vote and agreed that each would take a 10-day unpaid furlough, including the agency's Executive Director.

Jersey Journal, 4/27/05 and 5/7/05

Utica Municipal Housing Authority

To close a \$500,000 budget gap, the Housing Authority has cut its staff by 10%. More layoffs are expected.

Utica (NY) Observer-Dispatch, 3/23/05

Greenville (NC) Housing Authority

To address a 12% deficit or a \$300,000 shortfall for 2006, the agency elected to eliminate or make part time six positions.

The Daily Reflector, 3/11/05

Baltimore Housing Authority

To close an \$11 million funding gap, the Housing Authority of Baltimore City decided to disband its 65-officer police force. The city police will assume responsibility for public housing security.

Baltimore Sun, 9/24/04

ABELL SALUTES

Continued from page 1

affecting life inside, and exactly how and where the school as a place to learn is functioning. This particular style of leadership defines her as a member of the New Leaders For New Schools (NLNS) —a national organization that is “attracting, preparing and supporting the next generation of outstanding urban school principals.” Ms. Todd is one of 21 principals, and three assistant principals, in Baltimore City selected from a talent pool who has received this training thus far. In its third year, New Leaders has an additional 14 resident principals in training.

NLNS came into being in response to a critical need: at a time when school reform and effective leadership are so urgently needed, urban schools face shortages of qualified school principals. The crisis can be attributed to rising retirements and the need to create high performing schools. In Baltimore City 50 percent of the current principals are at or near retirement age (higher than the national average of 40 percent). The traditional route to the principal position, through promotion from assistant principal in the city system, has proven insufficient to fill every new opening with a prepared and competent principal.

To address the problem, three years ago The Abell Foundation and the Annie E. Casey Foundation turned to New Leaders For New Schools — a promising national program with a mission to develop outstanding urban principals.

Ms. Todd’s own NLNS training started in the classroom of the University of Pennsylvania. Five weeks, 9:00

a.m. to 5:00 p.m., she attended the lectures and study groups over the summer. Focus was on how to “map out a building”—which she did when she arrived at Fort Worthington, bringing into its classrooms and halls the positive effects of the discipline—which in school-speak translates as “what’s going on,” and then developing creative responses. The components of the New Leaders Summer Institute include: “Building a school community and culture,” “Nurturing student efficacy,” “Human relations policies and procedures,” and “Ensuring effective teaching and learning” -- all toward understanding “what’s going on.” This is followed by a year’s assignment as a principal fellow in Baltimore, working under an accomplished school principal.

What was going on one school day in one class at Ft. Worthington was a case of one unhappy third grader, who in his frustration with a math problem became unruly. Ms. Todd, it so happened, was sitting in the classroom to observe (“know at all times what’s going on in the building”) and decided to step in. She said, “He couldn’t add coins. He could tell you what each was worth but he couldn’t figure out what they were worth together. So I asked him to come with me to my office and we sat down together. Working with a hundreds’ chart (designed to help young children learn counting concepts), in a very few minutes that boy could add those coins. That’s pure New Leaders philosophy at work— understand at all times what the problems are in your

building, and do something about them, even if you have to use your own two hands to solve them!”

The goal of NLNS is to promote academic excellence by attracting, preparing, and supporting the next generation of city principals, and it provides an aggressive recruitment and selection process of local and national candidates. Typically, only 6 percent of candidates are admitted to the program. In addition, the program offers applied training from education and business leaders during a six-week summer foundation program, and four five-day seminars throughout the year. Each New Leaders fellow is trained by Mentor Principals in his or her own school, as well as by consulting principals during a one-year residency. NLNS assists in the principal placement process after the first year and continues to support new principals with on-the-job networking and support for another two years.

Ms. Todd was born and raised in New Jersey. She graduated from Virginia State and earned her Master’s in Education from Johns Hopkins. She came to Baltimore City in 2000 with Teach For America, and taught at Belmont and Waverly Elementary schools. While teaching at Waverly she saw publicity about New Schools and applied and was accepted.

The Abell Foundation salutes New Leaders For New Schools; its executive director for Baltimore City, Peter Kanam; and New Leaders graduate Ms. Shaylin Todd for building a learning community by “mapping out the building.”

*The full text of the “The dismantling of Baltimore’s public housing” report is available on
The Abell Foundation’s website at www.abell.org or: write to
The Abell Foundation, 111 S. Calvert Street, 23rd Floor, Baltimore, MD 21202*