Tenant Organizations in Public Housing Projects: A Report on Senate Resolution No. 347

Prepared for the Virginia Housing Study Commission by the
Virginia Center for Housing Research

C. Theodore Koebel, Ph.D.
and
Marilyn S. Cavell

October 1995

INTRODUCTION

Tenant management was initiated as a response to the virtual breakdown of housing authority management in Boston and St. Louis two decades ago. The first resident management corporation was created in 1971 from frustration with poor management and maintenance at the Bromley-Heath public housing development in Boston. In St. Louis, frustrated tenants organized the nation's first public housing rent strike in 1969. As part of the strike settlement, a Tenants Advisory Board was created to work with the St. Louis Housing Authority (SLHA) on all matters affecting tenants. Through negotiations with the SLHA, tenants bargained for representation on the SLHA's Board of Commissioners and for resident management at all public housing sites.

The crisis in public housing in St. Louis has been symbolized nationally by the demolition of Pruitt-Igoe. Conditions at other public housing sites in St. Louis were equal to or worse than at Pruitt-Igoe. Crime, vandalism, boarded units, and physical deterioration were rampant. The SLHA was at best ineffective and at worst incompetent in responding to tenant concerns. With funding from the Ford Foundation, two Tenant Management Corporations operated by residents were formed to provide management services under contract with the SLHA. By the end of the 1970s, five public housing sites had some degree of resident management. Two TMCs became national models for the accomplishments of tenant management and one tenant, Bertha Gilkey, has become a national advocate for tenant management. Residents were instrumental in reclaiming their buildings and neighborhoods from drug dealers and other criminals. Deteriorated units were renovated and new units built. And the SLHA began to perform better.

By the mid 1980s, the federal government embarked on a major policy initiative using resident management in public housing as a means to address such problems as aging and deteriorating properties, lack of services, and escalating crime. At the same time, the concept of resident management broadened. Shifting away from the traditional management tasks of collecting the rent and selecting tenants, tenant management (or tenant initiatives in the current jargon) increasingly has included community building and empowerment. These concepts embrace cooperation between residents and law enforcement officials to establish physical security; cooperation between residents and the public housing authority to help enforce tenant rules; and cooperation between residents and social service providers to increase educational attainment, job skills and employment opportunities. In addition,

the tenant management program has encouraged homeownership as the ultimate form of empowerment.

Unfortunately, tenant management has not been the universal answer to solving the problems of public housing and many public housing developments remain holding places for generations of poor Americans faced with few educational and economic opportunities. A program dependent upon political forces and policy reform, tenant management's future is uncertain. The HUD Secretary has proposed a new blueprint for HUD effective in 1996 that consolidates programs and eliminates funding for tenant management under the current Tenant Opportunities Program. In addition, budget cuts, welfare reform, and other changes in HUD policy will have significant impacts on residents of public housing. This report focuses on the past and present workings of tenant management programs and operations. It concludes with a discussion of the potential impact of policy changes at the federal level on tenant management programs in public housing.

PREVIOUS RESEARCH ON TENANT PARTICIPATION

There have been three major tenant management initiatives since 1970. In 1975, the Ford Foundation and the Department of Housing and Urban Development (HUD) created the National Resident Management Demonstration, a program designed to establish resident management corporations in public housing. In 1985, the Amoco Foundation provided a grant to the National Center for Neighborhood Enterprise to design a program that would show that residents can manage as effectively as public housing authorities given the proper training and technical assistance. In 1987, Congress enacted a resident management program (amending Section 20 of the United States Housing Act of 1937). The Housing and Community Development Act of 1987 legally authorizes HUD to promote resident management of public housing projects through financial assistance (limited to $100,000 to a single Council). Title 24, Code of Federal Regulations, part 964 sets the implementing regulations for Section 20. Councils may "use HUD technical assistance to develop management capability, identify social support needs of the residents and secure such support, and implement a wide range of activities to further resident management."

There have been four formal evaluations of tenant management and these studies form the most important evidence of its strengths and weaknesses. The first study, conducted by the Manpower Demonstration Research Corporation, examined the early tenant management efforts in the 1970s. The second study was conducted by the National Center for Neighborhood Enterprise in the mid-1980s. The third study was conducted in the early 1990s for HUD by ICF, Inc. The fourth and most recent study was conducted by HUD's Office of the Inspector General in 1995.

Manpower Demonstration Research Corporation, 1981

The Manpower Demonstration Research Corporation (MDRC) study looked at seven sites in six cities. Inclusion was based on the criteria of housing authority commitment to resident management; tenants' organizational and managerial potential; and cooperation between the housing authority and tenants.

The more successful RMCs in this study enjoyed good housing authority and tenant relations, had strong resident councils, and had better performance indicators than their PHAs. The Manpower Demonstration Research Corporation also reported that strong resident leaders led to better performance

indicators (performance indicators were such things as collecting rents and making repairs on units). The study concluded that the record of resident management was mixed. Costs associated with training and implementation were high, and in general, benefits of resident management were limited when compared to conventional management. The MDRC recommended against expansion of the resident management program since it was unlikely that tenant management would readily be successful. Only one of the original sites evaluated by this study still operates with any degree of resident management.

National Center for Neighborhood Enterprise (NCNE), 1986 - 1987

Experiences of eleven public housing developments with resident management corporations were studied between 1986 and 1987. Unlike the MDRC study, this study concluded that good relationships between the housing authority and tenant organizations were not necessary to produce an effective resident management corporation and that a few strong leaders do not necessarily produce effective RMCs. Rather, this study concluded that sites with good partnership ties to the outside community are more successful. Finally, and most importantly, this study found that well-organized tenant groups are most likely to succeed in resident management efforts. A tenant organization that is already very strong and has proven its ability to deal with problems, may be the best predictor of success in resident management.

Evaluation of Resident Management in Public Housing, 1992

The *Evaluation of Resident Management in Public Housing* was prepared in 1992 for the Office of Policy Development and Research, U. S. Department of Housing and Urban Development by ICF Inc. The report evaluates eleven resident management corporations (RMCs) for the following purposes: to provide a detailed description of activities; to document their effect on development operations; to describe their social and economic programs; and to assess their impact on the quality of life for residents. The RMCs evaluated were located in relatively old sites (all but one were in pre-1960 developments) and in predominantly family developments. Developments were large, ranging in size from 300 to 1,200 units, and conditions varied from site to site.

The eleven RMCs fell into two distinct types: full-service and managing-agent. The full-service RMCs took on the role of managing the majority of functions in their development, such as maintenance, rent collection, and

finances. The managing-agent RMCs only managed a few functions such as maintenance and had no financial control. These two types are different in that most of the full-service RMCs evolved from adversarial relationships between residents and the PHA. In contrast, the managing-agent RMCs were encouraged by PHAs and the relationship was mostly collaborative.

RMC Developments Evaluated

<u>Full-Service RMCs</u>
    Bromley-Heath TMC, Boston, MA
    Carr Square TMC, St. Louis, MO
    Cochran Gardens TMC, St. Louis, MO
    Kenilworth-Parkside RMC, Washington, DC
    Lakeview Terrace RMF, Cleveland, OH
    Le Claire Courts TMC, Chicago, IL

<u>Managing-Agent RMCs</u>
    A. Harry Moore TMC, Jersey City, NJ
    Booker T. Washington TMC, Jersey City, NJ
    Clarksdale RC, Louisville, KY
    Montgomery Gardens TMC, Jersey City, NJ
    Stella Wright TMC, Newark, NJ

The results were, on the whole, favorable to tenant management. Full-service RMCs outperformed PHAs on six performance measures: work order processing, work order completion, utilizing maintenance staffs, staff to units ratio (lower), move-out rates (lower), and recertification. Areas where PHAs outperformed RMCs were tenant accounts receivable and vacancy rates. Managing-agent RMCs outperformed PHAs in unit inspections, recertifications, and vacancy rates, but there was little difference on other measures.

The eleven RMCs were also compared with similar sites within their respective PHAs. Full-service RMCs outperformed comparison sites in work order processing, work order completion, utilizing maintenance staffs, staff to units ratio (lower), and move-out rates (lower). However, the RMCs performance in completing recertifications was about the same as for their comparison sites. Managing-agent RMCs performed better than their comparison sites in the areas of unit inspections, resident recertifications, move-outs, vacancies, and tenant accounts receivable. Work order completions and backlogs were comparable for both RMCs and their comparison sites.

Full-service RMCs were able to provide more social services and economic development opportunities than either managing-agent RMCs or comparison sites. Also, full-service RMCs significantly improved resident perceptions of their quality of life (since all the full-service RMCs evaluated were in troubled PHAs this conclusion cannot necessarily be applied to a non-troubled PHA). Managing-agent RMCs had a significantly reduced crime rate. These improvements often were accomplished with lower operating costs than for their corresponding PHAs.

Audit of Technical Assistance Grants, HUD Office of Inspector General, 1995

In February 1995, the Office of Inspector General published a performance audit of technical assistance grants issued in support of public housing resident management and self-employment programs. The audit reviews whether the intended benefits from eleven programs were accomplished. The audit concluded that resident management organizations were not making significant progress toward property management responsibilities and funding was being used for many areas other than the goal of resident management.

A number of problems regarding resident management organizations were cited in the audit:
- slow rate of grant expenditures;
- over ambitious grant goals compared to capabilities;
- inability to obtain effective training and technical expertise;
- leader turnover;
- lack of resident interest;
- competing council goals;
- incomplete contract work plans;
- insufficient housing authority cooperation and involvement; and
- lack of performance indicators and monitoring.

In addition, the audit claimed the Tenant Opportunities Program encourages many types of activities that do not lead to property management. In the view of the auditors the intent of the authorizing legislation was to promote project management and not other services. The Inspector General's report found increased funding is not warranted due to: slow progress on the part of RMCs; other government programs are more appropriate to address such areas as economic and social opportunities; and, increased funding does not meet the objective of streamlining operations.

The audit recommended that expansion of the program be halted and consideration be given to providing alternative support services to public housing tenants. On December 1994, subsequent to completion of the audit, the HUD Secretary proposed a "Blueprint for Reinventing HUD" which eliminates separate funding for the Tenant Opportunity Program by fiscal year 1996. If this becomes law, the tenant management program would be eliminated.

EXEMPLARY RESIDENT PROGRAMS

Centennial Heights Resident Management Corporation, Lebanon, VA

In 1992, the RMC of the Centennial Heights Development in Lebanon, VA was recognized as a model program in a national publication by HUD's Office of Resident Initiatives. The RMC created an adult education program for its residents. Coordination of the development and implementation of the program with the Clinch Valley College and the Cumberland Plateau Regional Housing Authority was critical to the program's success. In addition, a broad-based advisory board, support from community agencies, and strong resident leadership were crucial in the preparation, receipt, and implementation of a $100,000 TOP grant to support the education program. At the time of HUD publication, 25 percent of residents had registered for classes, eight had received their GEDs, one was earning a nursing degree, and five were attending college.

Kenilworth-Parkside Management Corporation - Washington, D.C.

The Kenilworth-Parkside public housing development is comprised of 464 units. Kenilworth has 422 concrete block townhouse and multifamily buildings built in 1959 and Parkside, located about a mile from Kenilworth, has 42 similarly constructed units. Residents assumed management control in 1982 when conditions were so poor that residents had no heat or hot water. Social conditions were also distressed, and 85 percent of the nearly 3,000 residents were dependent on welfare.

The resident management corporation was established in 1974 and first focused on education. Only later, after much training, did the group take on management responsibility for the complex. They organized, set goals, relied on many different sources for support and technical assistance, and worked toward training residents to perform jobs needed in the community. Residents attribute their success to communication, organization, training, goal setting, negotiation, good management practices, and monitoring of activities.

The Kenilworth-Parkside RMC has achieved much since 1982. Operating costs decreased by 20 percent, administrative costs decreased by 60 percent, and rental income increased by 179 percent. In addition, the RMC was awarded $13.2 million from HUD for extensive renovations and $1.9 million for construction of new townhouses under a homeownership demonstration program.

Abbottsford Tenant Management Corporation, Philadelphia, PA

Abbottsford Housing Development contains 700 units of public housing managed by the Abbottsford Tenant Management Corporation. By the end of the 1980s, Abbottsford faced serious crime and drug problems. In response to this and other problems, the Abbottsford Tenant Management Corporation became the first tenant management organization in the state of Pennsylvania in 1991 and, at the time, one of only five tenant management corporations in the country. Prior to the formation of the management organization, a tenant council was already actively involved in dealing with the problems of the community and undertook intensive training to prepare for taking over management of the project.

Today conditions at the housing development are much improved. Residents have access to social and health services, economic development opportunities, and drugs are no longer openly bought and sold. Success was achieved through long-term goals and using a comprehensive approach to solving problems.

Kimberly/Piedmont/Cleveland/Happy Hills (KPCH) RMC,
  Winston-Salem, NC

Forging a partnership with the Winston-Salem Housing Authority (WSHA), the KPCH RMC developed and implemented a model economic development program for public housing residents. Working together they secured a RMTAG grant in 1992 which provided funds for training residents in business management. The housing authority contracts with KPCH for services such as landscaping and maintenance of common areas. KPCH also operates a convenience store and helped one resident to begin a catering business.

The housing authority supports KPCH through economic opportunities created by urging all the companies it hires to employ residents of the public housing community. In addition, WSHA owns a development with fixed-rent units where families may choose to move if their income rises to a point where paying 30% of income is unreasonable. Families can thus save money toward renting or buying a home in the private market.

RESIDENT ORGANIZATIONS IN VIRGINIA

There have been 31 resident organizations in Virginia funded by HUD grants between 1988 and 1994, as given in the following list. To date, $2.2 million has been committed to these resident organizations.

Funded Resident Organizations in Virginia, 1988 - 1994

Funded Resident Organizations in Virginia	Resident Management Grants 1988 - 1994
1. Aqueduct Resident Council, Newport News	$100,000
2. Association of Concerned Tenants of Fox Meadow, Inc., Lebanon	$75,000
3. Birchwood Resident Council, Lynchburg	$100,000
4. Bowling Green Tenant Management Corp., Norfolk	$100,000
5. Bristol RHA Tenants Committee, Inc., Bristol	$40,000
6. Brookside Resident Council, Lynchburg	$40,000
7. Calvert Square Advisory Council, Inc., Norfolk	$40,000
8. Cedar Lawn Resident Council, Petersburg	$40,000
9. Centennial Heights Assembly of Tenants, Inc., Haysi	$100,000
10. The Danville Four Umbrella Organization, Danville	$68,200
11. Diggs Town Tenant Management Corporation, Norfolk	$26,712
12. East Roberts Village Resident Council, Norfolk	$66,666
13. Franklin Resident Council, Franklin	$40,000
14. Grandy Village, Norfolk	$40,000
15. IDA Barbour Resident Council, Portsmouth	$100,000
16. Jamestown Place Resident Council, Roanoke	$40,000
17. Lansdowne Park Resident Council, Roanoke	$40,000
18. Lincoln Park Resident Council, Hampton	$95,000
19. Moton Circle Resident Council, Norfolk	$66,666
20. Oakleaf Forest Tenant Management Corp., Norfolk	$40,000
21. Pearl, Inc., Newport News	$184,769
22. Pine Chapel Resident Council, Inc., Hampton	$100,000
23. Pin Oaks Resident Council, Petersburg	$73,600
24. North Phoebus Resident Council, Hampton	$92,500
25. Richmond Tenants Organization, Richmond	$40,000
26. Roberts Village Resident Council, Norfolk	$166,666
27. Swanson Homes Tenant Council, Portsmouth	$40,000
28. Tidewater Gardens, Norfolk	$40,000
29. Waynesboro Resident Organization, Waynesboro	$40,000
30. Westhaven Resident Management Corporation, Charlottesville	$79,700
31. Young Terrace Resident Council, Norfolk	$100,000

Tenant organizations in Virginia have concentrated their efforts on job creation, public security, social programs, and education, rather than property management. Nationally, tenant organizations which have gotten involved in property management have done so because of a crisis situation resulting from gross mismanagement on the part of a PHA. In Virginia public housing is generally considered to be well-run. Currently no PHAs in Virginia are on the HUD troubled list, and there has not been much interest on the part of residents to take over management functions. Several tenant organizations in Virginia have actively sought and received TOP grants from HUD. TOP grants may be used for a wide range of purposes, including self-sufficiency programs, crime prevention, and a variety of other programs in addition to management and leadership training.

For the most part, resident groups in Virginia are heavily supported by their PHAs. For example, often residents have no prior experience in setting up and running a small business, so they need considerable help to be successful. If a resident group sets up a janitorial business and the PHA contracts with them, it is in the interest of the PHA to make sure that the business is well-run and successful. A great deal of time and effort are required on the part of PHAs in trying to make resident initiatives successful.

The general consensus among PHAs is that resident organizations are good for all sides. Living conditions improve for residents of public housing and PHAs find their job easier when well-functioning resident groups exist. The community at large is also benefited through better relationships with public housing residents.

Tenant organizations in Virginia have accomplished much in improving the lives of public housing residents. Examples of tenant initiative programs implemented within the state are:
- self-esteem workshops;
- leadership development;
- motivational training;
- senior citizen programs such as meals, crafts, and outings;
- adult basic education and GED programs;
- public and private property management training;
- business and procurement training;
- Headstart programs;
- recreation activities;

- youth sports activities;
- budgeting and housekeeping workshops;
- job readiness training;
- job training;
- work opportunities; and
- newsletters.

Partnerships with the PHA and outside community organizations are encouraged and put in place by tenant organizations. Partnership programs that have been established include:
- anti-crime partnerships;
- scholarship programs;
- good student recognition programs;
- youth cultural field trips;
- special workshops to include parents in the educational process of their children;
- preventative health care;
- drug elimination programs;
- minor home repair and maintenance clinics;
- community unity day programs;
- youth day camps;
- family life programs;
- community clean-up programs;
- legal assistance;
- bicycle safety;
- summer food programs; and,
- a resident police officer program.

REGULATIONS

Federal regulations governing tenant organizations are provided under 24 CFR 964, Housing and Urban Development, Tenant Participation and Management in Public Housing Projects. Until the Blueprint for Reinventing HUD is adopted as policy, HUD's policy is to promote the "active involvement of residents in all aspects of a HA's [Housing Authority's] overall mission and operation. Residents have a right to organize and elect a resident council [RC] to represent their interests." Residents, through their duly elected and recognized RC, are to "be actively involved in a HA's decision-making process and give advice on matters such as modernization, security, maintenance, resident screening and selection, and recreation." Housing Authorities, if requested, shall involve (and provide appropriate training to) resident councils and other interested residents in "developing and implementing Federal programs including but not limited to Comprehensive Improvement Assistance Program (CIAP), Comprehensive Grant Program, Urban Revitalization Demonstration, Drug Elimination, and FIC" [Family Investment Center] and in "all phases of the budgetary process."

It is also HUD's policy to encourage resident management through resident management corporations (RMCs), which "may contract with HAs to perform one or more management functions provided the resident entity has received sufficient training and/or has staff with the necessary expertise to perform management functions and provided the RMC meets bonding and licensing requirements."

The Office of Resident Initiatives under the Assistant Secretary for Public and Indian Housing administers resident management activities. From 1988 to 1992, the federal government provided funding for technical assistance to nearly 300 resident organizations. Although several resident councils within a PHA may apply for and receive funding for proposed projects, only an officially recognized Resident Management Corporation (RMC) may undertake management responsibilities on behalf of the PHA.

Training and technical assistance are provided to RCs and RMCs through grants up to $100,000 under the Tenant Opportunities Program. Eligible activities under TOP have included resident capacity building; resident management; resident management business development; social support needs (such as self-sufficiency programs and youth initiatives); homeownership

opportunities; training on HUD regulations; purchasing hardware; training in accessing other funding sources; and, hiring trainers and other experts.

Benefits of Regulations

In general, regulations governing resident management help to structure and guide PHAs and resident management groups in their efforts to improve the quality of life of public housing residents and the surrounding community. These regulations provide consistent conditions under which resident groups operate. For example, board elections and conflict of interest policies assure more equitable representation in resident management groups. By following set guidelines and written by-laws, resident management groups more fairly represent the needs and interests of public housing residents to the public housing authority and to the public.

Federal regulations also require that PHAs cooperate with resident groups. In a situation where a PHA and resident organization have had an adversarial relationship, this regulation is essential. For the most part the regulations simply define a workable relationship between the PHA and resident groups. PHAs must allow resident groups to participate in decision making and must keep resident councils informed on management issues. In addition, PHAs are mandated to support efforts of resident councils by providing office space.

As tenant management policies have evolved, there has been less emphasis on involvement in management and more emphasis on developing tenants' skills. Residents are given opportunities to become more self-sufficient, to receive skill and job training, to further their education, to get jobs, and to become independent of welfare. Mandating training for leaders of resident councils and resident management corporations promotes responsibility in the use of the funds provided. Tenants are encouraged to establish partnerships with outside community groups to open doors to additional funding as well as to provide opportunities to learn from positive role models.

Weaknesses of Regulations

Possibly the biggest weakness of the regulations is that in many instances the regulations are not backed by funding. For instance, the regulations call for a stipend payment to resident management board officers who volunteer in their public housing development. However, no money has been provided to pay this stipend. In addition, programs such as the HOPE I homeownership

program only provide funds for planning a homeownership program. Currently, there are no federal funds available for implementation.

While guidelines for any organization are necessary, PHAs and resident groups around the country come in all shapes and sizes. Federal regulations must be broad and do not necessarily fit all situations. Circumstances are different for each resident council even within a particular PHA. Regulations which seem necessary for the operation of one resident group may not be necessary for another, or may even cause hardships between PHAs and resident groups.

Another weakness of the regulations is that they are open to interpretation. For example, the words "strongly encouraged" are used throughout the legislation. While cooperation is "strongly encouraged" between PHAs and resident organizations and funding penalties could result, cooperation between PHAs and resident organizations exists in varying degrees based in part on the history of the relationship and the personalities involved on both sides. In addition, regulations encourage participation by residents, but this is impossible to mandate. Residents often are unmotivated to become involved in tenant initiatives. At the same time, the benefits of participation in these programs are not always clear and never are certain. Whether the result of apathy or a lack of discernible rewards, lack of interest on the part of residents is a major factor in the failure of resident management initiatives.

Residents of public housing often do not have the necessary leadership skills to participate in management. Although training of residents is a core part of the resident management regulations, it is often "too little, too late." Also, ongoing technical assistance is sometimes inadequate. One resident council in Virginia that received TOP funding returned the grant when faced with the overwhelming reality of how to manage the funds.

Just as the regulation stipulating that only one resident group can be formally recognized as a resident management corporation can be a strength, it can be a weakness as well. Large public housing authorities have many different resident councils (the Newport News Public Housing Authority has eleven resident councils) with different focuses and goals. It is very difficult to bring these differing groups, who do not necessarily agree on what is needed, together into one entity.

In order to create one officially recognized resident management group, by-laws of all the participating councils must be in accordance with regulations.

Residents are ill-equipped for the legal aspects of developing and rewriting by-laws. Outside counsel is necessary, but not always easily obtained. In addition, requirements for bonding and insuring resident management projects are technically difficult and very expensive.

Regulations requiring housing authorities to provide office space for every resident council are impossible to meet in some instances. The space is often not available without displacing some other use or expanding, making this a costly stipulation to meet.

EVALUATING RESIDENT ORGANIZATIONS

Benefits of Resident Organizations

Resident organizations tend to improve living conditions for residents in public housing. In general, residents of housing authorities that are represented by resident organizations are more cooperative with the housing authority, leading to a safer, cleaner, and better maintained environment. Residents feel empowered by elected representation, are given a sense of community and proprietorship. Involving residents with outside organizations leads to better relationships with the broader community, positive role models, monetary support, and educational growth.

Resident organizations can lead to a decrease in operating and administrative costs for housing authorities. Successful resident management groups have improved property management by lowering vacancy rates, increasing rent collection, improving maintenance, and improving security. Creating an atmosphere of tenant control increases pride in the condition of the property. Also, by such simple means as training residents to make ordinary repairs, costs have been reduced. With tenant participation in management, residents are often more willing to accept policies rewarding helpful behavior and punishing destructive behavior.

Problems with Resident Organizations

The rules regarding eligibility for living in public housing can be at odds with the initiatives of resident management groups. The more successful a resident management group is in improving the economic status of its residents, the more likely the project will lose some of its best residents. For example, if a resident gets a well paying job and ends up paying more than fair market rent (residents are required to pay 30% of income for public housing with no maximum), that resident will soon move, denying a positive role model for others. Thus, resident management success can continually divest a complex of its strongest and most successful residents.

Other problems experienced by resident management organizations or resident councils are:
- training and planning programs not followed by implementation;
- lack of ongoing technical assistance to resident leaders;
- a lack of facilities for programs and services;
- a lack of transportation to council organized events;

- difficulty in maintaining a high level of awareness about programs available;
- apathy and disinterest on the part of residents toward self-sufficiency programs;
- inability to keep the organization together;
- spending grant money too slowly; and
- discontinuation of funding.

Leadership poses a special problem. Frequently the people elected as officers of the resident group are elected because they are charismatic speakers, but might not have management or organizational skills. Even effective leaders face problems. Often leadership roles are held by only a few residents, which leads to overwork and burnout with no qualified replacements. Turnover among resident leaders is an ongoing problem.

In federally subsidized, privately-owned housing there may not be enough staffing available to support resident organizing efforts. For example, the Virginia Housing Development Authority (VHDA) reports that no guidelines have been established for resident groups in the private, federally-assisted housing that it oversees. The impetus to organize groups comes from management rather than the residents, often resulting in weaker tenant organizations. Just as in the publicly-owned projects, resident councils face problems of leadership turnover and organizational instability.

To date, resident management corporations have had limited success in taking on actual management roles. A great concern, according to the report by the Office of Inspector General, is that overall management success of the Resident Management Program has been minimal. "After 6 years [1988 to 1993] of HUD technical assistance grants totaling $22 million to 328 Councils, only 15 Councils have proceeded to performing most of the management functions for their project."

When resident management corporations are involved in management of businesses or property, problems reported include:
- ineffective training;
- insufficient support and cooperation from PHA;
- a lack of performance goals;
- incomplete contract work plans;
- insufficient program monitoring;
- poor record keeping;
- poor procurement procedures; and

- poor financial management controls.

Success in Resident Organizations

A number of ingredients are essential for resident organizations to be successful, especially when management activities are involved. A resident organization needs to be well **organized** and **set goals**. Strong **leadership** is a key and should come from more than one or two people. Resident leaders need to acquire a great deal of knowledge through **education and training**. Unless leaders are effective **motivators** and have strong **determination and persistence**, success will be difficult. Good negotiation and lobbying skills are also helpful.

A key to success in resident management pursuits is ongoing **technical assistance** for dealing with funding, federal regulations, and the management of projects. Leaders need access to many sources for help, not just one. A comprehensive approach to solving problems is needed, such as forming **partnerships** with police to reduce crime, with schools for educational opportunities, with community and business leaders for economic development programs.

To document success or identify areas in need of improvement resident organizations should **monitor** such actions as school attendance, substance abuse, and participation in community activities. When property management activities are involved, resident organizations need to keep records tracking unit condition, inventory, and contractor performance.

In addition, resident leaders must learn and use management techniques such as involving residents in decisions whenever possible, listening to them, and placing responsibility through rewards and sanctions. **Good communication** among resident leaders, other residents and the PHA is essential. Personalities and abilities of resident leaders also are key factors in success or failure of resident organizations.

As noted, most resident management organizations that manage property evolved from situations where housing projects were in crisis. These resident management organizations encountered deteriorating conditions and problems others had failed to solve, and success was understandably difficult. While tenant management on a large scale has been problematic, efforts to improve security and to establish tenant-run businesses have been more successful. For the most part, where resident councils have focused efforts on economic development, security, or other areas for improving the lives of residents, a higher degree of success has been achieved.

HOMEOWNERSHIP PROGRAMS

In addition to the encouragement of tenant management, tenant initiative programs promote homeownership opportunities for public housing residents. Title 24, Code of Federal Regulations, parts 905 and 906 outline the regulations governing homeownership programs in public housing. The primary programs offered by HUD to provide homeownership opportunities are HOPE1, Section 5(h), and Turnkey III. Currently no funding mechanisms are in place for these programs.

While presently there is no funded federal homeownership program for public housing residents, most PHAs in Virginia have their own homeownership programs funded from a variety of sources. Funding may be used directly for property acquisition or for downpayment assistance. Some programs promote homeownership indirectly through support services and economic development. Most programs require residents to receive in-depth training in homeownership skills such as financial management and home maintenance. Funding sources for homeownership programs include:

- local governments (tax abatements),
- private financial institutions (interest discounts);
- Virginia Housing Development Authority UHOP funds (5% permanent mortgage financing);
- Virginia Housing Partnership Fund (down payment assistance);
- Single Family Demonstration Program (discounts on federal inventory of foreclosed properties to first time home buyers);
- donations (professional services and fees such as legal and closing costs, etc. and labor and materials);
- rehabilitation (Comprehensive Grant Modernization or COMP Grant),
- Comprehensive Improvement Assistance Program (CIAP),
- local government development funds;
- economic development (family self-sufficiency programs,
- opportunities/income generated through Sec. 3,
- job training,
- family investment centers;
- security (drug elimination grants, youth sports grants security grants);
- CDBG and HOME funds; and
- Resident Management Corporations (Tenant Opportunities Program or TOPS).

Not to be forgotten is the re-channeling of proceeds from PHA homeownership programs. These funds are used to help more residents gain homeownership.

Among the programs that support homeownership indirectly is the Tenant Opportunities Program. TOP provides funds to resident organizations for technical assistance and implementation of such things as tenant management corporations, resident-owned businesses, child care services, youth programs, and tenant patrols. These supportive services give residents the tools necessary to put themselves in a situation where homeownership is possible.

Attaining and maintaining homeownership status for public housing residents is difficult. To begin with, very few residents meet the income qualifications which are a necessary part of any homeownership program. Many residents have a difficult time finding stable jobs at a pay level that provides the income needed for homeownership.

Even if residents are able to afford monthly homeownership costs, they do not have the "safety net" from accumulated savings and family resources that other homebuyers are more likely to have. Coming up with money for repairs and other unplanned expenses is very hard for low-income homeowners. Additionally the security of a low-income household's property investment is not guaranteed and may be jeopardized by neighborhood conditions and market dynamics. Homeownership may not make sense if the value of the household's asset is at risk.

While workshops on financial planning, family budgeting, and the requirements of homeownership are an integral part of most homeownership programs, few public housing residents have contact with other homeowners as role models and lack a personal frame of reference for how to be homeowners. This can make homeownership a venture into scary and uncharted territory.

Michael Stegman and Bill Rohe evaluated HUD's Public Housing Homeownership Demonstration (PHHD) program in 1990 and determined that successful conversions of public housing to ownership are not easy. All seventeen PHAs participating in the demonstration program were evaluated on individual program characteristics, effectiveness of approach, and impacts on parties involved. A wide variety of circumstances existed in the seventeen PHAs studied. For example, sponsoring agents were both large and small, some PHAs offered multifamily units and others single-family, the means of offering a sale price were different, and condition of units for sale ranged from poor to mostly good.

Since as many as one in ten participants moved out of their houses for financial or other reasons within the first eighteen months of ownership, the homeownership program clearly had problems. In addition, only 24 percent of units intended for sale were actually sold after four years of the demonstration project due to lack of commitment on the part of the PHA, poor program design, adverse market conditions, low incomes, lack of replacement housing, and prohibitions against involuntary relocation.

Three main concerns emerged from the evaluation of the Homeownership Demonstration Program: the inability of many public housing residents to afford homeownership; the characteristics of the public housing stock (condition and location); and the concern on the part of PHAs about replacement housing (many have long waiting lists and do not have units available for homeownership conversion).

CONCLUSIONS

Historically, the public housing program has been operated as a partnership between federal and local governments, the former represented by HUD and the latter represented by PHAs. Federal policy has been a complex mix of funding, and regulation of operations, and fund accounting. The power to grant federal funds is typically accompanied by the responsibility to monitor the use of those funds. However, HUD's administration of public housing has often been accused of excessive regulation and the imposition of "one-size-fits-all" rules.

State governments provide statutory authority for PHAs and establish real estate laws (e.g. landlord-tenant and fair housing) which apply to PHAs, but otherwise have had no role in public housing policy or operations. Based on our interviews with national organizations and public housing experts across the nation, no state has adopted policies or regulations on resident management in public housing. Additionally, PHAs are not looking for additional regulatory requirements that are not accompanied with funding.

There has been a clear recognition that management of public housing from the federal level has been too rigid and too ineffective. There is a strong trend toward devolving greater discretion and responsibility to local government for public housing. The PHAs interviewed indicated no desire for more regulation at the HUD level or for new legislation at the state level. From the viewpoint of PHA officials, strong local and community support is needed to improve public housing more than additional mandates from HUD or the state. The general consensus was that only local involvement would better the chance of making resident management in public housing successful.

The evidence examined in this report does not suggest that the state should regulate the role of resident organizations in management of public housing projects. No public housing authorities in Virginia are currently on the HUD troubled list (although a few do need to improve in certain areas). No public housing development in Virginia is in such a state of crisis that residents face a dire need to take over management of the property. Instead residents are focusing their efforts on public safety, education and economic development.

Anticipated changes in federal housing policies are likely to have profound effects on localities and on states. These changes portend a significant reduction in the funding and management roles of HUD. There is a very real possibility that the tenant management program in its present state will end. The

previous pattern of rigid requirements and "micro-management" may well be replaced with a substantially limited federal role.

Welfare reform will also impact public housing. Since the majority of public housing residents are welfare recipients, any direct or indirect reductions in their resources will present public housing authorities the prospect of a tenant population with even lower incomes. As one housing official said, "Thirty percent of zero is zero." The prospect of reduced rent collections is aggravated by the likelihood of reduced public housing subsidies. PHAs are likely to have less time, energy, and dollars to put toward support of resident organizations and their management efforts. Squeezed by all sides, resident management corporations will be faced with severe financial pressures.

The implications of changes in federal housing policies are unclear. Localities and PHAs might need new statutory powers from the state to address new problems. They might turn to the state for policy direction, technical assistance, and funding. What is clear is that the changes in federal policy are of historic dimensions and will trigger a rethinking of the roles of PHAs, localities, and states in the development, management, and maintenance of assisted housing. These changes are likely to occur quickly and the state should be prepared to monitor the impacts within Virginia.

SOURCES

Atlas, John and Peter Dreier (1992). Why A National Housing Policy is Not On the Agenda. *Shelterforce.* Sept./Oct., No. 65, pp. 18-21.

Atlas, John and Peter Dreier (1994). Public Housing: What Went Wrong? *Shelterforce.* Sept./Oct., No. 77, pp. 4-5, 27.

Audit of Technical Assistance Grants to Support Public Housing Resident Management and Self-Employment Programs, Office of Inspector General, Washington, DC., February 1995.

Evaluation of Resident Management in Public Housing, prepared for Office of Policy Development and Research, U.S. Department of Housing and Urban Development by ICF Incorporated, December 1992.

FY 1994 Year End Resident Initiatives Report for Virginia, U.S. Department of Housing and Urban Development.

Homeownership Program Public and Indian Housing, State Conclave Technical Assistance Booklet, Resident Initiatives Clearinghouse, U.S. Department of Housing and Urban Development.

Monti, Daniel J. (1989). The Organizational Strengths and Weaknesses of Resident-Managed Public Housing Sites in the United States. *Journal of Urban Affairs,* Vol. 11, No. 1, pp. 39-52.

Peterman, William (1989). Options to Conventional Public Housing Management. *Journal of Urban Affairs*, Vol. 11, No. 1, pp. 53-68.

Peterman, William (1993). Public Housing Resident Management: A Good Idea Gone Wrong? *Shelterforce.* Nov./Dec., No. 72, pp. 6-9.

Public Housing Homeownership Demonstration Assessment, prepared for U.S. Department of Housing and Urban Development by William M. Rohe and Michael A. Stegman, April 1990.

Race, Redevelopment and the New Company Town. Daniel J. Monti. State University of New York Press, Albany, 1990.

Resident Initiatives: Model Programs for Small Public and Indian Housing Authorities, U.S. Department of Housing and Urban Development Office of Public and Indian Housing, August 1992.

Tenant Participation and Management in Public Housing Projects (24 CFR 964). *Housing Development Reporter.* 30:3351, RF-542, 10-17,94.

Van Ryzin, Gregg G. (1994). Residents' Sense of Control and Ownership in a Mutual Housing Association. *Journal of Urban Affairs*, Vol. 16, No. 3, pp.241-253.

Personal and Telephone Interviews:

Jim Briggle, Public Housing Authorities Directors Association

Pat Arnaudo, Associate Director of HUD, Residents Initiatives Office.

Bill Hawkins, Executive Director Newport News Housing Authority

Johnsie Boyd, President of the Dickerson Court Tenant Council and also a full time employee of the PHA, Newport News

David Bryson, National Law Project

Center for Community Change

National Association of Housing and Redevelopment Officials

Ben Hecht, National Center for Tenant Ownership, Georgetown Law School

Theresa (Terry) Doherty, Supportive Services Program, Project Director, VHDA

Julie Levin, Legal Aid, Kansas City, MO

Rick Gentry (Richmond Redevelopment and Housing Authority)

Henry Colona and Andre Basmajian (HUD Richmond)

Neva Smith (Roanoke Redevelopment and Housing Authority)

Ray Strutton, Norfolk Redevelopment and Housing Authority)

Suzanne Jones, Hampton Redevelopment Housing Authority, Neighborhood Initiatives Supervisor