



# Santorum Backs PHA Against HUD Assault

## *Hundreds Will Face Layoffs*

by Tony West

Leaders in public housing and Congress rallied from across Pennsylvania this week to mount a concerted resistance to U.S. Dept. of Housing and Urban Development plans that will swiftly cripple even well-managed housing agencies. Their meeting in South Philadelphia was attended by hundreds of irate public housing residents as well.

Public housing is traditionally a liberal issue and the Bush Administration has shown it scant regard. Yet conservative Sen. Rick Santorum was first on the podium to decry the HUD rule changes, which he said "make no sense." Santorum sits on the committee that oversees federal housing programs.

Philadelphia Housing Authority Exec. Dir. Carl R. Greene was even blunter in his assessment. "I think the plan is to phase out public housing," he said.

The HUD assault is complex and couched in bureaucratic jargon that few people can read without coaching. It amounts to a two-pronged maneuver that will put extreme pressure on local housing authorities across the nation, starting this fall.

On Oct. 1, the Administration's new budget will slash funding for housing authorities from 89% of HUD's own operational standard to 78%. Taken by itself,



**SHOULDER to shoulder, PHA Exec. Dir. Carl R. Greene and Sen. Rick Santorum stand in opposition to HUD policy changes they say will unfairly cripple public housing**

this cutback guarantees project cancellations, maintenance cutbacks and layoffs across the nation.

At the same time, HUD has issued rules that force housing authorities to dismantle most of their centralized operations - procurement, bookkeeping, security, maintenance and development - and replace them with "site-based management." Under this policy, housing authorities will be required to break down each housing site into an autonomous business unit.

Gone will be any economies of scale and efficiencies from accumulated expertise, Greene charged. Out the window go the window, grounds, plumbing, electrical, lock shop, pest control, eleva-

tor, combustion and roofing crews; finance and IT departments would be stripped.

Making this transition would be tough under any circumstances. Switching from any old system to a new one imposes extra one-time costs.

Instead of covering these costs, the new HUD rules punish transition. Any single housing site not fully compliant by Oct. 1 will lose all federal funding - permanently.

That's crazy, Santorum charged. "Rules can't just call for these changes without providing funds for their implementation."

A major goal of new HUD standards is

to make public housing increasingly comparable to private development projects. The argument is government agencies are bloated with waste and incompetence. Twenty years ago that may have been truer. But housing agencies have been given a lean fuel mix for some time now. The better ones have learned how to make improvements on a dime.

PHA tops that elite group. It is highly rated by HUD and its revitalization of aging project sites has sparked rebirth in many city neighborhoods. Private housing values have soared in the vicinity of its new developments, a far cry from the story of a generation ago.

Housing authorities say their management costs cannot be directly compared to private developers in any case. A HUD-financed Harvard study identified 26 differences between a public housing authority and a subsidized private affordable-housing operator. When compared to similarly situated FHA housing, 75% of housing authorities are doing their jobs at a lower cost, the study asserts.

Ranking high among these differences is the clientele of public housing: elderly, disabled and other limited-income peo-



**HOUSING authority directors from across Pennsylvania denounce Bush administration moves that will devastate housing development across the board.**

ple. Their available rental income is inflexible and political pressure does not allow authorities to jack up the rents steeply, even if that were desirable.

Housing authorities criticize HUD's initiatives for being guilty of the same flaw they are charged with: rigid central planning. Local authorities need more flexibility, not less, as they cope with the challenges posed by a shrinking overall dollar.

None of these arguments hold water with HUD. To Greene, it suggests a radical strategy at the Federal level: "You set up site-based budgeting, you show that some properties don't appear to work

financially, and then you sell them off."

The housing authority coalition urged citizens to lobby HUD to delay implementation of the new rules and to provide funding to pull off the transition.

As for the Federal housing budget, Santorum vowed he would seek return of housing authority funding to a full 100% of what is needed.

Vagaries in the HUD rule changes cause the actual budgetary impact to vary widely from one housing authority to the next. Some agencies would even gain a little, at least at first.

That didn't sway the directors of the Pittsburgh, Allegheny, Chester, Harrisburg and Cambridge Housing Authorities, who sat shoulder to shoulder with Greene in opposing the HUD changes. The long-term consequences are so drastic that no one, in the end, will gain.

Not around here, at least. One pattern in the rule changes is clear: on the whole, they shift millions in Federal dollars from Northeastern states to Southern and Western states. Texas and Florida will be big winners; Pennsylvania, a big loser.

## Meeting in S. Phila. spreads warning over housing policy

By Larry Eichel  
INQUIRER STAFF WRITER

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PHA Executive Director Carl Greene speaks during the "Preserving Affordable Housing in Pennsylvania" press conference where PHA employees and residents came to discuss how to cope with new rules and dramatic funding cuts.

—ABDUL R. SULAYMAN/TRIBUNE STAFF PHOTOGRAPHER

## Local housing threatened

### Money taken from Northeast is 'hurting real people' in Pa.

By **Janae Hoffler**  
Tribune Staff Writer

Pennsylvania housing authority representatives yesterday denounced a recent U.S. Department of Housing and Urban Development's 22 percent budget cut as the end of public housing in the United States.

At the Wilson Park Community Center, area housing officials, employees and public housing tenants were outraged at federal funding cuts and increased regulations.

Cuts amounting to about \$45 million across six counties, along with tighter regulations, have left housing officials and tenants to speculate that the federal government is trying to eliminate public housing.

Under HUD's new Operating Fund Rule, money previously designated for agencies in the Northeast of the country will be reallocated to the South and Southwest.

Philadelphia Housing Authority Executive Director Carl Greene said the cuts were akin to the lapsed aid Gulf Coast residents received after Hurricane Katrina last August.

"You're hurting real people. These are real cuts that are hurting real people," said Greene. "You're talking about permanently injuring citizens in the commonwealth of Pennsylvania in ways that are unfair."

Sen. Rick Santorum, R-Pa., who is opposed to the new rule, promised housing officials he would work to reverse the funding cuts.

The need for affordable housing is growing as more families are falling behind the federal poverty line and more senior citizens are in need of subsidized housing.

Jeff Bees, chief financial officer for the Housing Authority of the city of Pittsburgh, said the 22 percent funding cut is the biggest change in housing authority history.

He said he worried that housing authorities would be robbing Peter to pay Paul with rising utility costs juxtaposed against decreased funding.

"We have to figure out what we're going to have to reduce in order to keep our lights and heat on," Bees said.

Officials urged tenants to write to their congressional representatives and mobilize to make their frustration heard before

it is too late.

Meetings with HUD officials in Washington, D.C., have been unsuccessful, officials said. Bees said HUD is reluctant to consider the real-life impact cuts would have on citizens.

U.S. Rep. Chaka Fattah, D-Pa., criticized the federal administration for ignoring affordable housing as a priority while

spending billions in Iraq. He stressed that it was “critically important” for housing authorities to work together to fight the budget cuts.

“There has not been a situation like this before, but I think that to the degree we are working together, we’re in a position to be heard and be successful,” Fattah said.

Cambridge Housing Authority Executive Director Greg Russ said the decreased funding, coupled with regulatory restrictions and increased operating costs, hurts everyone in public housing. “None of these folks (at HUD) have the imagination to figure out what it’s like to be poor and need housing,” Russ said.

## Senator Fights For Public Housing

by JIM McCAFFREY  
THE EVENING BULLETIN

PHILADELPHIA — U.S. Sen. Rick Santorum was applauded by public housing advocates yesterday for his fight to increase funding for low-income housing across the state.

Fear was tangible in the Wilson Park Community Center at 25th and Jackson Street in South Philadelphia yesterday morning.

The building was filled to overflow with housing authority residents from across the state attending a forum held to educate and organize a response to federal cuts in housing program funding, particularly in the northeast United States.

A coalition of housing authorities from across Pennsylvania arrived with the intention of urging federal authorities not to make deep cuts in their housing programs.

The coalition includes, in addition to the Philadelphia Housing Authority, housing authorities from Pittsburgh, Allegheny County, Harrisburg and Chester.

PHA Executive Director Carl Greene presented the grim facts about the cuts and what they mean.

Since 2001, he declared, federal funding for federal housing programs across the country has dropped from \$7.1 billion to a projected \$5.6 billion.

PHA expects next year to receive only

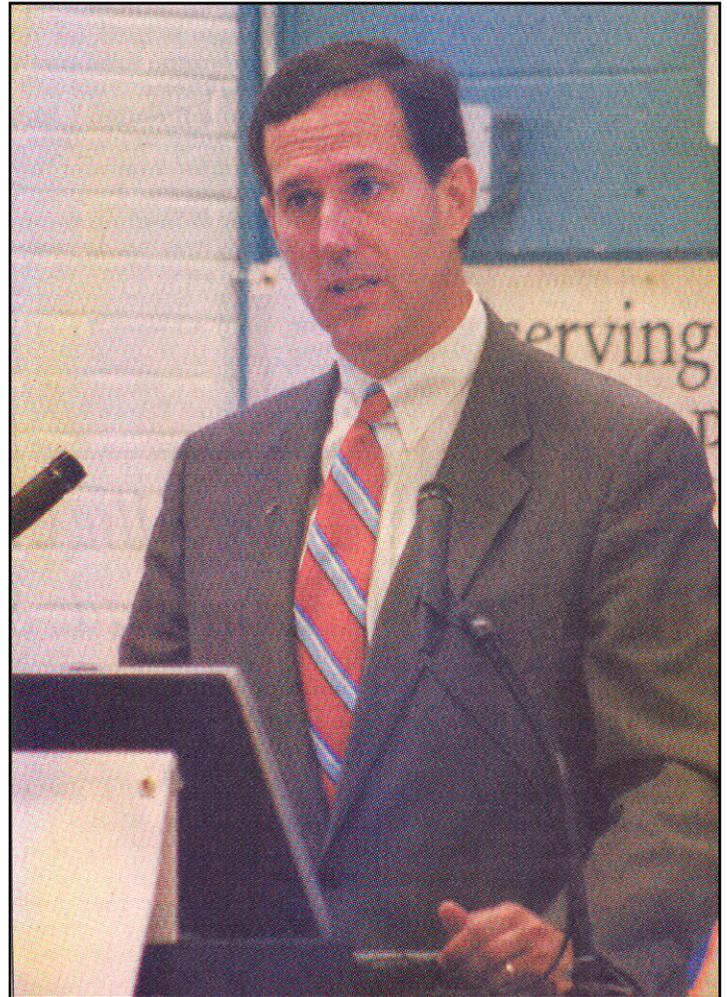
78 percent of the funding it acquired this year, a cut of \$23 million in the agency's operating budget. Greene estimates, if this cut remains in the Housing and Urban Development (HUD) budget plan, it will force layoffs of between 300 and 500 PHA employees.

Consequently, he said, there would be less security, less maintenance, less availability and less oversight in federal housing developments - something of concern to everyone attending the conference but particularly worrisome to seniors living in public housing.

Greene also complained about HUD's new operating fund rules. The housing agencies, he underlined, need more time to imple-

ment the regulations that are not fully understood, even by HUD.

"The new operating fund rule eliminates flexibility, prescribes operating requirements, reverses deregulation, disregards local determination and reneges on agreements negotiated with the housing authorities," Greene insisted. "The HUD Operating Fund Rule means less money at a time when we are seeing more clients. The new Operating Fund Rule was designed to reallocate operating funds. Money will be shifted from the



MATTHEW GODFREY/*The Evening Bulletin*

**U.S. Sen. Rick Santorum spoke yesterday at the Wilson Park Community Center in South Philadelphia at Preserving Affordable Housing IN Philadelphia. Members from all of the housing authorities across the state were invited, as were Mayor John Street and Congressman Chaka Fattah.**

northeast to the south and west." To Greene, the flow of dollars away from the northeast United States to the south and southwest is "unfair."

"This will result in a reduction in operating funds for Pennsylvania. Our utility costs are up 50 percent. Those costs make up 25 percent of our budget but there is no federal increase to cover this increase."

He added, "If this [trend to cut housing funds] continues, we may see the end of public housing in this country."

Santorum told the delegates, "I am not

in favor of what HUD is doing. Seventy-eight percent funding levels are inadequate. We need to make sure funding levels are up to a more acceptable level.”

He continued, “HUD is moving too quickly [to implement the operating fund rules]. These are huge changes. They are moving the accounting procedures to an asset-based approach. It is creating huge problems. They even realize they can’t do it this quickly. If even [HUD] knows it can’t comply with the regulations, it shouldn’t require other agencies to comply with them.”

Santorum promised to work to create more opportunities for public housing and work for a low-income home-ownership tax credit.

“I want more people in better quality, more affordable public housing,” he assured the crowd. “I’m not in favor of moving money from the northeast to the south and west. It’s true the population in the south and west is growing and there is an increased need for the increasing population. The northeast population is not decreasing.”

Santorum promised to work to expand funding for Pennsylvania’s housing

authorities.

“I’d like to see 100 percent restored,” Santorum commented to press after his public remarks. “We need to increase resources into the operating funds. This is just something [HUD and Congress] needed to look at and set priorities. The operating funds are critical to make sure housing authorities can operate. The huge amount of changes and fewer resources to affect the change is a recipe for disaster.”

Councilwoman Jannie Blackwell offered an endorsement for Santorum’s work on public housing, noting the PHA problems are no different than those facing the city’s three housing agencies, where they face a \$7.8-million cut in federal support.

Blackwell has been fighting housing reorganization in the city. Mayor John Street says the reorganization is needed, in part, due to cuts in federal funding.

“The issues are the same,” Blackwell insisted. “You see these cuts everywhere you go. The war and the other federal issues are eating up the economy.”

Blackwell got a resolution through committee yesterday that, if City Council approves, would allow Philadelphia vot-

ers to voice their opinion of the Iraq incursion in the November general election.

The councilwoman serves on the PHA board. She griped that it seems every time the country gets some momentum behind solving the homeless problem, the federal government changes the rules.

“This is one of those times,” she declared. “We’ve focused a lot on Sen. [Arlen] Specter and Sen. Santorum who have funded a lot of institutions through PHA. They are always open to receive calls from the city. Always open to see what they can do to help public housing. We need them to go back to the President and [make our case for more housing assistance]. Our senators have supported the city and PHA. It’s up to them to make the appeal to the administration in Washington.”

“Sen. Santorum knows the problems, and he’s on top of it. He knows the issues and the arena of people with whom he needs to interact in this city and in Washington. It’s important that he takes our message back to Washington.”



TUESDAY, JUNE 13, 2006

# PHA foresees as many as 500 layoffs

By MARK McDONALD

If the Bush administration has its way in Congress, the Philadelphia Housing Authority is looking at a \$23 million budget cut that will force layoffs in the range of 300 to 500 employees, according to PHA executive director Carl Greene.

Routine maintenance work orders would take 90 days instead of the current average of 17 days, he said.

Greene spoke at an event yesterday aimed at focusing attention on the looming budget crunch. With him were U.S. Sen. Rick Santorum, R-Pa., and Pittsburgh Housing Authority director

Keith Kinard.

The budget shortfall is part of a change in funding rules that housing authority officials say is being dropped on them with little time to prepare.

"The Philadelphia Housing Authority has done tremendous work in reforming public housing and creating a significant amount of affordable housing," said Joe Grace, spokesman for Mayor Street, who chairs the PHA board. "We are concerned about anything that would hamper that progress."

With an overall budget of \$350 million and 1,700 employees, PHA is the city's largest landlord and a major player in the affordable-housing market.

Kirk Dorn, a PHA spokesman, said the federal budget proposal calls for funding PHA's operating budget at 78 percent of its current level.

But, he said, the situation is actually worse than that.

While PHA has an operating budget of about \$150 million in funds from a variety of sources, the Feds set it at \$112 million. It's from the latter number that the new funding level will be determined, he said.

Santorum said the game is not over yet. He will try to increase funding as the Senate works on the bill later this year.

In 2000, the U.S. Department of Housing and Urban Development had \$7.1 billion for public housing. For the fiscal year beginning Oct. 1, the figure proposed by HUD is \$5.6 billion.

The new proposed funding formula also increases funding in areas of the South and West and away from the Northeast, according to Greene's presentation.