



At 50, This Housing Policy Needs a Big Renovation

HUD's mismanagement and mission creep have made it a feeble tool for urban renewal.

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And

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“The history of every civilization teaches us that those who do not find new means to respond to new challenges will perish or decay.” That was President Lyndon Johnson describing the need to renew inner cities as he announced the creation of the U.S. Department of Housing and Urban Development in 1965.

As HUD marks its 50-year anniversary on Sept. 9, the challenges it faces are not on city streets or in homeless shelters, but within its own offices. Mission creep, management problems and criminal activity have rendered the agency a feeble instrument for renewing urban America.

In July HUD Secretary Julián Castro issued regulations to advance a major initiative called [“Affirmatively Furthering Fair Housing.”](#) The program sets up a data-collection regime to monitor what the department deems to be racial disparities regarding site selection for affordable housing and access to transportation and other services. This amounts to federal oversight of local planning and zoning decisions. In an oddly worded passage, HUD explained that after its good works residents in communities nationwide will “enjoy the mere sense of fairness.” It added that “quantifying such factors as fairness and dignity is likely impossible, yet these values are the crux of the final rule.”

In a statement on the department's website, "[HUD's Vision](#)," Mr. Castro is said to be "laser focused" on several goals to make the department relevant for the next 50 years. Among these is climate change, which "poses a growing threat to local communities." HUD also intends to "strengthen rural, tribal, suburban, and urban communities across the nation."

Meanwhile, as HUD braces for climate change, inserts itself into local land-use decisions, and attempts to strengthen every town in America, the residential tax base of America's great cities steadily declines. Nearly \$150 billion in taxable income vanished between 1992 and 2011 in the nation's three largest cities, according to an analysis of IRS statistics done for us by the company How Money Walks. The New York metropolitan statistical area lost \$79.3 billion; Los Angeles, \$42.2 billion; and Chicago, \$25.5 billion.

President Johnson said that "our cities and our new urban age must not be symbols of a sordid society." Tax flight creates sordid societies as essential services from police protection to infrastructure maintenance become unaffordable. Detroit Mayor Mike Duggan is fixing broken streetlights. Baltimore Mayor Stephanie Rawlings-Blake is seeking funds to demolish thousands of blighted houses. The New York Times recently reported that murder rates are at least 50% higher than they were this time last year in Milwaukee, St. Louis and Baltimore.

On April 20 Mr. Castro [told](#) a conference of city planners that people "with little more than their dreams and determination are flocking to urban centers." One week later parts of Baltimore went up in flames as rioters destroyed nearly 400 businesses following the death of a young black man in police custody.

The majority of HUD's \$42.4 billion budget this year, more than \$30 billion, funds rental-assistance voucher programs for tenants and projects involving public-housing authorities, property managers and developers. This money trail is a lucrative target for criminal schemes. HUD's [inspector general](#) counts more than 1,000 convictions, indictments, charges and pleas resulting from fraud during fiscal year 2014.

Rep. Mario Díaz-Balart (R., Fla.), the chairman of the House appropriations subcommittee that oversees HUD's budget, has said he's "stunned" at the number of inspector-general audits

revealing department mismanagement. A stream of reports from the Government Accountability Office have shown a lack of coordination among 82 federal low-income benefits, of which HUD administers a dozen homeless-assistance programs. The most recent such report, released in [August](#), notes that four years after the GAO testified to Congress about the problem, the array of human-services programs remains too fragmented and complex for clients to navigate or the government to manage.

If its top officials will stop dabbling in politically correct goals that are impossible to attain, perhaps HUD's 8,000 employees can return to the core mission of urban renewal, fighting poverty and homelessness. And 50 years from now, the agency, as well as the country, will have something to celebrate.

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