



The San Antonio Housing Authority

Module 1

Rev. 1.2

The Evolution of Local Public Housing

A house is made of walls and beams;
a home is built with love and dreams.

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About this module

Purpose

This learning module is meant for San Antonio Housing Authority employees as part of the employee learning and knowledge base. This module is stored on the employee active desktop for easy access and is designed for online use and reference. The document may also be printed for hardcopy reference.

Content

This module discusses the historical development of public housing. It presents the social, political, and legislative progression of public housing from the 1900s to today.

Online use

Hyperlinks are indicated in red and underlined. Table of contents entries are hyperlinks within the document.

Corrections or comments

If you have corrections or comments about this document, please contact sherry_austin@saha.org.

Recognizing the need for public housing

At the turn of the twentieth century in America and in San Antonio, Texas, the need for public housing had not yet been addressed. The population of San Antonio in 1901 was 53,321. The city had one hundred electric cars operating on 45 miles of track. There were three daily newspapers and ten publications. Brackenridge Park was a housing community that consisted of over 300 beautiful acres of well-tended grounds and San Pedro Park was noted for the variegated tropical fish in its luminescent waters.

The two major population groups were Mexican and German descendents. These groups were geographically and socially separated. To the east of the San Antonio River near the Alamo were the German neighborhoods such as Brackenridge Park with upper and middle class homes. The Mexican barrios, or districts, were located west of San Pedro creek. Downtown San Antonio, situated between, separated the two groups.

By 1920, the population of San Antonio had grown to 161,379. As the population grew, so did the areas of extreme poverty. Mexican descendents of San Antonio became increasingly separated from the middle and upper economic groups.

Sadie Haley identifies housing as a social issue

A social worker by the name of Sadie Haley became involved with these slum areas through her participation with the Associated Charities of San Antonio (forerunner of Family Services Association). Sometime between 1917 and 1920 Sadie Haley visited a slum area located at 924^{1/2} South Laredo Street. She found the slum site, or what was referred to as the Mexican Corral, in horrible condition and unfit for human habitation. Housed in little frame shacks were families of six, eight, or ten persons—men, women and children. The shacks in which some of these families lived were horse stalls boxed up with nothing but a dirt floor and no windows.

Sadie Haley spoke to two women living in the slum and discovered that their husbands had abandoned both women. The women were left to subsist on what they could acquire in the form of shelter, clothing, and food. Their children were starving and in horrible physical condition. These mothers had attempted to feed their children but were unsuccessful, and the food they did acquire was diseased. Sadie Haley graphically explained this condition in a commentary to a local San Antonio newspaper:

I saw a woman preparing some meat, and would you believe it, it was green—yes green. And here this meat was fed to the children.

That was all they had to eat, and I suppose they were glad to get that, for they had no means of buying food. Where they obtained this green meat, I could not say, but it was certainly not fit for humans to eat, and sure to bring sickness.

Mrs. Haley was horrified by the housing conditions at the “corral” and advocated the establishment of a settlement house run by bilingual nurses. Because Associated Charities was mainly concerned with child welfare, this proposal was not pursued by the organization. However, Mrs. Haley’s attempt was one of the first positive moves towards the realization that housing conditions of the poor need not be slum areas or “corrals.” Her efforts contributed to the *recognition* that sanitary and well-structured shelter for the poor was a social issue to be addressed by the city of San Antonio.

In stark contrast to the deplorable housing conditions of the poor not only in San Antonio but also in other parts of the nation, many upper and middle class homes were built during the 1920s. The housing boom of the 1920s produced many homes that were affordable only to the wealthiest third of the nation’s families. None of the boom houses were affordable to the poorest third of the nation’s families. Still, there was an American dream that the 1920s prosperity enjoyed by the middle and upper classes would soon be shared by the poor.



Home of an affluent San Antonio family built during the housing boom of the 1920s
(photo: *Institute of Texan Cultures*)

The federal government steps in

The housing boom of the 1920s crashed when the stock market crashed during the Depression in the 1930s. Millions who had bought homes during the housing boom were in default on their mortgages.

Effects of the Great Depression

The Great Depression was the beginning of government involvement in private housing. Except for a small war-housing program during World War I, the federal government did not have any significant public housing legislation until the 1930 depression period. To stimulate recovery from the Depression, Congress passed laws to provide jobs through construction of public building and projects, which included housing for the working poor.



The federal government acted to save the housing market by creating long-term home mortgage financing in 1932. This was the first time the federal government became involved in private housing. The Public Works Administration began to build housing for low-income families in 1933.

The National Industrialization Recovery Act of 1933

The National Industrialization Recovery Act of 1933 was the first major legislation involving the federal government in public housing. The primary focus of the act was on creating jobs and stimulating the economy. Under this act, the federal government became directly involved in the construction of housing for America's working poor.

The Public Works Administration (PWA) administered the programs initiated under the National Industrialization Recovery Act of 1933. The PWA built more than 21,000 units

in thirty-seven cities. Some of these units are still in existence in Dallas, Texas and other cities, and are now owned and managed by local housing agencies.

To obtain land needed for this construction the federal government took back land that had been previously ceded to state and local governments through the use of *eminent domain*. Eminent domain refers to the right of a government entity to take property for the common good.

Although eminent domain was a significant provision of the 1933 act and fostered the goals of the federal government, the use of eminent domain created conflict between the states and the federal government.

The National Housing Act of 1934

The National Housing Act of 1934 was the second major legislation involving the federal government in housing policy for America's working poor. The act was part of President Roosevelt's New Deal, and created the Federal Housing Administration (FHA). The purpose of the establishment of the FHA was to encourage private investment in housing by guaranteeing government-insured mortgages.

Meanwhile, back in San Antonio, there were intermittent efforts to clear slums and develop housing. The Junior Chamber of Commerce and the Civil Works Administration participated in promoting some of the initial projects. In 1935 the city created the Slum Clearance Committee, which was successful in acquiring a four million-dollar allocation from the Public Work Administration (PWA) for slum clearance projects. However, the endeavor was not a success. The PWA's plan to purchase land for public housing under eminent domain was eventually ruled unconstitutional. This and a combination of difficulties kept federal dollars from reaching San Antonio.

The city continued its efforts at slum clearance using local funds. It added a Slum Clearance Division to the City Health Department. The Division razed, repaired, or vacated some two thousand homes. Many of the displaced persons reoccupied the repaired structures, but the rest were forced to relocate. The local efforts simply could not fulfill the housing needs of the city.

The father of public housing from San Antonio

The effects of the Great Depression were devastating in San Antonio as it was in the rest of the nation. Unemployment was high and morale was low as families struggled to make a living.



Men in the relief line in San Antonio during the Depression in the 1930's
(photo: *Institute of Texan Cultures*)

Economic conditions of the Depression caused homelessness to become a concern for many Texans. Living conditions were harsh and unsanitary, resulting in disease and high death rates.

In 1932, a pastor from San Antonio named Father Carmelo Tranchese from the Our Lady of Guadalupe parish started a public housing campaign because of his concern for the poor. Many lived in crowded shacks or were homeless.



A homeless San Antonio family during the Depression
(photo: *Institute of Texan Cultures*)

Father Tranchese sent snapshots of San Antonio's slums to President Franklin D. Roosevelt. Having seen the snapshots, Mrs. Roosevelt visited the west side slums and felt these were some of the worst slums she had ever seen. After Mrs. Roosevelt's visit, President Roosevelt took action to try to eliminate such conditions by passing the U.S. Housing Act of 1937.

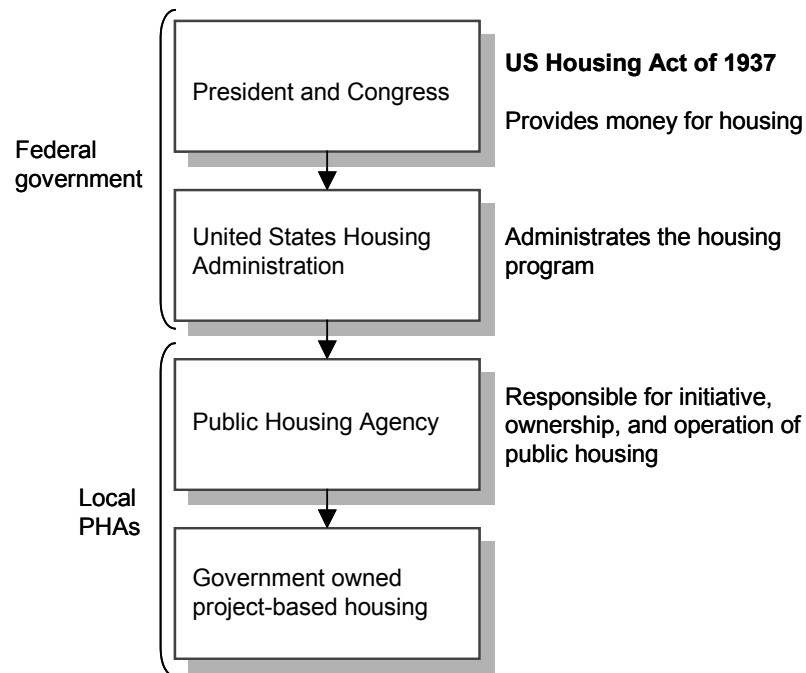
Birth of the local public housing authority

The beginnings of today's public housing can be traced to the Housing Act of 1937 that established the United States Housing Administration. The Housing Act of 1937 was established in part as a reaction by state and local governments against the federal government's involvement in the construction of housing in the states. The act established a permanent public housing program. It required the states to pass legislation that *enabled* local governments to create local public housing agencies (PHAs). Local PHAs could receive federal grants, loans, and operating contributions to construct and operate public housing in their communities.

Under this act, the United States Housing Administration (federal government) would provide the *money* for housing directly to the PHA, but the initiative for the housing and the ownership and operation of the housing would be the responsibility of the locally created PHAs and would be administered by appointed local officials.

The United States Housing Act of 1937 specified four major goals:

- assist the construction industry
- stimulate employment
- shelter low-income families in publicly owned housing
- clear slums



Initial funding design

The Housing Act of 1937 established public housing as a federally financed but locally operated *program*. The public housing authority sold tax-exempt bonds or project notes to finance the development of housing. The money, borrowed locally through the sale of the bonds, raised the capital necessary for development and construction costs. Once constructed, the principal and interest due on the bonds and notes were ultimately paid by the federal government, which agreed to make annual contribution payments to cover principal and interest on the bonds.

However, the funding made available by the 1937 act was limited to 90 percent of a project's cost; the remaining 10 percent of development and project costs were to be provided by local sources to create a vested interest by the community.

The federal government encouraged localities to apply for housing bonds. However, a city seeking program funding had to assure the United States Housing Administration agency that funding was justified. The city was required to provide an application and a survey of housing needs. Sites for the projects had to be selected, and the property owner compensated at a rate approved by the United States Housing Administration. The city was required to provide the tenants with fire, police, health protection, sewer, and water services. It also had to work toward preventing the reestablishment of slum conditions in the area.

Federal funding for San Antonio

The San Antonio Housing Authority received its primary funding through federal bonds from its beginning in 1937 through the 1960s. Fifty-year bonds covered costs for development and construction of San Antonio public housing.

During SAHA's initial operating period, which was the period of time from final construction until 95% occupancy, bonds paid for development, construction, and operating costs. In addition, SAHA received rents from the tenants as the units were becoming occupied. At the end of the initial operating period (ETOP), SAHA determined rents by estimating the following:

- The cost of operating expenses
- Money needed for operating reserves
- Payment in lieu of taxes (PILOT), which were about 3% of operating costs

Although housing authorities are not required to pay property taxes, they make payments in lieu of taxes (PILOT) to compensate the city for services provided to tenants such as

the local fire and police departments. PILOT is a percentage of the actual rent collected or charged rather than a tax based on the development's value. The PILOT is usually distributed among taxing agencies such as city, school, county, hospital district, and water district.

Under the federal bond funding method, bonding money was no longer provided after 95% occupancy was achieved. Units were maintained by rent received from the tenants. Since operating expenses, operational reserves, and PILOT payments had to be paid with rents, housing authorities were forced to charge and collect rents necessary to meet those expenses. Even though the rents were low, only those who could afford the rent lived in public housing. The extremely poor, who could not *afford* the rent, were not helped by the public housing authority.

Funding shortsightedness

The initial funding rationale was that housing authorities would be able to maintain its properties in good repair through rents collected. Unfortunately, the rents charged to low income families simply were not enough to budget for long term capital improvements to the properties. In later years and even today, this shortsightedness has caused housing authorities to own stock without the necessary funds to maintain them. The lack of funding has caused much of the portfolio to deteriorate and has left housing authorities throughout the nation with millions of dollars in deferred maintenance.

Summary of the historical timeline leading to the depletion of funds for public housing

1937-1960s

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After construction and initial occupancy, PHA money to operate and maintain public housing was funded by rents paid to the PHA. Rents were determined by adding the cost of operating the units, plus the cost of operating reserves for maintenance of the units, plus payment in lieu of taxes (PILOT).

Under these conditions, the housing authority was not unlike the private sector landlord. PHAs were forced to collect enough rent to pay for operation expenses. Although rent for public housing was very low, occupancy of public housing was limited to only those who could afford the rent.

Texas takes the lead

The first public housing agency in the nation created under the 1937 Housing Act was built in Texas due to the efforts of Lyndon Johnson.



Austin Congressman Lyndon Johnson with children of the first family to move into public housing in Austin, 1939. *(photo: LBJ Library)*

Congressman Lyndon Johnson persuaded the United States Housing Administration and President Roosevelt that Austin should be the site of the first public housing development built under the 1937 Housing Act. An agreement between Texas cities and the United States Housing Administration required that as part of the cities' annual contribution to the project, all taxes on project property would be waived.

Shortly thereafter, the San Antonio City Commissioners passed a resolution on June 17, 1937, creating the San Antonio Housing Authority (SAHA).

SAHA, which is an independent special unit of government, was created as a municipal not-for-profit corporation to operate within the boundaries of the City of San Antonio. Public Housing Authorities, like SAHA, have no taxing authority and receive no annual appropriations from the municipality. SAHA was created with a dual purpose: 1) to provide decent, safe, and sanitary housing to poor families and individuals who live in substandard dwellings and cannot get adequate housing in the private market, and 2) to remove slums and blighted areas.



Housing reformers inspecting poor housing in San Antonio in 1930's. (*photo: Institute of Texan Cultures*)

The first San Antonio census

To receive funding through USHA, part of the application process required surveys to be made to obtain information on race, rentals paid, annual income, size of family, and housing conditions of tenant families residing in substandard dwelling. The expense of these surveys was borne by the City of San Antonio. By 1939 the surveys were completed and stood as the first tangible collection of census materials for San Antonio.

At the time the jurisdiction of SAHA consisted of the six square miles within the city limits and the extra territorial junction that is the five-mile radius outside the city limits. In this area 75,677 families resided. Of these a total of 39,515 families lived in housing conditions judged to be unsuitable “by reason of over-crowding, faulty arrangement, lack of ventilation, or a combination of these factors...detrimental to safety, health or morals.”

Families living under substandard housing conditions were classified as being 26,573 tenants and 12,942 owners. The tenant population consisted of 8,601 white families, 14,830 Hispanic families, and 3,142 black families.

San Antonio’s first federally financed public housing complexes

During the first four years of its existence from 1938 to 1941, SAHA developed and built the first five federally financed public housing complexes: Alazan Courts, Apache Courts extension to Alazan, Victoria Courts, Wheatley Courts, and Lincoln Heights Courts.



The construction of San Antonio's Alazan Courts housing project (*photo: Institute of Texan Cultures*)

Plans for SAHA's first federally financed housing project, Alazan Courts, called for development of 1,000 dwellings at a cost of \$4,000,000 with average rents expected at approximately \$7.00 per family per month. In 1938 San Antonio received approval for federal assistance to cover 90 percent or \$3,588,000 of the cost, with SAHA responsible for raising the remaining 10 percent.

The first community opposition debate

To comply with the federal mandate to clear areas with a concentration of substandard dwellings, SAHA negotiated the purchase of land west of downtown for Alazan Courts, within the borders of South San Marcos, Durango, South Brazos, and the Alazan Creek. Community opposition to construction began because landowners felt that values of the surrounding land and homes neighboring the housing project would depreciate.

In addition to opposition from surrounding property owners, protest by Mexican nationals concerning housing appraisals for homes located on the Alazan site was initiated. Even though property appraisals were set by USHA, SAHA was accused of "confiscatory pricing."

The League of Loyal Americans (LLA), an organization of Latin Americans in San Antonio, criticized the Mexican national property owners. The President of the LLA stated:

The truth of the matter is that those who are indulging in fictitious protests do not want the houses erected upon the site designated ...because they are deriving good revenues from the properties, a great number of which consist of unsanitary hovels which they are renting to our less fortunate inhabitants of Mexican extractions...

...This slum clearance will provide employment for a long time for thousands of San Antonians of Mexican descent.

The controversy caused by the Mexican nationals was silenced when the attorney for SAHA, James V. Graves, learned of the 1840 Alien Ownership Law. The law stated that alien-owned property (property owned by Mexican nationals) may be reverted to the State of Texas. SAHA never utilized this statute in order to acquire any of the land in question.

Later during the construction of Victoria, Wheatley, and Lincoln Heights Courts, more controversy arose over union issues, land prices, and racial issues.

SAHA's first five federally financed public housing complexes were all segregated by race. The non-admittance of Mexican-Americans into Victoria Courts caused trouble for SAHA with their former ally, the LLA. However, Victoria Courts remained an Anglo development for years to come. With racial troubles alerting the country as a whole, this controversy was placed in hibernation.

NIMBYism

NIMBY, or "not in my back yard" is the sentiment of people or neighborhoods that wish to exclude others because they are homeless, poor, disabled, or because of their race or ethnicity. NIMBYism is and has been one of the social barriers to achieving the mission of housing the poor. NIMBYism is often based on fear of race, ethnic diversity, or simply socioeconomic differences.

World War II changes traditional public housing

The development of public housing in the state of Texas set a rapid pace in the early years with over 4,400 homes built in 1940 and 1941 and almost 5,000 in 1942 and 1943. By the end of the first ten years of the public housing program in 1948, 10,332 public housing units had been constructed statewide in Texas.

But World War II and the recovery period that followed brought traditional public housing production to a standstill. The migration of low-income rural residents to the cities to take factory jobs required that housing be built for the workers. The federal government included this as part of the war effort, suspending traditional public housing construction but expediting the construction of war worker housing administered by local public housing authorities. The Lanham Act of 1940 permitted the use of federal funds to build public housing for defense industry workers.

Occupancy shifts from the poor to include the working low- and middle-income groups

The shift in funding to support public housing for defense workers and veterans and the effects of WWII produced a significant change in the types of people who lived in public housing. Previously, public housing occupants were the affordable poor and very low-income. Because of the needs of World War II civilian workers, enlisted military personnel, and veterans, public housing occupancy shifted toward the working low- and middle-income groups.



War workers and their families had priority in public housing like this in Dallas during World War II. (photo: Dallas Public Library)

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Effects of WWII

During and after WWII, public housing residents included those who could afford the rents plus defense industry workers and military personnel. Public housing occupancy was high and those living in public housing could afford rents that maintained the PHAs need for operating costs, operating reserves, and PILOT payments.

SAHA offers support and assistance for defense housing

In 1941 SAHA began an eight-year venture into the management of defense housing in addition to the previously built housing for the poor. Like other large and active defense areas, San Antonio required defense housing for civilian war workers and enlisted military personnel.

In San Antonio, the Federal Works Agency (FWA) developed Carson Homes at Fort Sam Houston, Kelly Homes to serve Kelly Field and adjacent posts, and Brook Homes, to accommodate families of Brook Field.



Thousands of Texans moved to cities to take war production jobs like those in the San Antonio electronics factory. (photo: *Institute of Texan Cultures*)

Early in the defense effort SAHA Chairman Barclay contacted the FWA and offered support and assistance. The FWA requested that the three defense projects be managed by SAHA. During this time SAHA continued to apply its efforts to obtain additional defense housing to alleviate pressures on the existing public housing developments and to accommodate the increasing influx of war workers and veterans into the city.

After the war, with the home building increase in San Antonio (some 4,600 homes in 1947 alone) and the availability of FHA and GI loans, the pressure to supply housing for defense and returning veterans began to diminish. As this occurred SAHA began converting management and operation of veteran housing to the city. Finally, when Stinson Homes and Camp Cushing were turned over to the city for operation on October 31, 1949, SAHA could for the first time since 1942 devote its entire efforts to managing the 2554 public housing units built under the provisions of Housing Act of 1937.

Public housing becomes a national social commitment to the nation's poor

The combined effects of the Great Depression, the explicit limitation on residential construction during the war, the postwar shortages of construction material, and the massive internal migration to the cities that had taken place during the war created a severe housing shortage that continued long after the wartime victory.

Occupancy shifts to a lower-income population

A result of federal housing acts and the war to this point was the concentration of the very poor into certain areas of the city and the use of public housing by more than just the affordable poor, such as war workers and military personnel. As the nation recovered from the war, the GI bill and FHA insurance allowed veterans and war workers to move out of public housing. Public housing occupancy shifted to that of a much poorer population.

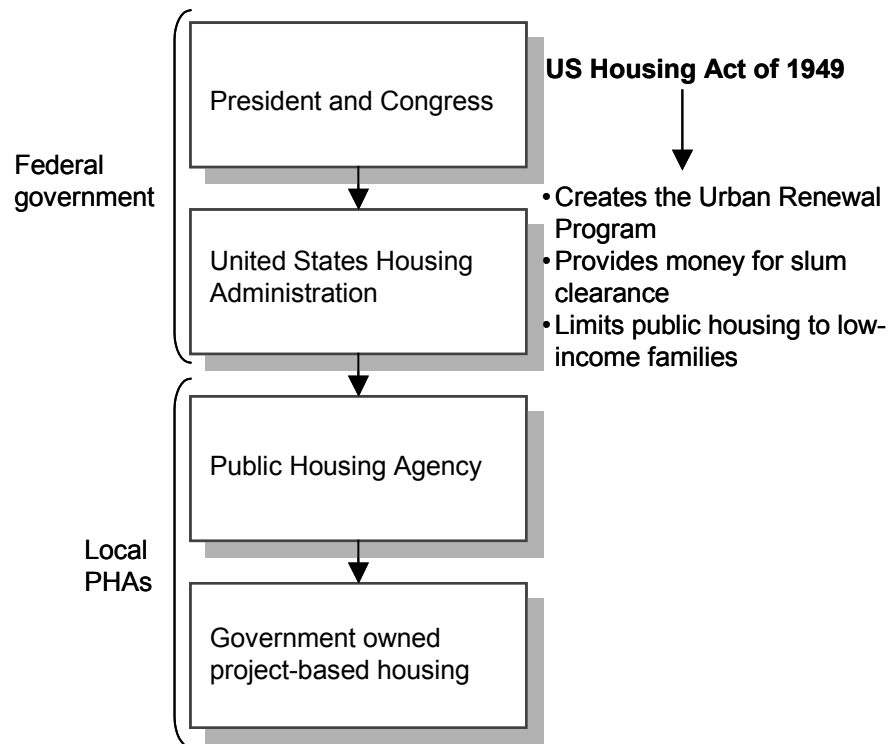
The Housing Act of 1949

The Housing Act of 1949 made broad changes to the federal housing program with the intent to provide a decent home for everyone and marked a formal federally *legislated limitation* of the use of public housing to low-income families. This act took away the PHA's or locality's choice on who could live in public housing. The Housing Act of 1949 created the Urban Renewal Program, which

- provided a massive slum clearance program
- extended federal mortgage programs
- limited public housing to low income families

Preamble of the 1949 Housing Act

The Congress declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and security of the Nation.



SAHA defines its commitment and social accountability to the community

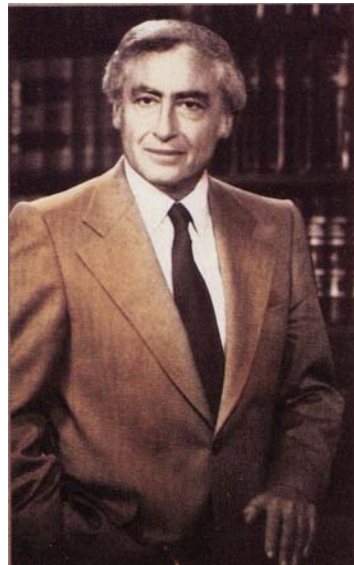
In 1949, the mayor of San Antonio was forced to deal with administrative problems that had become glaringly apparent at SAHA. In fact, B.F. Vinson, Regional Director of the Public Housing Administration, stated that because of these administrative conditions, approval of requests for additional housing units were minimal. He cited 25 percent irregularities in the selection of persons living in units, including methods of computing income, veteran's status, and citizenship requirements. Although San Antonio was listed as second in need for more federal housing, Vinson indicated that no additional units would be recommended until administrative reform was addressed.

Chairman Sinkin leads public housing reform in San Antonio

To address administrative problems that plagued the agency during this time, the mayor appointed William Sinkin as chairman for the San Antonio Housing Authority in 1949.

An interview with Chairman Sinkin

As Chairman of SAHA from 1949 to 1951, William Sinkin led public housing reform that resulted in a clearer definition of what public housing means to the community and a revitalization of the social issues it serves. In a recent interview with Mr. Sinkin, who is 90 years old as of May 19, 2003, he gave the following account that reflects on his enormous contribution to the housing agency and to the community of San Antonio.



William Sinkin

On the recognition of public housing as a social issue

My concern about the issue of housing began partly as a result of my association with Archbishop Lucey. Lucey believed in strong social programs such as public housing and the establishment of a minimum wage. Some members of the community called Archbishop Lucey a red archbishop because he believed in public housing. Those who advocated for public housing were often considered communists in those times. The attitude has changed and there is a different concept now.

My wife, Faye, also played a large part in the development of public housing in the city and as an encouragement to my early interest in the issue. Faye became the President of the League of Women voters in 1947. As such, she was involved with the health program.

We determined to find out exactly what the health and housing conditions were on the east and west sides of San Antonio. There were 25,000 pit privies and one water faucet on the west side. The people lived in corrals, or stables that had been built to house animals. Sometimes two families lived in one corral. They had dirt floors. It was almost a third world environment. The basic amenities of life were not even present for so many people.

Faye went to the mayor of San Antonio and requested a health commission and a sanitary engineer. At that time the city didn't have anything like that. The request fell on deaf ears. The mayor told Faye to go home, get in the kitchen, and cook your husband supper instead of coming up here.

The way she tells the story is that it was the mayor's goose that was cooked for supper, because he was not reelected for another term.

It was Faye's group [League of Women Voters] that started a constant reformation in public housing.

On his contribution to equal opportunity for women

I was appointed Chairman of SAHA in 1949. My first task was to find an executive director. We advertised widely and the best applicant by far was a woman from Houston named Marie McGuire. I told my wife that I'm getting ready to hire a woman here for executive director, what do you think? Faye had met Marie and knew her qualifications. She told me that if I didn't hire Marie, that I was a coward. So I hired her. She was the only woman executive in the city of San Antonio who made more than \$8,000 a year. Marie's salary was \$10,000 a year.

Mayor Jack White called me into his office and reamed me out for hiring a woman. He said, "you've hired a woman to run the place and you should fire her." That was a story. We were going to ruin him politically if we put a woman into a position of authority in one of the big operations in the city. And the city would not accept it, he said. See how far women have moved up? I persuaded the mayor to allow her to stay for six months. The mayor finally loved her. She became the best in the country.



Marie C. McGuire

Happily her appointment set a precedent for women. She was a lovely dramatic, dynamic woman. She did it. She brought prestige and an image of public housing to the community.

Marie stayed and went on to bigger things. Years later she was called to Washington D.C. by John Kennedy to become the National Director of Senior Housing.

We were particularly proud of the fact that we broke the ice for women.

On his role as a reformer

I think that public housing has a role it doesn't recognize in terms of being significant to the development of the community.

When I was appointed in 1949 as Chairman of SAHA, I was told "we have a problem in public housing. They are mishandling the renting of public homes." We did a lot in two years. We reformed it. We turned it around.

In all for me it was a great experience. It taught me a lot because I got to visit the homes. You also got a chance to share the happiness of others. So it was a great program.

On the role of the SAHA employee

Because you deal with people lacking just the basic amenities of life, its harder, much harder, and it takes more attention and more dedication of the people who serve there to bring this quality of life around.

I respect them a lot and I respect them today because people don't realize what kind of contribution we get from the housing authority.

SAHA's contribution to housing for the elderly

From 1956 through 1960, SAHA constructed its first housing designed exclusively for the elderly. From 1956 through 1960, 455 units were developed.



Public housing for elderly residents located in San Antonio, Texas. Most public housing built in Texas since the 1970's has been for the elderly. *(photo: TxLIHIS)*



Card game in the Victoria Courts Public Housing Development, San Antonio. The elderly comprise 30% of Texas public housing residents. *(photo: National Archives)*

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The federal government shifts funding from public housing development to federally subsidized rents

Starting in the 1960s, the major low-income housing initiatives came about through President Lyndon Johnson's Great Society Initiatives. The Housing Acts of 1965 and 1968 sought to *privatize* low-income housing by providing direct subsidy to developers who would build multi-family housing for low-income families. The federal government provided low-interest loans to developers and guaranteed the payment of rents to property managers.

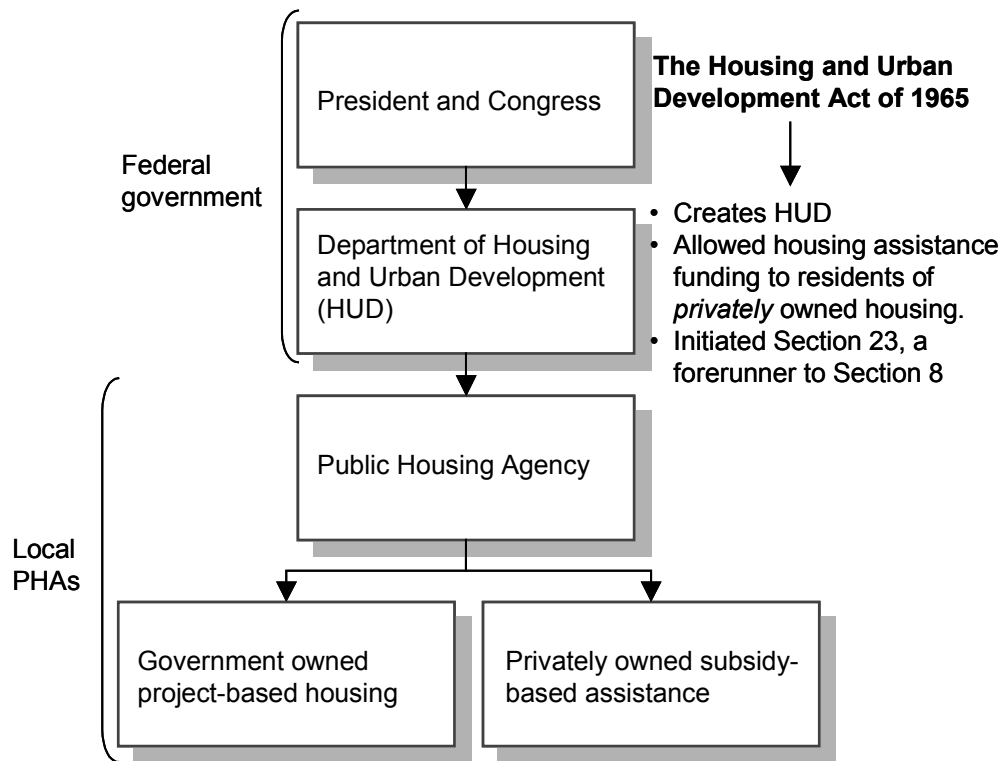
The Housing and Urban Development Act of 1965

The Housing and Urban Development Act of 1965 was the first legislation to address the problem of concentration of the very poor into public housing. The act created the first program that allowed housing assistance funding to tenants (residents) of *privately* owned housing.

The Housing and Urban Development Act of 1965 initiated the Section 23 Housing Program, which is a forerunner to today's Housing Choice Voucher Program (HCVP), commonly referred to as Section 8. The act also launched the Rent Supplement program and created the Department of Housing and Urban Development (HUD).

The creation of HUD

Created as part of President Lyndon B. Johnson's War on Poverty, the Department of Housing and Urban Development (HUD) was established as a Cabinet Department by the Department of Housing and Urban Development Act, effective November 9, 1965. It consolidated a number of other older federal agencies.



The civil rights movement and fair housing legislation

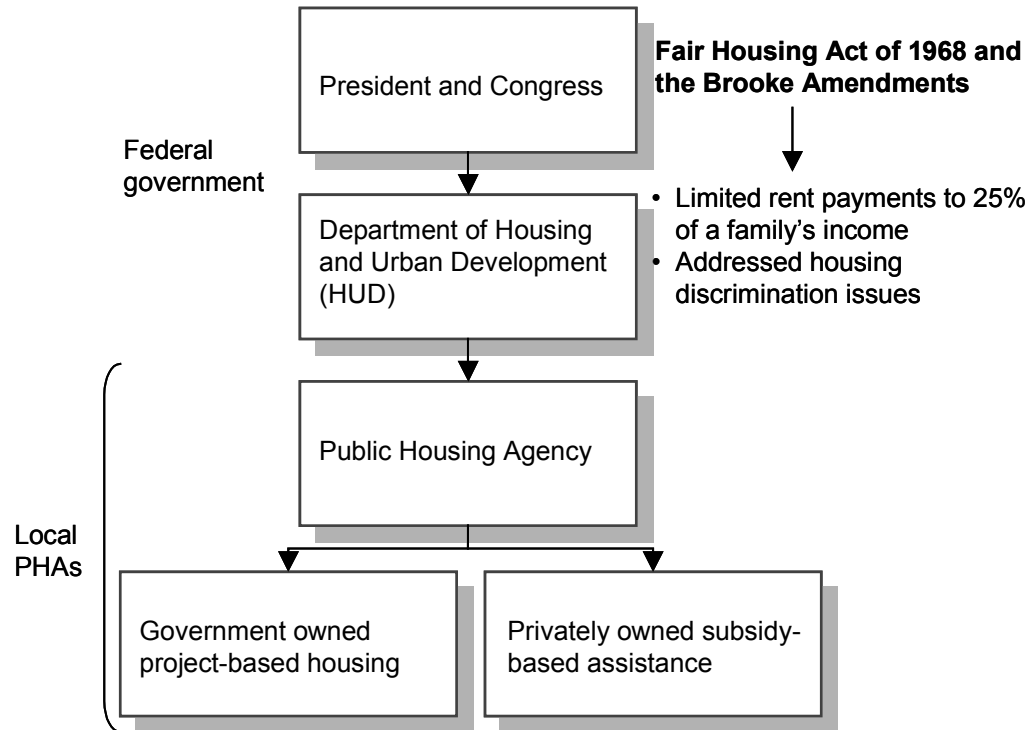
By passing the Fair Housing Act of 1968, Congress took a major step toward the ideals of equal opportunity. In 1969 Congress passed the first of three amendments sponsored by Senator Edward Brooke from Massachusetts, which limited rent payments in public housing to twenty-five percent of a family's income. The intent of the act was to make public housing available to more than just the affordable poor.

The enactment of the Federal Fair Housing Act in 1968 came only after a long and difficult journey. From 1966 to 1967, Congress regularly considered the fair housing bill, but failed to gain a strong enough majority for its passage. However, when Martin Luther King, Jr. was assassinated in 1968, President Lyndon Johnson referred to this national tragedy to urge the bill's Congressional approval.

Since the 1966 open housing marches in Chicago, Martin Luther King's name had been closely associated with fair housing legislation. President Johnson viewed the housing act as a memorial to King's work.

Another significant civil rights issue during this time period had to do with the Vietnam War. Some veterans and families of veterans could not purchase or rent homes in certain

residential developments because of their race or national origin. Specialized organizations like the NAACP, the GI Forum and the National Committee Against Discrimination In Housing lobbied hard for the Senate to pass the Fair Housing Act to remedy this inequity. As the first African-American ever to be elected to the Senate by popular vote, Senator Edward Brooke of Massachusetts was a strong advocate of the act. With the widespread rioting after the assassination of Martin Luther King, the Federal Fair Housing Act was finally signed into law by President Johnson.



Occupancy shifts to the extremely low income

Fair housing legislation and the Brooke amendments in the late 1960s marked another change in public housing occupancy to include the very poor, the homeless, and the disabled. But ironically, the same legislation severely limited the PHA from having the *income* required to operate and maintain the housing. A result of fair housing legislation and the Brooke amendments was a drastic reduction of the rents the PHA could receive to ensure it would have the monies necessary to cover operating expenses, PILOT, and operating reserves. The Brooke Amendment set the maximum rent payment at 25% of a tenant's income, regardless of the tenant's income. In addition, HUD requirements forced the PHA to deplete operating reserves in order to receive federal compensation for

operating reserves and modernization funds. Unfortunately, this funding was minimal and not nearly enough to address deferred maintenance requirements that had accumulated over the years.

In recognition of the impact the legislation would have to the funding and maintenance of the units, a new form of subsidy was created. The three expense types, operation expenses, PILOT, and operating reserves, were broken into two categories. Operating expenses and PILOT were the first category of expenses. Operating reserves were in the second category. Since rents were going to be drastically reduced, housing authorities would add operating expenses and PILOT to determine financial need. From this total, the PHA would subtract anticipated rents and the government would provide an “operating subsidy” to ensure that operating expenses and PILOT were covered. The PHA would determine necessary operating reserves and the government would provide a “capital improvement subsidy.”

Unfortunately, from the inception of this style of funding, the capital improvement subsidy has not been enough to meet the capital improvement needs (operating reserves) for PHAs. Each year, PHAs have been unable to keep up with the amount of maintenance necessary to keep all the units in good repair. Slowly but surely, the housing stock of PHAs has been slipping into disrepair without adequate funding to correct the units.

Summary of the historical timeline leading to the depletion of funds for public housing**1937-1960s**

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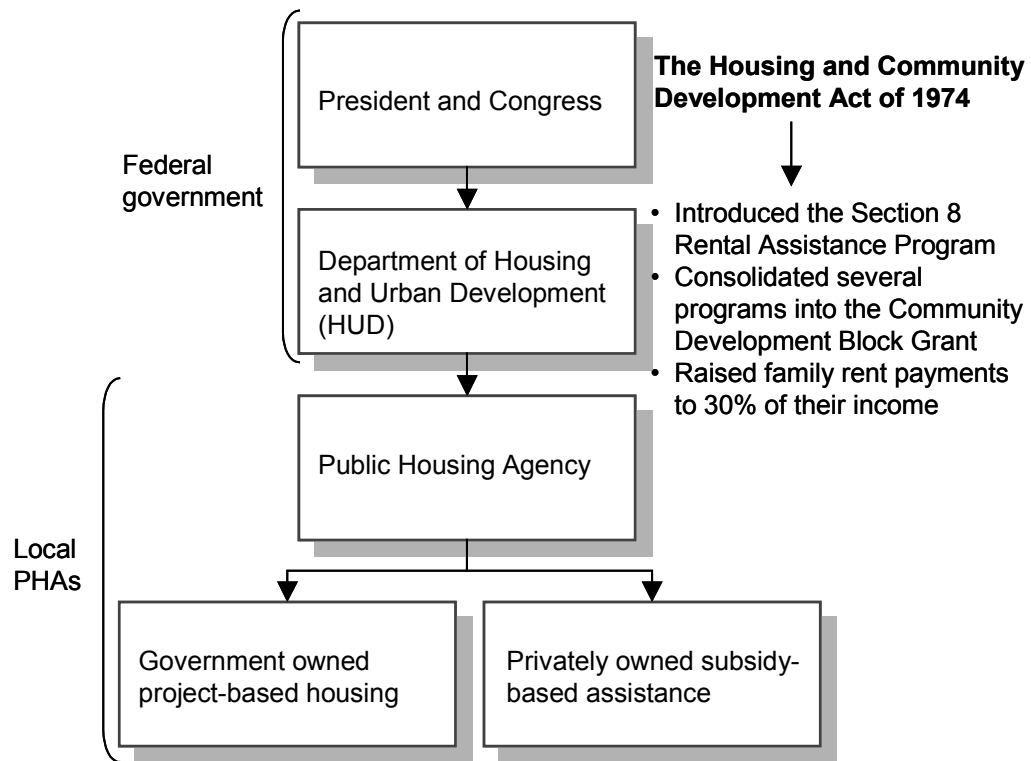
1973 Moratorium

By the early 1970s both the public and the public-private programs had become highly controversial at the local level. Critics cited examples of deterioration and lack of maintenance that were attributed to profiteering and slumlord practices. Local officials also opposed the construction of "housing projects" in their communities because of the introduction of low-income and minority families into previously stable working class neighborhoods. As a result of the criticism and concerns, President Nixon put a moratorium on the production of new public housing. The moratorium froze funding for new public housing units and marked a shift from public housing to subsidized assistance to tenants (residents) of privately owned housing. However, to help counter a recession in the early 1970s, Nixon authorized pumping even more federal funds into housing production.

The Housing and Community Development Act of 1974

The goal of the Housing and Community Development Act of 1974 was to replace the programs that had been frozen by the 1973 moratorium. With this act, President Nixon introduced another approach to the provision of low-income housing: the Section 8 Rental Assistance Program, which provided low-income families with a rent certificate. This certificate would pay for a portion of the rent in any privately-owned rental housing unit where the landlord was willing to accept the certificate. The family paid 30% of their income toward the rent and utilities while the federal government paid the balance up to a HUD-designated maximum level. The number of Section 8 certificates has grown incrementally each year and now includes rent vouchers to subsidize tenants in a slightly different manner.

President Nixon also began a process of turning authority over to local and state government for federal housing and community development through the consolidation of a number of categorical housing, urban renewal, and other programs into a Community Development Block Grant.



The Housing and Urban-Rural Recovery Act of 1983

The Housing and Urban-Rural Recovery Act of 1984 initiated the Housing Voucher program and made comprehensive changes to housing programs in regard to

- definitions of income and assets
- definitions of deductions and allowances
- the method of rent calculation
- the income standards for eligibility

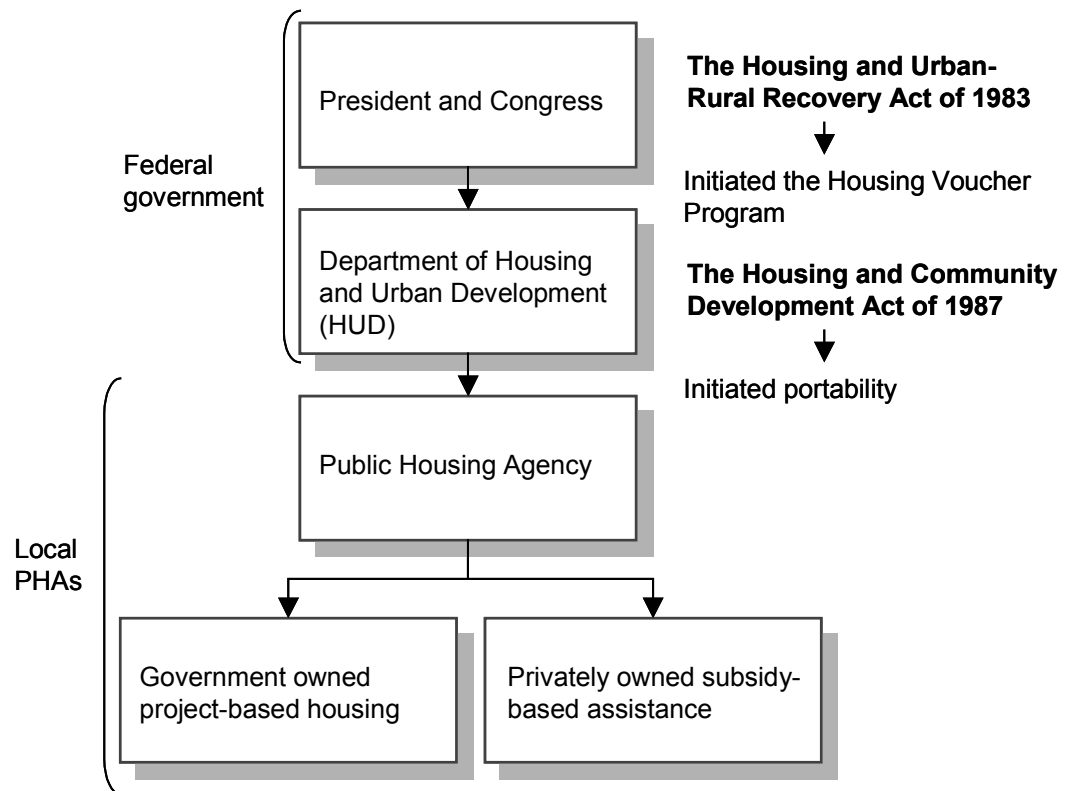
The Housing and Community Development Act of 1987

The Housing and Community Development Act of 1987 made the Housing Voucher program a permanent HUD program and initiated portability. Portability allowed certificate or voucher holders to move to a different location without losing their housing assistance subsidy.

The McKinney Homelessness Assistance Act of 1988

The McKinney Homelessness Assistance Act of 1988 made significant changes to the Housing and Community Development Act of 1987. This act included the project-based certificate program, permitting a PHA to attach up to 15% of their Section 8 assistance to rehabilitation projects.

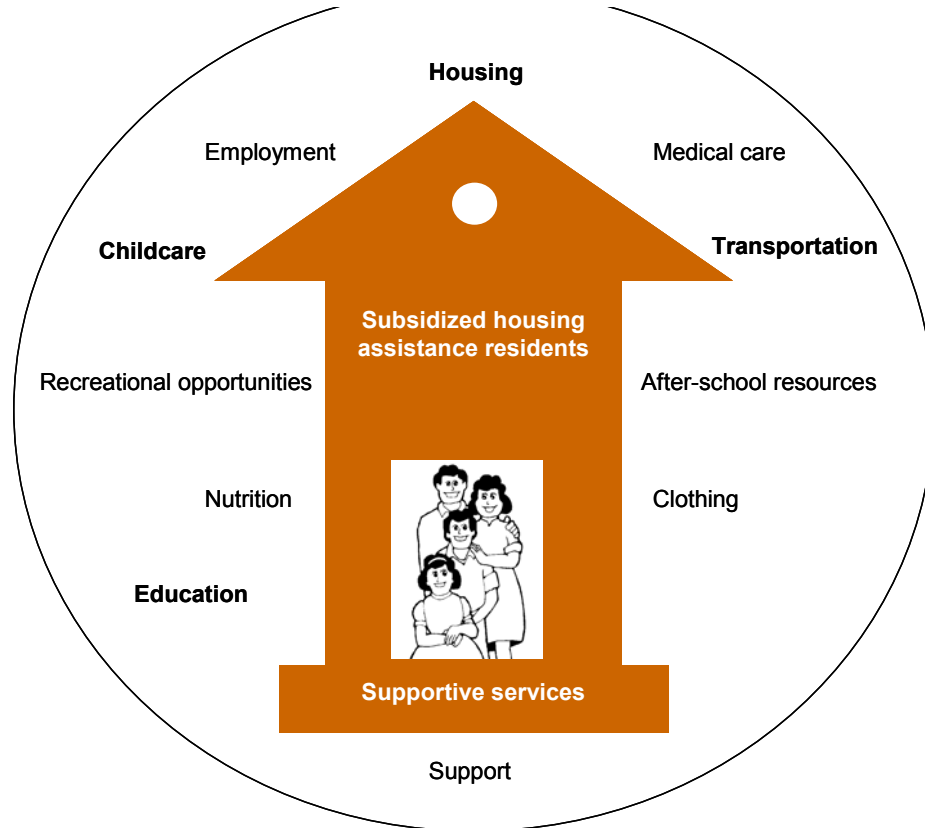
Since the enactment of the McKinney Homeless Assistance Act more than \$11 billion have been appropriated for targeted homeless assistance and billions more have been provided through other Federal, State, and local programs and benefits.



A roof is not enough

The 1990s brought about a significant expansion in the scope and purpose of public housing programs. Until this time, federal funding supported the provision of safe, decent, and affordable housing for the nation’s poor. Legislation beginning in the 1990s *recognized* that life in public housing was becoming generational and that the reason for this cycle of poverty was rooted much more deeply than the simple ability to pay rent. Access to supportive services such as childcare, medical care, transportation, clothing, nutrition, and emotional support were equally as important as employment and a predicate to breaking the cycle of poverty and gaining self-sufficiency.

Basic needs for family self-sufficiency and quality of life



The goal of the 1990s legislation supported new programs to provide opportunities for the poor to become economically self-sufficient, allowing them to move *up and out of public housing*.

In his statement on signing the first such legislation, the 1990 Cranston-Gonzalez National Affordable Housing Act, President Bush said:

... this act creates and expands innovative new programs proposed by this Administration. These new programs will advance opportunities for homeownership and economic self-sufficiency in our Nation's most distressed communities. This Act is an exciting bipartisan initiative to break down the walls separating low-income people from the American dream of opportunity and homeownership.

The Cranston-Gonzalez National Affordable Housing Act of 1990

The Cranston-Gonzalez National Affordable Housing Act of 1990 initiated the Family Self-Sufficiency (FSS) program. The act also mandated more intensive monitoring of PHA performance. In response to this mandate, HUD developed the Public Housing Management Assessment Program (PHMAP), which is a program to evaluate PHA performance.

The Homeownership and Opportunity for People Everywhere initiatives

The Cranston-Gonzalez act contained the Homeownership and Opportunity for People Everywhere (HOPE) initiatives. HOPE represented a dramatic and fundamental restructuring of housing policy. It recognizes that the poor and low-income tenants are our clients. HOPE determined to do what traditional programs had not done: empower low-income families to achieve self-sufficiency and to have a stake in their communities by promoting resident management as well as other forms of homeownership.

The cornerstone of the HOPE program was to provide grants to enable low-income families and tenants to become homeowners. HOPE homeownership grants could be used for planning activities, including the development of resident management corporations. They could also be used for rehabilitation and post-sale subsidies to help ensure the success of homeownership. HOPE grants were eligible to be used in public housing and vacant, foreclosed, and distressed single-family and multifamily properties.

This legislation also authorized the HOPE for Elderly Independence proposal to combine vouchers and certificates with supportive services to assist the frail elderly. In addition, it authorized Shelter Plus Care, which coupled housing assistance and other services to homeless persons with disabilities and their families.

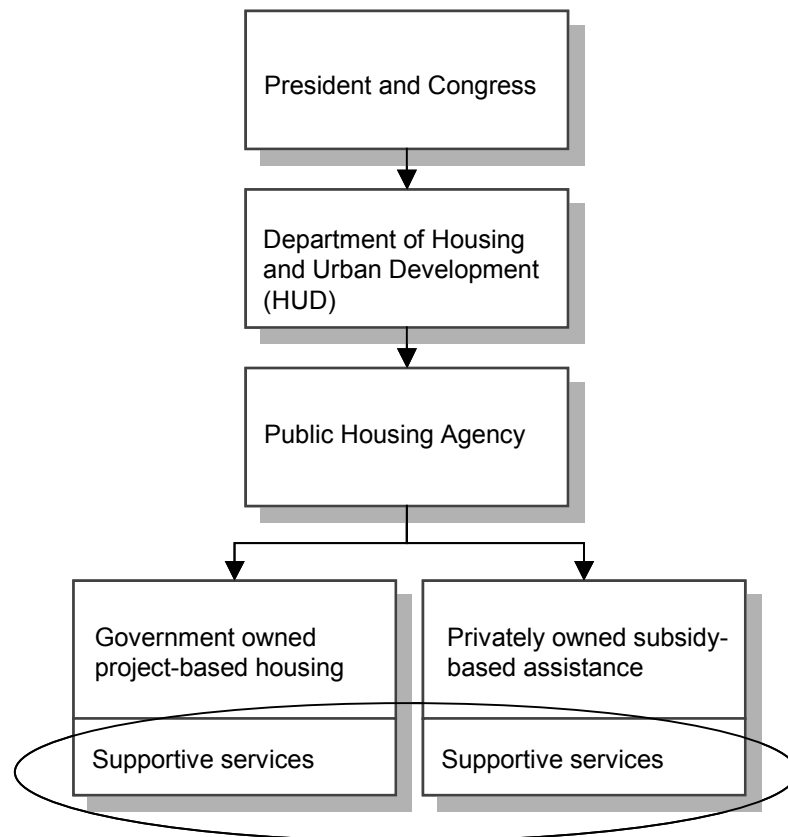
Operation Bootstrap

The Cranston-Gonzalez legislation also included what was referred to as the Operation Bootstrap, or Family Self-Sufficiency proposal. In the past, public housing was seen as a

long-term residence for low-income people. The Bush administration believed that federal housing subsidies should serve as transitional tools to help low-income families achieve self-sufficiency, move up and into the private housing market, and join the economic mainstream. The Family Self-Sufficiency Program was established to ensure that all new housing voucher and certificate assistance is coordinated with employment counseling, job training, child care, transportation, and other services to encourage upward mobility.

The Public Housing Drug Elimination Program

Under the provisions of the Cranston-Gonzalez act, the San Antonio Housing Authority received its first Public Housing Drug Elimination Program (PHDEP) grant in 1990. From 1990 to 1999, SAHA received \$12, 184,160 in federal funds to combat drugs, drug-related crime, and violence in family developments. Grants were awarded across the country and were tied to the President’s War on Drugs.



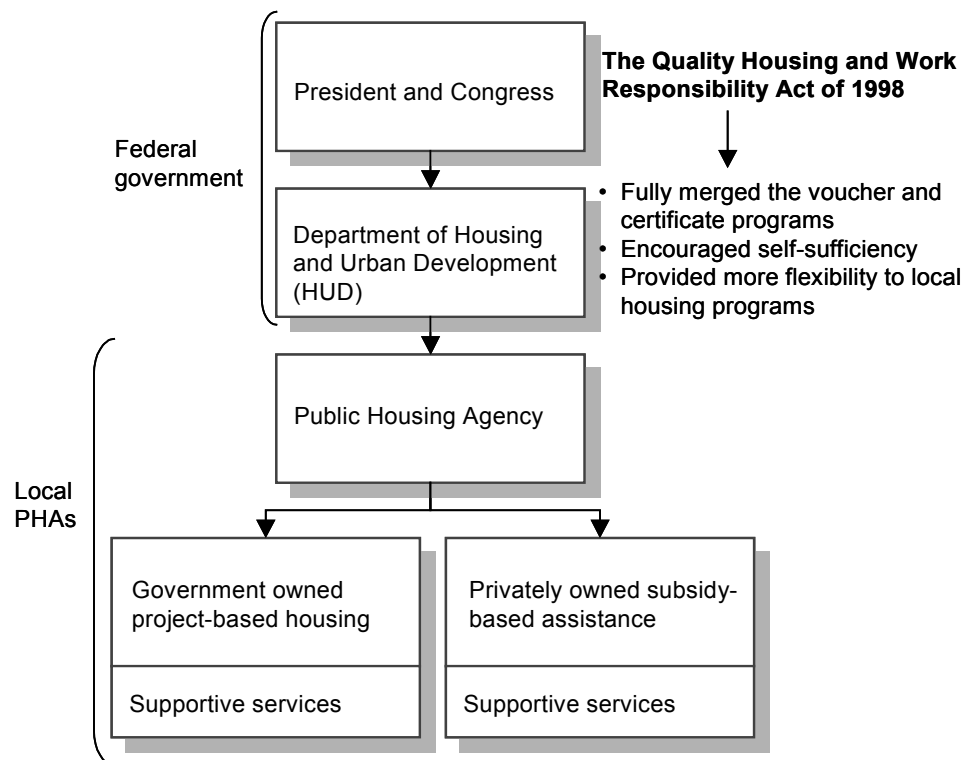
The Housing and Community Development Act of 1992

President George Bush signed the Housing and Community Development Act of 1992, which authorized the use of Section 8 certificates and vouchers for homeownership. The act also authorized the Comprehensive Grant and Drug Elimination programs, and established the HUD requirements to eliminate the threat of lead-based paint.

The Quality Housing and Work Responsibility Act of 1998

On October 21, 1998, President Clinton signed The Quality Housing and Work Responsibility Act (QHWRA), which is the most significant housing act since the U.S. Housing Act of 1937. The act revises the public housing and Section 8 tenant-based programs. The housing legislation included a full merger of the voucher and certificate programs. The act eliminated all differences between the two programs and required the two types of subsidies merge into one housing choice voucher program.

The bill removes deterrents for residents to work and become self-sufficient, provides rental protection for low-income residents, deregulates the operation of public housing authorities, authorizes the creation of mixed-finance public housing projects, and gives more power and flexibility to local governments and communities to operate housing programs.



The HUD interim rule of 1999

In May 1999, HUD published an interim rule providing for the complete merger of the certificate and voucher programs into the new Housing Choice Voucher Program (HCVP). The change from the certificate and voucher program to the Housing Choice Voucher Program started October 1, 1999. Certificates were transitioned into vouchers, and the certificate program was phased out by October 2001. The new HCVP created greater flexibility for subsidized tenants by putting the choice of where to live within greater control of tenant households.

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Today

Today, SAHA has accrued a 200 million dollar operating and maintenance deficit. The future of federal funding for public housing is bleak, with additional cuts likely.

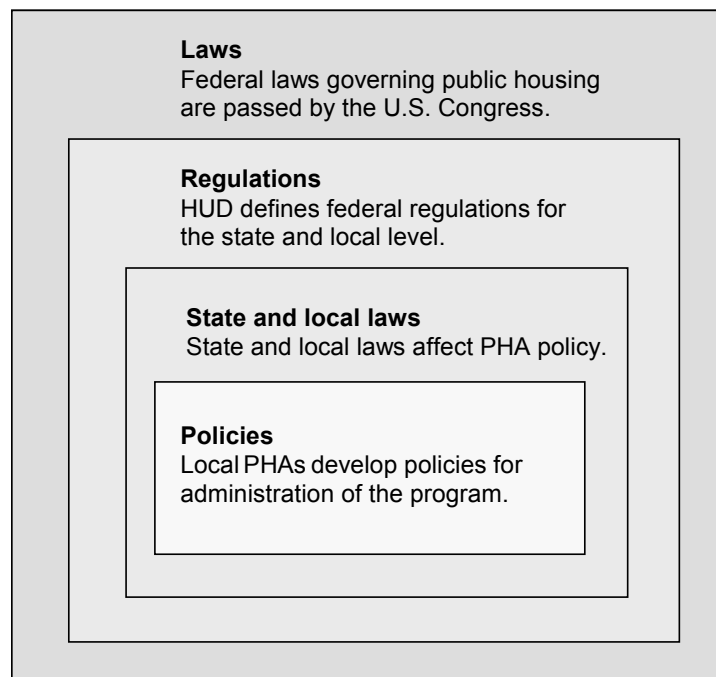
Laws governing the program today

Each year Congress approves money for the Department of Housing and Urban Development (HUD) for administration of public housing programs. Congress also passes laws that govern the programs. For example, federal laws from Congress determine the income eligibility standards for the Housing Choice Voucher Program (HCVP) or what is commonly referred to as Section 8. These laws, combined with regulations developed by HUD, establish the rules for the administration of public housing programs at the state and local levels.

In addition to laws passed by Congress and regulations developed by HUD, there are laws passed by the state and local government. Finally, there are policies determined by the PHA. For example, a PHA is allowed to determine the subsidy amount (within a HUD-determined range) provided by the HCVP program.

Four things determine the way SAHA administrates housing assistance programs:

1. **Laws** passed by the United States Congress (United States Code)
2. **State and local laws** such as the Texas Code and the San Antonio Code
3. **Regulations** established by HUD (Code of Federal Regulations)
4. **Policies** that the PHA (SAHA) determines for itself (The Agency Plan)



Bringing it all together

A variety of federal, state, and local laws and regulations govern the operation of SAHA and its projects. The United States Code (USC) contains federal laws that have been passed by the United States Senate and House of Representatives. Regulations announced by HUD, many of which affect SAHA, are contained in the Code of Federal Regulations (CFR) in Volume 24. Volume 24 is updated on an annual basis, effective April 1 of each year. The Federal Register, published daily Monday through Friday, contains new regulations and proposed new regulations that are published for comment. It also contains other types of material, including Executive Orders of the President of the United States. HUD also issues handbooks and notices impacting operations of housing authorities.

Texas laws also affect the housing authority and its affiliated entities. Texas housing authorities must comply with the provisions of the Housing Authorities Law (Chapter 392 of the Texas Local Government Code). The San Antonio Housing Finance Corporation, operated by housing authority staff, is governed by the Texas Housing Finance Corporations Act (Chapter 394 of the Texas Local Government Code). Other affiliated nonprofit entities come under the Public Facility Corporation Act (Chapter 303 of the Texas Local Government Code). Actions of the Housing Authority are affected by a variety of other Texas laws that apply to governmental entities, such as those governing open meetings and open records, the manner in which contracts are awarded, and the disposition of property.

In addition, some of the projects owned by SAHA's affiliated entities are subject to the rules and regulations of the Texas Department of Housing and Community Affairs (TDHCA). These are contained in Title 10, Part 1, of the Texas Administrative Code (TAC). Proposed and new regulations of the TDHCA and other Texas agencies are found in the Texas Register, published once a week on Fridays. The Texas Register also contains a variety of other information about state agencies and operations, including meeting notices, summaries of Texas Attorney General legal opinions, and appointments by the Governor of Texas to various agencies and boards.

SAHA projects must also comply with applicable City of San Antonio requirements, including zoning and building codes.

The Agency Plan

The public housing agency (PHA) Plan is a comprehensive cross section to PHA policies, programs, operations, and strategies for meeting local housing needs and goals. There are two parts to the PHA plan: the Five-Year Plan, which each PHA submits to HUD once every fifth PHA fiscal year, and the Annual Plan, which is submitted to HUD every year.

QHWRA requires submission of both the Five-Year and an Annual Plan. The Five-Year PHA Plan describes the agency's mission and the long-term plan for achieving that mission over the subsequent five years. The Annual Plan provides details about the PHA's current programs and the resident population served, as well as the PHA's strategy for addressing the housing needs of currently assisted families and the larger community.

Federal rules and regulations about public housing change all the time. SAHA constantly monitors federal rules and regulations in case the changes affect the way we do business.

You can view the Code of Federal Regulations and the Federal Register online from this website: <http://www.access.gpo.gov/nara/cfr/waisidx/>.

President and CEO Melvin Braziel on funding and the future



As President and CEO of SAHA from 1997 to the present, Melvin Braziel had the following to say in an interview on the history of public housing funding and the future of SAHA.

Today the public housing authority faces the financial and social bottom line. As a social force, the public housing authority has established itself as a servant of the people, but financially that responsibility has become increasingly difficult to manage.

Today, public housing to date has accumulated 200 million dollars in deferred maintenance. In terms of public housing legislation, there is total uncertainty. This is the first time in many years the nation is faced with security problems. This generation is not accustomed to the national threat that faces the nation today. Priorities at the federal level are necessarily based on homeland defense. Unfortunately, this pushes the national priority of social programs down to a very low level. This year alone [2003] public housing funding was threatened with a 30% cut. One of our major programs, the Public Housing Drug Elimination Program (PHDEP) was eliminated.

What do we do? As an organization, we look to the private sector in terms of how we operate in an effort to become more efficient in what we do. Internally, we bring in qualified people, develop better use of current technology, and reduce operating costs. Finally, we need to explore entrepreneurial ventures that would increase our housing inventory and leverage the inventory we have.

To survive, the housing authority must prepare itself for the reduction and possible elimination of federal funding and legislative support.

Module review

Following are questions for review and discussion.

1. How did the depression affect the development of public housing?
2. What is the name of the federal housing act that originally created and authorized public housing agencies such as SAHA?
3. What state established the first public housing agency?
4. What does the acronym SAHA stand for?
5. What is a PHA?
6. Briefly describe the history of SAHA.
7. How old is SAHA?
8. SAHA serves San Antonio and parts of what county?
9. Discuss the distinctions between laws, regulations, and policies.

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