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Hope for HUD: Excellence overtakes cronyism

by Joe Feuerherd

HUD -- the Department of Housing and Urban Development -- was subject to a rare combination of incompetence, chutzpah and malfeasance during the Bush presidency. That, it seems, is about to change. On Dec. 13, Obama named Shaun Donovan, commissioner of the New York City Department of Housing Preservation and Development under Republican-turned-Independent Mayor Michael Bloomberg, to head the department. The baby-faced 41-year-old Harvard-educated architect is hailed by leaders in every segment of the housing industry; realtors, developers, low-income housing advocates, lenders and those who administer the nation's public housing authorities all praise the choice.

The good news for Obama and Donovan is that HUD is such a dysfunctional mess that even small improvements will be readily apparent. The housing agency was led for four years (2004-2008) by Alphonso Jackson, a Bush Texas crony who resigned last April amid allegations that he handed out government contracts based on political ties rather than merit.

Donovan, to be sure, faces great challenges. The mortgage foreclosure rate is at a record high, approximately 1 million Americans face a period of homelessness each year, and millions more face a rent burden that makes them prime candidates for eviction.

But there is also tremendous opportunity. In addition to incompetence, corruption and cronyism, Bush's HUD was known for one thing: promoting homeownership. That, as we've seen, did not work out so well.

The result is that lawmakers, policy wonks and housing practitioners who know that a national housing policy cannot rest solely on homeownership have pent-up intellectual energy that is about to be unleashed on affordable housing issues. The first target is the development of affordable rental housing, using every tool in the box: direct government expenditures, rental subsidies, partnerships with private developments who use tax credits and bond financing to construct mixed-income communities, empowering nonprofit (including many Catholic) developers.

Meanwhile, the Obama stimulus plan to be unveiled in January reportedly puts an emphasis on “shovel-ready” projects -- spending on public infrastructure that can begin within 90 days of the legislation’s enactment. As it happens, HUD oversees housing rehabilitation and development programs that include hundreds of thousands of properties that desperately need capital improvements and are ripe for “greening” that will make them more energy efficient.

In addition to providing the key ingredient in helping the poor move up the economic ladder -- it’s nearly impossible for an overburdened low-income family to improve their lives if their foremost concern is having a roof over their head -- HUD programs provide quantifiable measures of success or failure: How many fewer or additional Americans are homeless? How many more affordable apartments (whether they be public housing or privately owned subsidized homes) are available to the disabled, the elderly and low-income families? How many sustainable FHA mortgages (as opposed to the predatory subprime schemes) are issued?

Yes, how the Obama administration deals with these issues at a time of great economic distress will tell us much of what we need to know about the new president’s governing style. And of his commitment to the millions of Americans who need the help only a well-managed HUD can provide.

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