

Innovation and the federal housing budget: notes for President Obama's "listening tour"

By Philip Tegeler

Anyone who thinks that the words "innovation" and "HUD" don't belong in the same sentence should take notice: In the past two years, the Department of Housing and Urban Development has been crafting innovative solutions to bureaucratic problems that have plagued the agency for decades.

These innovations are coming from across the program spectrum. Agency administrators are working to make the housing voucher (Section 8) program both more cost effective and more focused on maximizing family choice and opportunity. New ways of tapping private capital for long term preservation of public housing are being developed. Agency researchers are building stronger and more accessible data programs that can be placed in the hands of state and local agency staff to reduce duplication and permit real assessment across programs. A new planning office is working with state and local governments across the country to develop a more efficient system of regional housing and transportation planning. HUD is encouraging community development organizations working in poor neighborhoods to pay more attention to fair housing goals. School performance and quality is beginning to be taken into account in agency planning. And across the board, more funds are being allocated for competitive grants to advance federal policies, moving slowly away from the old formula system that has done little to promote innovation or cost savings.

These small but important new programs represent the future of HUD – and they will determine whether HUD can evolve into a more efficient and dynamic agency, while still meeting the housing needs of the poorest American families.

One major challenge to HUD's plans for innovation is that these new programs do not yet have built-in constituencies, and therefore are particularly vulnerable in the current budget-cutting season. They have no public housing industry associations, housing developers, resident organizations, or community development financing networks to rise to their defense. The "Sustainable Communities Initiative" is a case in point. This innovative new program is already successfully merging smart growth goals into HUD planning, which will result in long term cost savings across the board. But the program was "zeroed out" in the initial version of H.R. 1 (the House budget bill), in spite of the fact that it is one of the tiniest HUD programs from a budget perspective.

A more global problem is that the budget axe is falling without regard to its impact on innovation. Case in point: at a time when HUD is asking local housing agencies across the country to innovate by making the housing voucher program more cost effective and responsive to family needs, Congress is seeking to cut the administrative fees paid to these agencies by 24%. Such a dramatic short-term cut in local agency capacity is the surest way to stifle innovation and to prevent the long term cost savings and efficiencies that HUD is seeking to generate.

President Obama has called for "smarter" government programs that promote innovation and modernize and integrate program delivery. As Congress and the White House negotiate the remainder of the 2011 budget, and later take up the President's proposed 2012 budget, they should remember these goals, and protect innovation at the same time as they are trying to lower the federal deficit.

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