This paper focuses upon public housing and the black community. Public housing is that housing which is financed by the federal government, though owned and operated by local public housing authorities, for low-income families and for elderly and handicapped individuals. Among black Americans, 30.6% of the families have poverty level incomes, while among white Americans, only 8.7% have comparable incomes.\(^1\) Certainly, many black Americans are in need of financial assistance for housing, and it is the purpose of this paper to examine one means by which this assistance is obtained.

Public housing has the aim not only of providing housing for low-income families but also of stimulating the economy via the construction and finance sectors. The 1937 Housing Act which established public housing states its aims as follows:

To provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes.\(^2\)

Since 1937 other goals have been added and changes have been made in the original act. These changes have had varying effects on the black community, and such effects will be pointed out later in this paper.

The paper will begin with some background on public housing. Its operational and funding mechanisms and its goals and history as related to those goals will be covered in the first section. The second part of the
paper will present information on Blacks in public housing today and discuss current issues related to tenants, to management, and to funding. The third and last part will summarize the paper and focus on the future for public housing.

THE HISTORICAL BASIS OF PUBLIC HOUSING

Operational and Funding Mechanisms of Public Housing

Following passage of the 1937 Housing Act, local public housing authorities (PHAs) were created by each state to enable the localities to receive federal public housing funds. Each PHA is run by a board of approximately five persons appointed by the mayor or by the local governing body. Most members of the boards are lawyers or business people, although tenants can be board members. A 1968 study of PHA boards showed that “in authorities operating 1,000 units, 90% were male, 89% were white, and the median income was well over $20,000, with less than 5% earning under $5,000.”

The responsibilities of the PHA boards are “planning projects, setting income limits, determining specific criteria for admission to public housing, handling maintenance and making other appropriate administrative determinations.” It is evident then, that the autonomous PHA holds significant power in the operation of public housing.

The federal government via legislation and regulations sets broad policy which determines the numbers of units available, the distribution, the clientele, and the quality of public housing. However, the most important contribution of the federal government is the provision of funds for public housing.

To attain funds for acquisition and construction of public housing, the PHA sells tax-exempt 40-year bonds to financial institutions and to individual investors. The federal government then finances the bonds by making an “annual contribution” for the interest and the principal payment due. In addition, the federal government provides operating subsidies to the PHAs. When the bonds are paid off the PHA’s own the housing; the only remaining cost to the federal government thereafter is for operations and modernization.

This relationship between federal and local governments is again exemplified in the exemption of public housing from property taxes and in the arrangement for municipal services to public housing. The following passages explain what occurs: