**Civics 101**

**Episode 81: HUD**

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**Virginia Prescott:** [00:00:22] I'm Virginia Prescott and this is Civics 101. The podcast refresher course on the basics of how our democracy works. Today we're looking at the cabinet level agency HUD the Department of Housing and Urban Development the federal agency charged with ensuring fair and equal access to housing and with funding community development programs and mortgage loans for low income communities and families. Getting a closer look at the agency and its programs have played a dramatic role in urban America with Alec McGillis chief political reporter at Pro Publica. Alec welcome.

**Alec McGillis:** [00:00:55] Thank you.

**Virginia Prescott:** [00:00:56] This is a cabinet level agency. When and why was it created.

**Alec McGillis:** [00:01:00] HUD was created in 1965 and it was created in the middle of our so-called Great Society push to take on the war on poverty back then in the 1960s you had a growing awareness of poverty in general and especially what was then being called the Urban Crisis. A lot of the sort of beginnings of unrest in our great cities. And Lyndon Johnson the president at the time launched what he called the Great Society programs to to address these kinds of problems. And HUD was created in 1965 as part of that push.

**Virginia Prescott:** [00:01:35] It's not generally something that's front and center in the headlines. What is the size and budget of HUD now?

**Alec McGillis:** [00:01:43] HUD is often overlooked among among Cabinet departments. It's one of the youngest Cabinet departments. It is now roughly 7,500 employees and its budget is now roughly forty five billion dollars. It has shrunk quite a bit in recent years in its sheer manpower. It used to have above 16000 people working there back in the 1970s before the Reagan revolution. So it's down by more than half its manpower since then.

**Virginia Prescott:** [00:02:13] And since the Reagan revolution what has been cut in general.

**Alec McGillis:** [00:02:18] It's been cut across the board across all its various departments but there's been really an especially large reduction in the amount of resources going toward actual public housing. We're now down to only about one point two million units of public housing in this country scattered around about 3000 public housing authorities in big cities and smaller cities. The other part of HUD's actual housing programs that that sometimes gets overlooked is Section 8 that is the program that provides subsidies for people with low income people get subsidies from the federal government to help them afford rentals in private housing. And we now have more than 2 million families getting that assistance programs also called Housing Choice Vouchers. That's the new name for it but it's many people know it as Section 8.

**Virginia Prescott:** [00:03:10] So these are a couple of the programs that have evolved over the years with HUD but I'm wondering a little bit more about its history that it was formed in 1965 what had up until then had the U.S. government been doing in the realm of housing?

**Alec McGillis:** [00:03:24] It was much more scattered effort before then the main sort of push from the federal government to to get into the housing realm happened during the New Deal after the Great Depression when you had first of all just many people without good housing. As a result of the Great Depression and interest in the poverty that it caused but also more specifically the damage that the Great Depression the financial class back then did to the banks which made it harder for families to get mortgages loans to buy homes. And so the big move that the federal government made back then in the 1930s was to create the Federal Housing Administration which was created in 1934 under FDR. Its main purpose was to provide mortgage insurance for qualified home buyers basically to give a guarantee to banks who were lending to qualified home buyers and in sort of buttress the home buying market. That was the main federal push that push though was itself somewhat limited in the sense that it brought along some some toxic elements of its own because those those qualified loans the way that they determined whether loans mortgages were qualified for that federal backing was fairly questionable. And that's that's where we got into the whole business of so-called redlining where the federal government was only willing to and banks were only willing to provide loans in certain parts of town which corresponded fairly strongly with whether white or black people were living those parts of town.

**Virginia Prescott:** [00:05:05] And more recently there has been legislation and policy changes in order to address that. What are some of the benchmarks there in history.

**Alec McGillis:** [00:05:13] So in 1968 we passed the Fair Housing Act which was an explicit attempt to address discrimination in housing basically to address that policy discrimination that began or was sort of enshrined with the with the Federal Housing Act of 1934. So thirty four years later you have this Fair Housing Act that bans discrimination and racial discrimination in housing both in terms of the provision of loans but also rules on not discriminating against minorities when it comes to rentals as well.

**Virginia Prescott:** [00:05:49] This is some important benchmarks and the origins and also fair housing programs in urban areas. What about now what is the current role of HUD.

**Alec McGillis:** [00:06:00] Well HUD in addition to overseeing actual public housing that we still have in overseeing the Section 8 rental vouchers also plays a much broader role in providing what I guess you could call a general uplift in struggling communities both in cities and in rural areas. You know while at the department has called HUD Housing and Urban Development it also is very active more active than I think a lot of people realize in small cities and rural communities around the country that are in need. One of the main ways that HUD provides this sort of more general uplift beyond the housing realm is through what are called Community Development Block Grants. They often go by their acronym CDBG and these grants were created back in the mid 70s. During the Ford administration basically an attempt to get money into struggling communities that the communities themselves would get to decide how to use in big cities like New York. It helps pay for the three one one system that people can call and complains to city government. So the money goes toward meals for wheels programs in the city. In smaller communities it might be infrastructure projects like water and sewer lines or sidewalk improvements. So it's a whole range of things that that money goes toward it's about 3 billion dollars a year now that's spread around the country and it's very popular in communities because again they get to decide how to use the money and a lot of the struggling places that have very small tax bases of their own. It really is quite heavily relied on.

**Virginia Prescott:** [00:07:34] Yeah I usually think of HUD as an urban thing. How about and in rural areas. How is HUD active there.

**Alec McGillis:** [00:07:42] It's really more active in rural areas than there are a lot of people realize it's first of all we do have actual public housing in smaller communities around the country I'm often surprised when I'm going around the country reporting and I'll be in no small town in say southeastern Ohio Appalachian Ohio and you'll suddenly see a HUD subsidized housing development right there in this small town and that's HUD subsidized housing just like you'd find in a big city but then you also do have this general aid beyond housing aid that's going to communities including rural communities in the form of these community development block grants. In this one community I was in a very very poor former mining coal mining town in Ohio recently. They were relying on this money to repair a bridge or a small bridge that was getting so weak that the school bus couldn't go across it anymore and the kids in this whole part of town were having to wait for the bus on the other side of the bridge along a busy road and that bridge repair if it ever gets done will be paid for by HUD.

**Virginia Prescott:** [00:08:47] HUD, like every government agency has not been free from criticism or politicization. Many people aside you know the federal government should not be in the housing business. There's often a challenge between affordable housing that's set against the forces market forces of real estate. So what are some of the criticism of HUD that get the most traction.

**Alec McGillis:** [00:09:08] HUD has been heavily criticized over the years. One object of criticism has found itself again and again in corruption scandals of various sorts involving the misspending of federal money contracts being awarded to friends and cronies of people at the department. That sort of thing. In other one is the more general argument that that we should not be in the business of providing help for housing certainly not providing long term help. You have conservatives who argue that it's OK to to help people who are truly in need and need help temporarily but that allowing people to stay long term in public housing or subsidized rental housing is somehow allowing them to become dependent long term that has been really the the main argument against against HUD from the right.

**Virginia Prescott:** [00:10:01] I'm wondering about contemporary challenges especially now given that that we have a president who is history as a real estate developer traditionally some of the people who have been most against providing public housing or even sections of development for public housing. How does that figure in now.

**Alec McGillis:** [00:10:19] HUD is now under greater attack than it has ever been in its history. It's facing a massive proposed budget cut from the current administration. They're proposing to cut its budget by 15 percent about five or six billion dollars that they want to cut out of it just to take one specific example of what that would mean. That would mean cutting the capital funding for public housing. That is the money that helps to repair public housing and keep it in good shape which is already a very depleted area. Some reason why so much public housing is in such crummy shape because there's so little money available to to keep it up in good shape. That fund for capital funding for public housing would be reduced by more than two thirds under the administration's budget. So it's under great threat in terms of its sheer resources available to it. And at the same time this threat of proposed major budget cuts is coming at a time when we really are kind of facing a major housing affordability crisis and a lot of parts of this country a lot of the cities that are thriving and doing better are also becoming increasingly un-affordable for for working people to live in. Which is just a real problem that the places where people can actually find decent jobs that are actually not very easy to afford to live in. So you have this problem of affordability happening at the same time as the department is facing these really unprecedented cuts.

**Virginia Prescott:** [00:11:47] Well as you look back at had after a little more than 50 years in existence do you look back at programs and the work that it's done as a successful enterprise has it been a successful government agency.

**Alec McGillis:** [00:11:59] That's a really good question. It's sort of hard to disentangle the impact that this one department had from a lot of the other efforts that were created around the same time back in the 60s as part of the Great Society and the War on Poverty to sort of help struggling Americans. The fact is that in general the war on poverty has been more successful than it often gets credit for we really did have a problem with very deep poverty in this country whether it was urban poverty or Appalachian rural poverty in the 50s and early 60s that sort of deep poverty really has been. If you look closely at the numbers has been alleviated by a lot of different metrics. Obviously we still have a problem with poverty in this country but we have improved the sort of deep ingrained or extreme poverty that we that we saw so much of back in the mid-century. That said you only have to look around cities like the one that I live in Baltimore to see that there is just so much that remains to be done in addressing urban blight or even going out to some of the towns that I spent a lot time reporting in. It's hard to say that it has accomplished everything that it set out to do in the 60s. But I think that it together with other parts of the war on poverty need to be given credit in addressing that sort of really profound need that you saw back before we we launched that whole effort.

**Virginia Prescott:** [00:13:24] If our listeners have questions about HUD and what it does. What do you think the most important takeaway is for understanding this agency.

**Alec McGillis:** [00:13:32] I think the most potent takeaway is to think of it as a two prong thing that it's that it's an agency that literally provides housing in terms of either actual public housing or Section 8 vouchers or also of the fact that it does still still provides that FHA underpinning for a lot of working class middle class families mortgages so provides literally buttresses that people's securing housing in that sense but then also has this role of more general community uplift role. Basically the only department we have in the government that is trying to explicitly just to find ways to help struggling places whether they're in big cities or out in the country. You know just to do sort of what they call community development and that's the other part of it's that Housing and Urban Development you know that's the other half of it. Basically other than HUD we don't have any department that is really just in this in a very kind of activist way trying to go out and help places that are broken.