

## The Hoax & the Promise

### *The Curse of the 1991 Affordable Housing Act, 1996*

**NOTE TO READER:** *The following is a preamble to a proposal developed by PRIDE in 1996. It sets the stage for describing both organizational and general challenges to community development derived from an affordable housing system constructed from the remnants of Democratic programs and new Republican-inspired, tax-driven initiatives. It asserts that the 1991 Affordable Housing Act, passed by a Democratic congress, with regulations developed by the first George Bush Administration, was the beginning of a nightmare in community development. Development timeframes doubled, complexity and reliance on consultants increased exponentially, and demographic and project cost trends all combining to reduce benefits and opportunities for low-income families. The Clinton administration that followed did nothing to bring sense to community development programming for renters or to remedy economic challenges in the field.*

At the tail end of 1991, a full decade after the formation of People's Reinvestment and Development Effort (also known as PRIDE) a community non-profit development group, the National Affordable Housing Act was passed. In the 1980's we had witnessed the slow dismantling and defunding of programs, some successful, some not, which served the interests of lower income people and communities. The poor seemed to fair worse than the rich, but there were great signs of hope.

Community development as a strategy for revitalizing inner city areas was beginning to come into favor, both locally and nationally. Chicago appeared as a leader, both with aggressive community reinvestment lending and purposeful funding (some would say capacity building) for groups like PRIDE who wanted to demonstrate that they could develop housing that met the needs of local residents, positively impact the quality of life of residents and provide a foundation for empowerment and upward mobility.

The housing act in 1991 did what no other legislation had done for decades, it incorporated the language and philosophy of those non-profit interests that believed that publicly run programs did not work in the best interests of the needy, nor did private enterprise motivated by profit. It articulated that the best ways to develop communities and develop people is to leverage both public and private funds that was channeled to and controlled by local interests; allocated by local governments with community input; and, targeted to those which needed it most. Resources it was thought were increasing, as were prospects for successfully revitalizing neighborhoods and empowering people.

The cruel hoax was, and it took several years to realize, that exactly the opposite was happening. The implementing regulation for new programs stymied the flow of funds and made it more difficult and doubly time-consuming to address the needs of community residents. Programs that previously worked to create and preserve affordable housing, like rent subsidies and community development block grants, were undermined and continued to be defunded as a result of profiteering developers, consultants, speculators and pork-driven politicians who tainted the numerous programmatic successes.

The notion of leveraging private financing and creating a return to government for low-income housing developed locally ultimately proved to be a sham in the face of economic and demographic trends. Flat income growth among low income people and ever escalating operating and social costs for housing, commercial and small business operations -- undermined some of the best laid plans. Why? Because people of limited income, especially those isolated in "inner cities" can only carry so much debt -- through their rent, on their mortgage, or in the running of their businesses. And now, we hardly know what to believe, except to recognize that things are worse both economically and socially for a disturbingly large segment of our society.

We clutch the notion that by mixing incomes -- in a community or a project -- we will guarantee that all boats will be lifted by the rising tide. We are thinking again about for-profits as the answer to our needs (if only non-profits could be like "them"); about going beyond the bricks and mortar of community development and concentrating only on the "responsibility" of the family.

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