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Modes of Low-Income Housing Provision in Washington, D.C.: A Comparative Look at Policymaking for Developing Countries:

Edmundo Werna

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About the Comparative Urban Studies Project's International Working Group on the District of Columbia

Seeking to find new ways to look at old problems, the Woodrow Wilson Center's Comparative Urban Studies Project (CUSP) launched a research program, in 1996, to examine Washington, D.C., as a case study of some of the most complex and difficult urban dilemmas facing the world's cities. The International Working Group on the District of Columbia brings urban specialists from around the world together with an advisory committee comprising prominent civic, business, and political leaders of the District of Columbia who serve as both a resource for the Center's visiting scholars and as an audience for the project's research findings.

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Findings of the International Working Group are published in the Occasional Paper Series and available in CD format. Please contact the Comparative Urban Studies Project for copies of "Washington, C.D." featuring interviews with Guest Scholars and George Liston Seay, producer and host of *Dialogue*, the Woodrow Wilson Center's award winning radio program.

A full supply of proper housing for low-income people is still an unresolved issue in many cities throughout the world, including Washington, D.C. Although this city may be considered better off than many other urban settlements, especially those in developing countries, it still struggles to house its poorer citizens appropriately. Authors and policymakers concerned with housing have frequently paid special attention to the problematique of the low-income population, and in recent decades a substantial body of international literature on this theme has evolved. This paper will look at Washington, D.C. through the lens of some of that literature.

MODES OF LOW-INCOME HOUSING PROVISION IN WASHINGTON, D.C.: A Comparative Look at Policymaking for Developing Countries [1]

by Edmundo Werna

written in April 1998 for the Woodrow Wilson International Center for Scholars

Introduction

A full supply of proper housing for low-income people is still an unresolved issue in many cities throughout the world, including Washington, D.C. Although this city may be considered better off than many other urban settlements, especially those in developing countries, it still struggles to house its poorer citizens appropriately. Authors and policymakers concerned with housing have frequently paid special attention to the problematique of the low-income population, and in recent decades a substantial body of international literature on this theme has evolved. This paper will look at Washington, D.C. through the lens of some of that literature.

Current international thinking on low-income housing has been heavily influenced by neoliberal ideas advocating that governments should not be directly involved in provision (e.g. Kimm, 1987; LaNier, Oman, and Reeve 1987; Linn, 1983; Malpezzi, 1994; UNCHS, 1988; World Bank, 1993). Rather, governments should adopt the so-called "enabling approach," supporting non-governmental stakeholders who, in turn, should be the primary actors in the provision of housing. Among such non-governmental stakeholders there is major emphasis on the private for-profit sector, but the role and potential of the private not-for-profit sector and community organizations are also highlighted.

In addition to international agencies, an array of national and local government authorities have also adopted liberal-oriented policies, influenced either by this body of ideas and/or by international agencies. As a result, a considerable number of modes of housing provision incorporating such policies have appeared. For the purposes of this paper, a mode of housing provision is defined by the specific combination of social actors involved in the provision process, and the particular role that each plays in the process. For instance, in one mode, a government authority may provide the financial means and a private not-for-profit entity will carry out the remainder of the provision process; in another, a government authority may provide planning and managerial expertise to a community-based organization that, in turn, will seek financing and building expertise in the private for-profit sector. There are many possible combinations, that is, many possible modes of housing provision.

In short, the aforementioned body of thought and policies derived from it have generated several modes of housing provision in which the government realizes the enabling approach by combining with one or a set of non-governmental stakeholder(s).[2] However, the underlying assumption that these modes lead to greater effectiveness and efficiency in the provision of housing still needs to be thoroughly substantiated. There is a great diversity of local contexts throughout the world, and there is still no evidence that these new modes of housing provision are appropriate everywhere; and there is a need for empirical data on their performance in order to make recommendations regarding whether and/or under which circumstances they should or should not be applied.

Although the international discussion on housing focuses on developing countries, where most of the housing-related problems occur, Washington, D.C. can be included in a comparative study for two reasons: first, the arguments and premises presented in housing provision literature claim to be universal; consequently, they should be applicable to any city in the world. Second, regarding issues of liberalization, the United States is often seen throughout the world as the “more experienced and successful” actor that the “less experienced and less successful” (that is, the developing countries) should emulate. Therefore, it is interesting to see if the premises and arguments that are being advocated internationally are indeed succeeding in the United States.

Washington, D.C. may not be an “ideal” case study for such an investigation; as many scholars, policymakers, and, indeed, Washingtonians note, this is not an average city (whatever that may be), but a unique one. Although this may be true, it is still an American city, and the arguments and premises under scrutiny here claim to be universally applicable. Also, the District is particularly interesting to analyze because it is the site of the American federal government, the United States Agency for International Development (USAID), as well as international agencies, such as the World Bank and the International Monetary Fund (IMF). The body of thought and the policies discussed in this paper have been heavily influenced by ideas coming from these institutions. Indeed, the international policies formulated and/or implemented by USAID, the IMF, and the World Bank are heavily impregnated with such ideas. Therefore, it is interesting to see whether or not these policies work in the very city in which they were designed and/or strongly supported.

The use of Washington, D.C. as a case study is valuable in confirming the current theory and policy principles. The opposite is also true: an analysis of the District within a broader international context also adds to the knowledge about this particular city. First, the housing literature in the United States is mostly “inward looking,” and there are few comparisons between the specific low-income housing problems of Washington, D.C. and the situation in other countries—let alone a comparison within a broad international policy context. Second, the existing analyses of low-income housing provision in the District are either dated (e.g., Diner, Richter, Paige, and Reuss 1983) or do not present a comparative analysis of a broad range of provision modes (that is, they focus on one or very few modes; e.g., Henig and Hartung, 1995; Turner, 1990). This paper will attempt to fill such gaps.

The assumption here is that, compared to cities in the developing world, American cities—including Washington, D.C.—have more resources (institutional, financial, etc.) to implement new modes of housing provision. An analysis based on this assumption will add value independent of the outcome. On the one hand, if the findings reveal that such modes have been successfully implemented in Washington, D.C. then recommendations could be made for other cities citing the main reasons for success, the best areas for priority investment, and so forth. Recommendations could also be made for the District itself, assuming that there is "always room for improvement". On the other hand, if the findings reveal that there are problems in Washington, D.C.—that is, if the modes have not succeeded even in such a favorable environment—then there is reason to believe that problems will be encountered in developing countries. In this case, the analysis could throw light on changes needed in international policies; such changes would benefit the cities that adopt them, including Washington, D.C.

The investigation behind this paper was divided into three main phases. First, the initial conceptualization and the entire project design took place during the first months of 1997. The elaboration of the conceptual part and the collection of data on Washington, D.C. took place here during July and August, 1997. The data about the District, mainly based on secondary sources (existing reports, books, articles, and documents about government agencies and private-sector institutions), was complemented by open-ended, semistructured interviews with policymakers and scholars. The final part of the investigation took place in the last months of 1997: data about the District was analyzed and compared with the conceptual issues previously developed.

The Provision of Goods and Services: Who Should Be Involved, Under What Circumstances?

Arguments for Private and Public Intervention

Those who defend neoclassical economic theory argue that under conditions of perfect competition, private markets will maximize efficiency. This rests on the basic premise, as defined in standard economic textbooks (e.g., Lipsey, 1983; McCormick et al., 1977; Samuelson, 1973; Stonier and Douglas, 1972), that consumers always want to maximize their utilization/satisfaction in a market transaction, and suppliers always want to maximize their profits. This means that consumers always want to obtain a product as cheaply as possible and suppliers always want to obtain the highest price possible. As a result, demand increases as prices fall and decreases as prices rise. On the other hand, supply always increases as prices rise and decreases as prices fall. In the long run, however, supply and demand reach an equilibrium point where the price is such that the quantity demanded equals the quantity supplied.

Prices are not only related to the level of demand but also to the cost of production. As a result, an increase in the cost of production will increase prices, which will reduce demand. A reduction in demand will lead to a surplus and thus a reduction in the price to the detriment of profit. This will in turn signal a reduction in the supply and even the exit of firms and resources from this particular production sector. Such shifts will continue until a new equilibrium position is reached and price and production are stabilized once more. Neoclassical economists explain that this mechanism is automatic and self-regulating responding to changes in the market behavior of consumers and suppliers. It is the "hidden hand" that controls the market and is brought about by the "separate decisions of a large number of individuals, all seeking their own best interests, but all responding to the same changes in demand and supply." (Lipsey, 1983).

The ideal situation, in which the system would have maximum efficiency, is in a perfectly competitive market that "epitomizes the idea of a free market" (McCormick et al. 1977: 319). It should be noted that neoclassical economists accept that perfectly competitive markets are a highly idealized version of actual markets and do not exist in reality. However, they have pointed out that the model still serves as a useful yardstick against the imperfections and inefficiencies of actual markets and as an ideal toward which markets can strive. Even if markets are not perfect, the price mechanism may produce better coordinated outcomes because decision making is dispersed, which could not be replicated by governments. In addition, when government intervenes in the economy (for instance, by implementing trading licenses or import quotas), it creates ground for public servants to take advantage of their privileged situation and amass personal benefits. The other side of the debate argues that the public sector should intervene under certain conditions: (1) providing "public goods and services," (2) in cases of market failure, and (3) providing "merit goods and services" (see, for example, Batley, 1996).

First, there are certain goods and services that, by their nature, cannot be provided by the private sector because they are non-excludable and non-rival. Non-excludable means that it would not be possible to separate those who have paid for the goods/services from those who have not paid—that is, the private sector would not have an incentive to provide because non-payers are not excludable. Non-rival means that the benefit gained by one person from the consumption of the service/good does not reduce the benefit accruing to someone else—that is, the cost of providing the service/good to an additional consumer is zero; therefore private producers would not act efficiently in charging for the extension. Examples of such public goods/ services include street lighting, police, environmental control, and public health education.

Second, even if the private sector could in principle produce such a good or service (that is, a "private" good/ service), it would not do so efficiently. Market circumstances would include the tendency to monopoly (e.g., water supply); inability or unwillingness to take the risk of large-scale or/and long-term investments (e.g., underground infrastructure); the wider society would gain from individual consumption, even if the direct consumers are unwilling or unable to pay (e.g., vaccination, education); private producers pass on costs to the wider society, a procedure that would allow them to keep prices artificially low (e.g., industrial pollution); and lack of knowledge (on the part of consumers and producers) to make informed choices (e.g., professional services).

Third, in a society, there are usually civil commitments that everyone should have access to certain merit goods and services regardless of their ability to pay. Such commitments and, therefore, the choice of the goods/ services change according to the circumstances; generally health and education fit in this category.

In short, although there is justification for public intervention in a wide range of goods and services, serious limits on the range of the private goods/services are imposed. The counter-argument of those in favor of the private sector suggests that in the case of a market failure, government should concentrate on supporting the private sector to overcome its constraints, rather than merely substituting for private production on an indefinite basis. In the case of public and merit goods or services, government should create partnerships to allow the involvement of the private sector as much as possible. For instance, the government may establish subcontracting arrangements for the provision of non-excludable/non-rival goods and services. Such arrangements would include proper remuneration and competition, therefore creating the necessary incentive and efficiency for the private sector to produce. Similarly, instead of guaranteeing the provision of the merit goods/services via direct public provision, the government could instead subcontract with the private sector.

The debate regarding public versus private provision of services is in fact more complex than the few categories noted above suggest. For instance, there may be intermediary stages between the conditions of "pure" public, merit, and private goods/services (see, for instance, Batley, 1996; Werna, 1996a). However, an elaboration of this complexity falls outside the scope of this paper; for purposes of our argument, the broad explanation given above should be sufficient to analyze the specific points to be examined here.

Housing vis-à-vis Other Urban Services

There has been great public involvement in the provision of most urban services in developing countries—for example, health, education, waste disposal, and water and electricity supply. This has invariably involved large-scale government bureaucracies and agencies in the form of outlets for service provision, such as public hospitals, clinics, schools, and universities, and operational organizations at the regional and local levels for planning, management, provision, and maintenance of the above services (Batley, 1996; Nickson, 1996). This has given ample ammunition to the critics of public-sector (over) intervention.

The situation in regard to housing, however, is different. In conceptual terms, housing has been classified as a private service (Batley, 1996, Roth, 1987), and it is obvious that the private sector worldwide has already been strongly involved in its provision (Okpala, 1992; UNCHS, 1996a, 1996b, 1996c; Werna, 1992a, 1992b, 1996b). On the whole, the share of public housing provision in developing countries has been only around 10 percent of the total housing stock (Okpala, 1992; UNCHS, 1996a, 1996b, 1996c). Moreover, the physical production and in many cases the design and consulting work on public housing projects and sites and services programs have in fact been carried out by private building firms and consultants—unlike other services, where public provision has actually meant physical production by public organizations (Batley, 1996; Nickson, 1996;

Ofori, 1994; UNCHS, 1996a, 1996b, 1996c). Consequently, although public works departments have existed in most countries, their main focus has been the design and management of large infrastructure projects rather than the construction of housing. Similarly, the various housing ministries and organizations have been largely responsible for policy formulation, implementation, and strategic management rather than actual production and consultancy work. The exception to this are the few centrally planned economies such as China and Vietnam, where the actual construction of public housing projects was also carried out by public building entities (see Nhuan and Mathey, 1990; Wu, 1996).

However, arguments in favor of private-sector involvement give the impression that providing housing is like providing other major urban services; that is, it would require large intervention by the government, which in turn would constrain the private sector. Although the private sector has not provided low-income housing in many parts of the world, this does not justify the argument that it has been unable to enter the housing market in general. Therefore, the specific reasons for its failure to produce low-income housing may be of a different nature than those which have been pointed out in the pro-private sector literature. This paper will investigate those reasons. It will also disaggregate the analysis according to the mode of housing provision: because the interventions of the private and public sectors in the low-income housing market are not polarized (that is, there is not "pure" private versus "pure" public provision), the analysis cannot be aggregated. The different combinations of actors and roles, with distinct potentials and constraints regarding the low-income housing market, will be analyzed below, with data from Washington, D.C.

Modes of Low-Income Housing Provision: Evidence from Washington, D.C.

This section covers five main modes of low-income housing provision including modes described in the aforementioned literature as well as those encountered in Washington, D.C. Analysis of each mode of housing provision begins with a summary of the main points of the current conceptual debate. Empirical evidence from Washington, D.C. will be used to address the theoretical assumptions.

Since the international literature examined in this paper focuses primarily on direct provision of housing by the private sector, it is fitting to begin this section on modes of housing provision by comparing theoretical models of direct private supply with the actual situation in D.C. This section will also examine 'the opposite end of the spectrum' - i.e. direct public provision as well as variations of public private or/and public sector provision which lies between the two ends of the spectrum mentioned above - i.e. public support for private supply, public support for demand, and partnerships between public and non-public actors. The voluntary (private not-for-profit) sector has also catered to the low-income population, both in Washington, D.C. and in developing countries. The growing tendency is that the institutions in this sector (e.g. non-government organizations, NGOs) provide housing not by themselves, but via partnerships. Therefore, they will be analyzed in this paper within the subsection on partnerships between public and non-public actors.

Direct Private Supply

As already noted, housing may be classified primarily as a private good that can be provided through the private market, since non-payers can be excluded from using it. Private markets, therefore, have been identified as the primary housing delivery mechanism forming the backbone of the "shelter for all" policy of the United Nations Centre for Human Settlements and the World Bank's housing agenda in the 1990s (Kimm, 1987; LaNier et al., 1987; Linn, 1983; UNCHS, 1988; World Bank, 1993). Malpezzi (1994) adds that even the existence of market imperfections would not negate the value of the private market nor the effort to make it more efficient relative to the existing conditions. Based on such ideas, the World Bank has advocated that governments should support the private sector rather than intervene directly in the market. The aim of such a strategy—which has been called the enabling approach—is not to create textbook efficiency in markets but to increase their practical efficiency to produce more housing.

In short, there has been enthusiastic reception of the accepted wisdom of privatization and market deregulation in the economy in general and in the housing sector in particular. However, there are already cases in which the performance of the private sector in deregulated housing markets casts doubts on its ability to impose self-regulation in favor of greater efficiency. One such example took place in Chile. Between 1974 and 1982, the average number of housing units built was significantly lower than the average number built during 1971-73—the period of intensive government housing effort for low- to middle-income families (Duran and Soza, 1987). During the 1974-82 period, the government emphasized the role of private supply to cover the whole quantitative and qualitative range of demand, and left price regulations, credit, and interest rate control to the market. Therefore, since the private sector was the only agent meeting the housing demand of the middle- to high-income population, it paid no attention to the urban poor. However, because even people in higher income groups could not afford the price of houses on offer, many houses remained unsold—15,000 new units in Greater Santiago alone in April 1983 (Duran and Soza, 1987).

It is argued that this situation was a direct result of government deregulation policies, "fanatical" respect for private property, and total reliance on the capacity of the private sector to satisfy demand (ibid.:104). Such freedom of action for the private housing sector led to a situation in which, in just the construction phase, the average costs of a privately constructed house was about 31.4 percent of the sales price. At the same time, as a result of credit deregulation, a buyer would pay a real interest rate of about 269.68 percent over twelve years. Moreover, there was unchecked speculative purchase of land and a concentration of supply in the upper strata of the population due to the private sector's search for increased profits. These factors led to high costs for both building and purchasing housing which, in turn, along with the uncoordinated and deliberate market supply policy, limited effective demand to the upper strata. The result was that when their demand was satisfied, the supply left large numbers of housing units unsold. Duran and Soza (1987) argue that this would have severe negative effects on the building industry since, in the long run, it was faced with a collapse in demand and therefore a decline in revenue.

These arguments are supported by other cases, such as that in Manila, Philippines, where there is minimal government regulation of land and housing markets, relaxed standards and regulations for low-cost housing, an efficient building industry in technological and institutional terms, and an active real estate market. Yet, large amounts of residential land are kept empty within the city for speculative purposes by private landowners due to almost negligible taxation on vacant land (0.2 percent of the reasonable market value of land), and half of the households could not afford even the cheapest units built by the unsubsidized formal private sector due to high land and housing prices (Strassmann, 1994).

Data from Washington, D.C. show that the private sector has not played a significant role in the provision of low-income housing there, and the evidence that a significant part of this city's population cannot afford the unregulated market prices for accommodation has been the main justification for government intervention via rent control, subsidies, and public housing (Turner, 1990).

Turner showed that between 1975 and 1988 rent levels increased 17 percent while the income of tenants decreased approximately 4 percent. About 43 percent of all tenants spent more than 30 percent of their income on rent, 25 percent declared spending more than 45 percent, and 10 percent spent more than 75 percent. This put a large number of people at risk of becoming homeless, since spending such a large percentage of one's income on rent is unsustainable; 20 to 25 percent is generally considered to be the acceptable (non-risky) maximum. Turner also notes that, without rent control, monthly rent prices in Washington, D.C. would be $50.00 to $200.00 higher, a significant increase, especially for those who earn below $10,000.00 per year (often regarded as the ceiling to define a low-income household). For these households, such an increase in rent would represent another 6 to 24 percent of income. (It is important to note that rent control is not unique to the District; over two hundred cities and towns in the United States apply such measures [Turner, 1990]).

That the free market has not been prominent in the provision of low-income accommodation in Washington, D.C., is further illustrated by the fact that 20 percent of the population receives federal or local government assistance to meet their housing needs (Turner, 1990). A major subsidy, both in the District and countrywide, is Section 8, a government program that supports tenants who cannot afford the full price of private rental accommodation. The tenants pay the equivalent to 15 to 25 percent of their income, and the government subsidizes the remainder of the rent. Nationwide there were some 1,300,000 people assisted by Section 8 in the late 1970s (Zais, Goedert, and Trutko, 1979); recent figures are also of this magnitude. Washington, D.C. also has the Tenant Assistance Payment (TAP) program, which assists 2,323 households (information from the DC Department of Public and Assisted Housing (DPHA)).[3]

Public housing is another major subsidy initiative. Basically it consists of housing owned by the government and rented out directly to households (although there has been a recent move to sell such housing units to the tenants). As with Section 8, the target group represents households that cannot afford private market accommodation. The highest priorities of the DPHA include families living in shelters (temporary accommodation), families living in substandard housing, families involuntarily displaced, and families paying 50 percent or more of their income in rent. The rent prices charged by the DPHA are calculated as 30 percent of a household's adjusted monthly income, or 10 percent of monthly income with allowance for utility costs; compare these figures with those of large numbers of people spending from 30 to 75 percent (Capital Area Community Food Bank, 1995). The District's public housing program is the seventh largest in the nation, with some 56 public housing complexes that house about 4 percent of the total population of the city. Around 74 percent of the households included in this group are classified as poor (earning less than $10,000.00 per year). Given these figures, and the fact that the percentage of poor people in Washington is around 16.9 (National Institute of Justice, 1993), it can be estimated that around 18 percent of the poor in this city live in public housing. However, public housing is not purely a Washingtonian phenomenon; it comprises 27 percent of all subsidized housing in the United States (Newman and Schnare, 1992).

Thus, the existence of rent control, Section 8, and public housing programs (as well as other government programs, such as housing allowances other than Section 8 and public mortgage programs that charge less than private banks) support the argument that the private sector has not played a significant role in the provision of low-income housing. However, the defenders of private-market provision argue against the premise that government intervenes *because* of private market failure; according to them, such intervention is the very *cause* of market failure. They argue that government interference harms the private sector by diverting resources from it and by creating unfair competition. Noninterference, on the other hand, would allow the private sector to fully develop its potential; even if at the present moment it did not properly attend to the low-income demand, it would do so eventually.

Such arguments are at the very heart of the prevalent ideology in favor of private market provision in developing countries. Thus, if the problems in Washington, D.C., and in the developing world are similar, they might benefit from similar solutions. An analysis of specific government interventions in the District is given below.

1. Rent Control

Rent control has been challenged on the grounds that it jeopardizes the profitability of the private rental market: such profits could have been used for reinvestment in the rental market itself—for instance, in maintaining the rental housing stock (therefore improving the quality of the housing units), and/or in purchasing more units and therefore expanding the rental housing stock (thus possibly generating a decrease in rent due to an expansion of the supply). Rent control, therefore, would be a disincentive for landlords to make such investments.

This has been challenged in Turner's (1990) extensive and in-depth study of rent control in Washington, D.C. First, she notes that rent control has not eliminated profitability (although it did limit it). Second, rent control is not a rigid program, and there are situations in which landlords are allowed to increase rents, for instance, in cases regarded as including "extraordinary cost increases" or "unacceptably low rates of return." Third, the District's system does provide incentives to landlords to maintain their existing rental properties and to produce new ones. In sum, according to Turner, investments in rental housing compare favorably with alternative investment opportunities.

Turner notes that without control, rent revenues would have been 33 percent higher on average in Washington, D.C. In support of the argument against rent control, landlords have stated that they would have used such extra money to maintain their properties. However, Turner's study did not find a correlation between rent control and lack of maintenance in housing: the proportion of physically deficient housing units declined from 26 to 20 percent during the 1980s, and the rate of deficiency was higher among the housing units that were exempt from rent control. Also, although the size of the rental housing stock in the District declined after the implementation of rent control, other cities that regulate rents also witnessed similar declines.

A theoretical argument in favor of rent control (not analyzed by Turner) is that it might generate an increase in demand due to lower prices and consequently higher affordability in the market. Such an increase in demand could compensate for the limitation on profitability—that is, more people paying lower rents might generate more capital in the rental market than fewer people paying higher rents.

In sum, the evidence suggests that rent control in Washington, D.C., is not inherently problematic; thus, the constraints that may be experienced in developing countries that adopted rent control might not be congenital, but contextual. A deeper study of the Washington, D.C., experience may be useful for other cities and countries. It may be particularly worth evaluating a scheme to give incentives to landlords to counterbalance the possible demotivation resulting from limited profitability.

2. Section 8

The pro-market argument is that Section 8 sends the "wrong signals" to the private sector: because its subsidies allow landlords to charge more than tenants can actually afford on their own, landlords are not motivated to increase the productivity of their services. Such an increase would have allowed them to provide their services (rented accommodation) at a lower price, therefore reaching lower income groups. According to this reasoning, Section 8 is not evidence that the private sector cannot reach the low-income population; rather, Section 8 prevents the private sector from doing so.[4]

3. Public Housing

The case of public housing is more controversial. The now "classical" pro-market argument is that such direct government provision diminishes the demand for housing units supplied by the private sector; at the same time, it creates unfair competition, because the public housing units are offered at a subsidized rate. This jeopardizes the crucial mechanism that would make the private sector efficient: only an environment in which fair and free competition takes place drives private producers to increase productivity and reduce costs/prices. This argument conflicts with the idea that public housing actually supplies the part of the population that the private sector cannot reach.

No evidence to thoroughly support the pro-market argument has been found in our investigation in Washington, D.C.; neither has it been possible to systematically demonstrate the opposite argument—although there is ample evidence that, at present, public housing in Washington, D.C., does attend to a group of households that cannot afford private housing. Therefore, this issue would require further research. Although it may not be possible to come to a final conclusion based solely on evidence from public housing, the joint analysis of the public housing program together with rent control and Section 8 does suggest that, under the present circumstances, a considerable part of the population of Washington cannot afford private housing.

Direct Public Supply

The previous analysis of direct private provision gave evidence of its failure to satisfactorily reach the low-income population. Although the pro-private sector argument tries to shift the blame to the public sector, there seems to be enough evidence of internal problems in the private housing sector to suggest the existence of market failure. This would therefore justify public intervention. In addition, it has been widely accepted that housing is one of the most basic human needs. Therefore, it may also classify as a merit service—that is, it should be provided regardless of the ability to pay. Evidence of these arguments is found in the Habitat II agenda, which takes up concerns about market inefficiencies and reaching the lowest income groups: "Government interventions are required to address the needs of disadvantaged and vulnerable groups that are insufficiently served by the markets" (UNCHS, 1996a, Clause 71).

Under such circumstances, the enabling approach may not be enough. Direct public intervention may be justified. There are, however, two major arguments against this: it sets unfair competition against the private sector, therefore hindering its development; and the outcome of direct public provision has been dismal. The first argument does not hold universally; in many cases the private sector does not reach the low-income population due to its internal constraints. However, there is ample evidence to support the second argument, especially in the case of public housing programs in developing countries.

Public housing programs are usually financed directly by the central government or parastatal finance institutions (UNCHS, 1996b, 1996c; Okpala, 1992). In most situations there has been little planning with regard to matching the physical characteristics of such programs with the needs of the low-income population (Drakakis-Smith, 1981). The architecture, size, and technology of construction were in most cases influenced by the interests of the private contractors involved in the actual construction. As a result, many projects were grossly inadequate for the living conditions of the low-income groups; they were often too small for larger families and/or had only very basic services (with communal kitchens, toilets, and washing facilities; Yap, 1996). Moreover, the need to reduce costs meant that many projects were built on cheap land in the periphery of cities with poor access to jobs; they also suffered from cutbacks in the general construction work, which led to severe shortcomings in the overall quality of construction (Okpala, 1992; Ogunshakin and Olayiwola, 1992).

The technology adopted in many cases was based on the hope that industrial-production systems would lead to more efficient housing production and lower costs (Okpala, 1992). In reality, however, the massive initial investment; shortages of skilled labor, materials, and foreign exchange for the efficient running of prefabrication factories; importation costs; and so on, led to much higher costs than other techniques. A study of three building systems in Egypt—reinforced concrete skeleton and brick infill, large panel prefabricated advanced construction, and traditional load- bearing traditional construction, has shown, for example, that the fully industrial and semi-industrial systems are, respectively, 30 percent and 10 percent more expensive than the traditional ones (this refers only to the cost of construction and does not include the cost of initial capital outlay required to set up the industrial system).

One of the more famous cases of such projects was the construction of 85 "superblocks" in Caracas under a crash program between 1954 and 1958. Residents of squatter settlements were transferred to these blocks without any preparation. The mismatch between their requirements and the housing provided, and the general inadequacy of social facilities, particularly for education, has led to severe social problems in the area (Drakakis-Smith, 1981). In some cases, such mismatching has resulted in ingenious and extensive, but illegal, changes being made to the original buildings. In Helwan, Egypt, the residents built five-story framed concrete column and/or brick structure extensions on the blocks to provide an extra room to each apartment (Tipple and Wilkinson, 1992).

Nigeria undertook a program of mass housing provision in 1971. The original target of 54,000 units over two years was amended to 202,000 units per year in 1976 (Ogunshakin and Olayiwola, 1992). In reality, however, the programs had only 19 to 20 percent target completion rates, with tremendous collusion between contractors and officials in squandering resources allocated to the projects. Moreover, in many cases projects were delivered in an incomplete state with no windows, doors, or floor covering. The general quality of work is poor and projects are located in peripheral areas with problems of access and security. Worse still, corruption, political pressures, and official indecision meant that thousands of flats remained empty with more than five years delay in allocation. In any case, the cost of the units and favoritism in allocation meant that practically no low-income person could afford or ever hope to live in such units.

The Nigerian case is not unique. Although the degree of success varies—with the exception of a relatively few countries, such as Singapore and Hong Kong, where 85 and 45 percent of the population, respectively, are housed through government provision, and some socialist countries, such as China—direct public housing programs in developing countries have failed (UNCHS, 1996a, 1996b, 1996c; World Bank, 1993; Okpala, 1992; Tan and Sock-Yong, 1991). In the vast majority of cases, direct government intervention has had little impact on total housing provision, amounting to only about 10 percent of the annual housing output (Okpala, 1992). The failure applies practically to all aspects of housing provision including inadequacy of design for cultural and geographical conditions, bad location, poor construction, inability to meet targets, and high costs. A combination of these factors has either put such housing beyond the reach of low-income groups or has trapped them in unsuitable housing. In addition, such units can only be allocated to low-income households by providing very high subsidies. In Bangkok, for example, the rent for public housing apartments is set at 300 Baht per month to make them affordable for low-income households, while the actual minimum economic rent for these units is estimated at 1000 Baht per month (Yap, 1996).

Considering this, it is important to ask if the factors that have contributed to the failure in the direct provision of low-income housing have been intrinsic to direct public provision, or are context-specific. If the latter, then the problems may not exist elsewhere and/or may be eventually overcome in the specific country; this would mean that, in principle, direct public provision could be effective, under certain circumstances. However, if the former, then such a mode of provision should not be implemented.

A general look at public housing in Washington, D.C., reveals that the main problems present in developing countries are minimal or nonexistent here. The design and construction are superior, as are the locations, in terms of distance to the city center and/or access to municipal/metropolitan facilities. The units are affordable to the low-income population, and have not been taken over by middle-class households, as has often been the case in developing countries. Quantity of construction may not be outstanding in the District (only 4 percent of the population lives in public housing vis-à-vis 10 percent in developing countries. This disparity, however, is compensated for by the other forms of public provision, such as housing allowances (Section 8), public mortgage programs, and so on; that is, the total share of government provision is greater in Washington, D.C. (subsidy is perhaps the only item regarded as a problem in both the District and in the developing countries. In short, the situation in Washington, D.C., might suggest that most problems encountered in developing countries may be circumstantial, not intrinsic to public provision.

The problems mentioned above have generated major criticisms against public provision in developing countries, both from specialists in particular and the population in general. It is interesting to note that the public system in Washington, D.C., has also been the target of similar attacks. There is a striking resemblance between the complaints against the systems in both places—bad location, poor design, poor quality and quantity of construction. Particular emphasis has been given to the high number of degraded public housing units here: 27 percent of the stock, according to Glazychev (1999). A significant number of units are vacant (around 20 percent), which suggests managerial problems within the District's public housing system.

Therefore, on the one hand, Washington, D.C., has a public housing condition that, compared to the situation in developing countries, could be regarded as hardly problematic, at least in relative terms. On the other hand, it has been heavily attacked at home. This may be explained by the fact that different societies have different sets of values and expectations regarding the standards of provision of services and goods; the District's system would be expected to deliver more than those in developing countries. It may also be true that public housing ranks among the worst type of housing in both developed and developing countries. However, this does not constitute evidence that the public sector does not have the capacity to provide appropriate housing; cases like Singapore, Hong Kong, and the socialist countries already mentioned suggest the contrary. Therefore, the fact that the public sector provides modest or even deficient housing in a given place does not necessarily mean that it cannot provide anything better. There are different standards of goods and services within

Washington, D.C., and within developing countries; that is, there are intra-urban differentials and income disparities within societies. What may really be the issue is the capacity of the lower strata of the population to afford better housing in a situation where there is great polarization of wealth, rather than the capacity of the public sector to produce better housing.

This reasoning does not imply that public provision is devoid of problems, only that the public sector does not have an intrinsic incapacity to provide proper housing. The problems that have been noted are beyond the scope of this paper to investigate more deeply, but such an investigation should be a theme for future research. The analysis of Washington, D.C., does reveal that there are technical solutions to a number of the constraints encountered in developing countries. Therefore, policymaking should be oriented toward studying the existent and feasible solutions to such problems, rather than dismissing them as irresolvable.

The analysis of Washington, D.C., has also revealed problems common to developing countries. It is particularly worth noting the managerial problems encountered within the District's system that are responsible, at least in part, for the high rate of vacancy and deterioration in the public housing system. This is important because the managerial machinery of the public sector in developing countries has often been accused of being a major source of related problems, and the adoption of the sophisticated managerial methods being used in industrialized countries has frequently been offered as the solution (Werna, 1995). But if such new managerial methods have been used in Washington, D.C., why have they failed, and what are the implications of this for their use in less-developed societies? And if such methods have not been implemented in a city like Washington, D.C. (which has the resources necessary to implement them), would it be reasonable to recommend them for developing countries and to expect them to be implemented there successfully? The analysis of these questions is relevant for policymaking.

Public Support for the Private Supply

Public support for the private supply represents the essence of the enabling approach—that is, government intervention should focus on assisting the private market to be more efficient. It is argued that in order to achieve significant improvements in shelter conditions in developing countries, a new division of responsibility and spirit of cooperation between the public and private sectors is required as neither can be expected to succeed in isolation. Under this new enabling strategy, the public sector is assigned the role of supporting and complementing private-sector activities, whereby the former will withdraw from all activities that can be successfully and economically carried out by the latter. Instead the government would concentrate its efforts in other related areas where private firms are unwilling to invest due to economic or technical difficulties.

As the most influential body affecting housing in developing countries, policies advocated by the World Bank form the basis of enabling strategies and sustainable policies adopted by both national governments and the United Nations system (Baken and Van der Linden, 1993). In this regard the World Bank (1993) has formulated certain policy recommendations aimed at reorienting government activity away from direct housing provision and the regulation of the private housing markets to enable them to function more efficiently. At the same time, the World Bank advocates the management of housing and urban development as part of the overall economic development strategy of the countries concerned. In this way, it is argued, the informal private market will be able to rationalize its activities and provide better quality housing, and the formal private market will be able to expand its housing operations to include much broader sections of the population, including many lower income households.

The specific recommendations, which affect both the demand and supply sides of housing provision, are:

1. Develop property rights. This includes developing systems of private tradable and enforceable property rights; the development of efficient land database and registration systems; undertaking land registration and regularization of insecure tenure; and privatizing public housing stock, where possible.

2. Develop mortgage financing. This includes institutions borrowing and lending at positive real interest rates; encouraging competition between institutions and innovative institutional arrangements for promoting greater access to housing finance by the poor, such as mutual guarantees and flexible payment schedules; avoiding subsidized and directed credit toward housing.

3. Rationalize subsidies. This includes using subsidies only if other options fail; they should be well targeted, measurable, transparent, and should also avoid distorting the housing market.

4. Provide infrastructure for residential development. This means keeping the attention on improving residential infrastructure in slum and squatter settlements and extending it to new areas. The responsible agencies should focus less on narrow physical objectives and more on opening up urban land for residential development.

5. Regulate land and housing development. Includes reforming regulations such that they benefit market activity particularly in the provision of housing for low-income groups; for instance, alternative standards that do not compromise environmental, health, and safety concerns but allow more flexibility for private market activity and housing provision.

6. Organize the building industry. Includes creating greater competition in the industry by eliminating regulatory barriers to entry, breaking up monopolies, facilitating equal access of small firms to markets, removing constraints on the development and use of local building materials and construction methods, and reducing trade barriers that apply to housing inputs.

7. Develop an institutional framework for managing the housing sector. Includes the creation of an institutional mechanism for overseeing the performance of the sector as a whole and coordinating the major public agencies that influence housing sector performance.

In Washington, D.C., government authorities have already acted on these fronts, with perhaps the exception of not rationalizing subsidies thoroughly. However, as already noted, the private sector has not been prominent in the provision of low-cost housing in this city. This casts doubt on the effectiveness of the policy recommendations grouped under the umbrella of the enabling approach.

Perhaps even Washington, D.C., may not be at an "appropriate" stage of enablement. This is difficult to evaluate, because writings on the enabling approach are relatively recent and still vague; for instance, there is no clear definition of which indicators could be used to assess the proper implementation of the approach in a given city. At any rate, there is evidence that the target interventions of the enabling approach are far more advanced in Washington, D.C., than in most places in the developing world. Therefore, if such conditions have not yet generated a significant advancement of private production of low-cost housing here, it is reasonable to conclude that developing countries are likely to experience a much longer—if not harder—journey through the enabling route.

This does not dismiss the importance of the issues covered under the umbrella of the enabling approach (property rights, mortgage, infrastructure, and so on), but indicates that the development of such approaches will not automatically lead to proper private provision of low-income housing. The situation in the District highlights that creating an enabling environment is a complex operation, contrary to what the current literature seems to believe. This calls for more caution in policymaking.

Public Support for the Demand for the Private Market

There are different ways in which the government can support demand. One is direct provision, in which demand is met by public supply. The government may also provide a different type of support by helping consumers access the private market. The same arguments in favor of direct public provision are also applicable to the case of public support of private market demand—that is, the market failure and/or the merit goods and services argument. Depending on the circumstances, the government may choose to support the demand for private supply rather than (or in addition to) providing housing directly. If direct public provision creates unfair competition with private providers, then supporting the demand for private housing gives an added advantage vis-…-vis direct public provision: it boosts the private supply by fostering a solvent demand sector.

Perhaps the most prevalent type of public support for the demand for private housing in developing countries are government mortgage programs. However, by and large these programs have failed to reach the low-income population. Some mortgage programs were never designed to target low-income people; others were aimed at low-income groups (or at least proclaimed they did) but in practice ended up in the hands of middle- or high-income households (Werna, 1992a, 1992b).

Pro-market defenders have also put forward criticisms against public support for the demand for private housing. First, it is argued that subsidized support for demand (such as lower mortgage interest), boosts supply initially, but ends up creating market imperfections: that is, government intervention sends the wrong signals to private suppliers about the actual demand from consumers who can afford to pay for their goods or services. This does not motivate suppliers to increase productivity and reduce costs, thus preventing them from eventually catering to the demand that is now being supported by the government. Forms of support for demand that interfere more sharply in the supply (such as rent control) are the subject of even harsher criticisms.

The data from Washington, D.C., does not support the argument that public support for the demand for private supply is harmful to the private market; in fact, it has shown that such programs have catered to a significant part of the population. Rent control has supported a significant number of people who could not afford unregulated market prices, and the federal Section 8 program, and its local counterpart TAP, offer some 20 percent of the population subsidies to meet their housing needs. The analysis developed here suggests that both rent control and Section 8 are not intrinsically problematic, and therefore the constraints experienced by comparable programs in developing countries may be not congenital but contextual.

Although there is evidence that Section 8 and TAP are effective (because they do meet the needs of a target group), the programs could be challenged on the grounds of inefficiency because subsidies do not recover the costs of their operations (an argument that also challenges public housing). It is difficult, however, to analyze such an issue without touching upon ideological ground. Regardless of the public-versus-private goods and services debate—that is, regardless of who should provide for the population in general—there is a rationale for the merit goods and services argument; that is, some target groups should be protected. (It is interesting to point out that although rent control has been attacked by pro-market defenders, it cannot be challenged on the grounds of (in)efficiency, because it does not create any costs for its implementers.)

Partnerships Between Public and Nonpublic Actors

The term "partnership" can be confusing. To some it is a legal term that describes a particular organizational arrangement; to others it can range from a tacit agreement between public and private sector participants to a formally incorporated organization with a governing board and staff. The term is also used somewhat loosely to refer to ongoing collaborative ventures involving public and private-sector participants in pursuit of common goals (Baken and Van der Linden, 1993). In general, partnerships between the public and private sectors to provide low-income housing have evolved as government authorities have sought to maintain or even expand their roles despite fiscal constraints. The private sector has also welcomed such partnerships as a way to penetrate fields that have been dominated by public provision. There are in principle several possible combinations between public and private roles to provide a given service or good (for example, different types of subcontracting, franchising, leasing, joint-ventures, etc.). However, the international literature on low-income housing provision has given priority to partnerships that entail the construction of mixed-income housing estates: the government provides the land and/or other incentives for private developers to build and to commercialize the estate, and it is compulsory to sell one part of the estate to low-income people, and another part to middle- and/or upper-income people. The idea is that the latter would subsidize the former.

In principle, these partnerships would be useful and feasible for providing low-income housing, particularly where governments have set in place policies that have provided large-scale urban resources, such as in Iran and India. By providing land and/or other incentives (generally fiscal ones such as tax cuts), governments direct the private sector to provide part of their output at a price that can be afforded by a section of the population that would otherwise be excluded, and private firms finance and build housing units on these lands in exchange for being able to sell an agreed part of the projects on the open market (Billand, 1993, Drakakis-Smith, 1981, Moatazed-Keivani, 1993). Such schemes have been tried in many countries including Malaysia, India, and Iran. Depending on the context, the design criteria for at least the low-income section of the project is negotiated with, or determined by, the government side (Moatazed-Keivani, 1993).

The success of such schemes is primarily dependent on the political will of governments to pursue the policy, and the attractiveness of the scheme to private developers in terms of profitability. According to Moatazed-Keivani (1993), in Iran, for example, until 1990 these schemes had not been very successful due to the bad location of the land offered by the government, which created problems for the sale of the units on the open market. Moreover, neither in terms of the social environment (from the developers' and their open market customers' point of view) nor the costs of production (however minimum in comparison to the open market output) are such schemes going to be suitable for the very or substantially low-income population. Governments must provide the right incentives to get the appropriate return on the project (in terms of the location of the land, design and proportion of social housing as opposed to market housing, and so on). In short, the literature on developing countries shows that partnership schemes are still in their infancy there.

The literature on low-income housing in Washington, D.C. confirms that public/private partnerships are also one of the most discussed subjects and are probably considered "the" most promising approach. A number of innovative initiatives are being tried, and traditional public housing programs are shifting in this direction. The private sector has been encouraged to participate not only in the development and commercialization phases of public programs, but also in the management of public projects (Glazychev, 1999).

There are also partnerships between the public and the private not-for-profit sectors, such as the DC Homeless Initiative, and the Ellen Wilson development funded by the HOPE program. The DC Homeless Initiative targets the most destitute sector of the population, the homeless; there are some eight thousand people in such a condition in the District (CPFPH, 1997). The Initiative was created to shift the purpose and the nature of the homeless services in this city. The goal is to provide a sound continuum of care for homeless people, to reduce "warehousing" them, and to help them to move through the system and eventually out into productive lives. It rests on the premise that homelessness is not an acute problem but a chronic one that must be identified and attacked on many fronts, both systemic and personal. The Initiative is a partnership of the government of the District of Columbia, the U.S. Department of Housing and Urban Development (HUD), and the Community Partnership for the Prevention of Homelessness, a private not-for-profit organization.

The Initiative is intended to be a model demonstration effort, serving as a laboratory to develop an understanding of successful approaches to implementing significant systemic changes. Therefore, its experiences are likely to be beneficial not only to Washington, D.C. but also to other places that face similar problems and are willing to try innovative approaches (Burt, 1995). Homelessness is also a recurring problem in many cities in developing countries, where existing programs and initiatives have had limited or no success. Therefore, subsequent investigations and monitoring of the Initiative may also be beneficial to this set of countries.

The Ellen Wilson/HOPE development is very much in line with the major partnership approach analyzed in the international housing literature; that is, a public/private for-profit joint venture for the construction of mixed-income housing. HOPE, the Housing Opportunities for People Everywhere, is a three hundred million dollar federal program for neighborhood revitalization; Ellen Wilson is one of the developments it supports. The Ellen Wilson public housing estate was closed in 1988 due to decay; rather than upgrading the estate, the government authorities decided to demolish it. A new plan for the area was put forward by private developers under the HOPE program. To ensure that lower-income people will be assisted, 25 percent of the units are allocated to households with incomes below $17,050.00, and 25 percent to households with incomes below $34,100.00. The other half of the development targets households with incomes up to $78,430.00. The idea is that the upper-income half of the households will help to subsidize the other half by paying a larger percentage of operating costs (Glazychev, 1999).

The concern about the mixed-income nature of the Ellen Wilson initiative is that upper-income households will not be willing to live near lower income families; this has been supported by evidence from the residential market in the District (ibid.). It is also interesting to note that federal regulations make it possible for people who are not poor to live in public housing estates—residents may have incomes up to 80 percent of the median in the area, and families who rise above the poverty level after being admitted to public housing do not automatically lose their units as their incomes increase. However, although it is technically possible for such people to live in public housing, in reality very few do so. The research did not include data about the reasons for this, but it is reasonable to conclude that at least part of the explanation is that the non-poor (including the "nouveau" non-poor) are unwilling to live close to low-income families.

Suchman (1990) carried out a study of public/private partnerships in a number of cities in the United States; although it did not include Washington, D.C., its conclusions may still be applicable here. Suchman offers a number of general observations and recommendations for those interested in creating successful public/private partnerships to provide low-income housing. First, they should create the partnership in a receptive environment with a broad and visible base of support and the personal commitment and participation of highly respected community leaders. Second, they should maintain a clear vision or purpose and hire an experienced, entrepreneurial, tenacious staff and pay them well. Third, they have to identify sources for the various kinds of funding needed and bring them into the partnership early. Fourth, be patient, create an able delivery system, and find ways to reduce project costs. Finally, develop a strong management and follow-through capability, develop housing, but in the context of a larger environment.

According to Suchman, these suggestions would address problems commonly found in American partnerships. However, he does not address the specific problem related to Ellen Wilson. It is reasonable to conclude that class discrimination—which would lead middle-income households to move away from low-income ones—is not a feature peculiar to Washington, D.C. It takes place in other American cities, and indeed in other countries, many of which are in the developing world. A more extensive study will be needed to discover whether this problem has simply been overlooked or whether no analyses have been made of mixed-income developments.

The Ellen Wilson initiative seems to include the two conditions that are crucial for the success of partnerships—the political will of a government to pursue the policy, and the attractiveness of the scheme to private developers in terms of profitability; even so, it is likely to face serious constraints that might also be encountered in developing countries. And since many conditions in addition to political will and private profitability are required for the success of a partnership, there is still no evidence that the approach may be pertinent to the developing world.

Despite the prevalence of the mixed-income estate model in the international literature on low-income housing, it is important to note that there are many possibilities for partnerships between public and private actors whose pertinence should be assessed. The first Washington partnership studied in this paper may constitute one of such possibilities: it was argued that the DC Initiative to tackle homelessness has been successful and that its experiences are likely to be beneficial to developing countries, which, as already noted, face similar problems.

Conclusion

This paper set out to analyze low-income housing provision in Washington, D.C. through the lens of the international body of literature that focuses on that problematique, with a particular concern for developing countries. The neo-liberal ideas included in this body of literature have influenced the policies of international as well as national and local public agencies. Consequently, there has been a great push to implement private-oriented modes of housing provision. Such a body of thought and policies has the fundamental premise that the implementation of these (private-oriented) modes leads to greater effectiveness and efficiency in the provision of housing. However, it has been argued here that such a premise still needs to be meticulously demonstrated. A fundamental assumption is that American cities—including the District of Columbia—have more resources than cities in developing countries to implement new modes of housing provision. Therefore, in addition to yielding specific recommendations for the District itself, it was anticipated that the findings would be valuable for implementing the policies in cities in developing countries.[5]

Our research revealed that the private sector has not played a significant role in the provision of low-income housing in Washington, D.C. (nor in developing countries). The defenders of private market provision argue that this market failure is the result of government intervention. However, no evidence to thoroughly support such an argument has been found in the investigation carried out here. Our analysis revealed that although in many instances government actually supported the private sector by acting in ways that correspond to the enabling approach, so far the private sector has not been a key player in the provision of low-income housing. This does not mean that the issues covered under the umbrella of the enabling approach are unimportant, but it does mean that its implementation will not necessarily and automatically lead to proper private provision of low-income housing.

The public sector has also intervened in housing provision through ways other than just supporting (enabling) the private sector. Although the overall performance in developing countries has been deficient, a general look at public housing reveals that the situation in Washington, D.C. is better than in developing countries. The findings about public support for private market demand are similar to those about direct public provision; again, such public schemes by and large have been ineffective in developing countries, but their performance in Washington, D.C. has been considerably better.

These findings do not imply that public provision is devoid of problems. It just disputes the widespread idea that the public sector has an inherent incapacity to provide appropriate housing. The analysis of Washington, D.C. has shown that there are technical solutions to some problems found in developing countries. Thus, policymaking should concentrate on solutions to such problems, rather than setting them aside as unsolvable.

The analysis of the public system in Washington, D.C. noted the existence of problems that also prevail in developing countries. Problems in the field of urban management are particularly worth noting, due to the prominence given to this issue by the international literature on housing provision. However, if refined managerial schemes have either failed to be implemented or have been implemented unsuccessfully in the (at least relatively) resourceful city of Washington, D.C., the feasibility of their implementation in developing countries should be reevaluated.

The fact that there is no clear-cut picture about the comparative performance of different modes of provision obviously impairs the selection of a given mode as “the” most appropriate. In any event, such a selection may not be of great value. Washington, D.C. and the great majority of cities in developing countries have a pluralistic system of provision of housing and of other goods and services. Given the prevailing political-economic trends throughout the world, it is difficult to imagine that cities will select only one mode of provision for their services and goods. Rather, innovative modes are being created from time to time and incorporated into the—already pluralistic—urban system of provision (Werna, 1996b, 1997). Therefore, the focus should be on ways to integrate and coordinate such modes, rather than on the selection of a single mode at the expense of others.

The same principle that has driven current researchers and policymakers to focus on private-public partnerships can also be applied to create or foster integration between modes. In other words, the present widespread emphasis on partnerships is based on the premise that the association of different characteristics of the social actors involved would form a sound unit of provision. By analogy, carefully tailored policymaking at the urban level can create the conditions for the rise of a specific conjunction of different modes of provision within a given city, which complement each other through their comparative advantages, as well as offset each other's constraints. Washington, D.C. includes some initiatives in this direction: for example, the policy of rent control implemented in parallel with schemes of support for landlords. These initiatives could be further explored in the District as well as in other cities. In short, it is expected that such findings and recommendations would be valuable as one of the many foundations necessary to design policies for supporting pluralistic systems of housing provision.

Endnotes

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[2] National and local governments have adopted liberalization-oriented policies, influenced directly by such a body of ideas or/and by international agencies themselves.

[3] The information was collected during interviews with officials from DPHA. The names of the officials interviewed are not disclosed in order to insure that those interviewed are not (institutionally) compromised or punished for their candid responses.

[4] However, observation of other cities where there are no government subsidies, plus rough calculations based on market rental prices vis-a-vis revenues of low-income households, suggest that such households can only afford market accommodations well below the standard of those that tenants supported by Section 8 can afford. If it is true that Section 8 tenants cannot afford market rates without subsidies, then it is improbable that Section 8 is harmful to the private market in Washington, D.C.

[5] The international literature claims that housing solutions are universal, but if housing solutions have not succeeded in the U.S., in what has often been regarded as a success-story on liberalization, and in Washington, D.C., the home of major international agencies which have designed and implemented international housing policies, then the question remains: where will these theoretical solutions work?

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