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614 Grand Avenue, Suite 320, Oakland CA 94610
Telephone (510) 251-9400 • Fax (510) 451-2300

727 Fifteenth Street, N.W., 6th Fl. • Washington, D.C. 20005

www.nhlp.org • nhlp@nhlp.org

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Cover: Guinotte Manor, a 219-unit family public housing development owned and operated by the Housing Authority of Kansas City, Missouri. The development, constructed with a HOPE VI grant, replaced a 419-unit development on the same site. An additional 200 public housing replacement units, consisting of single-family units and duplexes, were constructed in non-racially and economically impacted areas of Kansas City. Photo courtesy of the Housing Authority of Kansas City.

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Inquiries or comments should be directed to Eva Guralnick, Editor, *Housing Law Bulletin*, at the National Housing Law Project, 614 Grand Avenue, Suite 320, Oakland, CA 94610, Tel: (510) 251-9400 or via e-mail to nhlp@nhlp.org

Public Housing Receiverships and the Kansas City Experience

By Julie E. Levin* and Murray S. Levin**

When a public housing authority (PHA) has continuing severe problems, the appointment of a receiver can be an effective remedial action. A receivership is an extraordinary remedy by which a court appoints a third party to manage the property and affairs of a person, business, or organization. There are two approaches to establishing a public housing receivership—a receivership initiated by the Department of Housing and Urban Development (HUD), which is known as an administrative receivership, and a privately initiated judicial receivership. This article will discuss the process and prospects for a receivership remedy in the context of public housing, and will recount the public housing receivership experience in Kansas City, Missouri.

Administrative Receiverships

A "troubled status" rating (i.e. less than sixty out of 100) under the Public Housing Assessment System[1] (PHAS) can result in the initiation by HUD of a receivership.[2] This can involve HUD petitioning a federal district court or state court to appoint a receiver. Additionally, HUD is statutorily authorized to undertake a variety of interventions that are tantamount to a receivership and are sometimes referred to as administrative receiverships.[3] HUD may directly arrange for another PHA or a private housing management agent to manage all or part of the properties and programs of a troubled PHA.[4] Or HUD, itself, can simply take possession and control of a

*Managing Attorney, Kansas City Central Office of Legal Aid of Western Missouri. B.A., University of Wisconsin, 1972; J.D., University of Kansas, 1977. Ms. Levin was and is counsel for the plaintiffs in the cases against the Housing Authority of Kansas City mentioned in this article.

**Professor, University of Kansas School of Business. B.A., University of Wisconsin, 1972; M.B.A., University of Wisconsin, 1974; J.D., University of Kansas, 1977.

[1]*See* 24 C.F.R. § 902.1 et seq. (2006). For a summary explanation of the PHAS system and the associated PHAS performance designations, and a comparison and list of PHAS scores for the largest public housing authorities, *see* Julie E. Levin and Murray S. Levin, *Tinsley vs. Kemp—A Case History: How The Housing Authority of Kansas City, Missouri Evolved From A "Troubled" Housing Authority To A "High Performer,"* 36 Stetson L. Rev. 77, 99-105, 115-118 (2006).

[2]42 U.S.C.S. § 1437d(j)(3)(A)(ii) (2006).

[3]For a description of the experiences of eleven housing authorities placed under administrative receiverships *see* United States General Accounting Office, Public Housing: Information on Receiverships at Public Housing Authorities (February 2003) at 23-28, available at www.gao.gov/cgi-bin/getrpt?GAO-03-363. For a summary of that report see NHLP, *GAO Releases Information on Receiverships at Public Housing Authorities*, 33 Hous. L. Bull. 399 (Sept. 2003).

[4]42 U.S.C.S. § 1437d(j)(3)(A)(i) (2006). *See also* 24 C.F.R. § 902.83 (2006).

PHA's property and programs.[5] There is also authority for instigation of these HUD interventions by public housing residents, who may petition the HUD Secretary to take such actions with respect to any troubled PHA.[6] Such a petition must be made by at least 20% of the PHA's residents or by an organization or organizations of residents whose membership must equal at least 20% of the PHA's residents.[7]

Typically, HUD will first allow a troubled PHA an opportunity to remedy its deficiencies. This involves creation of a remedial plan established in a Memorandum of Agreement (MOA) between HUD and the PHA, which sets forth strategies and performance targets.[8] The PHA is expected to improve its PHAS score by at least 50% of the difference between its score and a score of sixty, within one year's time.[9] The PHA is expected to raise its score above the troubled status threshold of sixty by the end of the second year.[10] If a PHA fails to execute the MOA in a timely manner, fails to achieve the required substantial improvement, or is otherwise in "substantial default,"[11] HUD would then proceed with a receivership or other similar takeover of a PHA's properties or programs.[12]

Private Judicial Receiverships

The privately sought remedy of receivership has its origins in courts of equity. The judicial power to appoint a receiver is ancillary to the exercise of jurisdiction in a pending case. A receiver is appointed to aid and facilitate the work of the court. The purpose of the appointment is to take charge of and preserve property that is the subject of pending litigation. Receivership has generally been viewed as a harsh remedy. Yet, it can be used within the discretion of the court to preserve property and insure justice.[13]

Federal Rules of Civil Procedure Rule 66 allows the appointment of receivers "in accordance with the practice heretofore followed in the courts of the United States or as provided in rules promulgated by the district courts." State civil procedure rules are often patterned after this federal rule, though some provide more detail regarding matters such as circumstances under which a receivership is appropriate and receiver responsibilities and powers.[14]

Courts have used receiverships in the context of reforming public institutions, such as schools,[15] prisons,[16] and PHAs.[17] Receiverships are typically the culmination of many other failed remedial efforts, often including contempt citations, and thus have been characterized as a mechanism of last resort.[18] In determining whether other remedies are inadequate and a receivership is appropriate, judges may consider a number of factors. These include: (1) "whether there were repeated failures to comply with the Court's orders;" (2) whether further efforts to secure compliance "would lead only to 'confrontation and delay;'" (3) whether leadership is available which can "turn the tide within a reasonable time period;" (4) "whether there was bad faith;" (5) "whether resources are being wasted;" and (6) "whether a receiver can provide a quick and efficient remedy."[19] Since receivership is a discretionary equitable remedy, the success in seeking to have a court place a PHA in receivership will depend not only on the degree of mismanagement and the severity of a potential loss of property, but also, as a practical matter, on things such as the extent to which PHA officials offend the judge and the patience of the judge.

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[5]42 U.S.C.S. § 1437d(j)(3)(A)(iv) (2006). *See also* 24 C.F.R. § 902.83 (2006).
[6]42 U.S.C.S. § 1437d(j)(3)(A) (2006).
[7]24 C.F.R. § 902.85 (2006).
[8]*Id*. § 902.75(b).
[9]42 U.S.C.S. § 1437d(j)(3)(B)(ii)(I) (2006). *See also* 24 C.F.R. § 902.75(d)(1) (2006).
[10]42 U.S.C.S. § 1437d(j)(3)(B)(ii)(II) (2006). *See also* 24 C.F.R. § 902.75(d)(2) (2006).
[11]*See* 24 C.F.R. § 902.79 (2006).
[12]*Id*. §§ 902.75(g) and 902.77(a)(2). 42 U.S.C. § 1437d(j)(3)(B)(ii)(III) (2000) states if a troubled PHA fails to achieve the required substantial improvement

> the Secretary *shall*—(aa) in the case of a troubled public housing agency with 1,250 or more units, petition for the appointment of a receiver . . . ; or (bb) in the case of a troubled public housing agency with fewer than 1,250 units, either petition for the appointment of a receiver . . . , or take possession of the public housing agency (including all or part of any project or program of the agency) . . . and appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the responsibilities of the Secretary for the administration of all or part of the public housing agency (including all or part of any project or program of the agency).

(emphasis added). The next sentence of this statutory provision, however, states: "This subparagraph shall not be construed to limit the courses of action available to the Secretary under subparagraph (A)." Thus, despite the use of the word "shall," the other HUD directed interventions (s*ee supra* notes 4 and 5 and accompanying text) remain as available actions.

[13]*See* 13 James Wm. Moore et al., Moore's Federal Practice § 66.03 [3] at 66-69 (3d ed. 2006).
[14]*See e.g.*, Rule 68.02, Missouri Rules of Civil Procedure; Rule 66, Utah Rules of Civil Procedure.
[15]*E.g.,* Turner v. Goolsby, 255 F. Supp. 724 (S.D. Ga. 1966).
[16]*E.g.*, Newman v. State of Ala., 466 F. Supp. 628 (M. D. Ala. 1979).
[17]*E.g.* Velez v. Cisneros, 850 F.Supp. 1257, 1278 (E.D.Pa. 1994); Gautreaux v. Pierce, 1987 U.S. Dist. LEXIS 6269 (N.D. Ill. July 9, 1987); Pearson v. Kelly, No. 94-CA-14030, 122 Daily Wash. L. Rptr. 1837 & 1849 (D.C. Super. Ct. Aug 18, 1994); Perez v. Boston Hous. Auth., 400 N.E.2d 1231 (Mass. 1980).
[18]*See e.g.,* Dixon v. Barry, 967 F. Supp. 535 (D.D.C. 1997); Shaw v. Allen, 771 F.Supp. 760 (S.D. W. Va. 1990); District of Columbia v. Jerry M., 738 A.2d 1206, 1214 (D.C. 1999)(reversing a receivership order and explaining it was essential for the trial court to consider not just past performance but also other factors such as the potential for a newly appointed administrator to "turn the tide").
[19]*Dixon,* at 967 F. Supp. at 550 (citing Judge Rotenberg Educ. Ctr., Inc. v. Commissioner of Dep't of Mental Retardation, 424 Mass. 430, 677 N.E.2d 127, 148-49 (1997), and *Morgan* v. McDonough, 540 F.2d 527, 533 (1st Cir. 1976).

The very few examples of judicial receiverships of PHAs suggest it may take a considerable time before a judge will be willing to impose this remedy. After approximately twenty years of litigation, the Illinois federal court ordered a partial receivership over development of the Chicago Housing Authority's scattered-site housing.[20] During this protracted litigation, the court twice previously had denied motions for appointment of a receiver.[21] The District of Columbia Housing Authority was placed in receivership two years after tenants filed a lawsuit. This, however, followed approximately thirty years of efforts by tenant protesters and housing advocates to effectuate meaningful change for that distressed PHA.[22] The Boston Housing Authority was placed in receivership four years after the filing of the operative lawsuit. This process involved repeated earlier denials of motions for appointment of a receiver.[23] Four years of litigation also transpired prior to the judicial appointment of a receiver for the Chester Pennsylvania Housing Authority. In the meantime there was a HUD takeover of the Chester properties, which failed to achieve targeted improvements. Ultimately, HUD, with the plaintiffs' consent, successfully petitioned the court for the appointment of a receiver.[24] The Kansas City Missouri Housing Authority receivership, which is described in the remainder of this article, was imposed four and one-half years after the commencement of litigation.

Critics of the appointment of a receiver for purposes of institutional reform often decry judicial activism. One might therefore anticipate that conservative judges would be less inclined to appoint a receiver in such contexts. Yet, conservative judges may be more inclined to seek a private enterprise fix for a quasi-governmental institution that has proven to be totally ineffective. In contrast to other public institution receiverships, many of which have involved reallocations of power within state or local governments,[25] the PHA judicial receiverships have involved the appointment of private, for-profit individuals or entities as receivers.

The *Tinsley v. Kemp* Kansas City, Missouri PHA Receivership

The Housing Authority of Kansas City, Missouri (HAKC) is now operating in its thirteenth year of a judicial receivership. It is anticipated that this receivership will end in the near future. The remainder of this article will chronicle noteworthy features of this experience.

Intolerable Housing Conditions

There was a dramatic decline in the condition of public housing in Kansas City, Missouri during the 1980s. This prompted several public housing residents of one of HAKC's larger developments to seek assistance from Legal Aid of Western Missouri. These residents described, and follow-up inspections revealed, horrible conditions of rat, mice, and cockroach infestation; other unsanitary conditions; dangerous deterioration of plumbing and electrical systems; and serious physical deterioration of buildings. There was also a pervasive environment of threatening criminal activity. Many residents would not allow their children to play outside during the daytime, and adults were fearful when leaving their units at night. There were numerous complaints that HAKC routinely ignored requests for repairs. Inspections revealed that nearly half of the units were officially vacant. Many of these units were neither locked nor otherwise secured and had been stripped of window frames, appliances, cabinets and countertops, and therefore, could not be leased to tenants. Yet, these out-of-commission units were not truly unoccupied, as there was substantial evidence of unauthorized use. Tenants complained of vagrant occupants, and Legal Aid inspection revealed considerable evidence of ongoing use—clothing, mattresses, Sterno cans, and drug paraphernalia. The common areas of the development were littered with trash, human waste, and broken glass. This degradation set the stage for a lawsuit claiming that HAKC had failed its contractual duty with HUD to provide safe, decent and sanitary housing in compliance with housing quality standards.[26]

The Class Action Lawsuit

The *Tinsley v Kemp*[27] class action lawsuit was filed in January 1989.[28] *Tinsley* was an action for both declaratory and injunctive relief on behalf of all of the residents of one of HAKC's larger housing developments and all applicants for public housing operated by HAKC who had been placed on a waiting list. The defendants were

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[20]Gautreaux v. Pierce, Order of Aug. 14, 1987 (described in Gautreaux v. Chicago Hous. Auth., 178 F.3d 951, 953 (7th Cir. 1999)).

[21]*See* Gautreaux v. Landrieu, 498 F. Supp. 1072, 1074 (N.D. Ill. 1980); Gautreaux v. Chicago Hous. Auth., No. 66-C1459 (N.D. Ill. filed Jan. 13, 1984).

[22]*See* Lynn Cunningham & Dennis Foley, *Receivership as a Remedy for Poor Agency Performance*, 29 Nat'l Clearinghouse Rev. 1034 (1996)(providing a case study of the protracted efforts to reform and ultimately have a receiver take control of the District of Columbia Housing Authority).

[23]*See Perez* , 400 N.E.2d at 1236-1251.

[24]*See Velez v. Martinez*, Memorandum and Order, No. 90-6449 (E.D. Pa. June 12, 2002) (available at http://www.paed.uscourts.gov/documents/opinions/02D0446P.pdf).

[25]*E.g., Newman*, 466 F. Supp. at 635 (appointing the state governor as receiver for a prison system); *Turner,* 255 F. Supp. at 730 (appointing the state superintendent of schools as the receiver for a county school district).

[26]*See* 42 U.S.C.S. §§ 1437a(b)(1) and 1437d(f)(1) & (l)(3)(2006).

[27]750 F.Supp. 1001 (W.D. 1990).

[28]Although initially filed as a class action, in 1996 Congress prohibited LSC funded attorneys from participating in any class actions. Pub. L. No. 104-134, 110 Stat. 1321 (1996); 45 C.F.R. § 1617.3 (2006). Plaintiffs' counsel subsequently filed a motion to decertify the class and to add the Public Housing Resident Council as a party. This motion was granted and the case proceeded with the same legal representation.

HAKC and HUD. The complaint raised multiple claims based on 42 U.S.C. §§ 1983 and 1437p, Title VIII of the Civil Rights Act of 1968,[29] contract law, and the Administrative Procedure Act.[30] The plaintiffs sought an order requiring HAKC to immediately repair and make all the units at the subject development suitable for occupation, and to enjoin HAKC from allowing further deterioration and de facto demolition.

The de facto demolition claim was based on the premise that HAKC violated 42 U.S.C. § 1437p, which provides that housing authorities may not demolish or dispose of a public housing project or unit without prior approval from HUD.

The de facto demolition claim was based on the premise that HAKC violated 42 U.S.C. § 1437p, which provides that housing authorities may not demolish or dispose of a public housing project or unit without prior approval from HUD. Approval for demolition is appropriate only if a development is obsolete and unsuitable for housing, and no reasonable program of modifications is feasible to rehabilitate the development.[31] Such an application for demolition also is supposed to be developed with the consultation of tenants.[32] The *Tinsley* argument was that HAKC was circumventing statutory requirements for demolition by allowing the development to become obsolete and, in effect, demolishing the subject housing development.

Both HAKC and HUD filed motions to dismiss the lawsuit. United States Federal District Judge Dean Whipple denied these motions, and despite the fact that the de facto demolition claim was a novel theory, recognized in § 1437p an implied private cause of action for de facto demolition.[33]

The Consent Decree and Compliance Problems

Following the denial of the motions to dismiss, the defendants had more incentive to negotiate a settlement, and in 1991 the court approved a consent decree. The decree provided for the complete renovation of the subject development and the desegregation of the city's public housing. HUD agreed to provide an estimated $11 million of funding to facilitate the renovation. The architectural design was to make the subject development viable for at least another twenty years, and HAKC was forbidden from taking any action to demolish the development until after 2011. The decree also provided that HAKC would take steps to improve its image in the community and work toward erasing the stigma associated with living in public housing.

The consent decree provided a number of actions to facilitate desegregation. HAKC was to provide all applicants with notice of other affordable housing opportunities in the metropolitan area. To prevent HAKC from steering non-minorities into the Section 8 program and minorities into public housing, all applicants for public housing automatically were to be placed on the Section 8 waiting list. HAKC was required to adopt an affirmative marketing plan that included outreach to non-racially and non-economically impacted areas, and to develop and distribute brochures and posters advertising the availability of public housing and its advantages. All Section 8 participants were to be explicitly advised that their certificates and vouchers were portable.

To facilitate compliance monitoring, the consent decree imposed extensive reporting requirements on HAKC. Also, *Tinsley* plaintiffs' counsel was provided the right to inspect the units and developments upon reasonable notice to HAKC.

Unfortunately, in the months that followed, conditions failed to improve—repair needs remained unfulfilled, the tenant application procedures specified in the consent decree were not being followed, and the number of vacancies actually increased. In the meantime, HUD officially declared HAKC a "troubled" agency, and refused to provide the agreed-upon renovation money. In May of 1992, HUD proceeded with a takeover of HAKC. Although HUD did then agree to release funds for the planned renovations, there were no real signs of progress toward achieving the obligations of the consent decree. Consequently, plaintiffs filed a contempt motion. At a hearing in June of 1992, the court found HUD and HAKC in contempt of court for their violations of the *Tinsley* consent decree. The Court gave HAKC and HUD six months to comply with certain specified requirements of the consent decree.

Meanwhile, conditions in another of HAKC's large developments worsened significantly, exhibiting essentially the same problems that were complained of in *Tinsley* (e.g. 55% vacancy, vacant units unsecured). Counsel for the *Tinsley* plaintiffs then filed a second, similar class action lawsuit. This case was settled in February of 1993, with HUD and HAKC agreeing to fully modernize this development, including a HUD promise of an additional $10.5 million.

In May of 1993, HUD removed itself from direct oversight of HAKC's properties and authorized the city of Kansas City to take control. Yet, enormous problems remained, and the prospects for improvement were not

[29]42 U.S.C.S. § 3604(b)(2006). Ninety-nine percent of the residents of the subject property were African-American. Hence, plaintiffs claimed there was a disparate effect on a minority population.
[30]5 U.S.C.A. § 702 (2006).
[31]42 U.S.C.A. § 1437p(a)(1)(2006).
[32]*Id.* § 1437p(b)(2).
[33]*Tinsley*, 750 F.Supp. at 1009.

good. HAKC seemed ill-equipped to administer a complex redevelopment, vacancies were rising at all of the HAKC properties, and conditions continued to deteriorate. This led to the filing of a second contempt motion. At the hearing on this motion in July of 1993, plaintiffs argued that HAKC had failed to comply with most aspects of the consent decree and was not able to manage its properties, which were rapidly deteriorating, and therefore, the court should appoint a receiver. The court granted this request, and HAKC has been in receivership since that time.

The Receivership and Unprecedented Tenant Involvement

During the initial stage of the receivership, the court appointed a special master and a temporary executive director. In 1994 the court launched a national search for a permanent receiver who would bring management and housing expertise to HAKC. The court appointed an advisory committee, consisting of the special master, community leaders, public housing resident leaders, legal counsel for HUD, and the *Tinsley* plaintiffs'attorney. The advisory committee recommended TAG Associates, a Massachusetts firm specializing in services for public and subsidized housing, and in September of 1994, the court appointed TAG as the receiver.

The court gave the receiver broad powers to manage and operate all aspects of HAKC's properties. The receiver also was directed to fulfill all of the obligations required of HAKC under the consent decrees that were in effect at that time. The receiver was to submit a twelve-month plan and budget detailing the manner by which the duties would be fulfilled. The receiver was to submit monthly reports to the parties and the court listing significant actions taken by the receiver. The court granted the receiver immunity similar to that of officers and agents of the court. HAKC and HUD were to indemnify the receiver for all liabilities, damages, and losses incurred in defending any lawsuit or administrative proceeding in which the receiver and/or one or more of its employees were named as a party. The receivership order[34] was broad, directing the preservation of HAKC resources, and interpreted by the parties as essentially calling for the renovation of all of HAKC's properties. The *Tinsley* plaintiffs' lawyer took the position that because the receivership order mandated the preservation of HAKC's assets, whenever a unit was demolished or sold, it should be replaced on a one-for-one basis. The court was receptive to this position. Federal law did not require such replacement, as a prior one-for-one replacement requirement was temporarily repealed in 1995[35] and permanently repealed in 1998.[36]

Shortly after HAKC was placed in receivership, an umbrella tenant organization, consisting of resident leaders from all of the HAKC developments, was formed. This organization, named the Public Housing Resident Council (PHRC), worked with plaintiffs' counsel to monitor HAKC policies, procedures, and operations, and all of the renovation of the properties. During the first several years of the receivership, the PHRC met with the receiver and/or the HAKC executive director (who had been hired by the receiver) on a weekly basis. After there were noticeable improvements in the properties and HAKC operations, these meetings were held every two weeks and, later, once a month.

Resident involvement has encouraged valuable input from those who were in the best position to identify security, safety and habitability issues.

The receiver has worked very cooperatively with PHRC to rehabilitate HAKC. This resident involvement has encouraged valuable input from those who were in the best position to identify security, safety and habitability issues. It has also served to dissipate the adversarial and hostile atmosphere that existed between HAKC and many of its tenants. Under receivership, the PHRC was able to negotiate numerous policies and procedures with HAKC that were far more resident-friendly than those of most PHAs. For example, while many PHAs adopted a $50 minimum rent for public housing residents whether they had the resources or not, HAKC agreed to have a zero minimum rent for the most needy residents. While most PHAs evicted residents for criminal or drug activity of a household member or a guest regardless of the resident's knowledge, the PHRC negotiated standard lease terms with HAKC that would permit eviction of a resident *only if* the resident knew or should have known of the drug or criminal activity of the household member or guest. Thus, the HAKC lease extends protection to tenants that is not afforded by the decision of *HUD v. Rucker.*[37] Also, HAKC entered into a Resident Participation Plan to ensure resident involvement throughout all HAKC planning, programming, and evaluation. The Resident Participation Plan guaranteed resident input into resident screening, relocation, security, youth programming, health programs, economic development programs, resident organizational development, and contracts between HAKC and private parties and social services. It also guaranteed the right for residents to interview prospective HAKC employees who would be working directly with residents.[38]

[34]September 6, 1994, *Tinsley* Order.
[35]*See* Pub. L. No. 104-19 § 1002(a), 109 Stat. 194, 235 (July 27, 1995).
[36]*See* 42 U.S.C. § 1437p (West 2003), Pub. L. No. 105-276, Tit. V, § 531, 112 Stat. 2461, 2570 (Oct. 21, 1998).
[37]535 U.S. 125 (2002) (holding that a tenant can be evicted due to the drug or criminal activity of a guest or household member even if the tenant is innocent of any wrongdoing).
[38]HAKC Resident Participation Plan, September 9, 1998.

The Result

Kansas City public housing has prospered under receivership. During this period, HAKC received over $120 million of new funding, and every unit of HAKC housing has been either renovated or newly constructed. An additional achievement includes a much-improved Resident Services Department, which has, among other things, developed computer labs, money management classes, recreational activities, and programs to promote family self-sufficiency.

Some of the financial support came through successful applications by the receiver for HOPE VI grants. The cooperative relationship that had been created by the residents and HAKC under the receivership facilitated the productive negotiation of relocation plans and re-housing agreements for each development that received HOPE VI funding. The re-housing agreements guaranteed the right for residents to return to the newly renovated or constructed public housing units as long as they had remained residents in good standing.[39] Additionally, residents played an active role in every aspect of developing the new units. At each HOPE VI development, committees of residents were established to provide input into relocation, re-housing, neighborhood revitalization, architectural design, interior design, resident and social service programs, capacity building of the tenant association and Section 3 job opportunities for residents to gain employment in the construction of the housing. Unlike the experience in many other cities, HOPE VI undertakings in Kansas City did not result in a diminished number of low-income public housing units.

In 2001, a Post-Receivership Governance Advisory Committee was created to formulate a plan to transition HAKC out of receivership. This advisory committee included representatives from HAKC, HUD, the PHRC, *Tinsley* plaintiffs' counsel, and the City. This committee established qualifications and standards for members of the HAKC Board of Commissioners. It also effectively recommended legislation to solidify prospects for success. For example, Missouri law now requires the future use of a similar independent nominating committee to provide names of prospective commissioners to the mayor.[40] Also, Missouri law now authorizes payment of a stipend to support the training of commissioners and to defray the cost of active participation on the board.[41]

The advisory committee interviewed numerous candidates for the board and made recommendations to the mayor. In 2002, the mayor appointed six commissioners from among the recommended candidates, and the public housing resident population elected one tenant representative commissioner.

This new HAKC board represents a marked contrast with the past. Previously, appointment to the HAKC board had been viewed by many as a political favor, and commissioners were notorious for their efforts to help friends get contracts and to secure jobs for friends and family. The new board, through the oversight of the court, has been insulated from political influence. The new statute provisions[42] will hopefully serve to curb reversion to a system of abusive patronage. While this new HAKC board of commissioners has acted independently, the receiver has retained the power to overturn decisions of the board during this transition period. Thus far, this has not happened.

While receivership was not a quick remedy, it has been effective. HAKC has flourished, progressing from a housing authority with a HUD rating of less than eighteen (on a 100-point scale) at its low point in 1993, to ratings in the low nineties during four of the last five years. At the start of the receivership, HAKC had an inventory of 1,836 dwelling units, of which approximately only half were habitable and occupied. Today HAKC has 1,899 units, with an average vacancy rate of less than 2%. HAKC increased its inventory of scattered site units located in non-racially and non-economically impacted areas by over 350. Plus HAKC, working in collaboration with private owners, has developed an additional 460 low-income housing tax credit units. HAKC is on schedule to put an additional twenty-one public housing units into service by early 2007. Similar success is reflected in other readily measurable ways, such as the average number of days to complete work orders (improved reduction from twenty to 2.27 days), average number of days to turn a unit from vacant to occupied (improvement from 263 to thirty days), and percentage of resident children in non-racially and non-economically impacted schools (improvement from 4% to 22%).

Conclusion

Receivership is an extreme remedy that can be utilized in an effort to revive a failed PHA. The Kansas City, Missouri experience is illustrative of this process. In the decade preceding the Kansas City receivership, HAKC had twenty-one executive directors.[43] Nine of these served during the three-year period following the initial *Tinsley* Consent Decree.[44] Such chaos demands radical change. Receivership enables the replacement of a disorganized and incompetent administration with experienced and skilled management and judicial oversight. ■

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[39] An excerpt from the Guinotte Manor Rehousing Agreement is found on page 37.
[40] § 99.134(2) R.S.Mo. (2006).
[41] *Id.* § 99.134(7).
[42] *See id* § 99.134.
[43] *See* Ruth E. Igoe, The Case for Change, Kan. City Star Mag., May 21, 2000, at 15.
[44] *See* Around Kansas City, Kan. City Star, June 30, 1994, at C2.