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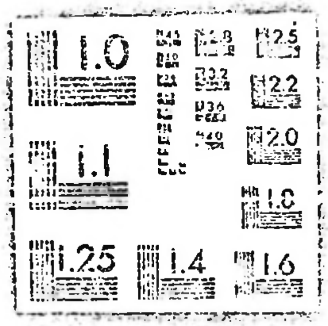

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AN ANALYSIS OF ALTERNATIVE LOW-INCOME RURAL HOUSING SYSTEMS

Gordon Cavanaugh

Housing Assistance Council, Incorporated

Prepared for:

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AN ANALYSIS OF ALTERNATIVE LOW-INCOME RURAL HOUSING DELIVERY SYSTEMS

Submitted by:
Housing Assistance Council, Inc.
June 29, 1972

to

Housing Policy Task Force IV
Department of Housing and Urban Development

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SUMMARY

Most rural areas are without an adequate low-income housing delivery system, mainly because the institutions that normally provide low-income housing --- such as banks, developers, builders, and public agencies --- are in short supply. To create all these institutions in rural areas would be a monumental task. Instead, there is a faster and more effective way to develop a low-income housir capability in rural areas, and that is through the creation of a public housing delivery system. This is not said with resignation, since public institutions have proven themselves in the forefront of dealing with poor people, and the greatest housing need in rural areas is surely that of the poor.

The alternative public institutions in rural areas that do or can provide low-income housing are few. Presently, the most active of the alternatives is the rural housing authority, particularly the regional or state organizations, but Economic Development Districts and, to some extent, other regional planning agencies, are becoming more involved with housing and may offer more expansive approaches to developing a rural low-income housing delivery system. For the most part, these authorities and agencies overcome at least some of the institutional gaps existing in rural America and, importantly, can combat the problems of small and dispersed populations that plague non-metropolitan areas. In evaluating the powers of these institutions one finds a substantial base on which to build an effective rural delivery system.

Rural Housing Authorities

Most housing authorities in rural areas are small, and literature on small authorities points to their inefficiencies and the burden they place on federal housing staff. In a poll of all HUD Area Offices, the problems of small authorities were confirmed. To overcome these difficulties and, presumably, lessen the burden on federal housing staf HUD has, over the past decade, published 3 management circulars critica of small authorities and praising various efforts at consolidating housing efforts, including cooperative management agreements, and multi town or multi-county arrangements. (HUD has never mentioned State authorities.) The regional, or multi-county authorities, were considered the most efficient since they require only one annual contributions contract and one board of commissioners. Additional benefits resulting from the regional structure are their ability to cover a multitude of small towns and unincorporated areas that otherwise could not support housing programs, and their greater financial flexibility.

There are few written materials on how these consolidated housing efforts actually operate, thus a study was conducted of seven rural authorities that represent various forms of consolidation. The results were encouraging in terms of the quality of the low-income housing programs found in these rural areas, and the potential these authoritie exhibited for expanding their responsibilities in housing and the provision of related services. All the authorities, regardless of type, are well respected public institutions in the areas they serve. They provide housing at a decent and even superior level of service to families and elderly living in extremely small towns and though their costs are only just comparable to smaller authorities, the service they provide their tenants, according to HUD personnel, is far better. Additionally, these authorities may achieve cost savings in the long run.

Generally, the regional or state housing structures offered the most simplified (only one set of financial records are required, for example) and, yet, extensive housing programs of the authorities studied. One of the regional authorities has created its own non-profit housing developer and has used its bonding authority to support the development of a range of low- and moderate-income housing. Another authority has placed as few as one to six units in small rural towns throughout an entire state, and has been the stimulus for the rehabilitation of substantial numbers of large, older houses. And, another provided the nation with its first demonstration of the Turnkey III homeownership program.

Though regional and state structures can best serve rural areas, the size of the region , or the number of units to be managed by one authority, depends on the pecularities of local conditions. The proximity of housing locations or the accessibility of locations to each other may determine whether certain areas should combine their housing efforts. Size of population is also important. In a primarily rural state, where each county's population is small, regional authorities may be less advisable than a single state authority, and this analysis extends to other types of housing delivery systems, as well. There are no hard and fast rules to determine optimum size of a rural housing program, since local conditions must always be considered.

Other Agencies with Housing Delivery Potential

Economic Development Districts, in particular, and other types of regional planning agencies are gradually becoming interested in housing development. These organizations clearly have a presence in rural areas, and their obligation to develop comprehensive plans, which include housing, water and sewer, economic development, schools, recreatic and so on, for their regional areas puts them at an advantage over singl purpose agencies, such as regional housing authorities, in the development of an overall rural delivery system.

A trend toward "implementation" powers characterizes the economic development districts and, to a lesser degree, the other regional planning bodies. Many of these organizations recognize that the areas they represent are without sufficient governmental or private agencies to carry out development objectives. Housing could benefit greatly from this trend, and there are examples of this already happening. South Delta Economic Development District in Mississippi, for example, became the regional housing authority for a six county area and has already leased over 600 units under Turnkey IV and Section 23. And, in New Mexico, an economic development district is acting as a regional housing authority, too.

A poll of state planning offices reveals a trend developing at this planning agency level toward implementation, though it is still more in theory than reality. There remains legislation that prohibits some state planning agencies and, depending how they were create some economic development districts and other regional planning bodies, from implementing their overall plans. The critics of planning agencies wanting to implement their ideas say that there is potential conflict of interest between planning and implementation, and this criticism surely needs further study. But, given the lack of planning exhibited by most regional housing authorities (these bodies tend to respond to requests rather than initiating proposals where housing is needed), some coalescence of planning and implementation must be considered.

In addition to the economic development districts and other types of regional or state planning agencies, there is a potential delivery mechanism in the various state housing agencies created in recent years. A few states, Hawaii being the most notable, have created housing programs with wide range financing and development powers, and some were specifically created to work in rural areas. Most state housing agencies, however, rely on nonprofit and limited dividend developers to carry out the objectives of the state programs. Thus, the tendency is toward the shallow subsidy housing programs and, as a consequence, higher income consumers. These programs are rarely useful to rural areas. When more states become involved in actually implementing their housing programs, their potential in developing an adequate rural housing delivery system will be further realized.

Regionalism vs. Local Control

All the current alternativesto providing adequate housing programs in rural areas are faced with what one Virginian (a member of that State's Ad Hoc Committee to Review the Virginia Area Development Act) termed the "hue and cry" of local control. In personal interviews with regional housing program staff, and in extensive literature on the subject, the major foe of regionalism --- for any type of program, not just housing --- is typified as the local community's fear of being subsumed by a larger, and distant organization. Many communities would probably choose not to provide their citizens with needed services rathe than relinquish local powers. Unfortunately for rural areas, the greate resistance to regionalism, according to a national survey, comes from th smaller towns. How to overcome this opposition to regional programs will surely be the overriding consideration in the development of any rural housing delivery system.

Model Rural Housing Agency

A model rural housing delivery mechanism does not exist now, although there are several agencies available in rural areas that approximate a model. The rudiments of a model rural agency are: 1) it is easily created; 2) it is regional or statewide; 3) it provides a full range of low-income housing services, and; 4) it has the ability to provide low-income housing wherever it is needed. Beyond these rudiments, however, there are many expanded powers and responsibilities that a rural housing agency would need to adequately address rural housing problems. Existing rural housing and housing related agencies must be evaluated not only in terms of how closely they approximate the rudimentary needs of the model, but also in terms of how far beyond these basic needs they are able to go. This will require a close look at state and federal legislation to determine what are the powers of several existing institutions now serving rural areas, and how their powers can be expanded to better meet rural housing needs.

Conclusions and Recommendations

1) Public institutions hold the most promise for meeting the housing needs of low-income people in rural areas. Private institutions are lacking in rural areas and, even if they did exist, they are not equipped to respond to the special needs of low-income people, nor do they have the special powers of public agencies, such as eminent domain, bonding authority, and zoning, that would contribute to the provision of low-income housing. At the core of any rural housing delivery system should be a strong public institution.

2) Though the most common public institution with low-income housing capabilities in rural areas is the small, local housing authority, this is often an inefficient operation. Regardless of stated HUD "policy", small authorities have proliferated in recent years. HUD should enforce its policy of consolidation of housing efforts, rather than continuing to allocate its few public housing units to small local authorities.

3) Regional and state public housing authorities are providing housing for families and elderly living in small towns and rural areas. Their operations have overcome many of the problems faced by small, local housing authorities and, as a consequence, their structures provide the most realistic approach to serving rural areas. These types of agencies have jurisdictional responsibility for small towns and unincorporated areas that would not be able to sustain their own housing programs. It should become national policy to encoura regional and state approaches to rural needs.

4) Regional and state housing authorities are, generally, single purpose agencies, and rarely do they administer comprehensive community development programs. Further study of these agenci would unveil the full spectrum of their powers and why those powers are not being used. Research is needed into the potentialities and drawbacks inherent in regional and state

housing authorities, and there should be demonstrations of how these authorities could expand their responsibilities to include other community development roles in rural areas.

5) Economic development districts and regional planning agencies have overall development plans for the areas they serve that integrate housing with economic and other types of development. Additionally, some of these agencies have implementation powers, though only a few have chosen to use these powers. There should be further research into the powers (planning, technical assistance, implementation) of these agencies, and demonstrations of how their full complement of powers can be used to house rural people.

6) All moves toward regional or state housing delivery mechanisms must respond to the arguments for local control. Particularly in the public housing program, the notion of local control has become firmly entrenched. It should be national policy to provide communities with information on the benefits of cooperative efforts, and there should be rewards (housing unit set-asides, etc.) for those communities that are willing to join in a regional program. State laws should be amended to open all options for regional and state housing structures.

7) A model rural housing delivery agency does not exist. The rudimentary needs of such an agency include: a. easy creation; b. large enough jurisdiction to obtain talented staff and to utilize modern management techniques; c. ability to provide a wide range of housing related services, and; d. ability to provide low-income housing wherever it is needed. Though there already exists a variety of rural institutions that approximate a model, and that could be used in building a comprehensive rural delivery system, federal and state legislation often prohibits this. Extensive research is needed into the legal restraints, federal and state, to the creation of comprehensive rural housing delivery system, and recommendations are needed on how to overcome these restraints (these recommendations may necessarily be on a state-by-state basis).

8) There are many more alternatives to rural low-income housing delivery beyond those presented in this report. While the case studies present various rural housing authority operations, and some information was gathered on other types of agencies, much greater detail would be useful, particularly cost-benefit analyses. Further research is needed into the alternative institutional approaches to rural low-income housing delivery, and more detailed comparisons should be made of the relative benefits of each.

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I. INTRODUCTION

Almost any set of relationships among ideas, events, things, or procedures which makes up a unified whole or is directed towards a single end may be called a system. The way in which we provide low-income housing is no exception. Like the larger social system of which it is a part, the low-income housing delivery system in this country may be defined as a more or less orderly combination of procedures and institutions through which agreed upon ends are accomplished.

The procedures of the low-income housing delivery system include such things as obtaining zoning approvals, negotiating a loan, obtaining a local cooperation agreement for a public housing authority, undergoing project feasibility reviews, or certifying income eligibility, just to mention a few. Procedures, especially as they are spelled out in federal and local law, are generally the same for all areas of the country, the only exception being that urban areas rely on private financing for Section 235 and 236 housing, while rural areas rely more heavily on the direct loan financing of the Farmers Home Administration.

Institutions, the second element of the low-income housing delivery system, are not the same in all areas of the country. Most cities and metropolitan area normally have a well developed set of institutions and individual actors involved in the development of low-income housing. There are numerons architects, builders, profit and non-profit developers, regulatory agencies (codes, inspections, zoning, planning, etc.), housing authorities, and several types of lending institutions. Rural areas, on the other hand, have a far less extensive set of low-income housing delivery institutions and actors. For example, a study completed last year showed that approximately one-half of the nation's counties, most of them rural, had no public housing program.1/ And, the use of direct low-income housing loans by the Farmers Home Administration serves to point up the inadequacies of the rural mortgage banking institutions.

Even within rural areas, the level of development of low-income housing delivery mechanisms differs from place to place. One hypothetical rural county has a public housing authority, a community organized non-profit housing sponsor, several capable builders, and a local lending institution familiar with government housing programs and committed to the physical development of the county. This county, a rarity, will be able to obtain subsidized housing for a wide cross-section of its lower income families --- public housing for the poorest and a variety of shallow subsidy programs for more moderate income families. The extent to which subsidized housing can be obtained in this county is limited only by the competition for available units. While the procedures through which the housing is obtained and developed may by unnecessarily complex and often inefficient, and perhaps ultimately wasteful, initiative and stamina will get some housing to serve low and moderate income families. Regardless of its inadequacies, a low-income housing delivery system does exist.

A second rural county in another state has no public housing authority, no non-profit or profit motivated housing sponsors, a limited building industry, and several banks which will make 20 year 8% loans on a $25,000 home with a 70% loan-value ratio, and which generally refuse to become involved with the paper work connected with subsidized housing programs. This county will receive very little federal housing assistance. Without the appropriate collection of housing institutions, the procedures spelled out in federal law for providing low-income housing are useless in the county. For all practical purposes, no delivery system exists.

Between these two situations there are numerous variations, most of which represent inadequate housing delivery systems. For example, one county has a public housing authority, but no sponsor for other types of low or moderate income rental housing. Another has a good combination of an active Community Action Agency and an active Farmers Home Administration office, but no public housing authority. Yet another has both interested sponsors and builders, but unwilling lending institutions. Since a delivery system is a combination of procedures and all of the necessary institutions, in each of these cases only part of an adequate delivery system exists.

It is reasonably clear that the major problem with the delivery of low-income housing in rural areas is not procedures, although these are somewhat at fault. After all, as pointed out, the procedures are the same in all rural areas, and some have successfully obtained assisted housing. The major problem with the delivery of low-income housing in rural areas is institutions, or, rather, the lack of them. Even in rural areas where some institutions do exist, they do not constitute a rural housing delivery "system".

The purpose of this report is to deal primarily with the question of low-income housing delivery institutions for rural areas, and to uncover some alternatives which might help to fill the rural housing "institution gap" as effectively as possible. This is not to say that procedures will be ignored. Certainly they are partly to blame for the failure of existing programs to adequately serve rural areas, and especially the rural poor. However, they will be dealt with here only insofar as they determine the institutional structure that delivers low-income housing, e.g. the provision in federal law prohibiting public agencies from sponsoring shallow-subsidy interest credit programs such as Section 236.

The emphasis will also be on the delivery of low-income housing, which the interest-credit homeownership programs certainly are not. The only truly low-income programs are public housing, rent supplements, and Farmers Home Administration farm labor housing. While the interest-credit homeownership programs only need a delivery system consisting of little more than a builder-developer and a local lending institution, low-income programs generally require some sort of agency which will concern itself with the long term management of housing, as well as the special needs of its tenants.

This report will be further limited to investigating the potential of public or quasi-governmental agencies as rural housing delivery mechanisms. This is justified on several grounds. For one, there has been an increasing acceptance of a public responsibility for low-income housing in recent years, and this has been particularly true in rural areas. Since 1966, over 1,200 housing authorities have been created in towns of 10,000 population and below. This is fully 27% of all housing authorities created since the inception of the public housing program in 1937.[2/] At the state level, 14 of the 25 most rural states now have 21 laws creating state housing agencies, most of which have been passed since 1970. Surprisingly, only 11 of the 25 most urban states have similar legislation.

A second, and more important, reason for emphasizing the role of public agencies is that the encouragement and creation of public institutions is perhaps more effectively and easily done through federal policies than is the creation of those private agencies, e.g. non-profit or profit oriented builders and developers, that are able to provide low-income housing. Incentive to the private sector has been available in assisted housing programs for several years, yet a great many small towns and rural areas have not received their first assisted unit. It is quite possible that the incentive to the private sector is not strong enough to create capable builders, developers and credit institutions where none exist, or to interest many of the existing actors in subsidized housing programs. This will most likely take more than financial incentive. It will require the combination of diverse federal efforts in manpower training, small business loans, secondary mortgage markets, community organization, and overall rural economic development. Such a program will not achieve quick results, if any results at all in some rural areas. The federal encouragement of public institutions, on the other hand, as evidenced in the rapid proliferation of rural planning agencies and economic development districts, might bear fruit. It is probably accurate to say that to create at least a uniform, basic housing delivery capacity in rural areas, in as short a time as possible and through the simplest intervention of federal policies, the public agency route is the one to take.

A final limitation in this report is that it will deal only with low-income housing delivery mechanisms at the regional or state level. The reasons for this are apparent. There are many thousands of small rural communities without a low-income housing delivery capability ranging in size from 1,000 to 15,000 population. The effort to create a separate housing delivery agency for each of these would be monumental in terms of time alone. There are also the wasted overhead costs that must be considered when thousands of agencies with the same objectives are created in neighboring rural towns. Finally, there is some question whether there is an adequate pool of competent housing professionals in rural areas, or professionalswho can be induced to migrate to rural areas, to staff numerous small housing agencies. Clearly, while small local agencies cannot be ruled out for a variety of reasons, most of them political, they appear to be the least likely means of creating a viable rural low-income housing delivery system.

Accumulated experience with the public housing programs in rural areas tends to reinforce the belief that regional or statewide housing agencies are best suited for rural areas. A brief overview of these experiences will lay the groundwork for the remainder of this report.

FOOTNOTES

1. "Public Housing: Where It Is And Isn't" Housing Assistance Council and the Rural Housing Alliance, 1972.

2. HUD Statistical Yearbooks, 1966 through 1971.

II. THE PROBLEMS OF SMALL HOUSING AUTHORITIES

The proliferation of small local housing authorities, particularly in the South, began in the pre-war forties and has continued to the present day. Housing "promoters", often architects intent on selling their housing plans, or even some ambitious Congressmen anxious to bring funds to their district, were often responsible for the formation of these authorities. But, once the projects were completed, and the promoters moved on, community concern for the housing often waned. Few communities had the capacity, and some lacked the interest, to properly manage their housing units.

Small authorities continue to proliferate even into the 1970s. HUD statistical yearbooks show that between 1966 and 1970 there were more than 1,200 local housing authorities created in places of 10,000 population and below. As of 1970, housing authorities in places of 2,500 population and below were 49% of all housing authorities, as shown in Table 1 on the next page.

TABLE I: LOW-RENT PUBLIC HOUSING: NUMBER AND PERCENT OF PLACES AND HOUSING UNITS REPRESENTED BY LOCAL HOUSING AUTHORITY PROGRAMS, BY 1960 POPULATION OF PLACE, AS OF DECEMBER 31, 1970

Population size group	*Places with LHA programs/a*		*Housing units/a*	
	Number	*Percent*	*Number*	*Percent*
Total	4,399	100	1,270,007	100
1,000,000 *and over*	5	/b	191,547	15
500,000 *to* 999,999	16	/b	163,223	13
250,000 *to* 499,999	31	1	173,957	14
100,000 *to* 249,999	82	2	142,126	11
50,000 *to* 99,999	164	4	134,769	10
25,000 *to* 49,999	257	6	112,011	9
10,000 *to* 24,000	531	12	123,261	10
5,000 *to* 9,999	516	12	72,715	6
2,500 *to* 4,999	646	14	60,198	5
Under 2,500	2,151	49	96,200	7

a/ Under program reservation or later stages.
b/ Less than .5 percent.
SOURCE: HUD, 1970 *Statistical Yearbook.*

These numerous small housing authorities have had considerable effect on the workload of federal housing staff. Not only have innumerable applications required processing, but relationships have been developed with hundreds of housing directors, mostly part-time employees, many not knowing the first thing about the public housing program.

In the section entitled "Terms and Conditions" (section 101, article 1) of HUD's public housing Annual Contributions Contract, public housing objectives are clearly stated:

> "Each project shall be undertaken in such a manner that it will not be of elaborate or extravagant design or materials, and will be developed and administered to promote serviceability, efficiency, economy, and stability and to achieve the economic and social well-being advancement of the tenants thereof."

Two of the key words here are "economy" and "efficiency". Prior to the subsidized housing moratorium, HUD staff was prohibited from allocating units to authorities whose projects could not show "economic feasibility". The term refers to the project's ability to generate more income than required for operating expenses, and to do this without additional HUD operating subsidies. "Efficiency", of course, is closely related to economy. Good, efficient, management practices can keep operating expenses down.

According to HUD regional and area office staff, efficient management is clearly a function of good managers. Such individuals can be found in rural areas, but rarely for the salaries that small authorities can afford to pay after paying fixed costs, such as utilities, insurance, and payment in lieu of taxes. In most cases, the small authority will be able to hire part-time staff only. This is how HUD, in its guide to "Low Rent Housing - Consolidation and Cooperative Arrangements for Small Low-Rent Housing Programs", April 1972, states the problem:

> "For some small Low-Rent programs, funds available for employment of personnel are not sufficient to employ even one full-time employee. Such programs often operate on the edge of financial feasibility. It may be extremely difficult to find a competent person to accept the responsibility of Executive Director and housing manager for the small compensation which the Local Authority can afford to offer. There is a heavy turnover among this personnel. As a consequence, many small local Authorities have been unable to carry out their operating responsibilities in a proper and efficient manner. The deficiencies are usually manifested by poor accounting records and reports, high rent delinquencies, and inadequate maintenance. In summary the operational units may be too small to be efficient."

To determine exactly what "too small to be efficient" meant, the Housing Assistance Council decided to conduct a poll on the subject. Early in the year, questionnaires were sent to most HUD Area Office Housing Services and Property Management Directors, and the responses were tabulated with those from personal interviews. Though the responses were not unanimous, and were probably related to local cost factors, there was considerable agreement among those who answered the questionnaire. With a response rate of 76%, representing every HUD region, the information fairly accurately presents HUD's current view on the relationship of size to efficiency.

One of the questions asked was the following:

> Based on low-income housing experiences in your area, what is the minimum number of units that an authority can operate and still be considered "efficient"?

No. of Units	No. of Responses
NO MINIMUM	3
40	1
50	3
60	1
75	2
100	13
125	1
150	1
200	1
250	2

A minimum of 100 units was most frequently offered, accounting for 46% of all responses. And, 64% of the returned questionnaires placed the minimum at 100 or more units.

The poll obviously reflects what should be, and not what exists, since nearly half of the nation's housing authorities now have less than 100 units under management, and fully 28% have 50 units or less. (See Table II, describing Percent Distribution of Local Housing Authorities, by Number of Units Under Management, as of December 31, 1972 on the following page.)

TABLE II: PERCENT DISTRIBUTION OF LOCAL HOUSING AUTHORITIES, BY PERCENT OF UNITS UNDER MANAGEMENT, AS OF DECEMBER 31, 1972

Number of Units	*Number of LHAs*	*Percent of LHAs*
1 - 49	763	28.1
50 - 99	574	21.2
100 - 199	526	19.4
200 - 299	266	9.8
300 - 499	227	8.4
500 - 799	126	4.6
800 - 1249	87	3.2
1250 +	144	5.3
TOTAL	2,713	100

SOURCE: Department of Housing and Urban Development.

When asked, "Why is this number (of units under management) a minimum?", 21 of the 28 respondents stressed the ability to recruit and retain a competent, full-time staff. (A few mentioned the economies of scale available to a larger program, and some expressed concern over the financial stability of very small authorities.)*

Complaints against the use of part-time staff are numerous. For example, HUD's southeastern regional staff has found that part-time employees of small authorities often have neither the time nor the skill to complete the extensive financial and tenant data forms that HUD requires. Frequently, a part-time director will leave the

*While establishing the relationship between size and good management, based on competent, full-time staffing, 75% of the respondents also admitted to "approving applications for authorities that would have less than the ... specified number of units under management." Some of the respondents, including those personally interviewed, had explanations for this contradiction. Generally, they had to do with the desperate need for small numbers of units in communities where only a single LHA appeared feasible, or the efficiency of certain small LHAs. An overriding consideration was political pressure.

program when year-end reports or re-examination of incomes are due, leaving accounts in disorder, allowing rents to become delinquent, and maintenance to decline to a lower level than it already was. The personnel turnover rate is legendary. One small authority in Georgia had 9 part-time directors resign in seven months; another in Alabama saw 4 directors leave in less than 2 years.

In addition, many small authorities are only able to hire part-time maintenance personnel. Most HUD Area Offices state that a full-time maintenance employee is not feasible with less than 50 units under management. The use of part-time maintenance employees severely limits a housing authority from practicing preventive maintenance. Instead, maintenance becomes crisis oriented, and is often more costly in the long run.

These deficiencies of small housing authorities are outlined by HUD in various management circulars, and interviews with Area Office staff with years of experience in dealing with these authorities confirm these deficiencies. Small authorities tend to be poorly staffed and, frequently, overworked. At the same time, in recent years, cutbacks in HUD housing management staff, and the inexperience of the remaining staff, has severely limited the Agency's ability to respond to the time-consuming needs and problems of small authorities. For example, in Georgia, where numerous small authorities operate, the Area Office recommends a workload of 25 authorities for each HUD professional in housing management. In reality, the workload is one management specialist to every 45 authorities.

This example of the public housing program illustrates the problems that usually can be anticipated in developing a low-income housing delivery system in rural areas. At the same time, the public housing program has been the source of several innovative ideas for alternative types of low-income housing delivery agencies which will better meet the needs of rural areas.

III. PUBLIC HOUSING ALTERNATIVES

What Can Be Done

Many small, rural authorities have attempted to overcome their deficiencies by cooperating with other authorities in the development and management of public housing units. The notion of cooperation was first, and perhaps most extensively, promoted over 20 years ago in the South, where most of the small authorities were located. HUD (or its predecessor, the Public Housing Administration) staff there was being exhausted by the burden of working with a multitude of small authorities, and decided that a better approach to rural public housing was required. The result was a patchwork of agreements generally authorized larger authorities to operate housing units belonging to small authorities.

The success of these agreements and of the more extensive regional programs in overcoming the problems of small authorities were legitimized in various HUD management circulars published since 1963.1/ The circulars described the "deficiencies" of small authorities and urged, but did not require, various forms of consolidation. 2/

State enabling legislation determines the types of housing authority consolidation allowable in each state. Most states fashioned their basic legislation after a model law prepared by federal attorneys following the passage of the 1937 housing bill that created the public housing program. Beyond the basic provisions, though, most states exercised their preferences, particularly in the area of authority consolidation. At least 46 states now allow for cooperative agreements between and among housing authorities, 19 states allow specifically for regional authorities, and 12 have provisions for consolidated municipal authorities. (For descriptions of these alternatives, see insert on following pages.)

TYPES OF HOUSING AUTHORITIES

Municipal--a housing authority that serves a single municipality (city, town, village, etc.). In many states a municipal housing authority may also provide housing outside the city limits up to a legislatively determined distance. A municipal authority is created by the local governing body and commissioners are normally appointed by the mayor.

County--a housing authority that serves an entire county, but which may not provide housing in any incorporated locality within the county without the permission of that locality. A county authority is created by the governing body of the county, and all commissioners are appointed by same.

Consolidated--a single housing authority serving several municipalities. It has a single board of commissioners, with one member being appointed by the mayor or governing body of each participating municipality. It has a single annual contributions contract for all of its projects. After meeting certain requirements, additional municipalities may become part of the consolidated authority, or existing members may leave the union.

Regional--a single housing authority serving several counties. Like the county authority it may not provide housing in any incorporated locality within any of the participating counties without the permission of that locality. It has a single board of commissioners, one appointed by the governing body of each participating county, and a single annual contributions contract for all projects. After meeting certain requirements, additional counties may become part of the regional authority, or existing members may leave the union.

Cooperative Agreements--most state enabling laws allow any two or more housing authorities to cooperatively develop and operate housing. The types of combinations among authorities are unlimited; for example, two or more city authorities may cooperate, or two or more counties, or even a combination of city and county authorities. Forms of cooperation are numerous, also. These are the most common: 1) several authorities may decide to use the same administrative staff and pro-rate costs among themselves, usually according to the number of units each authority owns; 2) several small authorities may contract with a larger authority for specific services, such as accounting or maintenance, and will pay the larger authority a fee for its work. Other forms of cooperation are possible but, in all forms, each authority retains its own board of commissioners and its own separate identity, though some have chosen to form an executive committee, comprised of one member from each participating authority, to act for the individual boards. Some have also established an unlimited revolving fund, pooling their funds each month to pay certain bills.

State--some states have enabling legislation creating a state housing authority to develop and manage housing units in areas not already covered by local or regional housing authorities. Like the county and regional housing authorities, state housing authorities must obtain local permission to operate in incorporated areas, or where another authority already has jurisdiction. State authorities have a single board of commissioners, usually selected by the governor, and a single annual contributions contract for all projects.

The potential advantages of consolidation are known, and will be illustrated in case studies following this section. More germane, however, to the discussion of housing delivery systems for rural areas are the relative advantages of each of the various forms of consolidation. In theory, cooperative agreements, though by far the most widespread form of consolidation, are frequently the least desirable form since each cooperating authority retains its own board of commissioners and annual contribution contract. With separate ACCs, the managing authority's accountant must retain a separate set of books for each authority's account. Also, by retaining separate boards of commissioners, each authority (regardless of the number of units it has) requires individual attention by the managing authority's executive director. In a Public Housing Administration circular, dated 11-9-65, the "major disadvantage" of this arrangement is explained: "...the Executive Director is subject to the control of several Local Authority Boards, and this sometimes detracts from the time, thought, and effective effort given to supervision of routine operations."

A second form of consolidation, the joint municipal or consolidated authority, is usually considered preferable in structure to a cooperative agreement since it provides for only one board of commissioners and one annual contributions contract. But, this form has one serious disadvantage for rural areas: it can only provide housing within municipal boundaries (incorporated areas) or, in some instances, within ten miles of the municipal boundaries. There are many unincorporated areas in need of public housing, and these areas would normally not be able to participate in a consolidated (municipal) authority program.

Clearly, the preferable choice of consolidation for rural areas is the regional housing authority. This type of authority covers all unincorporated areas of the participating counties, and all incorporated areas where permission is given to the regional authority to operate its housing program.[3] Additionally, small communities wishing to obtain public housing needn't first create an authority and then seek a cooperative agreement, but can participate in the regional program merely by passing a resolution. In addition, a regional authority has a single board of commissioners and consolidated annual contributions contract for all projects.

The state housing authority is a variation of the regional authority concept, though it could be more difficult to operate because of the long distances that staff must cover.[4] But, in states where individual county populations are exceptionally low, such as Nevada or Vermont, this type of authority may be the best or only alternative for a reasonably efficient housing program.

The most frequent criticism, at least in HUD literature, of these various forms of consolidation is the possible effect of "distance" on the administration of the housing projects. Phrases such as, "utilization of employee time may be less efficient due to the distances between projects", and "administrative officials may not be in close proximity to project locations and must place much reliance on judgment and diligence of subordinates", are common. Since this study is primarily concerned with proposing an adequate rural housing delivery system, distance as it relates to the size of a program becomes extremely important. Thus, in highlighting the case studies of various forms of rural consolidated public housing efforts, the effects of distance will be closely examined.

The Housing Assistance Council has chosen, with the assistance of HUD Regional and Area Office personnel, seven rural housing authorities that illustrate various forms of consolidation housing efforts. The data obtained is the result of personal interviews with the staffs of each of the authorities, and with HUD regional and area office staffs.

These were the authorities chosen:

Cooperative Agreement Authorities -

Housing Authority of the City of Americus, Georgia
Housing Authority of the City of Nashville, Georgia
San Luis Valley Housing Committee, Alamosa, Colorado

Regional Housing Authorities -

South Carolina Regional Housing Authority #1, Laurens, South Carolina
Mississippi Regional Housing Authority No. 8, Gulfport, Mississippi
Tennessee Valley Regional Housing Authority, Corinth, Mississippi

State Housing Authority -

Vermont State Housing Authority

Case 1: Housing Authority of the City of Americus, Georgia

The title, Housing Authority of the City of Americus, Georgia, is misleading, since this is more than a one town authority. In fact, it is the designated authority for 4 towns in the area, and manages units for three other housing authorities. This extensive program is made possible through a "cooperative management agreement", the tool most widely used to consolidate housing efforts. As an example of a cooperative agreement authority, Americus is among the best known in the Southeast where cooperative housing efforts have often been used in rural areas.

AUTHORITY BACKGROUND

The Housing Authority of the City of Americus was established in 1946 but was inactive for a number of years until a town leader revitalized it, and program reservations were obtained for 150 units. In March, 1950, the Authority's only Executive Director was hired and the events that followed have their niche in the history of consolidated housing efforts. Soon after the Executive Director's appointment, HUD's predecessor agency (Public Housing Administration) decided that the director's position should be part-time only, considering the Authority's small number of units under management. To prevent the loss of full-time administration, the Executive Director approached leaders in the nearby, small towns of Andersonville, Plains, and Leslie about their housing needs. Each of the towns wanted housing, but did not want the responsibility of running a housing authority; consequently, they were able to reach an agreement with the Americus Authority enabling it to act on their behalf in the development and management of low-rent housing. These towns do not operate their own LHAs, but have formed a "consolidated", or multi-municipal authority with the towns of Americus.

In the latter part of the '50s and early '60s, the Americus authority director also became Executive Director of three other housing authorities: Buena Vista (which hadn't built anything since its formation); Ellaville (which the Americus Director helped form); and Lee County (which had projects in two small towns). At the time that Americus assumed management of the Lee County Authority, the part-time Executive Director there was receiving only $50 per month for his services. The books were poorly kept, and maintenance was sporadic and of low quality. It took an Americus maintenance crew two months to bring Lee County units up to decent condition, but once they were, utility bills dropped (defective heaters hadn't been repaired in two years) and the Lee County Authority was able to break even.

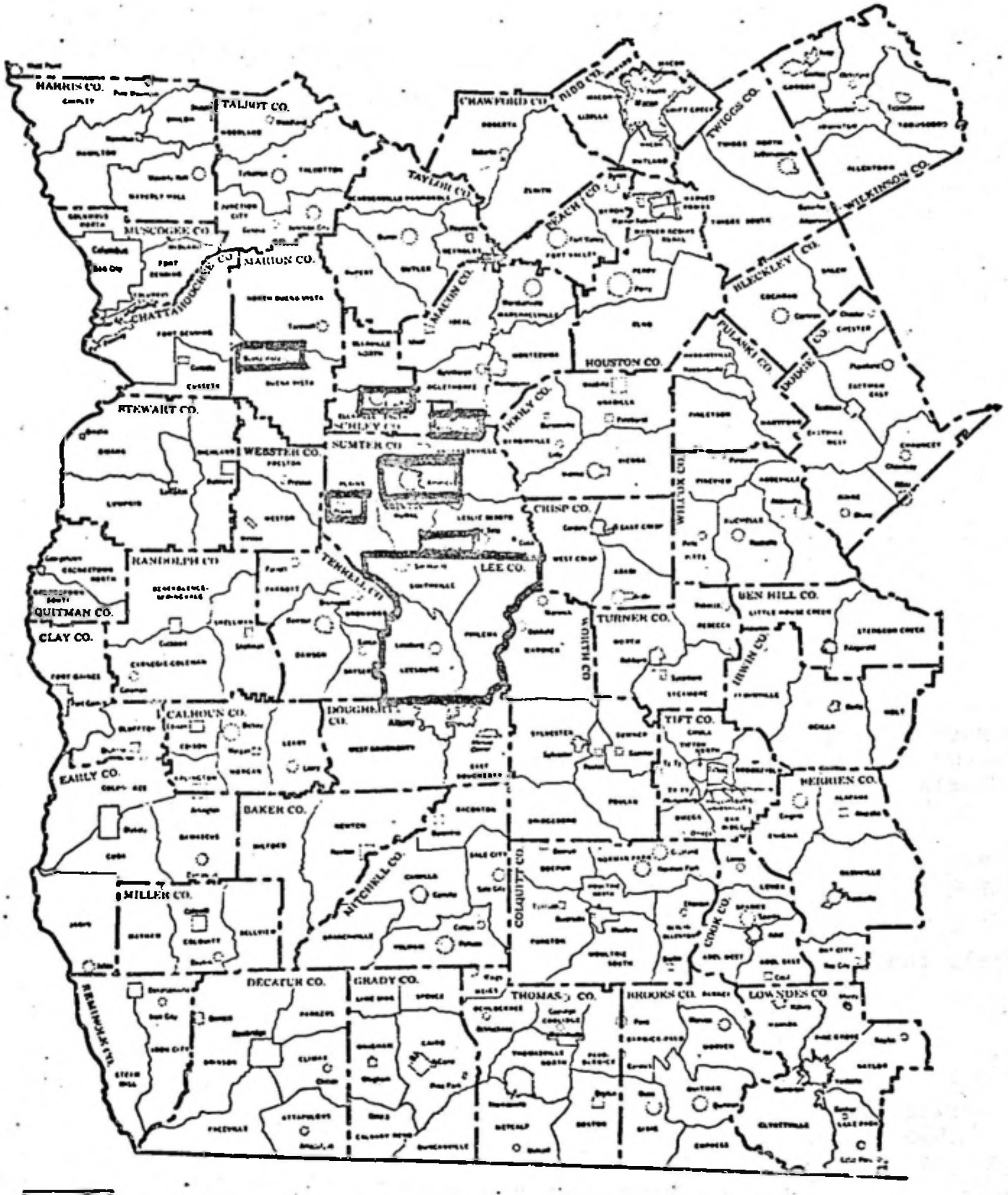
Buena Vista, Ellaville and Lee County Authorities signed a cooperative agreement with Americus, giving it management and maintenance responsibilities. Each of the authorities does, however, retain its own Board of Commissioners and Annual Contributions Contracts.

By joining a cooperative agreement, each of the smaller authorities have remained solvent; however, according to the Americus Accountant, this would not be so if any of them suddenly had to operate on their own. In contrast, the Americus Authority now has enough units, with a total of 390, to be self-sustaining. And, it has an additional function which keeps it going: it is the urban renewal agency for the City of Americus. In this capacity it has purchased numerous tracts of land, developed land use plans, made land available for recreational facilities and school expansion, and sold lots for the development of 235 and 236 housing, and for individually developed homes, in addition to building public housing where slums once existed.

The role of the Americus Authority as housing manager for numerous small towns was logical. Americus is the largest rural town (with a population of over 16,000) in its southwestern area of Georgia, and is central to the four county region in which it now manages units. It is also the focal point for the area's industrial growth, being the mobile home capitol of the South, thus providing employment for people who can no longer find work in the dying agricultural towns surrounding Americus. These small towns, including those served by the Authority, are within easy commuting distance of Americus; the furthest distance Americus authority

HOUSING AUTHORITY OF
THE CITY OF AMERICUS, GEORGIA
GEORGIA

Jurisdictional Map



Note: The large map only represents section 3 of the smaller map.

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staff must travel is about 30 miles, though most of the towns it serves are within a 12 mile radius.

THE AUTHORITY'S PROGRAM

The Americus Authority manages 610 units. These include 25 projects in 8 locations, as follows:

Location	Population	Number of Projects	Total Units at Location
Americus	16,091	7	390
Andersonville	274	2	10
Plains	683	3	36
Leslie	562	2	22
Buena Vista	1,486	4	74
Ellaville	1,391	2	20
(Lee County)	(7,044)		
Leesburg	996	3	38
Smithville	713	2	20
		25	610

In these towns, alternative supplies of decent low-income housing are not available. Units similar to public housing in Americus, for example, rent for $75 per month, or $30 more than the average public housing unit.

More than 90% of the Authority's units were built the conventional method. Another 50 units of conventional public housing are ready for construction in the Americus urban renewal area, and 32 units of Turnkey I housing are planned for the town of Leesburg. The Authority currently leases 42 new units, but finds their quality lacking.

HOW THE AUTHORITY IS GOVERNED

Each of the four authorities that cooperate with Americus has its own Board of Commissioners, with five members on each board appointed for 5 year staggered terms by a mayor or, in the case of Lee County, the county commissioners (Andersonville, Plains, and Leslie do not have representatives on the Americus Board).

The separate boards apparently satisfy the desire of the smaller communities to retain some degree of local control and, according to the Executive Director, these boards free the already busy Americus Board from having to undertake the low-rent housing problems of other towns. Meetings of each board are scheduled annually, and for special purposes only. Most of the board members are bankers and businessmen.

HOUSING ADMINISTRATION

The Authority's housing program is entirely administered from the central office in Americus, and a small sub-office serving three projects on the northside of town. There is only one employee in the sub-office who collects rents and takes tenant complaints, the remaining eight (8) administrative and twelve (12) maintenance employees work out of the larger central office.

With 610 dispersed housing units, the Authority maintains a low ratio of administrative staff to units under management, or 1 to 76. The ratio of maintenance staff to units is exactly at the level recommended by HUD, 1 to 50.

All employees are full-time, and their salaries are prorated among the authorities according to the number of units each has under management. Before the pro-rata formula is applied, the Americus urban renewal program is charged 20 percent of the Executive Director's salary and 10 percent of the Accountant's salary, thus further lowering the administrative cost burden of the low-rent housing authorities. The urban renewal program employs its own staff of three; they occupy Americus office space and use Americus supplies and, in return, urban renewal pays the Authority 15 percent of all its overhead costs.

Application and Rental of Units

The Americus Authority is well known in the area through publicity efforts and word-of-mouth referrals. Most applicants, including those in the outlying areas, will inquire at the central office, either by telephone or in person. The Authority has made it known that applicants can call collect. If an inquiry is made by someone who doesn't live nearby, the Tenant Selector will make an appointment to bring the application to the caller's home or job.

Rent Collection

On the first working day of each month, the Authority sends three maintenance men door-to-door to collect rents at all projects outside Americus. Tenants living in Americus pay their rent at either office or by mail. Delinquencies may run 15-20% per month, but collection losses at the end of the year are minor.

Ellaville, Buena Vista, and Lee County authorities are charged a small fee --- the maximum is $6 to the furthest town, Ellaville, and the minimum is $3 to closer towns such as Smithville in Lee County --- for the use of the maintenance trucks on rent collection day, and also pay a proration of the maintenance men's salaries according to how much time they spend collecting rent. Because of the fee system, the maintenance men try to use rent collection day to accomplish many things, such as taking work orders or reading gas meters.

Rents are deposited in local banks on the day the maintenance men collect them. At the end of every month, each authority is charged for its expenses during the prior month. A check is drawn from each authority's bank account and deposited in an unlimited revolving fund to pay the following month's expenses. The fund is reimbursed monthly so Americus is not required to pay all the bills itself, then wait to be repaid later. In January, the Authority began experimenting with the use of a computer for handling accounts receivable. Since 1,000 accounts were required to purchase the service, Americus formed a cluster with a number of small LHAs in Georgia. It is too early to tell how useful the system will be.

Maintenance

All 12 of the Authority's maintenance employees work out of the central office, reporting there daily for assignments. To expedite maintenance service, the Authority owns three vans, each fully equipped with materials and tools, two pick-up trucks, and a truck-trailer for the movement of heavy equipment. Since all trucks and equipment are stored at the central office warehouse, time is spent daily in transporting the equipment to work sites; however, the furthest site is less than an hour's drive, and maintenance employees going to that site are expected to leave earlier in the morning than the prescribed work hour.

Maintenance requests from Americus tenants are often answered on the same day, since maintenance employees working there can easily be reached for new assignments. But, in the outlying areas, routine calls may take a day or two for service. The length of delay depends on the number of calls that come from a particular area, because if there are several repairs to be made in one area only a single truck fee needs to be charged.

All materials are bought through a consolidated supply contrac except some small items purchased at a local wholesale house, and agreements with warranty dealers allow the Authority to do its own warranty service on newer units and appliances.

Routine and emergency maintenance repairs are supplemented by a comprehensive preventive maintenance program. Each unit is inspected every 6 to 8 months, and the maintenance employee doing the inspection usually makes repairs while he is there. The preventive maintenance checks are performed when routine maintenance assignment boxes are relatively free and these checks have contributed to keeping units from becoming run down.

Social Services and Tenant Relations

When the Housing Authority of the City of Americus applied for modernization funds in 1972, one of HUD's requirements was that tenants particpate in developing the modernization plans. As a result of this participation, two tenant organizations are in the formative stages. Elderly tenants in Americus also have their own organization, though elderly and other tenant organizations do not exist in the other towns managed by the Americus Authority.

Another result of the modernization application was the recommendation that a Social Services Director be hired. In January, 1973, the Director began visiting tenants while also contacting social service agencies in each county and working with the elderly group in Americus. Thus far, tenants in Americus and the nearby towns have received the most attention, mainly because the small amount of funds the Authority could reserve for social services limits the Director's ability to travel to the outlying towns. Whereas the Director is paid a monthly fee for the use of her car in Americus, Andersonville, Plains, and Leslie, she has to be reimbursed ten cents per mile for travel to the outlying towns, and some towns are thirty miles distant.

Case 2: NASHVILLE, GEORGIA

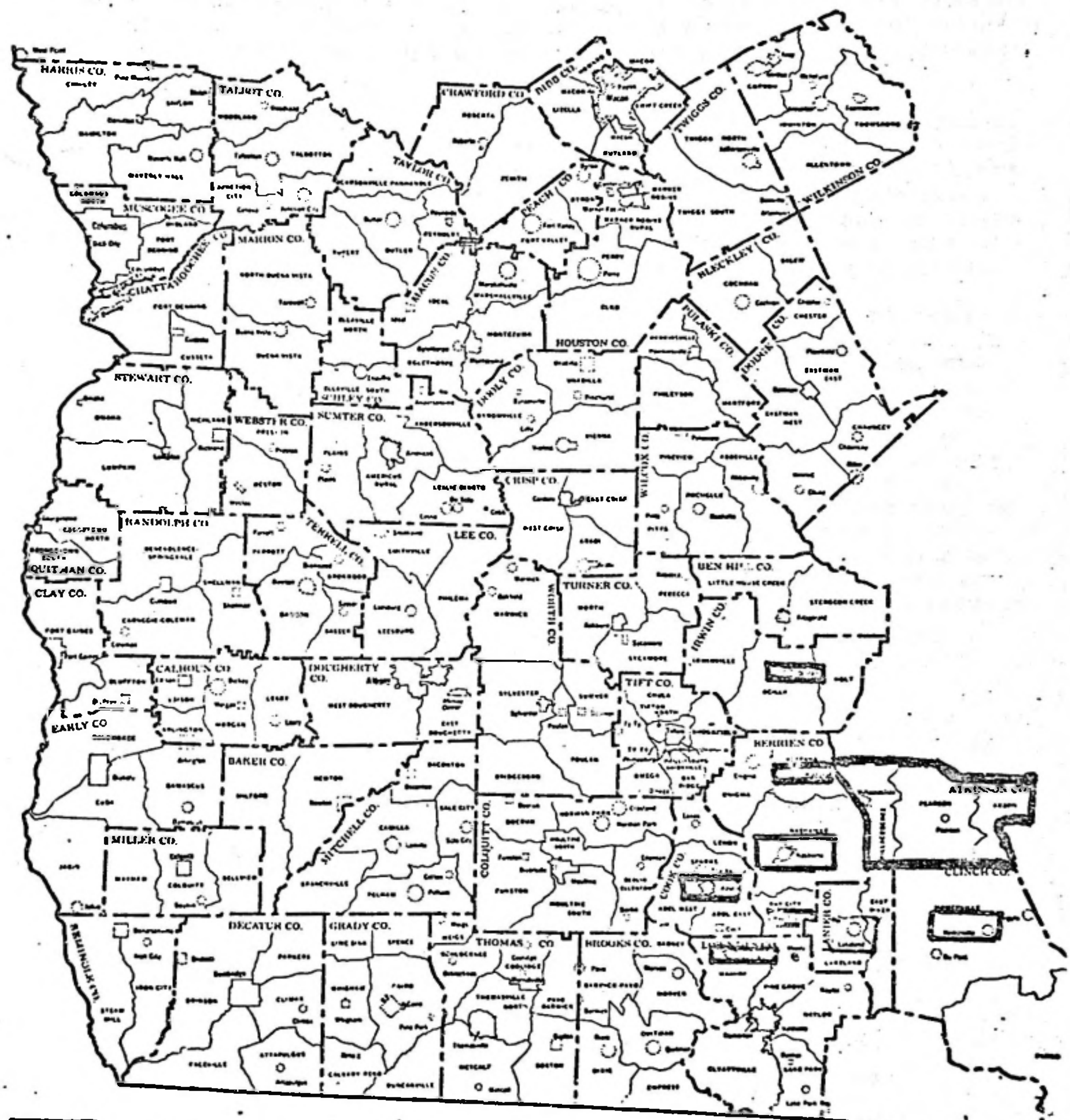
Since the operation of Housing Authority of the City of Nashville is similar to that of the Housing Authority of the City of Americus, Georgia, this description will only highlight the operation and point out differences between the two that may be useful to the reader.

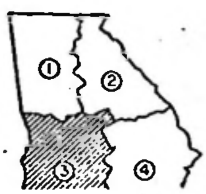
AUTHORITY BACKGROUND

The Housing Authority of the City of Nashville, Georgia was organized during the period 1948 to 1951, along with seven other small authorities (one being a county authority) within a forty mile radius of Nashville. All the authorities were organized by the current Executive Director, but were managed and maintained separately, with each authority employing the Executive Director on a part-time basis. By 1958,the authorities had decided to consolidate under one cooperative management and maintenance agreemen

HOUSING AUTHORITY OF THE
CITY OF NASHVILLE, GEORGIA
GEORGIA

Jurisdictional Map





Note: The large map only represents section 3 of the smaller map to the left.

but to retain their own Board of Commissioners and Annual Contributions Contracts. Earlier, in 1953, the small towns of Ray City and Alapaha, in the same county as Nashville, signed an agreement with the Nashville Authority requiring it to act as their housing authority. In effect, these towns formed a "consolidated" housing authority, with one board of commissioners and one annual contributions contract.

The reason for the eight authorities signing a cooperative agreement typifies the plight of small authorities. Each authority had insufficient units to be solvent on its own. The smallest authority had only sixteen units, while the largest, Nashville, had 85. With consolidation, all salaries, materials and overhead were pro-rated among the authorities, according to the number of units each owned, thus lessening the burden on any one program.

The Nashville Authority operates units in nine towns and one unincorporated area, located in seven counties of south central Georgia. Nashville is near the center of the area, the furthest site from there being forty miles to Ocilla, about an hour's drive on narrow county roads. In many of the towns, the Authority feels it has saturated the low-income housing market and, in fact, no units have been built in most of them in seventeen years, or since before the cooperation agreement. These towns have for a long time housed military personnel, but many of them left as installations closed. There is still some agricultural and forestry employment, and a few manufacturing plants but, for the most part, the area is financially depressed. It is not surprising that elderly persons are gradually becoming the largest percentage of the Authority's tenants.

THE AUTHORITY'S PROGRAM

Nashville manages 438 units in the following 10 locations:

Location	Population	Units
Nashville	4,323	126
Alapaha	633	18
Ray City	617	12
Hahira	1,326	16
Lakeland	2,569	20
Homerville	3,025	80
Pearson	1,700	20
Willacoochie	1,120	20

Location	Population	Units
Ocilla	3,185	70
Adel	4,972	56
		438

Thirty units were leased in Nashville in 1968, but the other units were built the conventional method.

HOW THE AUTHORITY IS GOVERNED

Each Authority has its own Board of Commissioners that meets once a year, or for special purposes. The cooperative agreement enables the Nashville Authority Board to act, when necessary, as an Executive Committee for the other authorities.

HOUSING ADMINISTRATION

A unique feature of the Nashville administrative staff is its size: three - the Executive Director, Accountant, and Administrative Assistant. The ratio of staff to units, 1 to 146, is far greater than what HUD recommends. There is a better ratio of staff to units in the maintenance department: with 8 employees, the Authority has one maintenance employee to every 54 units, only slightly greater than the ratio suggested by HUD.

All employees operate out of the central office in Nashville, though the Administrative Assistant maintains office hours in the other towns, usually for one-half day each week. At the small project offices, application forms, leases, and rent receipts are kept. Some applicants will come to the central office from outlying areas, and some tenants will mail in their rent checks but, generally, the project offices are the focal points for these activities.

Applications-Rent Collection-Social Services

The role of the Administrative Assistant provides an interesting contrast to the way the Americus Authority operates its program. Nashville's Administrative Assistant is a one-man field operation, something that Americus does not have.

During the first week of the month, the Administrative Assistant collects rent at each of the project offices and, if necessary, will collect rents on a door-to-door basis. Office hours are also used to take applications, or to take maintenance work orders that tenants are encouraged to hold unless there is an emergency. Finally, the Administrative Assistant uses the office hours to talk to tenants about their problems or complaints; this is the Authority's only attempt at social services.

When the Administrative Assistant returns to Nashville daily, he brings with him all rent receipts and applications for processing. Funds are deposited in a Nashville bank until the Assistant's next trip to the project towns where rent receipts are redeposited in local banks until being transferred, at the end of the month, to an unlimited revolving account.

Since the Authority's clerk typist left, the Administrative Assistant has relied on the assistance of the Accountant in processing all the applications, preparing leases, and doing re-examinations. Another staff member is obviously needed to reduce the workload of both the Accountant and the Assistant.

Maintenance

Like the Americus Authority, Nashville's maintenance staff operates from the central office, dispatched daily on work assignments. Outlying towns are charged a fee for the use of the Authority's four trucks and pay a pro-rata share of the maintenance men's salaries. Work orders for each area are usually held until there are enough to warrant sending a truck and work crew. This may take up to a week, though emergencies are answered immediately.

Case 3: SAN LUIS VALLEY HOUSING COMMITTEE

Since the San Luis Valley Housing Committee compact was signed as recently as March 1972, no units have been constructed, though 200 are under ACC and bids for their construction were opened in February and March, 1973. A management plan was verbally approved by HUD, but will not be implemented until units are ready for occupancy. The reason this public housing authority is included in the descriptions of regional and similar authorities is because it clearly illustrates some of the political problems that may be encountered in attempting to create a regional structure; local control is a phenomenon that must be dealt with in any move toward regionalization. San Luis Valley Housing Committee is also included here because its development reflects a transition in HUD policy, intimated in management circulars over the past ten years.

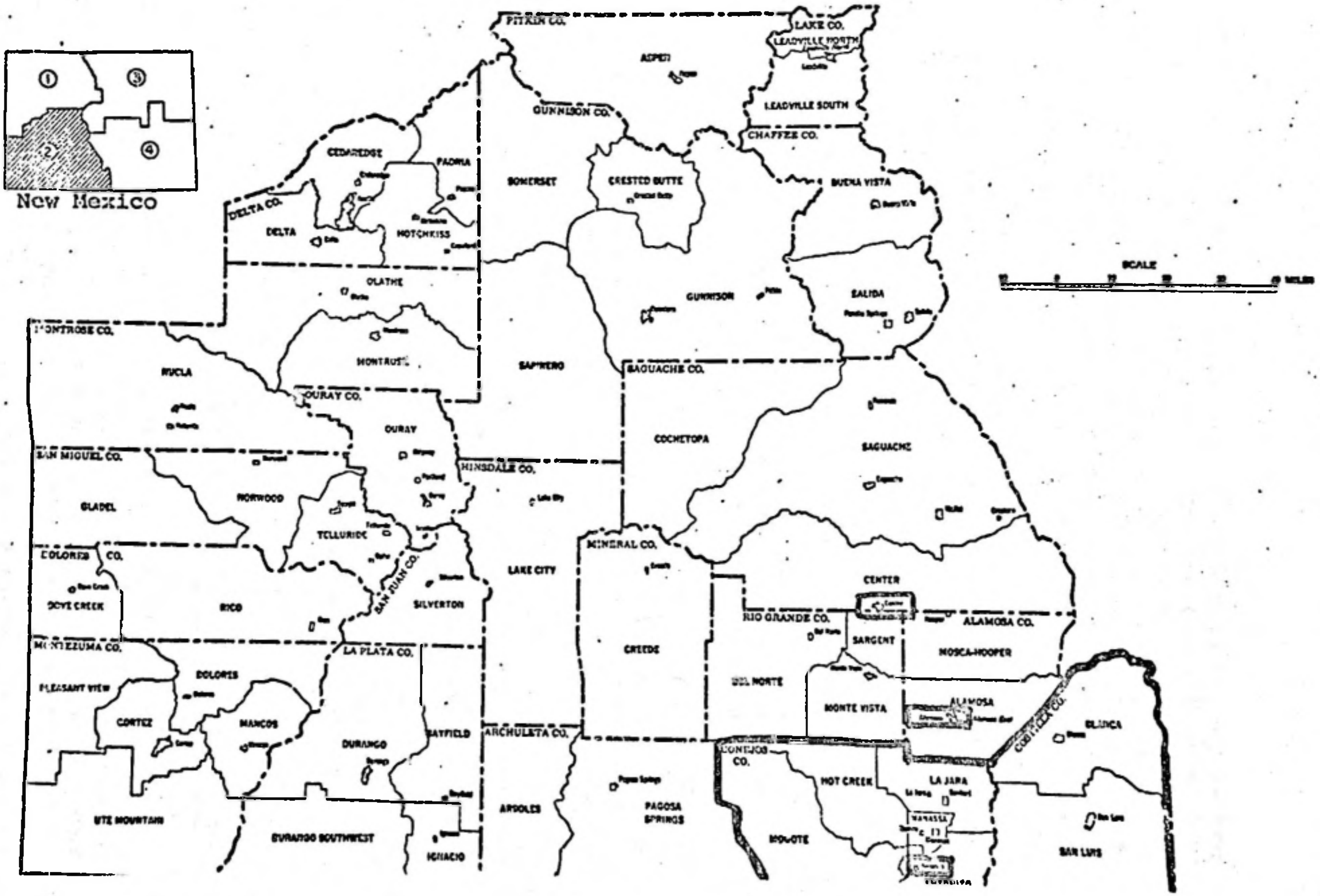
AUTHORITY BACKGROUND

The San Luis Valley Housing Committee is a unique accomplishment. It brings together, for the first time, culturally and economically similar towns and counties - the City of Alamosa, Town of Center, Town of Antonito, Conejos and Costilla Counties - each passionately protective of its political identity and control. Although the housing compact's development has been stormy at times, it has also resulted in the first major allocation of public housing units to this isolated, poor, and badly housed area of southern Colora

SAN LUIS VALLEY HOUSING COMMITTEE
COLORADO

Note: The large map only represents section 2 of the smaller map below.

Jurisdictional Map



For a number of years, poverty in the San Luis Valley -- and the presence of a large minority population (the overall area has about 40% Chicano population, though in some towns, the percentage increases to over 90%) --- attracted poverty workers, regional groups, State and federal officials. Many came with promises, but few came with money, and the local population learned to distrust outsiders; the promises went unfulfilled, the money disappeared, and many of the officials went home.

Distrust for outsiders was matched by distrust among local groups, the most acute division being among Chicanos. The presence in the Valley of the United Farmworkers no doubt served to heighten the political awareness of Chicanos, particularly the young who began to challenge the politics of elder residents who seemed conservative and protective of their status. A division resulted between some older and younger residents, and this division was further complicated by differences among political parties.

In the early '70s, housing became an issue in the Valley. Alamosa had built 40 units of low-rent housing in 1964, but the other areas of the Valley remained ignorant of the program until outsiders began encouraging the formation of housing authorities in order to build farm labor housing. In 1970, the Colorado legislature passed a Housing Act that created a Division of Housing in the State's Department of Local Affairs. Originally it was designated as a technical assistance and code enforcement agency, but later the Division received authorization to give up to 50% grants for the development of "modest" housing in rural areas. The emphasis of the grant program was agricultural housing.

Costilla and Conejos county housing authorities were organized largely with the assistance of both the Division of Housing and Uplands Inc., a regional technical assistance organization for low-income groups, and the town of Center soon followed with its organizational effort (Alamosa and Antonito already had LHAs). But, the housing issue might have died had it not been for Colorado Housing, Inc. (CHI), a nonprofit, statewide, low-income housing group funded by the Office of Economic Opportunity. CHI was asked by the Division of Housing to go into the San Luis Valley. There, CHI's field staff found disillusionment and distrust, and a stack of incomplete organizational forms.

While working with the various communities, CHI approached the HUD office in Denver (this is both a regional and area office) regarding the allocation of units to each authority. HUD responded that it wanted to allocate units to the San Luis Valley, but to allocate a few to one authority, and a few more to another, was not economically feasible. As an alternative, HUD's general counsel office suggested the formation of a joint management and maintenance organization bound to cooperation by a legal compact; Colorado law allows cooperation between city or county authorities, but does not specifically allow for regional authorities. This type of legal device had been used on two occasions in North Dakota and could be adapted to the San Luis Valley situation. Unless the town and county authorities in the Valley agreed to joint management, HUD said it would not be amenable to allocating units to any of them.

CHI had the uncomfortable task of presenting this "alternative" --- not really an alternative, but the only "condition" under which the communities could obtain low-rent housing units --- to the housing authorities. Staff again remained in the Valley, this time for six weeks, to accomplish their work. Concern arose over the role of the Alamosa Authority. The other authorities feared that Alamosa would dominate the compact because it had housing experience and would have more units than the others. Each community feared loss of political control and, to some extent, had to overcome their fears that CHI might also want to control the authorities.

As final encouragement to the authorities to join the compact as the only means of obtaining desperately needed housing, CHI brought 10 representatives from the Valley to Denver to meet with a group from HUD. The meeting was apparently convincing. HUD was adamant in its refusal to fund the authorities separately, but explained that the compact offered each authority sufficient safeguards for local control of housing design and location, and equal representation in making decisions on management and maintenance policies. An important safeguard of the compact was HUD's right to transfer to the Housing Committee the annual contributions contract payments of any member authority that tried to drop out of the compact after obtaining its units. In other words, the compact could not be used only to obtain units.

The authorities agreed to cooperate, and their compact was signed on March 27, 1972; Antonito was admitted in February, 1973. The signing didn't terminate the suspicions each community had of the other; it did, however, provide a forum for cooperative effort. The communities rose above their political self-interest in order to bring some decent housing to the San Luis Valley. Though development and management of the housing may prove difficult, the first challenge --- that of organization --- has been met.

THE AUTHORITY'S PROGRAM

Compact members have 200 new units of Turnkey I housing under Annual Contributions Contracts, divided as follows:

Location	Population	Units
Alamosa	6,985	85 (scattered site)
Center	1,470	30 (scattered site)
Costilla County	3,091	25 (2 towns)

Location	Population	Units
Conejos County	7,846	45 (3 towns)
Antonito	1,113	15 (plans not defined)
		200

In addition to the 200 units, 54 units of existing public housing will be managed by the San Luis Valley Housing Committee. These units include 40 owned by the Alamosa Housing Authority, and 14 owned by the Antonito Housing Authority.

The housing compact retains the individual authority's power to seek bids and award contracts. Alamosa and Center, however, chose to hold a joint bid opening, whereas Conejos and Costilla counties opened their bids separately (Antonito will probably accept the builder for Conejos County.) Typical of very rural areas, no builder in the San Luis Valley has enough capital to do all the construction, though there are a number of available sub-contractors.

HOW THE AUTHORITY IS GOVERNED

All the authorities joining the housing compact have their own Board of Commissioners, with five members each, chosen either by the town mayor or the county commissioners. The Boards are responsible for all decisions affecting the authorities acting on their own behalf. For example, each Board approves housing locations and development proposals for its own community. Lately, these Boards have been meeting monthly.

Decisions regarding the joint management-maintenance agreement are made by an executive board composed of the Chairman and Secretary of each member authority. Though there are 10 members on the executive board, only one representative from each authority may cast a vote. Thus far, representatives to the Committee have hesitated to vote without first going to their respective boards for confirmation of their decisions. It is expected that this reluctance to make decisions will lessen once housing development is completed, and the management policy is initiated.

HOUSING ADMINISTRATION

The San Luis Valley Housing Committee is a cooperative management and maintenance effort under the leadership of one Executive Director who will also serve as accountant. A secretary will be hired.

A management plan, developed with the assistance of Colorado Housing Inc., was submitted to HUD and received verbal approval. It calls for centralized management from the Alamosa Housing

Authority office. Applications and rent collection, as well as most routine maintenance, will probably be the responsibility of part-time, local resident-managers who will either be paid for their work or will perform their services in lieu of rent. The services that the resident-manager will perform would be difficult for central office personnel to handle, since a tour of all the proposed units would require 200 miles of driving. Instead, the resident-manager will be furnished an authority pick-up truck, tools, and supplies to adequately service a multi-town area. The use of tenants as managers is an attempt on the part of this new authority to prevent management problems that could result from operating in a widely dispersed region, and it is an attempt to keep down management and maintenance costs.

The management plan is also a reflection of the member authority's concern for local control. An individual hired to provide management and maintenances service in a particular jurisdiction will have to be approved by the Board member from that jurisdiction.

Case 4: SOUTH CAROLINA REGIONAL HOUSING AUTHORITY #1

South Carolina Regional Housing Authority No. 1, located in the city of Laurens, is included in this study because of its unique management and maintenance organization, and its excellent record for financial solvency. Created under state legislation that favored "regional" authorities, the Authority has extended its housing program to nearly 30 small towns. Though the housing projects are widely dispersed, the Authority has been able to retain a constant and remarkably high standard of maintenance. In terms of efficiency and economy, Region No. 1 provides one of the best examples of a regional, low-rent housing program.

AUTHORITY BACKGROUND

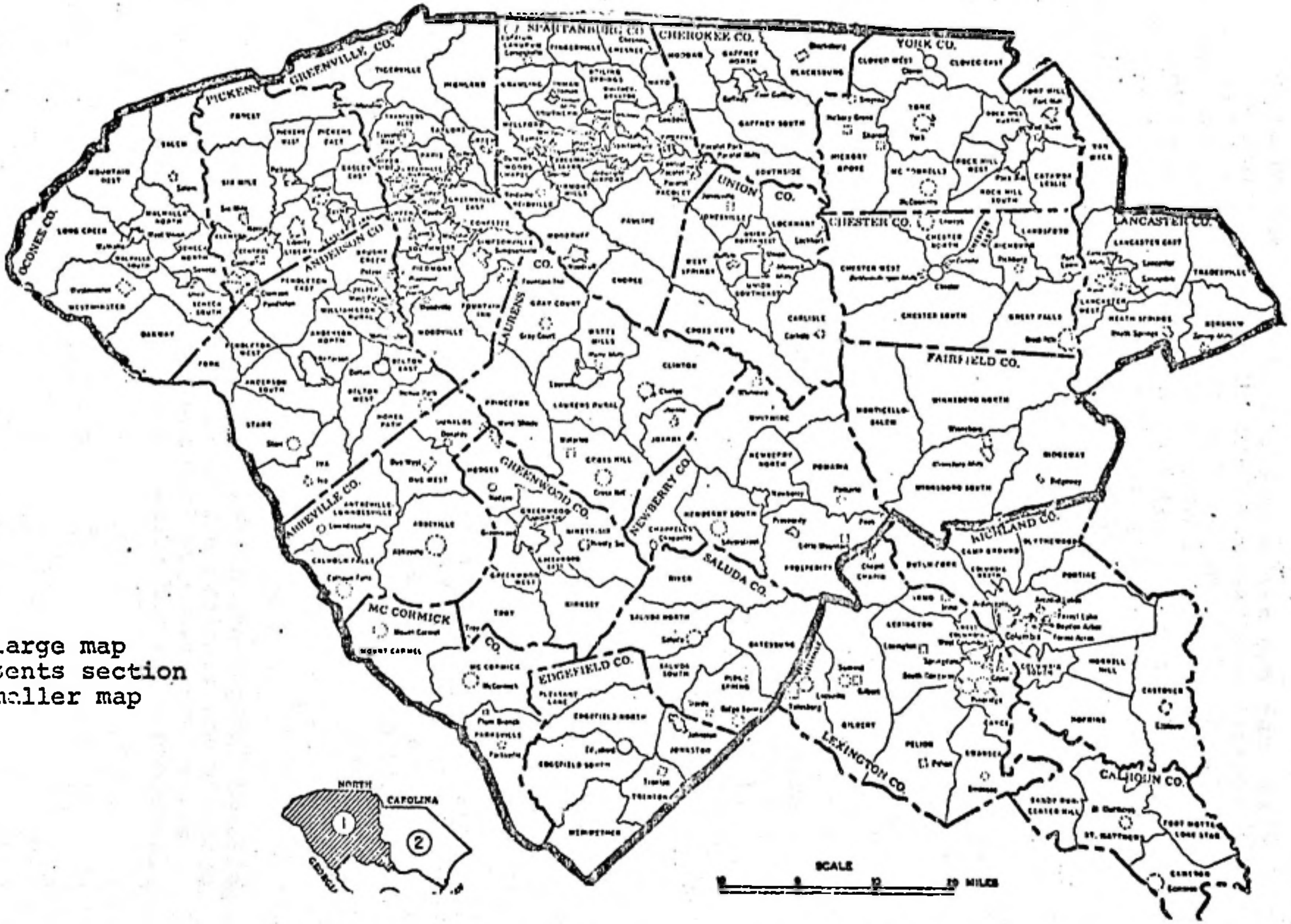
South Carolina Regional Housing Authority No. 1 was organized under State law in August, 1941, though it remained dormant during the war years. By 1948, the Authority's first and only Executive Director was hired and applications were submitted for units to be constructed in 1950-1951. Since that time, 1110 units have been built despite lengthy construction lulls resulting from Congressional curtailment of the public housing program, and from federal requirements for a "workable program" (most of the region's small towns simply could not fulfill these requirements.)

There are 19 states that specifically allow for the formation of regional authorities, but South Carolina's original housing law was unique in that it gave regional authorities jurisdiction over any portion of their member counties having less than 5000 population unless these areas were already served by local housing authorities.

SOUTH CAROLINA REGIONAL HOUSING AUTHORITY

<u>SOUTH CAROLINA</u>

Jurisdictional Map



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One town in Region No. 1 that did have its own authority at the time the Regional Authority was organized was Laurens, at the center of the region and where No. 1 located its main office. When the need for elderly housing in Laurens became substantial, the town requested the Regional Authority to build and manage units there (the Laurens Authority had only 120 units and wasn't eager for more responsibility). A legal waiver was obtained and the Regional Authority now owns and operates 80 units of elderly housing within the town's boundaries.

Since the State's enabling legislation was adopted, there have been numerous amendments and, now, any size town can form its own authority. A few small towns in Region No. 1 formed separate LHAs and each has units under ACC; however, none have entered construction. The Regional Authority is currently considering proposals for management and maintenance contracts with these small authorities.

The regional boundaries haven't altered since they were designated in 1941; at the time, the State was divided into 3 geographic areas, each with its own authority. Region No. 1 covers the entire northwest triangle of the State--an eighteen county area approximately 160 miles in diameter and dotted with numerous small towns.

Employment opportunities in the region, particularly in the northern counties, have expanded and are being matched by a housing boom primarily for moderate income families, but at a cost level low enough to attract from public housing some higher, low-income families. New housing, costing about $15,000 to $16,000, has caused a small exodus of public housing families; whereas several years ago the proportion of families to elderly in the Authority's units was 65 to 35, it is now 50-50. With the reduction in the proportion of families, the Authority has experienced a loss of rental income; elderly pay an average of only $25 per month, while the overall average is $35.

THE AUTHORITY'S PROGRAM

There are 57 projects under management in the region, totaling 1110 units. They are as follows (since the projects are numerous, the total number of units in each town will be shown; most towns have 2 projects each, except for Seneca, which has three projects, and Ninety Six, which has only one):

Location	Population	Units
(Zone 1)		
Westminster	2,521	32
Seneca	6,027	133
Walhalla	3,662	60

Location	Population	Units
(Zone 2)		
Belton	5,257	34
Pendleton	2,615	41
Honea Path	3,707	41
Williamston	3,991	41
Liberty	2,860	26
Central	1,550	24
		207
(Zone 3)		
McCormick	1,864	26
Edgefield	2,750	41
Saluda	2,442	30
Johnston	2,552	36
Cal. Falls	2,234	24
Trenton	362	10
		167
(Zone 4)		
Landrum	1,859	36
Jonesville	1,447	18
Inman	1,661	26
Cowpens	2,109	54
Pacolet	1,418	25
		159
(Zone 5)		
Heath Springs	955	34
Clover	3,506	46
Blacksburg	1,977	44
York	5,081	52
Fort Mill	4,505	28
		204
(Zone 6)		
Ft. Inn	3,391	22
Laurens	10,298	80
Iva	1,114	22
Ninety Six	2,166	24
		148
	Total	1110

All these units were built the conventional method. An additional 165 units were approved in January, 1973, and half these units were to be built under Turnkey I, a method that the Authority has never used; however, because of the evaluation of federally subsidized housing programs, final approval has been deferred, and it is now uncertain that they will be built. Four other applications, for 300 units in 4 communities, were submitted to HUD between 2 and 4 years ago, but these applications were also returned when the moratorium was announced.

HOW THE AUTHORITY IS GOVERNED

The Regional Authority is governed by a 19 member Board of Commissioners. Eighteen of the members are selected by their respective county's State Senator, and the 19th member, a Commissioner at-large, is selected by the other 18 members. All terms are staggered for five years each.

Board meetings are held quarterly if there is business to discuss, or on a special purpose basis. Commissioners frequently promote additional housing in their particular counties. Since Authority staff will not go into an area unless invited (to avoid imposing housing on an unwilling community, but also because staff doesn't have the time to do housing promotion), the Commissioners often act as the catalyst for that invitation.

HOUSING ADMINISTRATION

South Carolina Regional Housing Authority No. 1 has a reputation for its economy and good service. An obvious contributor to this reputation is the Authority's small but strategically placed staff. The region is divided into six "zones", each with its own resident zone manager, office and maintenance warehouse. There are approximately 150 to 225 units under management in each zone, the amounts varying according to distance between projects. The two zones with the largest number of units both have an additional full-time maintenance employee to assist the zone manager

Administration for the entire region is the responsibility of a five member staff, conveniently located at the center of the region in Laurens. This staff consists of the Executive and Assistant Directors, an Accountant, Tenant Selector, and Stenographer. The central office and zone manager staffs total eleven employees, or 1 administrative employee to every 100 units under management, the exact ratio recommended by the South Carolina HUD Area Office. But, since the zone managers divide their time between administration and maintenance, the ratio is actually greater.

In addition to the zone managers who do minor maintenance repairs, there are several other maintenance employees: two aides who are located in two of the zones, and five others (a Maintenance Supervisor, two maintenance mechanics, and two painters) located at the Authority warehouse in Laurens. If the zone managers are counted as part-time only, the ratio of maintenance employees to units is 1 to 110, far greater than what HUD recommends (1 to 50) but, like the administrative staff, well placed.

Obviously, the key to the Authority's ability to operate in a large area is the zone manager. This person is responsible for all personal contacts with tenants, from application taking to answering maintenance complaints, supervising move-outs and re-examining incomes. For most purposes, the zone manager is the tenant' only link with the Authority, though some tenants will call the central office if they are not satisfied with the zone manager's service, or if the zone manager can't be reached for an emergency repair.

Applications and Rental of Units

Most applicant referrals are made by public housing tenants. A potential applicant usually obtains the zone manager's home or office telephone number from a tenant though, sometimes, the local welfare department will call the zone managers regarding families in need of housing. Zone managers maintain scheduled hours in each of their projects every week. Applications are usually taken during those hours and are then mailed to the central office on Friday (the applications are returned to the zone manager once the rent has been figured). Office hours are also used to do maintenance repairs, take maintenance requests, and collect rent.

Rent Collection

During the first week of the month, scheduled office hours are mostly used to collect rent door-to-door, with late rent pick-up during the second week. Some tenants will pay at the zone office: When this happens, the zone managers will make a visit later in the month to the tenant's home primarily to check for repairs, since this is one of the major purposes of door-to-door rent collection.

Maintenance

Routine maintenance is usually handled by the zone managers, Each of them has a pick-up truck and keeps a variety of supplies at the zone office/warehouse. Most tenants wait until the zone manager is scheduled to be at their project before making maintenance requests. In emergencies, however, tenants can call the managers at their homes, or at the zone offices if they are scheduled to be there, or call the central office or warehouse. The central office has a list of telephone numbers of tenants in each project who can be called to relay messages to the zone manager.

Two of the zone managers have Maintenance Aides to assist them. The aides do routine maintenance work and, occasionally, will clean or paint an apartment, though most interior painting is done by the Authority's painters in Laurens. Work that is not routine is handled by the two Maintenance Mechanics who work out of the central warehouse. These men do work that requires heavy equipment, or will clean apartments after families move-out.

In addition to the extraordinary maintenance work that they perform, the Maintenance Mechanics are responsible for completing a yearly schedule of maintenance assignments. Each month they go to most of the units and check for repair or replacement of specific items, for example: in February, shrubs and trees are pruned, in April, doors and window screens are repaired, and in September, heaters and stoves are checked.

An annual inspection of all Authority units is begun in mid-May by the Executive Director and his Assistant. Recommendations for repairs are given to the Maintenance Supervisor and the zone managers. The annual inspection also provides tenants the opportunity to express their complaints to Authority staff other than the zone managers, and keeps the central office more alert to what is happening in the zones.

All supplies are purchased by the Assistant Executive Director and stored in Laurens until requested by a zone manager. Either the Assistant, or a maintenance employee from Laurens, will deliver supplies so that the zone managers don't have to leave their work areas except for periodic staff meetings.

The Authority's comprehensive maintenance program is immediatel noticeable. Units that are twenty years old look as well kept as those built last year: no peeling paint, torn screens, dead bushes, or other signs of deterioration. The Authority, as well as HUD, estimate that there are substantial cost savings in a program of preventive maintenance. And, according to the Authority, there is the side effect of tenant goodwill. Repairs are handled promptly before they become irritating to the tenants.

Social Services and Tenant Relations

There is no organized social service program for tenants of Authority housing, nor are there tenant organizations; however, social service referrals are made by the zone managers who are regularly in contact with the tenants and with local social service agencies. Zone managers have three major purposes when they visit each tenant monthly. The first, and most obvious, is to collect rent; the second is to inspect the unit and receive maintenance requests from the tenant; and, the third is to simply talk with the tenant. The third purpose is oriented to servicing the tenant's social, economic, and health needs. Zone managers are instructed to "sit and chat" whenever possible in order to identify tenant problems.

Case 5: MISSISSIPPI REGIONAL HOUSING AUTHORITY NO. VIII

Mississippi Regional Housing Authority No. VIII, located in the City of Gulfport, provides a number of contrasts, in terms of management and maintenance operations, to the other regional authorities described in this study. Unlike the South Carolina regional program, for example, most of No. VIII's services are centralized in two offices, located in the more urbanized areas of the region where most of the Authority's units are found. This centralization helps perpetuate the distinct "urban - rural" character of the Authority. Service to the more urbanized areas is handled somewhat differently than service to the rural projects. As one might expect, there is the tendency to focus the most amount of attention on the more accessible and populated areas - a tendency that extends to national housing programs, as well.

AUTHORITY BACKGROUND

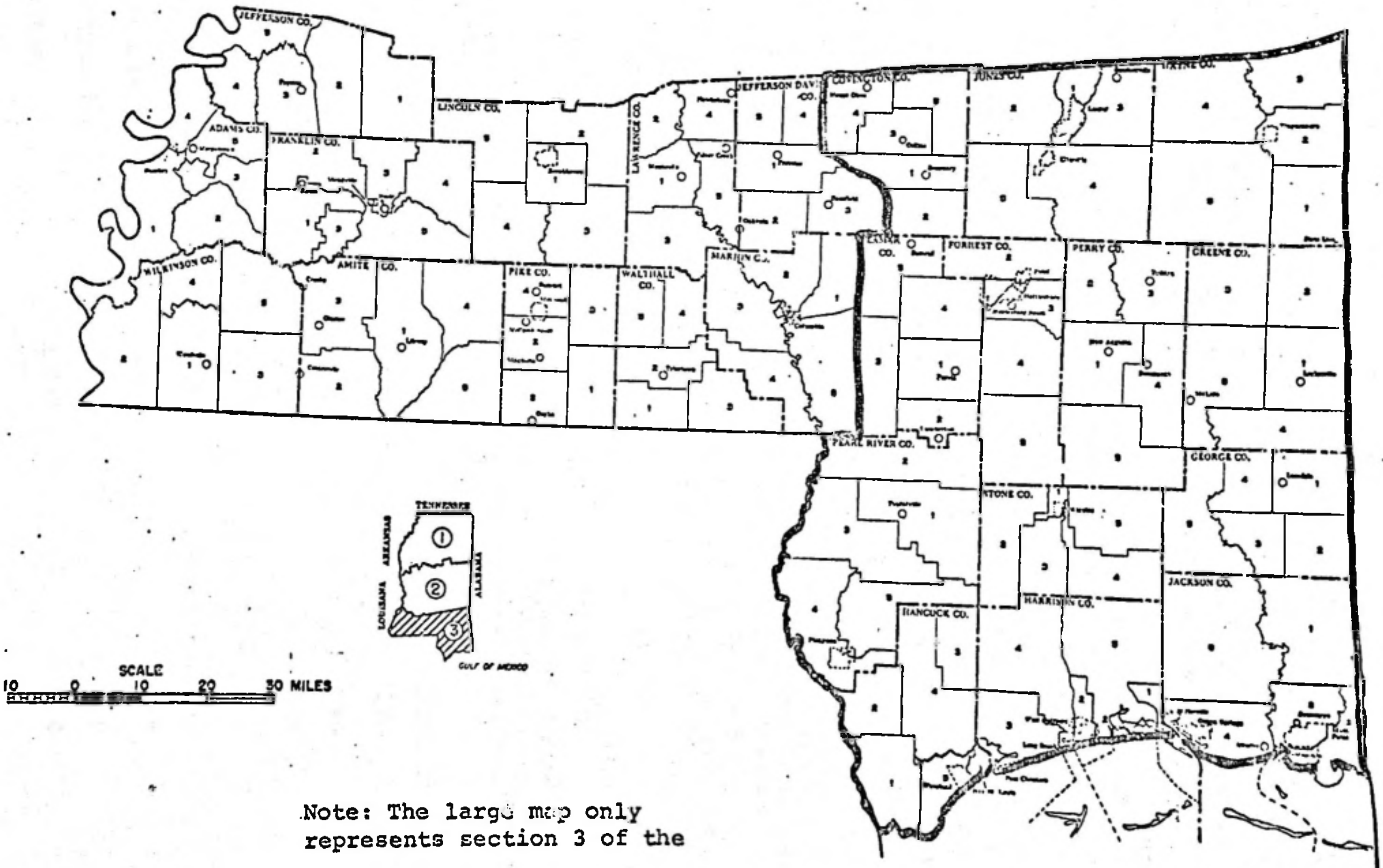
Established in 1944 under the Mississippi housing law allowing the creation of regional housing authorities, Mississippi Regional Housing Authority No. VIII provides low-rent public housing throughout a 13 county jurisdiction in the southeastern portion of the state. The Authority remained dormant for years until the Harrison County Board of Supervisors rekindled interest in low-rent housing and enabled the County's Purchasing Agent to resurrect No. VIII. By 1958, a small staff was hired, three projects were completed, and several more were planned. Today, there are 1,302 Authority units located in a few of the region's larger cities, in the rural outskirts of these cities, and in a number of small rural towns.

The Authority retains its original boundaries encompassing two fairly distinct geographic and economic areas. There is a relatively densely settled, three county coastal area along the Gulf of Mexico, which includes the cities of Gulfport, Biloxi, and Pascagoula. Employment in this coastal area is primarily in the fishing and tourist industries. Inland, there are sparsely populated areas, with Hattiesburg being the only city of more than 25,000 population in the ten county rural area. Tree farming, the attendant paper industry, and garment manufacturing are the major sources of employment, and they generally pay lower wages than do the coastal industries. Recognizing the coastal-rural disparity in incomes, the Authority established separate income limits for admission and continued occupancy.

There are eleven other local authorities in the region providing low-rent housing for approximately 2,600 families and elderly persons. At least seven of these authorities have approximately 100 or less units under management and, of these, three are located in towns where the Regional Authority also has units; these small LHAs were created largely in response to the devastation caused by Harricane Camille. Gulfport, for example, created its own authority in order to operate an urban renewal program. Since

MISSISSIPPI REGIONAL HOUSING AUTHORITY NO. VIII
MISSISSIPPI

Jurisdictional Map



Note: The large map only
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No. VIII already had 100 elderly units there, an agreement was signed allowing the Regional Authority to continue managing its Gulfport project, but prohibiting it from further development within the city limits. (The Regional Authority currently operates an additional 560 units in the Gulfport area, but not within the city limits.)

One of the region's smaller authorities is considering contracting with the Regional Authority for management and maintenance services, while retaining its own Board of Commissioners and Annual Contributions Contract. This type of arrangement would contrast sharply with the Regional Authority's current operation by requiring it to keep a separate set of books, and to hold separate board meetings.

The Regional Authority is indirectly affected by Mississippi's "anti-housing" law, prohibiting the development of public housing without a local referendum. Though the Authority has managed to get around this obstacle, an anti-low income housing attitude does exist in the state. To deal with this attitude, and to avoid appearing as if it is attempting to force low-income housing on a community, the Authority does not actively "sell" its services, but waits for a locality to take the initiative and inquire about the program. This means that many of the small rural communities, desperately in need of housing but apathetic to that need, will go unserved. At the same time, however, the Authority seems to protect itself from political conflicts.

THE AUTHORITY'S PROGRAM

Regional Authority No. VIII manages 1,302 units dispersed among 24 projects in 9 locations. Fully 94% of these units are found in three coastal counties, and 78% are in or around the coastal cities of Gulfport and Pascagoula.

Location	Population	Total Units Locati
Gulfport	40,791	100
Gulfport Area		560
Pascagoula	27,264	350
Moss Point	19,321	132
D'Iberville	7,288	50
Poplarville	2,312	30
Pass Christian	2,979	28
Lumberton	2,084	20

Location	Population	Total Units Locatior
Ellisville	4,643	16
Wiggins	2,995	16
		1302

In addition to the units already under management, there are two more projects, totalling 102 units, nearing construction, and both will be located in small rural towns.

The Authority owns 1,202 of its units, and leases the remaining 100 units for elderly in the City of Gulfport. Two hundred units are part of a single Turnkey III homeownership development - the first in the nation - just outside of Gulfport.

HOW THE AUTHORITY IS GOVERNED

A single Board of Commissioners governs the Authority. There are thirteen (13) members, one from each of the 13 counties under the Authority's jurisdiction. Each commissioner is selected for a five year term (with all terms coinciding) by the Board of Supervisors in each county, and most Board members are reappointed.

Members of the Board have been instrumental in improving communications between the Authority and outlying communities by translating apparent needs for low-income housing into specific requests that the authority visit a community and explain the public housing program.

HOUSING ADMINISTRATION

The Authority has decentralized its administrative and maintenance staffs among two central offices and three sub-offices located in the coastal county projects. The largest of the two central offices is outside Gulfport where the region's basic administrative staff---Executive and Assistant Directors, Accountant, Tenant Selector, and Administrative Assistant--- is located and where a staff of 12 maintenance employees serve 820 units. Management is provided for the project in which the office is located, the elderly project in Gulfport, and all the rural projects (including D'Iberville, located in a coastal county, but which the Authority terms "rural"). Two large projects in the Gulfport area have small management staffs on-site that report directly to the central office.

No office is located in the rural counties. Instead, the projects in these counties are served by a Gulfport management aide. Distance is a problem since the furthest outlying project is approximately 100 miles from Gulfport, and a round trip can consume up to four hours travel in an eight hour work day.

A smaller central office is located in Pascagoula, thirty miles east of Gulfport on the coast. From this office, three full-time management specialists, a part-time management aide, and 10 maintenance employees, serve 482 units in Pascagoula and Moss Point. Currently, the longest distance traveled by Pascagoula staff is 8 miles, but this will change with the completion of a new project 60 miles north of Pascagoula.

The ratio of full and part-time administrative staff to units under management is approximately 1 to 100, a ratio acceptable to HUD, while the maintenance staff, consisting of 22 employees, provides a ratio of 1 to 59, slightly greater than what HUD perfers. But, the overall maintenance staff ratio is somewhat misleading, since 10 of the maintenance employees serve only 482 units, or a ratio of 1 to 48, while another 13 employees serve 820 units, or 1 employee to every 68 units. This disparity in the number of units to staff has its effects on the promptness of maintenance service in the area served by the Gulfport office.

Applications

All applications are kept in the central Gulfport office, but filed according to the community in which the applicant currently lives or wishes to live. In the coastal areas applications, like rents, are taken at any of the Authority's offices, but in the rural areas application taking is less formal and normally done on the day scheduled each month for rent collection. A potential applicant may call the Gulfport office to arrange a meeting with the project manager but, more often, an applicant merely inquires of rural tenants when the project manager will be in the area.

Rent Collection

In the coastal areas, tenants will normally pay their rent at the nearest Authority office. Frequently, if a project manager sees that a tenant has not paid at the beginning of the month, he will call or visit the tenant to determine if there are any problems, and to prevent future delinquencies.

Rent collection in the rural areas is the responsibility of the rural project manager who visits tenants door-to-door on a specified day each month. This task consumes approximately 8 travel days each month, since the project manager must cover roughly 700 miles and is required to return to the central office daily. To compensate for the distances travelled, the project manager will use rent collection days for a number of purposes, including application taking and supervising move-ins.

At one time, there were many rent delinquencies in the rural projects. Authority staff attributed the number of delinquencies to the fact that families knew staff couldn't afford to travel to the rural projects several times a month to seek payment. The Authority has instituted a strict rent enforcement policy (the tenant's gas is shut-off if the rent isn't paid by a certain date), and delinquencies have become less of a problem in all areas. Nevertheless, when delinquencies appear at the beginning of the month, the rural project manager has little opportunity to visit or call a rural tenant to determine if there are problems.

Rents are deposited daily in a number of coastal banks. At the end of each week, these banks send statements of all deposits to a computer center in Wisconsin that produces a monthly tenant account report. Though the Authority is not yet convinced that this is the most efficient way of handling its accounts, since checks and HUD financial statements are still processed in the central office, the computer does substitute for an additional employee the Authority would have had to hire.

Maintenance

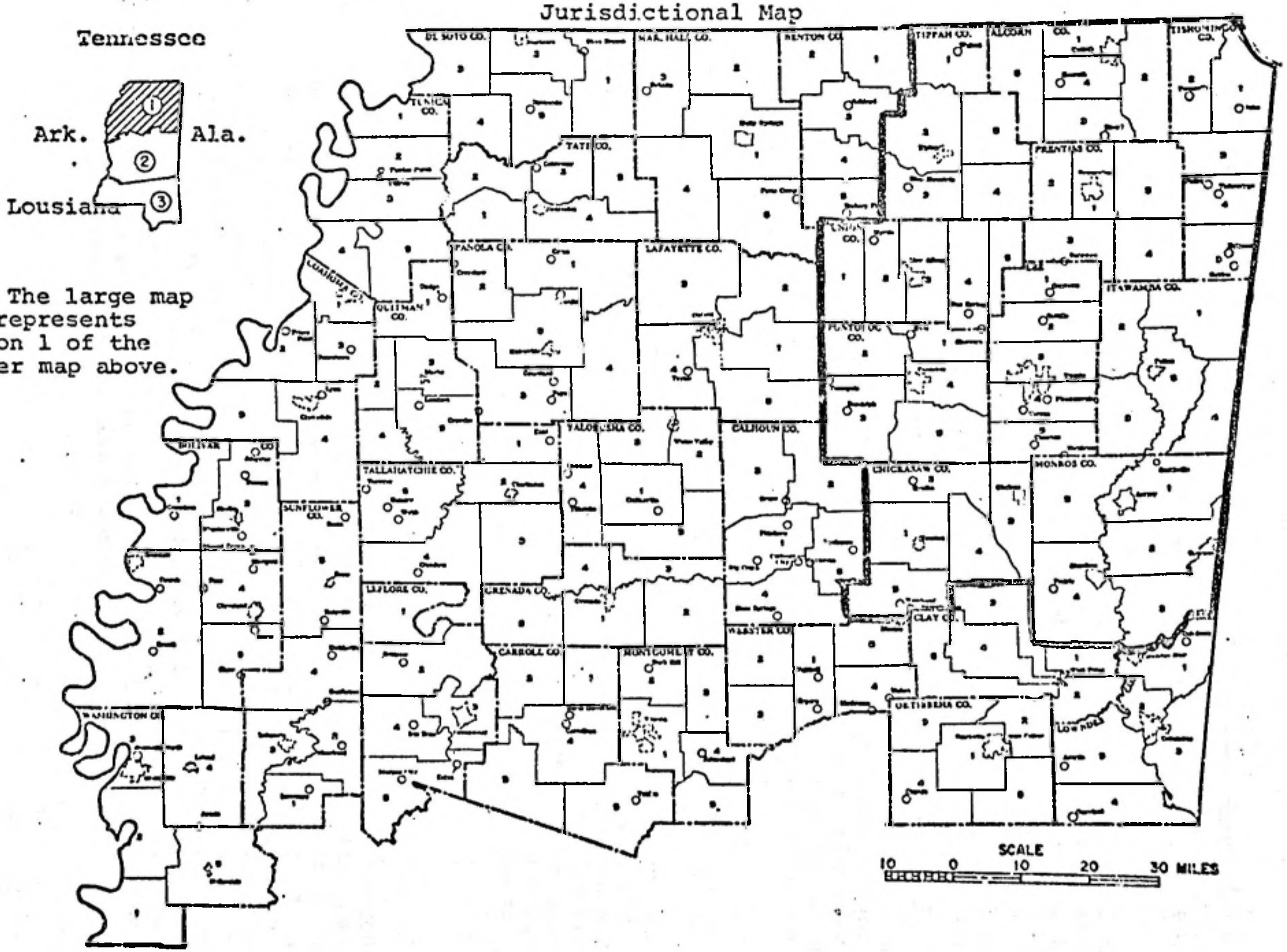
Maintenance for all projects is handled through the central offices in Gulfport and Pascagoula, with the Gulfport office having responsibility for all of the rural projects. Each office has a maintenance supervisor, directly responsible to the Assistant Executive Director, and its own maintenance crew. These crews report daily to their respective offices, where work assignments are made, and where all equipment, vehicles, and materials are kept. Maintenance materials are purchased by the Gulfport office, generally through a HUD designated consolidated supply contractor.

A tenant with a maintenance complaint can pursue a number of alternative courses, depending on whether he is located in a coastal or rural area. If he is a coastal tenant, he can either telephone or deliver his complaint personally to any of the Authority's offices. If he is a rural tenant, and if the complaint is minor, he can wait until rent collection day to tell the project manager, or he can register his complaint with the tenant in his project whose telephone is partially subsidized by the Authority and who, in turn, will relay the complaint to the Gulfport office. When there is an emergency, the tenant can telephone the central office collect.

Maintenance work assignments depend largely on the number and location of work orders received. For example, if a tenant in Ellisville, 100 miles north of the Gulfport office, needs some repair work done, he will usually have to wait until there are a sufficient number of minor complaints in Ellisville to warrant a truck travelling 3 1/2 to 4 hours roundtrip to service those complaints.

TENNESSE VALLEY REGIONAL HOUSING AUTHORITY
MISSISSIPPI

Jurisdictional Map



Note: The large map only represents section 1 of the smaller map above.

Obviously, it can take many days for enough complaints to accumulate at rural projects to initiate a visit by a maintenance crew, whereas routine maintenance complaints from coastal tenants are normally answered within a day.

In case of an emergency in one of the rural projects, a local plumber or other skilled craftsman may be called to attend the problem, if it will take too long for an Authority crew to respond. This is rarely done, however.

While the rural projects appear at a disadvantage in terms of prompt maintenance, they do enjoy more frequent inspections for maintenance problems than do the coastal projects. Yearly maintenance inspections are made of all units, but the rural units are casually inspected by the project manager when he collects rents each month. If he sees a major problem that the tenant hasn't reported, he will complete a work order. In this way, excessive damages caused by tenants or other maintenance problems, which might not be discovered until the tenants move out, are repaired much sooner.

Social Services and Tenant Relations

Tenant problems, other than those concerning maintenance, may be telephoned to any of the Authority's offices, and the appropriate project manager will speak with, and sometimes visit, the tenants involved. In rural areas, however, tenant problems are handled by mail unless they can be dealt with on rent collection day. Project managers normally do not make referrals to social service agencies, and this is especially true with the rural projects.

Case 6: TENNESSEE VALLEY REGIONAL HOUSING AUTHORITY

The Tennessee Valley Regional Housing Authority, located in the city of Corinth, is unique among rural housing authorities, mainly due to its role as a "mortgage banker", and to the presence of its nonprofit arm, Corinth Community Development Inc. (CDI). Also, the leased homeownership program operated by TVRHA is locally designed, though similar to the HUD Turnkey IV program. While the Authority is probably serving higher income families than most rural public housing authorities, it is included in the descriptions of regional authorities because of its potential to serve lower-income families, and its aggressive use of federal funds to generate both housing and water and sewer developments for families and elderly living in rural Mississippi.

AUTHORITY BACKGROUND

Tennessee Valley Regional Housing Authority (TVRHA) was incorporated in September, 1942, but remained inactive for nearly two decades. Then, in the late 60's, urban renewal was underway in Corinth and low-rent housing units were needed, but the Corinth Housing Authority would not apply for them. Town leaders attempted to create a county authority, but Mississippi law prohibits this where a prior county authority has already become part of a regional authority. Rather than try to dismantle the old regional authority, Corinth town leaders instead decided to restore it. This was accomplished in February, 1969, and an allocation of 1000 units was received in 1970; another 33 units were obtained soon after a tornado destroyed housing in Corinth's urban renewal area.

The type of housing program developed for TVRHA is basically a leased homeownership program, with units developed by the Author: nonprofit spin-off, using funds loaned by the Authority. Creating such a program required the assistance of policy-level HUD staff in Washington, and in the Atlanta regional office.

Corinth Community Development Inc. was created by TVRHA as a Corinth based, nonprofit housing development corporation, yet its building operation has taken it beyond TVRHA's 10 county area in northeastern Mississippi. A building site CDI has in Tennessee is probably closer to Corinth than are the projects that CDI leases to TVRHA in the southern areas of the region, 140 miles distant.

Poverty and bad housing are evident everywhere in the region, yet the response to the region's need for low-income housing has been limited. Though nine other housing authorities operate there, all having built their units before TVRHA got started, these authorities account for only 650 units of conventional low-rent housing (when the regional authority was reactivated, an agreement was reached with the other authorities that TVRHA would only do leased housing, while the others would continue to produce conventional units.)

When TVRHA's units are added to the other 650, there appears to be a substantial dent in the need for low-rent housing. But, as the preface to this description stated, TVRHA is probably servir higher income families than other authorities. And, in fact, the Authority estimates that most of its leased housing tenants have incomes that will nearly qualify them for Section 235 homeownershir financing.

THE AUTHORITY'S PROGRAM

In the original allocation of 1,000 units of leased home-ownership units, each of the ten counties was supposed to receive 100 units. Land availability -- and actual need -- dictate a different distribution. The following chart shows the number of units currently allocated for each project, and the number that the Authority is leasing from Corinth Community Development Inc.1/

Town	Population	Units Allocated	Units Leased
Corinth	11,581	232	112
Housten	2,720	8	8
Okolona	3,002	25	25
New Houlka	646	42	42
Fulton	2,899	78	49
Verona	1,877	46	0
Tupelo	20,471	10	10
Saltilla	836	81	0
Amory	7,236	14	14
Aberdeen	6,157	75	36
Nettleton	1,591	64	64
Pontotoc	3,453	60	31
Baldwyn	2,366	27	27
Booneville	5,895	20	20
Jumpertown	--	42	30

1/ Though 578 units were leased by TVRHA, as of 2/13/73, only 270 of those units were rented. The discrepancy is the result of TVRHA leasing units with no water and sewer hook-up. The development of these facilities has apparently been delayed.

Town	Population	Units Allocated	Units Leased
Blue Mountain	677	30	30
Walnut	458	22	22
Ripley	3,482	72	0
Iuka	2,389	42	42
Tishomingo	410	5	4
Belmont	968	12	12
New Albany	6,426	25	0
		1033	578

Nearly all the housing produced by CDI is either detached or townhouse style for single families. A 30 unit apartment complex in Corinth, built for victims of a tornado, is the exception. Scattered lots are sometimes used, but most development is in subdivisions where housing for the leased, homeownership tenants is mixed with housing financed under other federal programs and, in some instances, with community facilities, such as a school or recreation area.

When CDI began operating, it assembled its own construction crew and "stick-built" the houses. However, overhead costs mounted and CDI decided it would be more feasible to hire contractors to do the work. CDI is currently purchasing panel style houses, assembled on-site by private contractors.

Since this is not a typical public housing program, a further explanation of how TVRHA and CDI produce housing will be helpful.

The program is almost entirely leased homeownership.

- All units are leased from the Corinth Community Development Inc.

Funds for housing development are loaned to CDI by the Authority. TVRHA obtains its money by selling long term notes and loans the money at 8 percent, lower than the interest rate on interim construction loans available on the private market. Thus far, TVRHA has loaned $11 million, but only $2 million has gone to CDI; the remaining amount was lent to other developers of low and moderate-income housing who could not obtain financing on the open market. TVRHA is filling an institutional gap found in most rural areas: it acts as a financing institution.

TVRHA funds have also been used, on occasion, to pay a community share of a federal water and sewer grant. Without this assistance, financing of water and sewer development would have raised land costs to a level in excess of what CDI could afford to pay, and TVRHA could afford to lease.

- TVRHA sells to FNMA the mortgages it receives as collateral from CDI (the Federal National Mortgage Association has committed itself to purchasing all TVRHA mortgages), and repays the long term notes.

- CDI then repays the loan through rent payments it receives when TVRHA leases CDI units. These payments include the mortgage, taxes and insurance; tenants pay utilities, which are deducted from their rent.

Until recently, CDI used TVRHA loans mostly to construct housing sold under various federal programs other than public housing: 235, 236 and 221 (d) 3. If a unit could not be sold, then the agreement with TVRHA required the Authority to lease the unit. However, HUD has recently required the Authority to lease all 1,033 units as expeditiously as possible.

The agreement between TVRHA and CDI, and approved by HUD, has an unusual feature. When a unit is turned over to homeownership, the Authority can lease an additional unit from CDI to replace the one lost, as long as the total number of units under lease does not exceed 1,033. Obviously this arrangement perpetuates the Authority indefinitely, which would not be the case if the Authority operated a normal leased homeownership program, such as Turnkey IV.

Instead of signing a rental agreement when they are approved for a unit, Authority tenants sign a "homeownership opportunity agreement" requiring them to assume the mortgage when their incomes reach a point at which alternate financing is available. Since the Authority wants to turn over units in order to lease additional ones, it looks for applicants who seem to have a good chance of assuming homeownership. Therefore, all units are leased to families who have what the Authority calls "income growth potential". Most of the families are young, and few (perhaps 10 percent) receive welfare payments. Families with welfare incomes usually have some employment income, as well. The program is too young to reveal whether family incomes will actually rise sufficiently for home ownership. Currently, the average rent on Authority leased units is $50 per month, with utility costs deducted from this amount. Houses sold by CDI under the 235 program have mortgages that cost between $80 and $125 per month, without utilities. The difference in average monthly payments between public housing and 235 would require a substantial income rise.

In addition to the 1,033 units currently allocated, preliminary approval was given by HUD for two other projects (approval came before the subsidized housing evaluation, but the future of the projects is in question): [illegible]0 units of conventional housing for elderly in Corinth, and a 100 unit, intermediate care, leased nursing home.

HOW THE AUTHORITY IS GOVERNED

The county commissioners for each member county appoint a representative to the TVRHA Board of Commissioners, then the 10 Commissioners select an eleventh member. All terms coincide and extend for 5 years.

Members of TVRHA's Board of Commissioners are, as one member described, persons who "understand" financing; they are well educated businessmen who grasp the Authority's role as "mortgage banker". The Board has taken an active role in both formulating the Authority's housing program and, to some extent, carrying out the Authority's daily operation, though this involvement is decreasing as staff gains experience.

There is an overlapping of membership among the TVRHA and CDI boards (6 of CDI's board members are also on the TVRHA board, and the remaining four are selected by the county boards of supervisors not already represented). TVRHA and CDI intend to dissolve the overlapping memberships in the near future.

HOUSING ADMINISTRATION

In nearly all aspects of the Authority's operation, it is difficult to distinguish between TVRHA and CDI --- their roles intermingle. Though each organization has its own staff, they work together. The Authority employs four persons: an Executive Director, Secretary, and two Tenant Selectors. All accounting work is done by contract with CDI.

CDI's administrative staff is slightly larger: an Executive Director, Attorney, Secretary, Salesman, and a Director of Fiscal Management whose staff includes 3 bookkeepers, and two operators of the IBM computer system. CDI is able to support a computer operation by providing accounting services to many other organizations, including TVRHA, Corinth Urban Renewal Agency, Neighborhood Youth Corps, and some local government departments. Other administrative funds are borrowed from TVRHA, but won't be repaid until CDI units are sold to the low-income tenants. At that time, CDI will add about $1,200 to the price of each house in order to repay the administrative loan.

Since part of the administrative staff serving the TVRHA leased units work for CDI, it is difficult to establish a ration of administrative staff to units under management; however, this can be done with the maintenance staff. With only three maintenance employees serving 270 units, as of February 13, the ratio is 1 employee to every 90 units, which is far in excess of the ratio recommended by HUD.

Applications and Rental of Units

TVRHA employs two Tenant Selectors who take all applications, verify incomes and employment, decide on applicants, prepare the homeownership agreements for signing, and supervise move-ins. Office hours are regularly scheduled at each project, but are proving inadequate since interest in Authority housing is high.

When more units are leased, the tenant selectors intend to split the region in half, one person covering the northern five counties, and the other the southern five counties. Little time will be spent in the Corinth office. Currently, each tenant selector drives about 100 miles daily, and the Authority pays them for mileage on their personal automobiles.

Rent Collection

TVRHA and 18 banks in the region have signed agreements requiring the banks to receive tenant rental checks. Each tenant is issued a credit card identifying the Authority's account, which is presented with the rent check to the local bank at the beginning of each month. The banks are expected to send daily statements to the CDI accounting department.

There are problems in this system. Delinquencies are high and the Authority is thousands of dollars short on rent collections. Since there is no field staff to encourage timely payments, many tenants fall behind. Bank personnel are not authorized to collect rents door-to-door, and the CDI accounting staff rarely becomes involved in delinquencies beyond writing a letter. CDI does notify the Authority's secretary about all accounts paid, and she can transmit this information to the tenant selectors who may be able to talk to the families when visiting the projects.

All rent transactions are recorded on an IBM computer system run by CDI. The accounting service costs the Authority $1.00 per account per month; eventually, the costs will be $1,033 per month.

This is less expensive than what it would cost the Authority to hire an accountant and bookkeeper to service over 1,000 accounts.

Maintenance

The homeownership agreement requires tenants to perform their own routine maintenance. Part of the monthly rental is placed in a routine maintenance account and when the tenant does not perform this maintenance,CDI's costs are subtracted from the account. An additional amount per month goes into a non-routine maintenance account for such things as new roofing or other major items.

According to TVRHA and CDI, most of the families have not done their routine maintenance. Consequently, the three man maintenance staff employed by CDI is kept busy with numerous complaints called to the Corinth TVRHA office, or given to the tenant selectors.

Maintenance employees report daily to the Corinth office for work assignments, and often pick up additional work while traveling in their radio-dispatched trucks. But, because of the distances covered in the region, and the limited availability of staff, repairs are delayed -- sometimes up to one week. If the maintenance man cannot fix the problem, repairs are further delayed and the costs increase because a local plumber or electrician has to be called.

Social Services and Tenant Relations

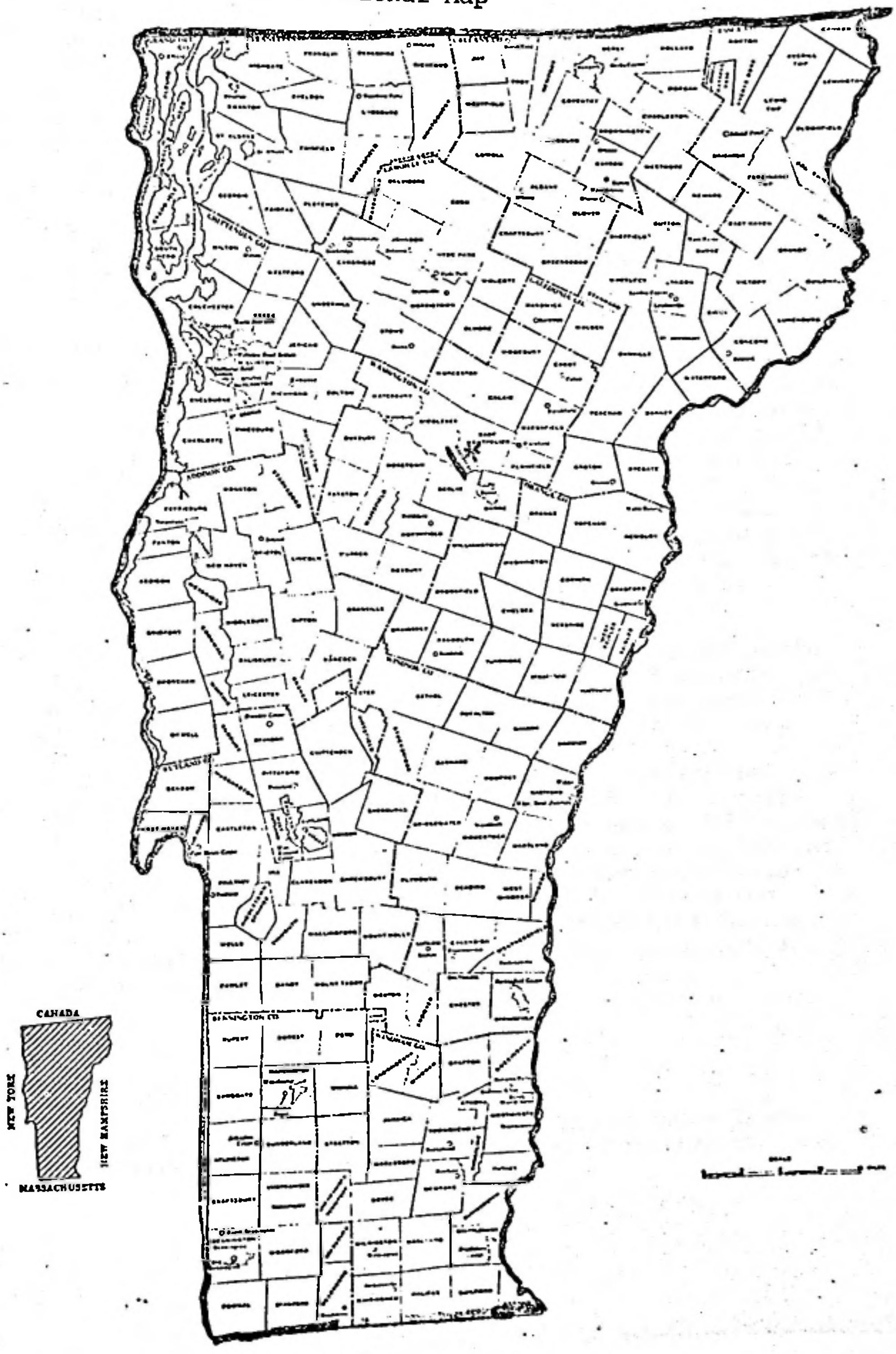
TVRHA is not a social service agency. Some informal referrals are made by the tenant selectors, but there are no tenant organizations, nor are they encouraged. Tenants are expected to take care of their needs in the same way that an individual homeowner would. For a while, the Authority contracted with a local junior college to provide counseling, but the program has been discontinued, and the funds have not yet been channeled elsewhere.

CASE 7: VERMONT STATE HOUSING AUTHORITY

The Vermont State Housing Authority was selected for the study because of its almost entirely rural program, and because it has produced a large enough number of units, thus far, to illustrate the advantages and disadvantages of operating on a state level. Vermont's program is relatively young and limited, particularly when compared to the diverse program of the Hawaii State Authority, which operates in both rural and densely populated metropolitan areas. But, while the Hawaii program has operated under favorable State legislation and funding, the Vermont

VERMONT STATE HOUSING AUTHORITY
VERMONT

Jurisdictional Map



program has not been so fortunate, as the text will explain.

AUTHORITY BACKGROUND

The Vermont State Housing Authority (VSHA) was created in 1968. At the time of its formation, only 5 housing authorities existed in the State, all in the larger cities and towns; the State authority was created to fill the low-income housing gap in the rural areas, which comprise nearly the entire State. Legislation prevents the Authority from receiving funds for other than Sections 10 and 23 leased housing units. The prohibition was required by a State legislator who feared the new Authority would attempt to compete in towns where other authorities were already operating conventional public housing projects, though there is speculation that the legislation also protects Vermont communities from what their citizens fear: public housing "projects".

Three small LHAs (two with 60 units each, and one with 125) have been established since the State program was created, largely in response to VSHA's inability to produce conventional, low-rent elderly housing. According to the HUD Area office, none of the small authorities are operating efficiently and therefore, have requested that VSHA assume management of their units. Some form of management agreement will, in fact, be the only feasible way for VSHA to rescue these authorities, since Vermont law prohibits the State Authority from actually leasing additional units in a community once that community has created its own LHA.

VSHA is further prohibited by law from receiving any State funds. Though loosely tied to the State's Department of Development and Community Affairs, the Authority remains a separate agency solely dependent on the federal government for funding.

Given the constraints imposed by the State legislature, VSHA must fight a decidedly up-hill battle to serve its constituency. Low-income people living in bad housing are found in every village, town and city in the State. As long as a resolution can be obtained from the local government, and no other housing authority is operating in the community, VSHA may lease housing there. Since there are only 8 other housing authorities in the State, providing only 1,500 low-rent units, competition in the low-income housing market is slim.

THE AUTHORITY'S PROGRAM

Vermont State Housing Authority has 780 units under lease in 48 villages, towns, and cities in the State. Most locations have only one to six units, though some larger developments do exist, as follows:

	Location	Units
(New Construction)	Montpelier	36
	Morrisville	20
	Plainfield	16
	St. Albans	20
	St. Johnsbury	36
	White River Jct.	36
(Existing-Rehab.)	Springfield	104

Forty (40) more units are being constructed in St. Albans for the elderly, thus completing HUD's allocation of 820 units to the leased rental program.

An additional 150 units of "cooperative" housing have been set aside for the Authority as an Operation Breakthrough demonstration, to be financed under the Turnkey IV program and developed by a nonprofit. Though the housing will be located on approximately 9 scattered sites, management will be centralized and a mobile maintenance team will be available to all sites. Tenants can build equity in their homes, and eventually assume leadership in the cooperative. VSHA would have preferred to obtain the 150 units under the regular leasing program, but the Operation Breakthrough units were all that was available. The result will be higher income limits for this housing than for the regular leasing program.

VSHA's units are dispersed in numerous small communities in the northern part of the State, but in southern Vermont there tend to be more housing clusters. The location of leased units is determined by where families need housing, and where housing can be obtained. Even if there is only one eligible applicant for housing in a particular community, the Authority will attempt to find housing there, regardless of how rural or isolated the area is (as long as the housing is decent, meets HUD standards, and is economical).

In this way, VSHA has made excellent use of the leased housing program. It has been aided, to a large extent, by Vermont's supply of large, old houses that are still in decent condition. The supply is diminishing, however, and more new construction will be necessary. Recently, many of the older units offered for lease have been structures ready for condemnation.

Finding Units to Lease

Finding suitable rental units was an enormous task for VSHA when it first began, but publicity helped. Before the Authority had administrative funds to hire staff, newspaper articles appeared in many towns explaining the purpose of the program and advertising for suitable rental units. Once administrative funds were obtained, field staff began personally hunting for units. Enough interest has been generated that now most owners or housing developers come to the Authority on their own. The staff does little searching unless there is an acute or emergency need for housing in a particular area. Then, they rely on local real estate people and officials who assist the Authority by quickly identifying potential rental units and where to inquire.

HOW THE AUTHORITY IS GOVERNED

The Authority is governed by a five member Board of Commissioners appointed by the Governor for staggered, five year terms. Though not intentional, the current Board represents geographically diverse regions; yet, three of the Commissioners come from towns in which the State Authority cannot operate because each of these towns has its own housing authority.

The Board is involved in the approval of every unit that the Authority puts under lease. Although approval power is not delegated in the by-laws, the Board has developed this control and wants to keep it. Leasing of a needed unit is sometimes held up until the Board has its monthly meeting, though rarely are units rejected that have been recommended by the staff. Meetings are scheduled each month, but cancelled if there is no business. This is important since most of the Board members drive hundreds of miles to attend the meetings.

HOUSING ADMINISTRATION

Vermont's statewide housing program is administered from a central office located in the State's capitol, Montpelier. There is one small sub-office located in the 104 unit project in Springfield where an Authority field representative holds office hours, and another field representative operates out of his home in the southwestern part of the State. With eleven administrative employees, VSHA meets the minimum ratio of one staff person to every 90 units under management recommended by the HUD Area Office.

For administrative purposes, VSHA has designated three geographic areas: the entire northern area of the State is covered by one field representative who is located in Montpelier; the southern area is divided vertically and covered by two field representatives. A tenant selector trainee in the central office is beginning to assist the northern field representative whose territory now includes over 400 scattered site units and requires about 130 miles of daily travel, at least 4 days a week. An additional field representative position has been requested in order to divide the northern area, but HUD has refused on budgetary grounds.

The southern areas require far less travel time since the housing tends to be more clustered, and the field representatives live closer to the units. Still, all the field representatives are on the road much of the time, using their homes and cars as offices, and reporting daily by telephone to the Field Supervisor for instructions. Their responsibilities are extensive. Each representative is a jack-of-all-trades, taking applications, looking for housing units to lease, supervising move-ins and move-outs, handling tenant or landlord complaints, referring tenants to social service agencies, and whatever else that needs to be done.

Applications and Rental of Units

Vermont State Housing Authority has widely advertised its presence; consequently, potential applicants call the Montpelier office from all parts of the State --- or, applicants will obtain the local field representative's telephone number from a leased housing tenant and then call the representative directly. If a call is received at the central office, the tenant selector will either mail an application or ask the field representative to take it and interview the applicant. In some instances, a local welfare or Operation Mainstream organization has been asked to interview an applicant. The Authority works closely with these agencies, and others, to find both tenants and suitable housing.

Rent Collection

Leased unit owners are responsible for collecting rents the beginning of each month. The Authority supplies pre-numbered receipt books, and the owner is expected to mail all the receipts to the Montpelier office by the fifth day of the month. Some tenants will mail in their checks, particularly if the owner lives out of the State, and tenants of the 104 unit Springfield project pay their rent directly to the field representative in that area.

The Authority's intention in requiring owners to personally collect rents was to ensure monthly inspections for repairs or excessive damage. But, problems have developed in the rent collection system. Since the Authority mails to each owner a full lease payment on the first of the month, some owners become lazy about collecting the rents to reimburse the Authority for its administrative costs.

One result of this system has been a 20% per month delinquency rate. Some owners simply do not pressure tenants to pay their rent and the Authority's small field staff has little opportunity to visit each delinquent tenant --- or irresponsible owner.

Maintenance

Maintenance repairs are the responsibility of the owners. Tenants are suppose to call the owner --- or in some of the larger projects, the on-site maintenance employee --- when something needs repair, though some tenants prefer to call the Authority first. If an owner doesn't respond to a maintenance request, the Authority may order the item repaired and deduct the cost from the owner's lease payment. Excessive damage repairs are billed to tenants, and the Authority often gets involved in ordering this nonroutine repair work.

The Springfield units, though privately owned, are managed and maintained by a full-time maintenance employee hired by VSHA. This arrangement has meant a higher standard of maintenance for these units than for the scattered site units. The Authority has found that when there are enough units to warrant a full-time maintenance employee, tenant complaints are responded to promptly and preventive maintenance is practiced. This is in contrast to the often erratic maintenance given the scattered site units.

Many of Vermont's small towns have only one skilled plumber or electrician. If an owner calls the town's plumber to fix something at a leased unit, and the plumber is working somewhere else, the tenant's problem either has to wait several days, or the owner has to pay the high price of bringing a plumber from 30 miles distant. As a general rule, the tenant waits.

The Authority would like to hire its own maintenance team, which could be dispatched to any unit at the request of an owner. The team would sell its service to the owner, possibly becoming self-supporting, and would ensure that tenant complaints are answered before the problems become excessive and costly.

Social Services and Tenant Relations

Though the field representatives make some social service referrals, the Authority has wanted to put together a social service "program" since 1970. But, because of budget limitations, the Authority had to scuttle its notion of hiring a full-time social services coordinator whose functions would be to identify tenant problems and to develop referral contacts with appropriate agencies throughout the State. Instead, a small social service component may be possible under the HEW/HUD agreement. This arrangement would, however, only allow the Authority to focus on "crisis intervention" rather than prevention, for example: attempting to develop a rent paying program for a tenant threatened with eviction, rather than providing budget counseling to the tenant before a delinquency develops.

Unlike the other regional authorities studied, and probably unlike most rural authorities, Vermont State Housing Authority has a detailed grievance procedure, providing for a grievance panel that includes tenants as well as Authority officials. Though the procedure has not yet been used, there is a case developing that should test its effectiveness.

FOOTNOTES

1/ HUD lists these results of consolidated efforts, particularly in regional housing programs: a) the ability to attract and retain better qualified administrative staff; b) operating costs that compare favorably with those of nearby single authorities; c) combined operating receipts to meet emergency and other unforeseen expenditures at any location; d) satisfactory budgeting, accounting, and fiscal reporting functions; e) availability of necessary maintenance equipment, and; f) timely and effective board meetings. HUD staff also emphasize adequate and timely maintenance as a result of consolidating housing efforts.

2/ The HUD circular entitled, Low-Rent Housing: Consolidation and Cooperative Arrangements for Small Low-Rent Housing Programs, April 1972, states that, "To ensure maximum economy of operation, it is the policy of HUD, in cases involving small programs, to encourage arrangements for centralized administration." (Emphasis added) The HAC poll of Area Offices asked whether unions of small authorities were recommended and 82% of the respondents answered "yes", but further questioning revealed that only half the respondents consider this to be area office policy.

3/ The county authority, permitted in 38 states, also serves this purpose. But often the population of the counties are too small to support an adequate sized program. According to the 1970 Census, fully 27.4% of the nation's counties have less than 10,000 population.

4/ This particular form of consolidation has never been mentioned in the HUD management circulars.

IV. ANALYSIS OF ISSUES

How Well Do These Authorities Operate?

When Housing Assistance Council began looking for rural housing authorities to study, the criterion used was not how different an authority was from all others, but how efficiently and economically, primarily according to HUD standards, an authority operated. The result of the inquiry was a number of relatively efficient and economical operations (not withstanding the financial setbacks these authorities suffer due to a lack of operating subsidies), each of which is somewhat different from the other.

These authorities developed their own responses to basic rural deficiencies, such as widely dispersed and small populations, lack of available personnel and other resources, and entrenched notions of local community control. Their responses were varied and as the descriptions illustrate, there are some imperfections in their approaches. When compared to the difficulties of small authorities, though, or of certain large, urban authorities, the problems of the regional or semi-regional housing programs appear minor. But, regardless of the relativity of these problems, it is essential to point them out in order to lay the foundation for recommendations on a rural housing delivery system.

Each of the rural housing authorities studied was created using the best of existing state enabling legislation to overcome the problems of poor people living in bad housing. In Georgia, where two of the cooperative agreement authorities are located, regional authorities were prohibited until recently, and they are still prohibited in Colorado where San Luis Valley Housing Committee developed. In contrast, the state and regional housing authorities are the products of housing laws that promoted regionalism as a way to serve rural families. South Carolina's law was the most compelling, for it prohibited the creation of authorities in towns of less than 5,000 population; instead, these towns would have to participate in a regional program if they wanted low-rent public housing.

Though the types of authorities that were created were limited by state legislation, no such limitations were placed on the design of their administrative structures. HUD provided each authority with guidelines on what needed to be done, but the results were as varied as the number of authorities and, often, unrelated to the type of authority created. Some authorities, including both regional and cooperative agreement, chose to decentralize their management and maintenance functions, while others retained all administrative functions in a central location.

One might expect the physical size of an authority's jurisdiction to influence the location of staff, but only in some cases does it appear to. For example, South Carolina Regional Authority #1 provides housing in small towns throughout nearly a third of the State and, consequently, the staff is decentralized in six geographical zones. Similarly, the San Luis Valley Housing Committee, a cooperative agreement authority that will service widely dispersed communities, will locate resident-managers in each major area. In contrast, the entire state of Vermont is serviced by only three field staff , and only two of them live and work in their territories, though they do not maintain full-time offices there. VSHA lacks funds to open field offices, yet one would certainly be useful in the northern part of the State where there are 400 scattered units.

Mississippi #8 also covers a large geographical area, yet all its sub-offices are located along the southern border of the region, while projects 100 miles distant are visited only 2 or 3 times a month. But the program began in the Gulfport area and a competent and well-tenured staff is available there, so the Authority is hesitant to move. A more extreme case is Tennessee Valley Regional Housing Authority whose only office is 140 miles from many of its projects.

The two cooperative agreement authorities in Georgia cover much smaller areas than do the other authorities and are able to reach their furthest projects in less than one hour of driving time; consequently, they have little use for full-time field offices. Though distance does account for some authorities decentralizing, different considerations seem to prevent decentralization in other places -- and type of authority does not seem to be the major consideration. More likely, these authorities have made their own responses to local conditions and, to some extent, the constraints of federal funding (though the role of foresight should not be overlooked).

Whatever the rationale, staff location substantially influences the operation of an authority, as does the type of authority. From the case studies, some generalizations will be attempted on how these factors, type and location, affect the efficiency and economy of these rural authorities, in terms of the following: 1) adequacy of management system; 2) adequacy of maintenance system; 3) level of tenant and social service program; 4) extent and diversity of housing program, and; 5) program costs. Comparisons will be made between the cooperative agreement authorities, and the regional and state housing authorities.

Adequacy of Management System

Several areas of management will be covered. First, there is the efficiency of the accounting system. Clearly, the regional and state authorities have the most simplified accounting systems since each of them has only one set of books for all their projects. This is not the case with the cooperative agreement authorities; the most extreme example is the Housing Authority of the City of Nashville, Georgia whose accountant maintains eight (8) sets of financial records, one for each authority in the agreement. Americus and San Luis Valley are not far behind with five sets of records each (Americus manages four authorities and the City's urban renewal program).

Each authority participating in a cooperation agreement retains its own funds in a local bank. When rents are collected, they are deposited in the separate banks, rather than a single depository. At the end of each month, the managing authority's accountant must transfer funds from each account, according to a proration of costs, into a single account for the payment of bills. Later, the accountant figures which bills are to be charged to a specific authority and then withdraws funds from that authority's account to reimburse the pooled account.

Fees are charged to cooperating authorities for the use of the managing LHA's staff and vehicles: this system requires separate records of each visit to a particular area so that fees can be applied to the appropriate LHA account.

All these transactions are time-consuming and probably confusing. Not surprisingly, the smaller cooperative agreement authorities generally have a higher ratio of accounting staff to number of tenant accounts than do the authorities with one set of books each.

Second, is the efficiency of the rent collection systems. Unlike most other measures of housing authority efficiency, the type of rent collection system has less to do with the type of authority or location of staff, than with the type of housing program. Four of the six authorities (San Luis Valley is not included here because it is not at the management stage yet) rely primarily on their own personnel to collect rent, door-to-door, or to hold office hours in each project on specified days for tenants to bring in their rent payments. These authorities report low rent delinquencies, and low year-end collection losses.

This is not the case for either the Vermont State Housing Authority or the Tennessee Valley Regional Housing Authority. Both these authorities have leased housing programs only (one is rental, and the other is home ownership) and, consequently, their tendency is to rely on private enterprise to service tenants. For the most part, non-authority personnel are used to collect rents -- in Vermont, owners of leased units are expected to collect rents, and TVRHA relies on tenants to bring their rents to local banks -- and the result has been frequent delinquencies and high collection losses. Particularly in the homeownership program, TVRHA is attempting to treat its tenants as if they were homeowners and, therefore, totally responsible for their units. Obviously this policy needs re-evaluation, since numerous tenants are not paying their rent nor, in fact, are they maintaining their units as required.

Since the leased unit owners in Vermont receive their monthly rental check from the Authority regardless of the rent they collect, there is little incentive to collect rents promptly and thoroughly. Similarly, in Mississippi, the local banks are not obliged to make tenants pay their rents; the banks act as depositories only and do not receive a fee for their services. The Mississippi program further suffers from the fact that non-authority personnel also process the tenant accounts, but are not responsible for seeking payment.

A third phase of management is the tenant application system. There were only minor differences in the tenant application systems of the authorities studied, regardless of type of authority or location of staff. Most applications were taken at project locations, or somewhere nearby, though arrangements for application taking were usually made through the central offices.

Word-of-mouth communication is the most common form of advertisement for public housing applicants in the rural areas studied. Most of the authorities used newspaper publicity, but found it unnecessary after a while. In rural areas, local information travels quickly and extensively, and the authorities have found that applicants often know about vacant units before an authority is informed of them. It is unknown whether this informal system of publicity and referrals discourages some potential applicants. The authorities think not, since even strangers in these small communities will learn where public housing is and then inquire about applying. All the authorities place housing need above other criteria when selecting tenants, thus lessening the effect of tenant referrals.

Adequacy of Maintenance System

There are three aspects of an adequate maintenance system that will be covered here. The first is prompt service. When emergencies arise, prompt service is often essential to the prevention of excessive damage to housing units. Usually the authority that can respond quickly to an emergency will save itself money and, perhaps, additional work later.

The case studies show that prompt service is less an attribute of the type of authority, than of the location of an authority's staff, though type has an indirect effect on service. For example, the cooperative agreement authorities, Americus and Nashville, have no trouble in offering prompt service to tenants in projects located in those towns, but their service is delayed to outlying projects where fees are charged for each maintenance trip. To limit the multiplication of fees charged each housing authority, maintenance requests are held until there are sufficient numbers to warrant sending a maintenance man. Americus estimates that accumulations of requests take only a few days, but requests to Nashville may take up to a week to accumulate.

Mississippi #8, a regional authority, also services its nearby projects within a day or two, but requests from the rural, outlying projects are serviced more slowly. Since the maintenance staff is located along the coast and must return to the central offices daily, maintenance requests from the outlying projects are accumulated. This can take several days or much longer. Unlike the cooperative agreement authorities, however, some of #8's projects are so distant from the central office that emergencies are handled by local repairmen; a costly and sometimes unreliable procedure.

Tennessee Valley Regional Housing Authority tenants are expected to provide their own ordinary maintenance in accordance with the homeownership agreement, but many of them have abdicated this responsibility to the Authority. To provide the necessary maintenance, TVRHA has contracted with the owner of the housing, and CDI now employs three maintenance men. But, like #8, the staff is poorly located at one end of the region, and is slow in responding to requests. Most emergency requests are answered by local repairmen whose costs are higher, and whose competency varies. The location of the maintenance staff gives low priority to prompt and, sometimes, to adequate maintenance of Authority leased units.

Prompt service also suffers in the operation of the Vermont State Housing Authority, not because the maintenance staff is poorly located, but because there is no staff. Owners of leased units are responsible for ordinary maintenance in all but one project, and most of the owners depend on local repairmen. When the repairmen are unavailable, work that should be done is delayed. In the few projects where owners have employed on-site maintenance staff, requests are answered promptly and a higher standard of maintenance exists.

The South Carolina Regional Housing Authority #1 has overcome the problem of distance in servicing its tenant's maintenance requests by locating staff close to the housing projects. The region is divided into 6 operational zones, each with its own manager who is also in charge of ordinary maintenance. Some of the larger zones (those with more units) have maintenance aides to ensure that requests are answered promptly and adequately. Zone managers are always prepared to handle emergencies in their areas within short time periods; for instance, the furthest drive from the office in the largest unit zone is 10 minutes.

The second aspect of an adequate maintenance system is consistent quality. This particular aspect has a similar relationship to the type of authority and location of staff that prompt service has. Housing units that are within immediate reach of Authority maintenance staff appear to have a higher and more consistent standard of maintenance. In contrast, units serviced, unsupervised, by non-authority repairmen are of varying maintenance quality; the leased housing units in Vermont are in obvious example.

Preventive maintenance is the third aspect of an adequate maintenance system. In rural areas in which these regional and similar housing authorities operate, such things as vandalism and excessive tenant damage to their own units rarely occurs, and this is probably true of most rural areas in the country. Disrepair and deterioration of units does occur, however, and is generally related to how vigorously housing authorities pursue their maintenance responsibilities. Obviously, prompt responses to maintenance requests will help prevent deterioration, but more is needed. Most of the authorities studied have developed some type of preventive maintenance program, including monthly, biannual, and yearly inspections.

The LHAs that do not have these programs are regional authorities, but the <u>type</u> of authority does not account for their inadequate maintenance services. Vermont State Housing Authority and Tennessee Valley Regional Housing Authority are both leased housing programs; the latter expects tenants to provide their own preventive maintenance, as part of the homeownership arrangement, and the former relies on private owners to take care of all maintenance. Neither is an adequate approach to preventive maintenance, since only some homeowners in Vermont provide this service, while others do not, and many tenants in Mississippi housing do not provide their own maintenance. Furthermore, neither authority is equipped to assume the responsibility of preventive maintenance when the owners or tenants fail to do so.

Level of Tenant and Social Services

In nearly all the authorities studied, tenants know a particular employee whom they can call when they have a maintenance complaint or some problem in paying their rent. This personal contact is, for the most part, the extent of the authorities' social service efforts. Field representatives will respond to tenant problems by referring them to local agencies or, if there is a dispute, by attempting to act as mediator.

In rural areas, the plethora of social and health service agencies and social workers servicing urban dwellers is lacking. Instead, public housing tenants must turn to their friends, families, and the public housing representative for advice and assistance. The broad social service programs that HUD recommends for housing authorities are really not possible in many rural areas; the alternative is often personal concern, and most of the authorities looked at do exhibit a high level of personal concern for their tenants.

It appears that the rare occurence of a social services program in these rural areas has little to do with the type of authority or location of staff, or even the type of housing program. The availability of resources may be the key factor in whether a rural authority provides a social service program; for example, Americus had modernization funds to support its one social service coordinator. Tenant organizations are still a phenomenon of urban areas, and may be somewhat unworkable in the small communities in which most of these authorities operate. In fact, based on this study, the only towns in which tenant organizations have developed, such as Springfield, Vermont, and Americus, Georgia, the populations are large for rural communities, and there are large concentrations of public housing units.

Extent and Diversity of Housing Program

The type of authority probably has its greatest impact on the extent of an authority's program, in terms of geographic area and number of people to be served. The three regional and one state authority studied cover much larger geographic areas than do the cooperative agreement authorities. And, with the opportunity to develop housing both inside and outside of incorporated areas, the regional and state authorities are able to take advantage of a much greater selection of housing sites.

VSHA has leased housing in at least 48 towns, South Carolina has units in 29 towns, and TVRHA is developing units in 22 towns. This dispersion of units gives these authorities not only a presence throughout their regions, but credibility for future roles in providing a diversity of services to small, rural communities. The only regional authority that has not built in a large number of towns is Mississippi #8, and its reasons for not doing so are mixed. The Authority has largely responded to the housing needs of people living in the few more urbanized areas of the region, and has made an important contribution to solving their needs. But, since the Authority relies on local initiative to generate a public housing project in a particular area, rural area needs have received much less attention. Apparently, the numerous rural communities in this region are either apathetic to the housing needs of their residents, or are uninformed of the Authority's program -- for whatever reason, there is little public housing there.

Program diversity hardly describes any of the authorities in the study, though TVRHA is an outstanding exception. Yet, the fact that these authorities have not branched into other types of housing programs or water and sewer development (though the two cooperative agreement authorities have been, or are, urban renewal agencies) is not surprising. Few public housing authorities in this country, including those in urban areas, do anything but public housing. They have not been encouraged to do so and, in some instances, legal restraints have been placed on their participation.

Program Costs

One of the questions frequently asked about the regionalization or consolidation of housing authorities relates to cost benefits or economies of scale. Some cost savings result from the bulk purchase of materials and equipment, and from merely spreading fixed overhead costs out over a larger number of units. But, a brief review of actual operating costs does not reveal any major differences between regional or consolidated housing authorities and larger and smaller housing authorities within the same areas.

As the tables on the following pages show, smaller housing authorities almost always have lower costs than larger housing authorities. Though the sample is limited, as necessitated by the amount of time available for this report, similar data compiled by HUD on all housing authorities, and interviews with HUD personnel in area and regional offices, confirm the fact that smaller housing authorities generally have lower costs.

Th s superficial comparison of costs tells us little. Indeed, interviews with HUD personnel prior to the compilation of budget data offered little reason to expect cost savings. It was generally thought that the comparison of costs between regional or consolidated housing authorities and small local housing authorities had to be done through a more sophisticated cost-benefit analysis that is beyond the scope of this report. It was also thought that many of the cost savings that accrue to consolidated or regional operations cannot be measured in the short run.

Any future analysis of the cost factors involved here must take into account the level of services provided for dollars spent. For example, a high quality maintenance program can save money in the long run by providing service that will prevent major deterioration, thus keeping non-routine maintenance costs low. In the long run, the quality of maintenance is probably directly related to major rehabilitation expenditures, as well as to the useful life of the unit. It is necessary to compare this preventative maintenance function in small housing authorities, many of which operate with only part-time personnel, and in the larger consolidated or regional authorities. The smaller authorities could very well have lower costs because they provide lower quality services, and this will eventually show up in other costs.

Beyond maintenance, the overall quality of management services must also be measured and compared. For example, it has been pointed out that small authorities, again because of inadequate staffing, keep poor records and provide HUD with incomplete reports. The amount of extra work that is required of HUD staff to monitor these authorities is perhaps measurable in terms of costs. Also, the stability of small authority personnel has been questioned, and extremely high turnover rates are recorded. LHA staff turnovers require extra effort on the part of HUD staff to educate and train new directors, for most of them have had no previous experience with the program. Again, this HUD effort is perhaps measurable in terms of costs.

Since it can be shown that costs are related to the size of a housing authority, there has been some concern voiced that by regionalizing or consolidating small authorities, thereby creating larger units, costs would be raised. There might be some merit to this argument as it is often true that the larger an authority gets,

Comparison of Operating Costs in Regional or Consolidated Housing Authorities
and Local Housing Authorities (a)

Authority	*# of units*	*Total Routine Expenses*	*Total Administrative Expenses*	*Administrative Expenses Other Than Salaries*	*Total Ordinary Maintenance and Operating Expenses*	*Total Non-Routine Expenses (b)*	*Residual Receipts/ (deficit)*
Americus Consolidated Housing Authority							
GA-129	58	43.82	9.21	2.36	17.46	2.91	(1.05)
GA-62c/	446	43.98	7.84	1.20	17.07	5.55	.24
GA-179	44	49.73	9.48	2.73	19.32	3.12	(7.67)
GA-214c/	20	40.29	9.74	3.04	15.29	5.35	(1.20)
Total/ Average	568	44.46	9.07	2.35	17.29	4.23	(7.42)
Nashville Consolidated Housing Authority							
GA-172	80	30.73	7.76	1.02	13.38	5.44	.64
GA-136c/	16	31.82	7.97	1.20	14.37	6.83	(4.01)
GA-92	141	33.00	7.71	.97	15.05	5.40	(2.18)
GA-88	56	33.76	7.31	1.18	11.19	7.16	(8.04)
GA-138	20	36.00	7.75	1.29	11.17	5.78	(13.76)
GA-165	20	28.87	7.67	1.50	13.13	9.56	(28.58)
GA-168	70	31.91	7.32	1.19	11.81	1.05	.72
Total*/ Average	403	32.30	7.64	1.19	12.94	5.89	(7.89)

Comparison of Operating Costs in Regional or Consolidated Housing Authorities
and Local Housing Authorities (a)

Authority	# of units	Total Routine Expenses	Total Administrative Expenses	Administrative Expenses Other Than Salaries	Total Ordinary Maintenance and Operating Expenses	Total Non-Routine Expenses (b)	Residual Receipts/ (deficit)
Other Georgia Authorities							
GA-229c/	20	34.04	8.04	2.00	10.38	5.25	(6.80)
GA-236	54	37.98	7.00	2.00	8.92	0	5.26
GA-117	38	33.11	7.45	1.13	10.97	3.82	.25
GA-28	406	27.62	6.54	1.35	13.00	4.10	(4.43)
GA-173	20	36.46	7.66	1.65	13.79	6.02	(5.96)
GA-6	12,896	64.94	14.06	2.69	21.65	6.44	(41.02)
GA-23	736	26.87	7.61	1.25	13.24	4.75	(9.52)
GA-4	1,962	41.42	10.67	2.26	13.36	10.87	(11.21)
GA-208	30	27.55	7.47	1.47	14.22	12.16	(6.10)
GA-156	120	34.69	6.66	1.12	13.53	5.05	(4.07)

a/ Does not include leased housing budgets, and all figures are for the 1973 fiscal year, unless other-wise noted.
b/ Total Non-Routine Expenses is an average over the past three years, unless otherwise noted.
c/ Budgets not available for the 1973 fiscal year.

Comparison of Operating Costs in Regional or Consolidated Housing Authorities
and Local Housing Authorities (a)

Authority	# of units	Total Routine Expenses	Total Administrative Expenses	Administrative Expences Other Than Salaries	Total Ordinary Maintenance and Operating Expenses	Total Non-Routine Expenses (b)	Residual Receipts/ (deficit)
Mississippi Regional Authority No. VIII							
	1,002	35.36	7.40	1.60	13.63	3.70	(5.71)
Other Mississippi Authorities							
Miss-67	20	26.00	7.33	2.33	6.04	6.50	(3.79)
Miss-76	380	26.53	6.65	1.21	9.32	5.87	.56
Miss-68	50	24.98	7.92	2.64	10.82	3.82	(1.48)
Miss-68(c)	101	36.05	9.44	3.94	10.44	.15	(4.17)
Miss-5	727	42.64	8.46	1.40	[illegible]	9.46	(4.78)
Miss-83	112	26.23	7.52	1.62	9.82	4.32	(3.90)
Miss-80(c)	22	30.51	7.12	3.26	11.69	1.42	(3.62)
Miss-75	26	33.14	7.15	2.15	9.62	2.96	(3.00)
Miss-71	163	[illegible]	7.91	1.43	11.44	2.88	(6.76)
Miss-65	160	33.48	7.27	1.70	11.49	1.15	5.92
Miss-58	24	29.26	9.54	3.28	9.79	1.55	2.74

a/ Does not include leased housing budgets, and all figures are for the 1973 fiscal year, unless otherwise noted.
b/ Total Non-Routine Expenses is an average over the past [illegible] years, unless otherwise noted.
c/ Budgets not available for the 1973 fiscal year.

Comparison of Operating Costs in Regional or Consolidated Housing Authorities and Local Housing Authorities (a)

Authority	# of units	Total Routine Expenses	Total Administrative Expenses	Administrative Expenses Other Than Salaries	Total Ordinary Maintenance and Operating Expenses	Total Non-Routine Expenses (b)	Residual Receipts/ (deficit)
South Carolina Regional Authority No. 1							
	1,110	30.15	6.51	.95	9.53	3.93	2.22
Other South Carolina Authorities							
SC-11	120	31.97	7.48	1.65	11.64	2.01	4.24
SC-4	890	36.02	7.86	.77	12.10	2.09	1.36
SC-3	1,240	39.15	7.34	.90	11.10	2.22	-
SC-17	156	33.22	7.94	1.40	9.85	7.36	5.06
SC-2	1,603	46.25	8.02	.82	14.91	6.58	(13.27)

a/ Does not include leased housing budgets, and all figures are for the 1973 fiscal year, unless otherwise noted.

b/ Total Non-Routine Expenses is an average over the past three years, unless otherwise noted.

the more and better services it provides, e.g. a social service program. However, this must be qualified somewhat in that the larger authorities are generally found in large cities, and their higher costs are often associated with particularly urban problems, e.g. vandalism, security, higher wage rates, etc. It must be remembered that the consolidation or regionalization of small rural housing authorities does not make them into urban authorities, but larger rural units.

There is, however, a potentially substantial cost effect when small authorities are consolidated, and that is the amount of per unit, per month (PUM) management and maintenance allowance that will go to transportation. Since HUD rarely distinguishes between one town and multi-town authorities when establishing these PUMs, authorities with large jurisdictions may have to scrimp on materials and staff expenditures to pay for the costs of transporting employees to the various housing sites. Some larger jurisdiction authorities have overcome this problem by using a portion of the PUM allowance to place staff in various areas of their regions so that they do not have to travel.

Optimum Program Size

In the preceding pages, various regional and similar authorities operating in rural areas have been described in terms of efficiency and economy. These authorities have ranged in size from 200 units under annual contributions contract to over 1300 units under management, and have covered areas as large as an entire state, and as small as several towns and a county. If one were to rank these authorities in order of their efficiency and economy in serving the low-income housing needs of rural families and elderly, one of the larger regional authorities, under management throughout nearly a third of the State - would probably rank above the others. Does this mean that larger authorities in rural areas are necessarily more desirable? Is 1,100 units an optimum size for a rural regional authority? Or, is there an optimum size?

In the survey that the Housing Assistance Council made of HUD Area Office Directors of Housing Programs Management, the most frequent response to the query regarding the minimum number of units required for an authority to operate efficiently was 100 units. This number would provide sufficient income to hire one full-time administrative employee and, possibly, two maintenance employees. Most HUD housing management staff consider full-time employees essential to the efficient operation of a housing authority. Yet, it is doubtful that HUD staff would consider 100 units as an optimum size for an LHA. In fact, one Housing Programs Management Director stated that 100 units will only provide "sufficient operating monies for a scarcely efficient operation."

In spite of the cost comparisons shown in the previous section, many HUD staff still believe that there are certain economies of scale in a larger operation. As another HUD management specialist from a West coast area office replied in the survey: ". . .all LHAs regardless of size must perform the same functions. Obviously, the larger the LHA, the more easily these required functions can be distributed." At some point, however, economies of scale will probably diminish or, as in the larger cities, perhaps disappear. In terms of actual numbers of units, very little is known about the optimum size of a housing program, even though educated guesses abound. In the larger cities, the question of optimum size is not raised; the primary concern is providing enough housing to meet the existing need. The question, then, is a particularly rural one, as there is little hope of breaking down large urban authorities, but some hope of creating larger rural programs.

Though the question of optimum size cannot be clearly answered in terms of units for either urban or rural areas without a great deal more investigation, in rural areas the question can be approached in terms of geography rather than units.

For purposes of illustration, let us take four small rural towns, each needing 25 units of low-rent housing. Knowing that HUD recommends a minimum of 100 units for the sake of economy and efficiency, these towns decide to consolidate their management and maintenance programs under one administrative staff. On the surface, this seems like a practical solution to the problems of smallness. But, in fact, the towns are in a sparsely settled state such as Montana, Idaho, or Nevada, and are 40 to 100 miles distant from each other. Since this consolidated authority could support only one full-time administrative person and, perhaps, two maintenance employees, where should they be placed to avoid an inordinate amount of travel costs and wasted travel time between projects? Unless this authority can devise some sort of zone system for maintenance and management of units, which would probably require using part-time personnel, the costs of travel would be prohibitive. If the authority were to expand even more, however, to encompass many more towns and units, it may be able to support a system of full-time zone or area managers and maintenance personnel, and design the system in such a way that travel costs and wasted travel time are kept to an acceptable minimum.

The South Carolina Regional Housing Authority #1, reviewed in the case studies, uses a zone management and maintenance system to operate 1,110 units in 29 locations throughout one-third of the state. Because the small rural towns in this northern part of the state are in close proximity to each other, the authority's program could continue to grow indefinitely within its current boundaries without incurring increased costs in travel and time. However, if the authority were to expand to include other contiguous areas where towns are more sparsely distributed, these costs would definitely increase, along with the costs associated with a lower level of services for outlying projects.

Both of these illustrations point to the local conditions that make any formula approach to the optimum size for a housing program unlikely. The proximity of towns, or actual and potential project locations, largely determines the type of management system needed and many of the costs associated with management. When designing a rural program, the possible jurisdictions must be laid out, the best management programs for these jurisdictions designed, and costs estimated. Once this is done, decisions can be made more effectively.

While the dispersion of towns and project locations is the most apparent point found in this study, there are many lesser considerations, most of which have not yet been clearly identified. For example, there might be some danger in combining in a single program small, rural towns with larger, more urbanized areas. Mississippi Regional Housing Authority #8 sheds some light on this problem. This authority is now servicing towns with populations of 40,000 and 27,000, and several towns of slightly more than 2,000 people. The case study of this authority shows that the larger towns receive most of the authority's attention. Service to tenants in these larger towns is more prompt and regular, since staff is located nearby, than that provided in the smaller and more distant towns. It might be a better arrangement, at least in this instance, to incorporate the 660 units in and around the city of Gulfport into a city housing program and, similarly, form a city housing program for the 350 units in the city of Pascagoula. This would leave a combination of the smaller rural towns in the 10 county area and, though revenues would decrease, the more specific rural orientation might improve services to the small towns. There is also the possibility that many more small towns in the region would consider joining an authority that did not appear to be dominated by two large cities.

In addition to the dispersion of project locations, their accessibility to each other is also a factor to consider. Particularly in rural areas, transportation problems are often considerable because of poor or indirect roads and extreme weather conditions. In southern Colorado, for example, it would be difficult for the San Luis Valley Housing Committee, reviewed in the case studies, to expand its jurisdiction beyond the plateau it now serves because roads from this area often become snowbound and are dangerous to drive during many months of the year. Or, in large portions of Appalachia, where the need for low-rent housing is acute, there are relatively few paved roads, and the steep, mountainous dirt roads that do exist frequently become flooded or snowbound.

Clearly, these local conditions affecting the size of a rural housing program all lead back to the conclusion that an optimum number of units does not exist. Whereas many more than 1,000 units are feasible in an 18 county area of South Carolina, less than 500 may be feasible for southern Colorado. Local factors must be considered in each case.

V. OTHER POSSIBLE RURAL HOUSING AGENCIES

There have been several other types of regional institutions developed in rural areas in recent years. The most prevalent of these are the Economic Development Districts, encouraged by and fun under the Public Works and Economic Development Act of 1965, and the regional planning agencies encouraged by the Intergovernmental Cooperation Act of 1968 and HUD Section 701 funds. Both types of agencies, though encouraged, funded, and officially recognized under federal law, are actually created under a variety of state laws.

Many of these agencies have become actively involved with low-income housing, in many cases going beyond the planning they are normally designed to do. As existing agencies, often with competent staffs and a high degree of local acceptance, their potenti for a rural low-income housing delivery is worth investigating. There is an overlap in the concerns of Economic Development Districts, regional planning agencies, and low-income housing deliver organizations. In fact, housing authorities are perhaps the most narrowly conceived of existing rural community development institutions, and their function can be easily thought of as one part of the more comprehensive programs now being developed by other types of agencies.

Economic Development Districts

The simplest description of an Economic Development District (EDD) is that found in the 1970 Annual Report of the Economic Development Administration:

> A development district is an organization of adjacent counties working together to combine their resources and coordinate their activities to overcome common economic and social problems.

Clearly, this description can be applied to any regional organization attempting to give impetus and coordination to federal, state, and local planning and development efforts, including low-income housing.

The basic mission of an EDD is to stimulate the economic development of a multi-county area by identifying needs and assets, and by assisting the implementation of projects through planning and technical assistance. Their concerns range from the basic infrastructure necessary for economic development - e.g. water and sewer, access roads, vocational education - to the development of specific enterprises, e.g. tourism or manufacturing. While EDDs will usually claim to be strictly planning and technical assistance agencies and, to be sure, many are, the line between these activities and actual implementation often becomes nebulous, as will be seen.

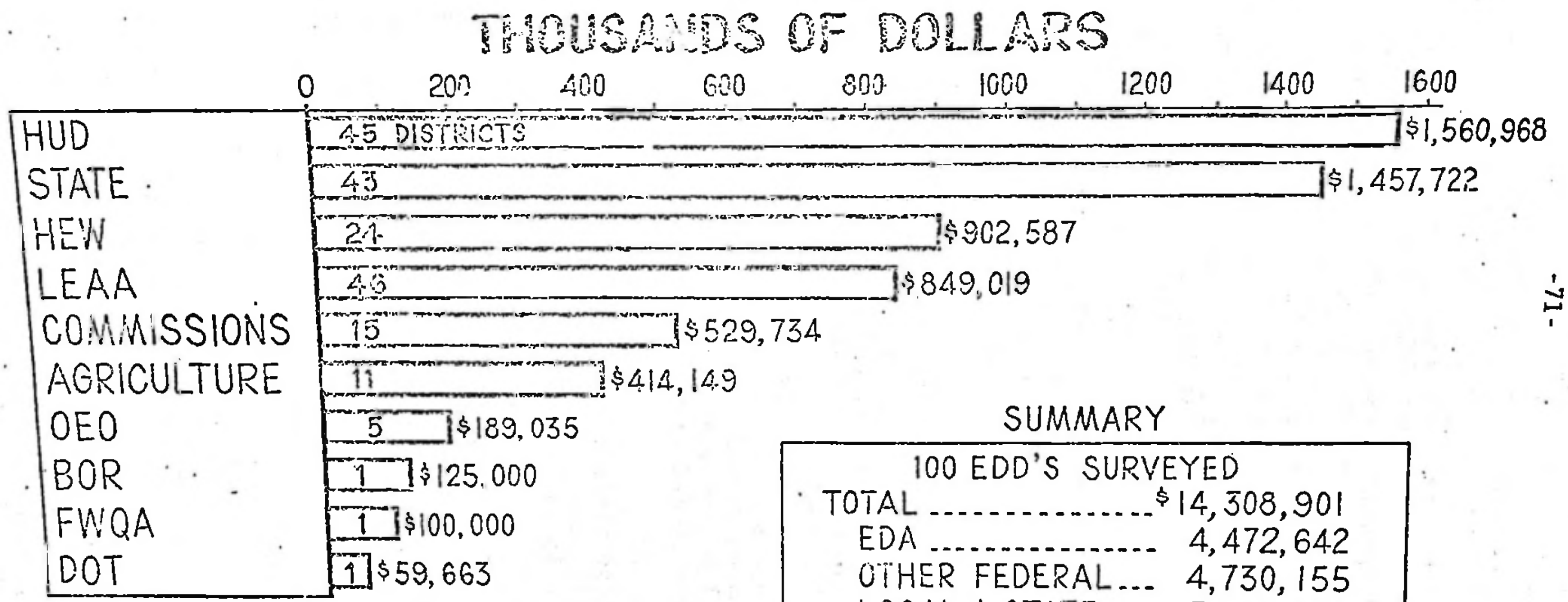
The funding pattern for EDDs serves to illustrate the scope of their activities. The Economic Development Administration is still the largest single source of funds for EDDs, but, as can be seen in the chart on the following page, a considerable amount of funding comes from other federal agencies for specific planning purposes, and from state and local governments. While the original role of EDDs was economic development, their scope has obviously broadened in recent years. This is understandable, as the fragmentation of planning and technical assistance into separate functional areas began to make less sense as the broad concept of "community development" took hold. In many states now EDDs have been designated under state law as multi-purpose regional planning agencies or A-95 review agencies.

<u>Number of EDDs Serving as Regional Planning Agencies or State Designated A-95 Review Agencies, 1971</u>

State	#	State	#
Ark.	8	Miss.	7
Ga.	12	N. Mex.	1
Idaho	1	Okla.	6
La.	8	Ore.	1
Mass.	1	S. Car.	4
Ken.	7	Utah	2
Mich.	6	Va.	5
		Total	69

Source: *Sub-State District Systems*, The Council of State Governments, 1971.

COORDINATION OF DEVELOPMENT PLANNING THROUGH ECONOMIC DEVELOPMENT DISTRICTS



SUMMARY

100 EDD'S SURVEYED	
TOTAL	$14,308,901
EDA	4,472,642
OTHER FEDERAL	4,730,155
LOCAL & STATE	5,106,104

ECONOMIC DEVELOPMENT ADMINISTRATION
OFFICE OF DEVELOPMENT ORGANIZATION

OCTOBER 1, 1970

EDDs are comprised mostly of elected local leaders, with a professional staff responsible to them. The initiative for creating an EDD must be local. Local leaders, through the governor of the state, request that the Secretary of Commerce designate their area as an EDD. In order to be designated, it is required that the proposed area encompass at least two "redevelopment areas," and at least one "growth center", as these are defined by the Economic Development Administration.* It is also necessary to meet flexible criteria of sufficient size, population, and resources to foster economic growth on an areawide basis. However, every state is entitled to at least one EDD, regardless of whether or not it meets the established criteria.

Before an area is officially designated as an EDD and becomes eligible for Economic Development Administration funding, it must prepare an Overall Economic Development Plan, which is a combination of a comprehensive plan and a work-program.

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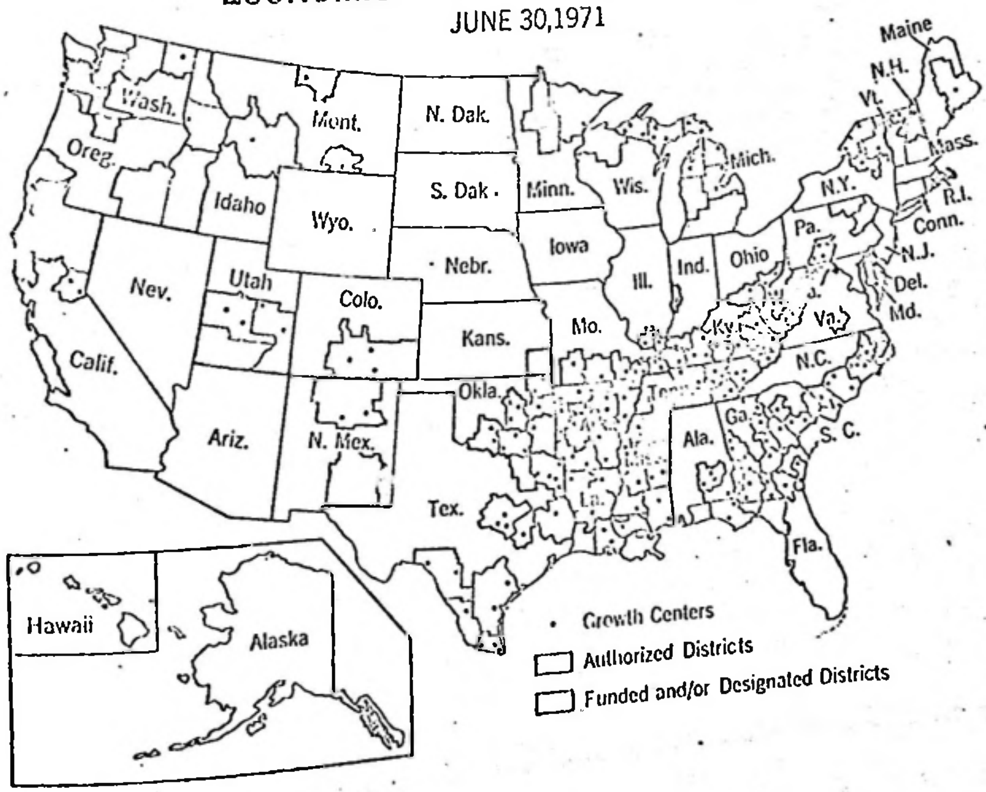
* Growth Center is designated by the Secretary of Commerce pursuant to authority given him under Section 403 of the Public Works and Economic Development Act of 1965. It is usually an urban center integrally related to the overall economic development of the district, intended to serve as a stable center of development and source of employment. Growth centers may not be more than 250,000 in population. They are eligible for all EDA programs. As of December, 1970, there were 202 designated growth centers.

A redevelopment area is designated by the Secretary of Commerce pursuant to authority given him under Section 401 of the Public Works and Economic Development Act of 1965. A redevelopment area is designated as eligible for EDA programs because of: a) substantial and persistent unemployment for an extended period of time; b) loss of population due to the lack of employment opportunities; c) a median family income only fifty percent of the national median family income; or d) a threatened rise in unemployment due to the closing or curtailment of a major source of employment.

The stated policy of the Economic Development Administration is that EDDs incorporate as non-profit bodies under the laws of the state or states in which they are located. The actual creation of EDDs has not been this simple, however. Many are now created under state laws enabling the creation of economic development agencies. Still others are created under Interlocal Cooperation laws found in a majority of the states, and which allow local governments to cooperate in the joint exercise of any of their powers. The law under which an EDD is created is a matter of some importance, as it could limit the type of services it may provide. For example, many state enabling laws for regional planning agencie prohibit them from undertaking operational programs.

It is important to point out that most Economic Development Districts are found in rural areas. As of December 31, 1971, there were 146 EDDs authorized and 111 actually designated. Of the 111 designated organizations, 102 were funded by the Economic Development Administration, 8 by the Appalachian Regional Commission, and one was funded locally. Forty states had at least one designated district, and 905 counties were covered.

ECONOMIC DEVELOPMENT DISTRICTS
JUNE 30,1971



Regional Planning Agencies

As of June 30, 1972, 39 state governments had taken official steps, either through executive order or legislative action, to delineate a system of planning and development districts at the sub-state regional level. This included 451 districts, 290 of which had policy boards and technical staff. As of this date, 423 such agencies have been designated as regional clearinghouses (A 95), and 49% of these were in rural areas.[1] Allowing for the overlap between these agencies and EDDs in many states, there still remains a sizeable number of regional agencies in rural areas, the housing delivery potential of which should be investigated.

Quite often, the regional planning agencies were created, prior to state delineation of boundaries, as Councils of Governments or regional planning bodies under existing state laws, and were later incorporated into the state designated system. In many states, the designation of sub-state regional boundaries was only for the purpose of rationalizing the administration of state programs, and not to mandate the creation of regional planning agencies of any type.

Those regional planning agencies that are not also Economic Development Districts are usually considerably less "activist" than those performing EDD functions, insofar as they are less likely to become involved in program implementation. In the area of housing, the typical regional planning agency fulfills its basic function by including a housing element in its regional plan. This includes the estimation of housing needs, the formulation of regional housing goals, and in more urban areas, the newer concept of "fair share" distribution plans. These planning agencies have also assisted local housing developers, including public housing authorities, with market information for the packaging of applications and development plans. They have often been very helpful in promoting public education and awareness of low-income housing needs. Finally, they have frequently given technical assistance to public and private housing sponsors.

EDD Case Studies

As mentioned, some Economic Development Districts have taken an active interest in the delivery of low-income housing, and this interest has often gone beyond planning and technical assistance. The following cases give some picture of the varying degrees of involvement in low-income housing among Economic Development Districts.

SOUTH DELTA ECONOMIC DEVELOPMENT DISTRICT (GREENVILLE, MISSISSIPPI)

The South Delta EDD, covering 6 counties in west central Mississippi, is probably the first and most widely known of this type of regional organization to have become actively involved in the development of low-income housing.

Like most EDDs, South Delta was created primarily to promote and coordinate economic development efforts. However, in 1968, it was funded by the Economic Development Administration to do a housing needs survey for the district. The results of this study prompted the city of Indianola to request that the Development District serve as a housing authority for the city. Soon afterwards, many other towns within the area approached the South Delta EDD for the same services. Eventually the Development District obtained designation as a regional housing authority from the boards of supervisors in each of the six counties. This was all that the HUD General Counsel considered necessary to qualify in HUD's eye as a public housing authority.

The District organization created, within its existing structure, a new housing division with an additional grant of funds from the Economic Development Administration for start-up expenses. Housing was integrated into the on-going economic development efforts of the organization, and in many instances, such as the provision of water and sewer facilities, streets and roads, or the development of a new industrial facility, the needs of housing development and economic development overlapped. Because of a restrictive referendum clause in the Mississippi public housing enabling law, the South Delta organization began with the leased homeownership public housing program (Turnkey IV), provided through new construction. It has also used a simple leasing program (Section 23).

To date, South Delta has developed 547 units under Turnkey IV and 75 units under Section 23. It is anticipated that a total of 917 units will have been completed by fall of 1973.

NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT, (SANTA FE, NEW MEXICO)

In 1971, HUD designated six counties in northern New Mexico to receive 1300 units of Operation Breakthrough public housing. This allocation of units was largely the result of an aggressive campaign by an Economic Development District to improve the housing conditions of the six county area.

In 1967, the New Mexico legislature passed a law creating six regional housing authorities to cover the entire state.[2] The fact that the legislature mandated the creation of six regional housing authorities and designated their boundaries was unusual enough, but it went further to add two absolutely unique provisions. The first of these provided that "the Governor may allow regional planning agencies or commissions, where they exist, to either appoint a regional housing authority or to function as an authority".[3] The second provided that "A regional planning agency may be employed as technical staff for a regional housing authority."[4]

The NCNMEDD boundaries were coterminous with those of one of the designated regional housing authorities, and it was quick to take advantage of the opportunity to improve the housing conditions within its jurisdiction. In 1971, the NCNMEDD sought and received from the governor designation as the regional housing authority for its area, with the board of directors of the EDD serving as the board of directors of the authority. Because there were no state or HUD funds forthcoming to support the new regional authority, permission was received from the Economic Development Administration to use EDA funds for initial operating expenses. The EDA funds were used to pay staff from the EDD serving as technical staff for the regional authority.

The first task of the newly created authority was to negotiate the Operation Breakthrough allocation for the region. In fact, the regional authority was originally conceived as an effort to "put some muscle" behind the request to HUD. In order to secure the allocation, the EDD assisted 16 local housing authorities by educating them about the public housing programs and helping them to gear up administratively for the sudden influx of new units. The EDD staff went further to actually prepare the application and development plans for the 16 local housing authorities.

Like regional housing authorities in other states, the NCNMEDD has no legal control or regulatory powers over existing local housing authorities, nor can it develop housing in a locality without the permission of the local governing body. It is for these reasons that the EDD has served only as a technical resource and a coordinator of local efforts, and not as an actual developer of public housing. Local control, in fact, was a key issue, and each local housing authority involved in the Operation Breakthrough allocation actually chose its own developer, with the advice of the EDD. The District organization does not anticipate an actual public housing development and management role for the regional authority after the Breakthrough projects are completed, largely because of local control issues, but also because there will be no funds available to undertake an extended program. As mentioned, the EDD and the regional authority are now one and the same, i.e. they share the same board of directors and staff, but this might change. The regional authority could be "spun off" and the EDD exist independently. As of yet, no initiative has been taken in this direction.

For now, there are positive benefits to be had through the combination of housing development activities and the other activities of the EDD. For example, at the same time they are coordinating the Operation Breakthrough project, they are able to coordinate plans for water and sewer facilities in the region, a task with which they are very familiar. There is also the fact that the EDD was originally able to obtain commitments from the system builders bidding for the Breakthrough contracts to build factories in the region. (This was a major factor in convincing the Economic Development Administration to allow the use of EDD funds for the housing program.) Again, there is evidence of the overlapping needs of housing and economic development.

ARROWHEAD REGIONAL DEVELOPMENT COMMISSION, (DULUTH, MINNESOTA)

In cooperation with a regional Community Action Agency, the Arrowhead Regional Development Commission, an EDD funded Economic Development District, submitted a proposal to OEO to create a multi-purpose regional housing and development agency. The ARDC contributed staff time and $2,500 towards the initial planning for the proposal, and would have been the administering agency.

An initial study by the ARDC showed that only 21 of 72 municipalities within the seven county area had housing authorities, and that rural areas were rarely covered by operating housing agencies. The ARDC was also aware that the single purpose orientation of existing housing and redevelopment agencies left something to be desired in terms of the coordination of various development efforts in the region, and that housing was more often distributed on the basis of available sites than any other development considerations.

The proposal submitted by the ARDC to OEO and several other funding sources sought funds to develop a regional housing and redevelopment authority that would serve small towns and rural areas in coordination with other community development efforts. The ARDC staff would have performed the following task:

1) preparation of materials for a regional housing seminar/workshop.

2) formulation of a multi-county public housing allocation plan for HUD.

3) development of an interim housing program strategy for the region.

4) development of administrative procedures and initial program for the proposed regional housing and redevelopment authority.

5) development of a public information program.

6) provision of ongoing technical assistance to the newly created regional housing authority in several problem areas.

Recently, the ARDC produced a study of alternative regional housing strategies for the seven county area in northern Minnesota using state 701 funds. The primary recommendation of this study is the creation of regional housing authority.

SOUTHERN UTAH ASSOCIATION OF GOVERNMENTS, (MOAB, UTAH)

Originally funded by the EDA as an Economic Development District, this regional agency is now a Council of Governments. It continues as an Economic Development District, however, and, in addition, it has been designated by the state as A-95 review agency.

Long aware of the housing problems in the four counties comprising its jurisdiction in the southeastern portion of the state, this EDD devised a housing program. Like the North Central New Mexico Economic Development District, the board and the staff of the EDD would double as the board and staff of the regional housing authority.

Before the program began, the Attorney General of Utah instructed the EDD that regional housing authorities were not permitted under Utah law, and that the EDD's plan for a regional authority could therefore not be implemented. Cooperative management agreements among housing authorities, however, were permitted under the state law.

Rather than abandon the idea, the EDD, with assistance from the State Department of Community Affairs, created a county authority in each of the four counties and worked out a cooperative management agreement among them. To facilitate the smooth operation of the cooperative agreement, an executive committee was created which included representatives of the boards of each county authority. They have been able to approximate the original conception of a combined EDD/regional housing authority by overlapping the membership on the EDD board of directors and the executive committee of the four county cooperative management agreement.

BARREN RIVER AREA DEVELOPMENT DISTRICT (BOWLING GREEN, KENTUCKY)

Though not as far along as the above EDDs, the Barren River

Area Development District commissioned a study in 1972 to deter-
mine the feasibility of creating a regional housing authority for
its 19 county south Kentucky jurisdiction. The study showed that
only 9 communities in the entire region had public housing authori
and, of these, only three had full time executive directors and
maintenance personnel. A further problem identified in the report
the fact that local authorities covered only incorporated places,
and that this was forcing people to move into the larger towns
if they wanted to live in public housing.

While the report did not emphasize the potential relationshi
between the regional authority and the Economic Development Distri
it did point out that ".. a feasibile method for obtaining Economi
Development Administration funding... to get the housing progran
underway ...would be by building the regional authority function
to the Barren River Area Development District annual operating bud
get." This was the same method used by the New Mexico, Mississipp
and Utah organizations.

Other Regional Planning Agencies

There is some question whether regional planning agencies
should become involved in providing governmental services, such
as acting as a regional housing authority. The Housing Assis-
tance Council informally polled the State Planning Offices of
most rural states to find the extent of sub-state district
housing activities. One of the questions asked with regard
to housing was: "Will the districts be strictly administrative
in nature, or will they attempt a degree of involvement in
implementing programs?" Of those state agencies responding,
many implied that their regional organizations had not yet
achieved a level of staffing or sophistication where they could
be involved with anything more than a minimal program. However,
many did comment on current programs and future prospects, and
there were varying degrees of involvement in housing. For exampl

South Dakota: "The districts do expect to develop local and regio
housing authorities to enable district participation in federal
programs. One of the primary purposes of the district program
with respect to housing is the establishment of multi-county housi
authorities which can cover all or part of a district and include
many county and smaller municipal governments within them."

Montana: "Planning is underway to provide a mechanism for local
governments to respond to this (the State's) regional plan and
develop regional councils which would eventually function as reg-
ional A-95 Clearinghouses as well as regional housing authorities.

Nebraska: "Currently the organizations in the regions vary widely to their nature and capabilities. The long range goal is that they will be administrative and have some degree of responsibility in developing regional plans, and perhaps in implementing regional plans."

Washington: "... In terms of operational multi-county regional comprehensive planning activity, only the organization shown for Districts 4, 6-A, 10, and 12 have such programs underway. None have plan implementation authority since there is no state enabling legislation to permit it."

New Mexico: "These districts provide planning and technical assistance to various groups (under "701" funding), though they should not be construed as strictly administrati : in nature. In other words, while they do not involve themselves in the actual construc or leasing of housing units, for example, they do participate in the organization, promotion, and planning for a variety of project including housing."

Iowa: "The districts have been organized from our standpoint to facilitate comprehensive planning. (I) am sure that other state agencies view them for different purposes, but at this time we are primarily concerned with planning."

Georgia: "Several APDCs (Area Planning and Development Commissions have regional non-profit corporations for middle and low income housing and ...this can clearly be identified as a trend."

Virginia: "The commissions are authorized to carry out regional planning programs but are prohibited from implementing plans or from providing govermental services."

Although the Virginia response stresses the fact that Virginia regional planning commissions are prohibited from implementing plans or providing governmental services, it has become evident in a report recently issued by a gubernatorially appointed commission that this prohibition has become a matter of some concern to many within the state.[5]

The Report of the Governor's Ad Hoc Committee to Review the Virginia Area Development Act begins with the assumptions that, "Th duty of local governments to provide the highest caliber of servic at the lowest possible cost is becoming increasingly difficult to fulfill," and that the State should encourage the "...delivery on a regional basis of those services which most appropriately and economically can be provided on such basis." The Committee first suggested the concept of a "service district" to serve these purposes, but found considerable opposition to such an approach. The Committee then went on to point out that,

"Because of the reluctance to move towards the service district approach and a growing awareness of the need for a delivery system which could provide certain services on a regional basis, there has been an increasing interest during the past two years in the possibility of structuring planning district commissions to provide managerial, administrative and fiscal approaches for the resolution of area-wide problems. At present, however, the Act precludes program implementation by a planning district commission.

The Committee recommends that the Virginia regional planning act be amended to allow regional planning commissions to provide a wide range of services, if requested by local governments within the area. The reasoning behind this recommendation ran as follows:

1) It would tend to deter the undesirable proliferation of single-purpose authorities. The proliferation of such authorities was considered to be responsible for a lack of coordination and duplication of efforts.

2) Rural areas particularly would be afforded a simple, voluntary, and inexpensive means of providing a limited number of services.

3) Such a mechanism would make it possible to provide services not otherwise available, or to provide them more economically.

The committee's suggestion is that the regional planning commissions create "operational" arms, going so far as to share staff between the planning and operations sections. With regard to scope of responsibilities, the Committee clearly states that, "It is believed that whatever services a governmental subdivision may provide, it should be able to provide jointly with other political subdivisions, and it should have the option of using the planning district as an alternative vehicle to administer such efforts." The only real limitations the Committee would put on the regional planning commissions would be the prohibition against long term borrowing, except borrowing against anticipated revenues, and no powers of assessment or taxation.

The report of the Virginia Committee is a good illustration of the type of things that are possible. The overall position of the Committee was not that these types of organizations be imposed, but that the option be available. Whether or not the Committee report will be politically acceptable is perhaps the most important barrier now. There were dissenters on the Committee and throughout the state, and their dissents seemed to revolve around the rights of local government and the growth of regional governments, a matter that will be returned to shortly.

Clearly, there are varying levels of housing activity implied in these responses, but the actual implementation or delivery of low-income housing programs is only mentioned as possibilities in a few. It appears to be gathering momentum in several areas, though and it should not be ruled out.

Benefits of EDD and Planning Agency Involvement

Their are several potential benefits to be obtained by giving the operational responsibility for the delivery of low-income housing in rural areas to Economic Development Districts and the planning type organizations. Some of these are as follows:

1) They exist. EDDs, and to a lesser extent regional planning agencies, are established institutions in rural areas, and this is a major benefit. It is often easier to begin with an established institution and expand its responsibilities than it is to conceptualize and create a new agency. It is conceivable that both start up time and initial operating costs could be reduced in this way.

2) Trained staff. Because they are established institutions, many EDDs and planning agencies have recruited trained staffs who are already familiar with the process of housing development. There is little difference between the basic process of economic development and housing development. Both are largely dependent on land development, provision of basic facilities, mortgage finance, public finance, etc. It would not be difficult to direct EDD and other planning resources to housing specifically.

3) They must have an Overall Development Plan for the area. EDDs and planning agencies should have a basic familiarity with the social and economic problems of the area and have a developed plan for meeting these problems. Also, because so many are receiving HUD 701 funds, they have included housing among their planning concerns.

4) EDDs and other planning type agencies normally have a broader view of rural development needs than do single-purpose housing agencies. It must be asked whether rural areas can afford a proliferation of single-purpose development agencies, e.g. renewal, economic development,

housing, public works, etc., or whether it would be more efficient to work through multi-purpose community development agencies. While public housing enabling legislation in most states provides enough of the powers for such an agency, it is the Economic Development Districts that have most often approached the concept in practice.

EDDs are especially familiar with the other community needs that make housing development possible and worthwhile. The complaint is often heard that housing agencies engage in haphazard development, and are likely to consider the easy availability of housing sites more seriousl than several more important development questions. An EDD or other planning agency would, conceivably, better coordinate housing development with other forms of community development and put housing where it is or will be most needed. Perhaps most important, they will coordinate housing with economic development. More people migrate for jobs than for good housing. It is, therefore, important to coordinate the two if resources are not to be wasted.

5) The areas where EDDs now exist are often the rural areas in greatest need of low-income housing. An EDD is normally an area of extreme poverty, unemployment, and physical deterioration.

6) The apparent imminent cut-off of Economic Development Administration funding has increased the interest of EDDs in expanding their program responsibilities. As a matter of survival, many EDDs are seeking new program responsibilities that will bring along with them new administrativ funds.

Reasons Against Planning Agency Involvement

There are several reasons why planning type agencies would not make housing delivery mechanisms. These are, briefly:

1) Legislation. The limitations in existing legislation on EDD and planning agency functions would have to be determined. Many, because they are created under state laws prohibiting them from undertaking operational programs, could not become involved with the delivery of low-income housing except through planning and technical assistance.

2) Conflict of Interest. Many see the combination of plannin and operational functions as bordering on conflict of inte est. This is especially true if the agency also holds A-9 review power.

3) End of EDA funding. While the demise of the EDA makes it imperative that EDDs seek other funding sources, it also raises the possibility that some local programs might collapse.

Statewide Housing Delivery Programs

Though regional housing agencies have been emphasized here, the proliferation of state level housing agencies clearly points in another possible direction. Despite their current performance, state level housing agencies may have the potential to meet the low-income housing needs of rural areas, at least under certain conditions.

If meeting the low-income housing needs of rural areas demands the existence of agencies able to sponsor, develop, own and manage low-income housing, then few states now have agencies capable of meeting these needs. Most state level housing agencies now rely on existing private housing delivery mechanisms, such as non-profit or limited dividend corporations to sponsor multifamily housing, or private lending institutions to service single-family home loans. They are generally unable to provide housing in areas where no other impetus to housing development - no other housing delivery mechanism - exists. Of course, many are active in creating housing delivery mechanisms where none exist. Nevertheless, rather than being self-sufficient housing delivery mechanisms in themselves, they are merely part of a larger housing delivery system consisting of several mechanisms. While many may have the powers to own and develop land and housing, only a few have used these powers. Perhaps this explains the failure of state housing finance agencies to serve rural areas, a fact that none would seriously dispute at this point in time.

Another reason why the performance of state agencies in rural areas has been unimpressive is the fact that they almost invariably use the Section 236 program, which is geared towards the larger cities and towns. Only four state agencies have even initiated the single-family loan programs that are appropriate to rural areas and small towns.

Finally, there is the problem of subsidies. Not only are the units assisted by state housing finance agencies almost invariably found in metropolitan areas or the largest non-metropolitan cities, but they are usually occupied by moderate income persons. Except for the occasional unit leased to a local housing authority, and the rent supplements attached to a portion of the Section 236 projects (which not all state agencies are anxious to obtain), the housing assisted under state programs is of the interest subsidy type which does not serve low-income people.

This overview, of course, is greatly generalized. There are state agencies developing and owning housing, including low-rent public housing. And most would say that they are so much involved in a project from its inception that to say they are not development agencies is merely semantic. A few agencies are even attempting to work in rural areas, and are administering or designing single-family programs. Quite a few would like to serve more low-income people, but are limited by their legislation and the nature of existing subsidy programs. However, the fact remains that the State housing agency is largely an urban phenomenon.

Many rural states have only recently created housing agencie and they have not yet begun operations. If their legislation is a indication of what to expect, they will still not meet rural low-income housing needs. Most of them still lack the powers to own and develop land and housing, and only a few are authorized to use the public housing program.

Even in light of the current situation, there are some possibilities for the future. Several state level housing agencie now have the widest possible range of finance and development powers, all of which they intend to use. Most of these agencies are combination State Housing Finance Agencies/State Housing Authorities. The following is a comprehensive list:

1) Delaware State Housing Authority.
2) Maine State Housing Authority.
3) Hawaii State Housing Authority.
4) Idaho State Housing Autrcrity.
5) South Dakota Housing Development Authority.
6) South Carolina State Housing Authority.
7) West Virginia Housing Development Fund.

If they are not already doing so, these agencies are able to function as housing finance agencies, working to assist the existing housing delivery system through seed-money loans, technical assistance, mortgage and construction lending, units for public housing leasing, etc. Like other housing finance agencies, they can also try to create housing delivery mechanism whenever possibl But, if it is necessary, they are also able to aggressively take t initiative to develop housing which they will own and manage. While they may rely on outside agencies to deliver housing, they d not need to do so.

The problem with state-wide housing delivery mechanisms, as with the regional mechanisms previously discussed, is to devise effective plans for developing and managing low-income housing ove great distances in rural areas. This problem alone goes a long way towards explaining why even state agencies with development powers are reluctant to initiate development programs, as well as why so few states have initiated single-family loan programs. A single-family loan program, for example, if the agency is the

loan originator, demands of a mortgagee a series of appraisal
and inspection services which require an outreach staff to per-
form them. The more dispersed the loans, the larger the staff
necessary or the greater the amount of wasted travel time. An
agency may also originate loans and rely on local lending
institutions for servicing, or act as a secondary mortgage market,
which also means reliance on local lending institutions. The
lending institutions, of course, service the loans for a fee. It
goes without saying that this approach not only demands the
existence of a capable local lending institutions, but a willing-
ness on their part to participate in the state program. In
either case-originator or secondary market - the agency incurs
greater administrative problems and raises the costs of its loans
to the consumer. In the case of reliance on local lending insti-
tutions, the agency is not even assured of covering all areas of
the state.

The Vermont State Housing Authority, reviewed in this report
has partly overcome the problem of managing a housing program whic
is administered from the state level but which requires a local
presence by using the Section 23 leasing program only. (This is
not by choice, but by a limitation in its legislation). However,
as pointed out in the case study, the leased program has developed
its own problems in rent collection and maintenance.

Clearly, since the problems of state-wide housing delivery
agencies must be dealt with evenutally, and since there is so
little existing experience to draw upon, a considerable amount
of additional research is called for. For the moment, it might
be helpful to identify some of the factors bearing on the feas-
ibility of a state level housing delivery mechanism.

Like the problem of defining an optimum size for a rural
regional housing program, the feasibility of creating a state
wide low-income housing delivery mechanism is dependent upon
local conditions. The most obvious of these is the size of the
state. In several small states with proportionately large rural
populations, a regional housing delivery mechanism might be an
unnecessary level of administration. Rhode Island and Delaware, fo
example, are hardly as large in area as many of the regional housin
authorities found in larger states, and their total populations are
comparable as well. Added to these two states could be Hawaii,
Connecticut and Massachusetts. Vermont and New Hampshire are a
comparable size, but, as seen in the case study of the Vermont
State Housing Authority, a great deal of travel is required to
centrally administer even a leasing program in a state that size.

A state-wide program is also feasible using the Section 23
leasing program, as in Vermont, in those states having large
supplies of unoccupied housing which is sound or in need of minor
repair. Unfortunately, this is the situation in many rural states
where out-migration of the young has left many good houses empty
after the elderly owners have passed on or moved on. This housing
program does not, at least theoretically, require the same amount
of local administration as a development and management program.

However, as seen in Vermont, private owners have not been very reliable in the areas of maintenance and rent collection, to the point where that state agency is considering the creation of its own maintenance force. Another problem with the leasing program is that the supply of available adequate units is limited, as the Vermont Authority is finding, and the units that are available do not necessarily meet local needs. For example, the local housing need may be for mostly elderly units, as is quite usual in ral areas, but the supply of housing for leasing consists mostly of the large old homes the elderly would often like to get out of. It is inconceivable that a development program would not also be necessary.

Another situation where a state-wide delivery mechanism for rural low-income housing might be feasible is in those Great Plains and Rocky Mountain states where there are concentrations of population and clusters of small towns in one part of the state and the remainder is virtually empty. A look at a map of Idaho, Utah, Colorado or South Dakota illustrates this situation. In such cases, the size of the regions would have to be so large to obtain suitable population aggregates that there would be little sense in setting up the total administrative machinery necessary for low-income housing development and management on a regional level. Rather, limited regional or local offices of the state agency would suffice for management purposes, and major functions could be centralized at the st te level, e.g. accounting, records, planning, finance, intergovernmental relations, etc. The extra amount of travel costs required in such a system would perhaps be made up in the centralization of these other functions.

Actually, any state could operate a state-wide low-income housing delivery system merely by creating a system of sub-state offices. In fact, local office space and additional technical assistance would be available in many states in the forms of regional planning or economic development agencies already in existence The actual cost considerations upon which the decision to initiate a statewide program should be made would have to be worked out by the individual states. For several reasons, though, the decision to implement such a p.ogram should be looked at from the perspective of when does a state level mechanism become more desirable than an agency closer to the local level? This entails more than costs. It must take into account two other major factors. Briefly, these are:

1) Traditions of Local Government.
The politics of a housing program administered at other than the local level are very complex. A state level housing agency may appear to many localities as an interloper; something they really have no control over. Even regional agencies, at least as they are now constituted, are under local control. Several state agencies, of course, have been successful in working out relationships with localities to develop low income housing. Nevertheles:, it is a potentially volatile issue, and the more : is left in local hands the more the issue is defuse . This is not to say that local

control should extend so far as exclusionary practices or the outright refusal to accept needed low-income housing.

2) Effective Housing Management.
There are certain problems that arise when decision making power is centralized at a distance from local conditions. Local needs and attitudes could be distorted, if not disregarded, and faulty decisions made. Also, a decision-making power centralized at the state level could delay unnecessarily matters of great importance to local management.

These two considerations are sufficient to conclude that the state level housing delivery mechanism is not desirable where other local mechanisms are possible. They do not, however, preclude other state roles in the development of low-income housing beyond the financing, technical assistance, and planning functions now performed. One of the most pressing needs is for a state-level housing development agency able to override local zoning and building restrictions and provide low-income housing wherever it is needed. (For the moment, this could not apply to any public housing programs because of legal requirements that local approval be obtained.) A state-level housing development agency should in many cases be available to move in to develop low-income housing and then turn it over to an existing regional agency for management. This function would be based upon the broader responsibility to monitor local and regional housing programs to see that they are managed effectively and meeti[illegible] local housing needs.

FOOTNOTES

1/ Rural Development: Financial and Technical Assistance Provided by the Department of Agriculture and the Department of Housing and Urban Development for Non-metropolitan Planning Districts in Fiscal Year 1972, U.S. Department of Agriculture, Washington, D.C. 1972.

2/ NMSA, Ch. 196, Sec. 4-30-1 -- 4-30-6.

3/ NMSA, ch. 196, Sec. 4-30-2.

4/ NMSA, ch. 196, Sec. 4-30-3.

5/ Report of the Governor's Ad Hoc Committee to Review the Virginia Area Development Act, December 21, 1972.

VI. THE POLITICS OF REGIONALIZATION

The Report of the Virginia Committee on sub-state planning districts discussed in the previous section was not without dissenters. The two Committee members who wrote and submitted dissenting opinions were, perhaps expectedly, locally elected officials. Much of their dissent dealt with the questionable competency of existing regional planning agencies and the belief that implementation powers were beyond the original intent of the State legislature and the wishes of the people. However, their concerns were also often expressed in terms of the "right of local governments," and the dangers of regional governments. Some of their comments follow:

> There is no mistake that the hue and cry heard across the state as well as at the public hearing is anti-Regional Government. No one would seriously question this reading. However, as the PDCs (assuming the powers as recommended are granted) begin to produce more and more governmental services, it would seem that the road to regional government has been well-mapped.[1]

> These changes are opposed. In the first place, they constitute a frontal attack on one of our basic institutions - that being a locally elected government, responsible and accountable to a local constituency. In addition, the proposed system would create a layer of government between the

> people and their elected officials which will initially insulate local officials from the scrutiny of the electorate and eventually eliminate the need for elected local officials.2/

The correctness or accuracy of these views is of course questionable. For example, the Virginia Committee report stressed the fact that services could not be forced on an unwilling community, and that each locality must enter into a specific contractural agreement with the regional planning commission for each service it desires. Nevertheless, they do illustrate the types of concerns that must be taken into consideration.

The point of these dissenting opinions is not opposite to the combination of planning and implementation, although that is mentioned also. The point is the undesirability of regional service delivery mechanisms of any kind, and it applies to regional housing and redevelopment authorities as well as to regional planning agencies with powers of program implementation. In this study of existing regional housing authorities, and in interviews in the HUD area and regional offices, the problem of local control came up often, and was usually seen as the major barrier to a regional housing program.

The San Luis Valley Housing Committee, one of the case studies presented earlier, is a good illustration of the point. The consolidation of these small housing authorities would never have come about if the Denver Regional Office of HUD had not required it, in effect, by making known its disinclination to allocate units to any of the authorities individually. Local control was, and is, an issue, especially in the question of who was to select the developer for each town's units. (The consolidated arrangement allows the authority in each town to select the developer.) Like the local officials who oppose regional services, the question of the loss of patronage jobs very likely is part of their dislike of regionalism. Again, the San Luis Valley Housing Committee illustrates the point. The management plan for the consolidated authority calls for resident managers, perhaps tenant managers, in each town to cut down on travel from the authority's central office. Local control has been taken to perhaps an extreme in this case in that the executive committee member from each of the cooperating authorities on the Committee has veto power over any appointments of local managers.

While there is no large body of data available on local attitudes towards regional housing programs, there is quite a bit available on attitudes towards other types of regional agencies. In a comprehensive study of regional planning councils, Jean M. Gansel and Carl W. Sternberg of the Advisory Commission on Intergovernmental Relations, have shown that of the cities in their survey, the primary reason why they did not join a regional council was feared loss of autonomy.3/ The second most prevalent reason for not joining a regional council was the fear that such an organization would be dominated by its largest member or members. In response to a question on the possible future directions for regional councils, only 23% of the responding cities, or 192 out of 833 cities, felt that they would like regional council to assume operational responsibility for service functions now performed by local governments.

On the question of non-membership in a regional council, it was the medium size cities (50,000 - 250,000) most concerned about local autonomy, and the smaller cities (5,000 - 10,000) that were least concerned. However, it was the smaller cities which were least desirous of seeing regional councils assume operational responsibilities.

When asked to identify the major barriers to expanding the action of regional planning councils on area wide and local problems, the cities surveyed in this study listed 1) political traditions opposing metropolitan or regional government; 2) legal restraints in state laws; 3) voluntary nature of membership; and 4) local member resistance to implementation of area wide programs, in that order of importance. Obviously, these are all considerable barriers to surmount not only if regional planning agencies in rural areas are to become involved in the delivery of low-income housing, but if regional programming of any kind is to be successful.

The concluding paragraph of this study is a helpful summary of existing attitudes.

> In the opinion of the city officials participating in this survey, then, regional councils are here to stay. They are considered as useful facilitators, planners, reviewers, and coordinators for federal areawide grant program and local assistance purposes. They are not looked upon as plan or policy implementers, service delivery mechanisms, veto bodies, or metropolitan governments.

A similar study has been done on intergovernmental service agreements, which are perhaps closer in concept to the regional housing delivery program than are regional planning agencies.4/ Interlocal or intergovernmental cooperation laws exist in a majority of the states, and provide, generally, that a local government may exercise any one or more of its powers jointly with any other unit of local government. It is very similar to the "boiler plate" provision found in the public housing enabling law in 46 states, which allows any housing authority to cooperate in the joint exercise of its power with any other housing authority.

The value of interlocal cooperation agreements, as explained in this study, are the same as those stated for the consolidation of public housing authorities at the start of this report. For one, they allow a locality to obtain a service or product which it could not feasibly provide for itself. Secondly, such an agreement can often lower costs and improve quality. Finally, they are politically feasible in that they do not appear to threaten local freedom of action, and may be terminated on relatively short notice.

This final point, that they do not threaten local freedom of action, is quite clear. Unlike the regional councils, which are membership organizations with quasi-governmental powers, the interlocal service agreements are merely contracts between certain local governments to jointly undertake a clearly defined program or programs. The initiative of the local government is paramount here and there is no fear of some nebulous "regional government" forcing unwanted policies or programs upon the locality. Yet, this study shows that the greatest inhibiting factor to interlocal agreements of this sort is the fear that a locality's "independence of action" will be limited by entering into a joint exercise of powers agreement. Fully 48% of the locality's surveyed for this study believed that their autonomy would be injured if they entered into such an agreement.

What is perhaps the most important finding of this study, from the point of view of low-income housing delivery in rural areas, is that smaller cities and non-metropolitan cities have thus far been the least likely to enter into joint service agreements, and that a smaller percentage of these same cities are now contemplating entering into such agreements. This is explained, according to the study, because non-metropolitan cities have fewer opportunities to enter into joint agreements. This explanation remains to be demonstrated, however.

One final point that should be emphasized is that the type of services that localities were willing to provide jointly were found to deal with "relatively minor and non-controversial problems." Indeed, the study shows that "jails and detention homes, police training, street lighting, refuse collection, solid waste disposal, and animal control services are the most popular agreements." Low-income housing is not a minor problem, and is one of the most controversial, at least insofar as local prerogatives go. Although small rural communities are generally not as opposed to low-income housing as are the affluent communities surrounding our large cities, there is still some measure of outright opposition to contend with, and jealousy of local "rights" in this matter will be encountered even in the smallest rural towns.

Overcoming Opposition

The way regional cooperation in the delivery of services has been possible has been by assuring each locality that no unwanted services could be forced upon them. This has been done in the creation of regional housing authorities through provisions in state enabling statutes prohibiting any regional authority from providing housing in any incorporated municipality within the region without the permission of the governing body of that locality. This assures that no regional agency will move in to provide public housing where it is unwanted.

Of course, at least with regard to public housing, this provision is not really necessary in state law, because the federal public housing law prohibits the development of housing in any locality without local approval, as expressed in a cooperation agreement executed between the locality and the authority. Of what value, then, is a regional low-income delivery mechanism if localities decline to take advantage of its services?

This raises some very serious questions regarding the federal role in low-income housing. For one, is it a proper role for the federal government to require local approval of low-income housing? After all, this is more legitimately a concern of the individual states, and it is perhaps only because low-income housing programs have been delivered directly from the federal government to local governments by passing the states, that this provision exists in federal law. To be sure, the tax exempt status of public housing gives some support to the federal protection of local prerogative. However, this can be easily overcome by removing the tax exemption on public housing in both state and federal law as suggested in the omnibus housing bills to come out of both houses of Congress in 1972. If it is not merely the taxes, and perhaps the extra social services and decreased "return" on the land use that is at issue, then it is the political issue of low-income housing "next door" that must be assumed to be of first importance. Indeed, few doubt that this is the case, and there has been little reason to believe that either the federal government or state governments will take even a neutral stance on the issue by doing away with local approval requirements let alone mandate the development of public housing in unwilling communities where a need can be demonstrated.

The similar issue which must be discussed is the extent to which the federal government, or state governments, if the responsibility is given to them, will *mandate* that local communities too small to provide a service as effectively and efficiently as possible join with other such communities in a joint arrangement, or suffer the loss of assistance. While this does not pose much of a threat to those communities that are not interested in obtaining low-income housing, it might have some effect on those that do desire the housing. As a [illegible]. This will be returned to later.

The political problem, then, with the creation of regional low-income housing delivery mechanisms for rural areas is two fold First, it would defeat the purpose of a regional delivery system if small towns remained free to create their own local agencies, despite the problems these agencies would face. To prevent this, towns of a certain size would have to be prohibited from creating their own agencies or, on the other hand, required to cooperate in a regional agency if they are to receive low-income housing assistance. The reaction of many small towns to this would be to merely do without low-income housing rather then join a regional effort, and this points up the second, and more fundamental, problem. As long as localities retain a veto power over the development of low-income housing, any requirement that small towns participate in a regional delivery system before becoming eligible for low-income housing assistance will most likely result in many small towns ignoring their low-income housing needs, not in an improved delivery system.

Even if the federal and state governments fail to deal with these problems, there are several reasons why the creation of regional housing delivery mechanisms is still worthwhile. The first of these is that the option should be available. There are many towns willing to join in a regional effort, as evidenced by the case studies shown here and they should have the option available to them. The second reason is that the creation of a regional agency and its successful example could in many areas be enough to convince initially dubious towns of the value of the program, or at least dispel major fears. It was not unusual, in the case studies shown earlier, for additional communities to request the services of the regional or consolidated housing authority. In fact, it could perhaps be assumed that a major role of such a regional agency would be public education. This is true now of many regional planning agencies. The regional housing authorities included among the case studies in this report were not aggressively active in public education about the housing programs they administered, but were generally available to provide this service if requested by non-participating communities within the region. Several of these authorities are still adding communities to their program.

It goes without saying that the opposition of localities to regional service delivery and low-income housing would probably be as strong, if not stronger, if directed against a state agency.

FOOTNOTES

1/ Report of the Governor's Ad Hoc Committee to Review the Virginia Area Development Act, December 21, 1972, p. 21.

2/ Ibid., p. 23.

3/ Jean M. Gansel and Carl W. Stenberg, "Regional Council Performance: The City Perspective," The Municipal Yearbook: 1973, International City Management Association, Washington, D. C.

4/ Joseph Zimmerman, "Meeting Service Needs Through Intergovernmental Agreements," The Municipal Yearbook: 1973, International City Management Association, Washington, D. C. This study and the study by Gansel and Stenberg cited above are both part of a larger study on sub-state regionalism being conducted by the Advisory Commission on Intergovernmental Relations.

VII. DESIGN OF A MODEL AGENCY

In the Introduction, and throughout the remainder of this report, several major problems are identified that must be dealt with if low-income housing is to be effectively delivered in rural areas. Briefly summarized, these are:

1) Weak or non-existent local impetus, either public or private, to the development of low-income housing.
2) Widely dispersed population.
3) Issues of local control.

There are many other problems, to be sure, and the most fundamental of these - economic development - is not even mentioned above. There is also the severe shortage of housing related facilities, especially water and sewer, that stands in the way of rural housing development. The problems outlined here are limited specifically to those things which must be overcome in the short-run to provide rural areas with a basic low-income housing delivery capability.

To deal with these problems, several institutional possibilities were reviewed. These possibilities were: 1) public housing authorities; 2) economic development districts; 3) regional planning agencies and 4) statewide housing agencies. None of these possibilities, though, can be considered to be a "model", if we define a model as the ideal. They more or less approximate a model, but each has several major shortcomings preventing it from dealing effectively with one or more of the rural housing problems identified. It should be possible to arrive at a model agency by identifying the good features of these existing agencies and explaining how to compensate for their shortcomings.

It should be kept in mind that any attempt to design a model rural housing agency must first be made within the context of existing housing subsidy programs.

Evaluation of Possibilities

All of the agencies reviewed in this report share several basic characteristics necessary to deal with rural low-income housing problems. For one, they are all created through public initiative, and this is essential if rural areas are to develop a basic low-income housing delivery capability in a short period of time. The creation of public institutions is perhaps the strategy most responsive to federal and state action.

Secondly, they are all regional or statewide. They deal with the problem of creating rural programs large enough to obtain talented staff and achieve a level of administrative sophistication rarely found in rural areas.

Third, if they are not all presently engaged in the development of low-income housing, they are all (or should be) familiar with the basic housing development process. For those not now involved with low-income housing, it would not be an incompatible addition to their responsibilities.

Finally, they are not untried or unknown. They already exist in many areas, often with high levels of local credibility and acceptance. Enough models exist to accurately estimate the potentials and problems that will be encountered if these agencies are used as the building blocks of an improved rural housing delivery system.

Beyond these shared characteristics, each of these agencies has several characteristics peculiar to its type. Some are assets, some are shortcomings. The public housing authorities, for example, are the only agencies with lengthy experience in the development and management of low-income housing. They are also widely empowered to undertake a broad range of housing and community development programs. Indeed, with regard to scope of powers, state public housing enabling laws are among the most flexible written. (And, since most were based upon a model provided by the federal government, they are all basically the same.)

On the other hand, public housing authorities have never been encouraged to investigate and utilize the full scope of their powers, and there might be some resistance to the suggestion that an authority become involved with, for example, water and sewer development. This is true even though some systematic approach to water and sewer problems is desperately needed in rural areas. Also, because they are narrowly conceived as "housing" agencies, it is often heard that authorities do not participate enough in the comprehensive development planning being performed by other agencies in rural areas. Finally, housing authorities are often referred to as "stepchildren" of local governments. This is not only accurate, it is understated. In many places, authorities are clearly at odds with elected officials.

As alternatives to public housing authorities, regional economic development and planning organizations have a number of attractive attributes. Those that are staffed and active usually have a wider view of rural development needs than do housing authorities, and are more inclined to see low-income housing as part of a broader development process. This makes them more likely to initiate more comprehensive community development programs, and to think in terms of the totality of a community's needs, as well as how these needs relate to each other. These types of agencies are also more closely tied to local government. Elected officials, because of federal funding requirements and local preference, normally make up a majority on any development district or planning agency board of directors.

Development districts and planning agencies, though, are also not without drawbacks as housing delivery mechanisms. In many states the legislation under which they are created limits them to planning only, and prohibits program implementation of any kind. If there is an attempt to change this legislation, considerable opposition will be met from planners and local officials alike, mostly on the grounds that sound planning principles demand the separation of planning and implementation, particularly when planning includes A-95 review powers.

Finally, several of the statewide housing agencies mentioned in this report also have important attributes. The ability to utilize all available housing subsidies is one of these. Also, they assist private housing sponsors to develop low- and moderate-income housing by making construction and mortgage financing, "seed-money" loans, and technical assistance available to them. At the same time, as low-income housing developers, statewide agencies will often have to face a considerable amount of local antagonism if they transgress what are now local prerogatives, as well as the administrative problems connected with managing local development programs from the state level.

What none of these agencies are able to deal with is the small community that insists on creating its own low-income housing agency, or that simply chooses to ignore the housing needs of its low-income citizens. Only the state and federal governments can deal with either of these problems, by refusing on the one hand to provide assistance to those small communities where an individual agency is considered unfeasible, and by empowering some non-local agency to override locally erected barriers to the development of low-income housing.

Design of a Model

Taking the desirable characteristics common to all of these agencies, and compensating for what they all lack, the rudimentary rural low-income housing delivery agency emerges. Its characteristics are, briefly:

1) It already exists, or is easily created through federal and state policy. In most instances it will be a public body.
2) It serves a large enough population to produce a program capable of attracting and supporting a talented staff, and of utilizing the most efficient management techniques.
3) It is able to provide all necessary housing services.
4) It is able to provide low-income housing wherever it is needed, limited only by rational planning.

These are the rudiments, and they are all essential to meet one or another of the rural housing problems identified in this report. But, since the model sought here is the ideal agency, the rudiments are not enough. They must be expanded and built upon.

To begin, though the rudimentary agency either already exists, like Economic Development Districts, or is easily created through public policy initiatives, this is by no means a model. It is too permissive. Development district organizations exist , but they must be made into housing agencies, and even though public housing authoritie are relatively easily created, numerous small rural communities have not chosen to create them. The model demands more certainty that housing delivery agencies will in fact be created, and that all areas of the county will have at least a basic housing delivery capability. The model Rural Housing and Development Agency (RHDA) is therefore automatically created through state legislation, and perhaps aided with state or federal grants for initial planning and operating expenses

Along these lines also, if the rudimentary agency is publicly created, the model Rural Housing and Development Agency is closely tied to local government. It expresses, in effect, the recognition that the primary responsibility for the development of low-income housing is public. Although housing authorities are publicly created, they are very often used to obfuscate the fact that low-income housing is a public responsibility. The entire concept of an "authority", used in housing only because of restrictive state constitutions, has often allowed locally elected officials to leave low-income housing problems to the federal government and a local, semi-autonomous agency, and ignore their own responsibilities. It is now time that low-income housing be thought of as any other municipal service.

To create a program large enough to obtain talented staff and utilize modern management techniques, the rudimentary agency is created at the regional or state level. The RHDA is not only regional or statewide, it is able to review the operations of existing small housing authorities and if they are found to be deficient or can be vastly improved, incorporate their programs into its own. The RHDA also has final approval power over the requests of small localities to create their own housing agencies. Finally, the RHDA would be able to review and regulate the operations of <u>all</u> subsidized housing projects, including those that are privately owned, and to take over the management of these projects, if necessary, to improve services or prevent default and deterioration.

When translated into specifics, the "wide range" of housing services mentioned above becomes a sizeable list. First on the list is the ability to utilize <u>any</u> available housing subsidies and related programs. In the context of existing subsidy programs, and a few experimental or proposed programs, this includes:

1) The ownership, development, and management of land and housing for low- and moderate-income families and elderly, and the power to receive from, or administer for, the federal and state governments any form of subsidy they make available. The RHDA could develop housing under: a) bond issue/capital grant programs; b) existing interest subsidy programs if they continue, and for which they could provide their own financing through bonds, or; c) direct federal low-interest loan programs. For home-ownership, the agency could develop sites, find and counsel eligible families, sub-contract for construction, and arrange for financing through the federal government, state finance agencies, or their own resources.
2) Administration of a housing allowance subsidy, if one is enacted, or administration of block grants for housing.
3) The management of privately owned, subsidized housing.
4) Design of a housing unit allocation plan, and performance A-95 review functions with regard to the housing plans of private sponsors and existing local agencies.
5) Coordination of a comprehensive social services program for residents of its own and other subsidized housing.

Beyond these basic housing powers, the RHDA would undertake several broad community development programs. It has been a mistake in the past to separate low-income housing from the broader concept of community development. In urban areas it has led to a functional fragmentation of agencies and responsibilities, and there is no reason for rural areas to repeat this mistake. The broader community development needs to which the model agency can address itself are:

1) Water and Sewer Facilities - these facilities are severely lacking in rural areas (See <u>Status of Water and Sewer Facilities in Communities Without Public Systems</u>, Agricultural Economic Report No. 143, Economic Research Service,

USDA, 1968), or they are inadequately provided by a variety of special districts, public agencies, and private entrepeneurs. Water systems in many rural areas are definite health hazards.

The model Rural Housing and Development Agency could develop systems either independently or under contract to local governments, using federal assistance, its own, or a locality's bond issuing powers, and institute user fees or tax assessment.

2) Other community facilities, such as neighborhood centers, clinics, recreation areas, etc.
3) General renewal.
4) Development of land and facilities for industrial development. Urban renewal agencies have for years been underwriting the rejuvenation of business districts. The rural counterpart of this would be the development of industrial parks and facilities. A rural housing and community development agency should, for example, take advantage of the industrial facilities loans provided under the Rural Development Act of 1972.
5) Design and enforcement of codes, and the experimentation with innovative building systems suited to local needs and resources.

Finally, there is one area where the rudimentary agency and the model RHDA do not differ, and this is the ability to provide low-income housing wherever it is needed, limited only by rational planning. This could hopefully be accomplished through negotiation with localities, but inevitably the powers to override local opposition, as well as local building and zoning regulation, would have to come into play.

Relationships With Government

The creation of a model Rural Housing and Development Agency would be a systemic change of major proportion. The relationships between such an agency and the various levels of governments would be quite different than those now experienced by public housing authorities.

The most obvious difference is that localities would no longer have the option to create a low-income housing agency. Instead, regional agencies would be created by the state. The local override power of the new agency would make the development of low-income housing a matter of negotiation and cooperative planning among localities, and would end the outright veto power over low-income housing now enjoyed by localities. On the other hand, local governments would have closer ties to the new agency insofar as elected officials would be represented on the board. Since localities must continue to provide many of the ancillary services necessary for housing development, the more prominent role of elected officials would perhaps be a step forward.

State governments would take the initiative to create the RHDAs, make provisions for the appointment of boards, and invest them with all necessary powers. Since it is unreasonable to expect that housing agencies directed largely by locally elected officials would not try to avoid the difficult problem of low-income housing distribution, the states would have the primary responsibility to see that all localities were making good faith efforts to meet their low-income housing needs.

The state, or its designated agency, would review the plans of the RHDAs, and be empowered to mandate changes when these plans did not adequately address the needs of the poor. Beyond this, the state would hear appeals in disputes regarding the distribution of low-income housing. This is similar in concept to the statewide board of zoning appeals within the Massachusetts Department of Community Affairs. Essential to the state oversight review role is the continued formulation of statewide plans for housing and community development.

States would continue to provide necessary services to the regional agencies. One of these would be the negotiation of federally provided housing and community development assistance, based upon regional and statewide plans. Another service could be the coordination of bond issues. Yet another service could be technical assistance in management techniques. For example, the use of computer technology for low-income housing accounting and record keeping, now being used in many areas, would perhaps be best handled at the state level for all RHDAs.

If it is considered desirable that the issuance of bonds to support moderate income housing remain at the state level, i.e. the state housing finance agencies, the RHDAs could serve as the local arm of the state agencies and improve their performance in small towns and rural areas.

The role of the federal government would not change drastically, although it would be greatly decreased in certain areas. For example, although the federal government would continue as the source of low-income housing subsidies, it would have to deal with far fewer agencies then it now does, and its dealings with them would be far less complex. The RHDAs would require the consolidation of many small housing authorities, and prevent their continued proliferation. They would also keep a close watch on surviving authorities, as well as on private sponsors of low-income housing. They would approve the development and management plans of the private sponsors and, in many instances, provide the management for privately owned subsidized housing. All of these things would remove much of the burden from the federal government.

The federal government would be the final arbiter of whether states and localities were taking the proper steps to see that all housing needs were being met. This would entail the review of RHDA plans and performance in such areas as open housing, "fair share" allocation among localities, and the correspondence of housing plans and needs. Since the RHDA would be involved with community development programs of a broader nature than housing, the federal government would be able to exert a considerable amount of leverage in requiring the local acceptance of low-income housing.

The creation of a model Rural Housing Development Agency would not require changes in many federal housing concerns, such as mortgage insurance, research and technology, or the manipulation of the mortgage credit system.

Relationships With Other Housing Producers

The RHDA should be thought of as having the primary responsibili for the delivery of subsidized housing, but not as the only agency capable of delivering such housing. Indeed, if existing housing programs survive there will be a role for the private sector, and it is also likely that many of the housing authorities in the larger rural towns will continue in existence. However, the supervisory role of the RHDA would be considerable.

It would have the responsibility to review the plans and operations of all subsidized housing sponsors, public and private. This includes not only the A-95 review power, but also a system of regular audits, management reviews, and project inspections. The RHDA would be empowered to take over the management of units, or to mandate changes in management and maintenance procedures.

In addition to this supervisory role, the RHDA will assume the responsibility for technical assistance to all housing sponsors. This responsibility is now divided in rural areas among a variety of nonprofit housing development corporations, community action agencies, private consultants, and state agencies.

Finally, in capital short areas, the RHDA could use its power to issue bonds as a means of providing construction and mortgage financing for sponsors and builders of low and moderate income housing.

The Model Agency and Housing Allowances

Thus far, the model Rural Housing and Development Agency descri here has assumed the continuation of existing "production oriented" housing subsidies; it is a sponsor and developer of housing. An alternative assumption is the creation of an income transfer subsidy program, such as housing allowances. If a housing allowance program were to be enacted on a major scale, it is projected that the role of the public development agency would atrophy, and that the system would rely almost exclusively on the private market mechanisms.

There is some doubt about the potential effectiveness of housin allowances in rural areas, especially in the short run. As repeated often throughout this report, the private mechanisms which now deliver low-income housing are in short supply in rural areas, and there is very little reason to think that they will be able to respor to a demand that is almost equal to that in the cities. If anything, it can be expected that rural areas would demonstrate the accuracy of the fear that allowances would merely raise rents in the short run.

This is not to say that an allowance would not be a good supple mental tool in many areas, as the leasing program is now. It is to point up the likelihood that public impetus to low-income housing development in rural areas will probably be necessary for some time to come, even if the publicly developed housing is subsidized by housing allowances rather than the subsidy programs we know today. Indeed, there is no reason why a housing allowance system and the public development of housing should be thought of as exclusive of each other.

Beyond these assumptions, though, which still require more documentation, it is possible to fit the RHDA presented here into a housing allowance system. In a piece on the design of a housing allowance program, De Leeuw, Leaman, and Blank outline three basic administrative functions that must be performed.[1] These are:

1) determining eligibility
2) determining the amount of benefit and distributing it
3) auxillary administrative functions:
   a) code enforcement
   b) inspection of units
   c) certification of landlords

The first two of these functions could be performed more or less effectively by several types of agencies, including the RHDA. While welfare agencies probably have the most extensive experience with complex eligibility and benefits formulas, as well as with the distribution of cash allowances, public housing authorities have performed such functions in the past, e.g. the Section 23 leasing program, Brooke Amendment rents, income certification, etc. It is only in the ability to perform the "auxillary functions" listed above e.g. unit inspection, code enforcement, that the differences among agencies become apparent. For these functions it is clearly more desirable to have a housing agency.

If the concept of a housing allowance is not merely to see that needy families are put in housing, but that they are put in good housing, than a comprehensive set of inspection procedures will be necessary. In the absence of such procedures, the federal government would find itself in the uncomfortable position of subsidizing substandard housing, as it so often is under the welfare program. Inspections, of course, require an objective set of standards or housing codes, which are usually lacking in rural areas. The model rural housing agency described in this report is perhaps best suited for the task of code formulation and enforcement, and the inspection of housing allowance units.

It often requires a considerable amount of technical expertise to inspect a unit for code violations. It also require expertise to determine whether a unit has been properly rehabilitated or repaired, or whether it has merely been cosmetically, and deceptively, patched up. These types of things are surely better left to an agency with technical housing expertise. The additional benefit of the model RHDA presented in this report is that it is regional or statewide, which greatly simplifies the task of code formulation and enforcement.

Beyond these technical administrative matters, there is the question of planning. It is doubtful that the private market will always produce the right kinds of housing where it is most needed. A housing agency with an overview of current and projected housing needs, as well as all ongoing community development efforts, would be necessary as a guide and supplement to private market analysis.

Block Grants For Housing

A second alternative to existing subsidy programs are block grants for housing, a form of housing revenue sharing. Not only is the RHDA described in this report well suited to the block grant approach, it is a requirement if such an approach to housing subsidies is to be effective.

The two basic forms for housing block grants are: 1) all funds going to the states, which in turn distribute them to localities, and 2) formula entitlements going directly to metropolitan areas, with the states distributing funds set aside for non-metropolitan areas. In either case, most state governments would need a system of rural housing agencies through which to deliver housing subsidies.

To simplify the administration of housing subsidy programs, the states will most likely rely on regional agencies, rather than dealing with each locality and housing sponsor individually. These agencies would have powers similar to those described for the model. They would be able to develop, own and manage housing, as well as supervise the activities of other public and private housing sponsors. The regional agencies would also plan the distribution of housing funds, not only among localities, but among possible uses, e.g. elderl vs. family, low vs. moderate, new construction vs. rehabilitation, development vs. operating subsidies. The regional agencies would, in effect, be the administrative arms of state housing programs.

The states would create the regional agencies, and provide for their operating funds. Their subsequent involvement would be limited to the same oversight and plan approval functions that should be required under current subsidy programs. The daily administration of housing programs would be left almost entirely to the regional agencie

The federal government would no longer be required to deal with countless housing sponsors and applications for assistance, but would be limited to an oversight and plan approval role. It would be required to see that states establish effective systems for the regulation of RHDAs. It would also retain the power to see that the decisions of states and localities as to the uses of subsidy funds were based upon real needs. This would be particularly important if states and localities were left to decide the mix between low- and moderate- income housing development.

The importance of a strong system of rural housing delivery agencies to a housing block grant program is too obvious to require much further explanation. Regardless of the issue of local control versus federal interference, the settlement of which would eventually determine the relationship among the local, state and federal governments in the area of housing, it is clear that the existence of basic housing delivery institutions is a prerequisite for a housing revenue sharing program.

FOOTNOTES

1/ Frank De Leeuw, Sam H. Leaman, Helen Blank, *The Design of a Housing Allowance,* The Urban Institute, Washington, D.C., 1970.

VIII. ADMINISTRATIVE RECOMMENDATIONS

Thus far, this report has described several potentially effectiv rural housing delivery agencies that now exist, and proposed a model agency that should exist in terms of powers and responsibilities. This section, and the one that follows, will attempt to bridge the gap between "what is" and "what should be" by offering recommendation that will bring about various changes.

In this chapter, administrative recommendations will be offered. These recommendations are meant to lay the foundation for substantial renovation of the rural delivery system in the short run, all the time recognizing that major changes will require legislative action. There are four basic areas to which these administrative recommendatic are addressed: 1) research; 2) demonstrations; 3) technical assistanc and training; 4) incentives.

RESEARCH

A basic recommendation of this study must necessarily be that much more extensive research into the current state of rural housing delivery, and how it should be reformed to become more responsive to the needs of low-income people, should be pursued. The time and financ constraints of this report only allowed for some reasoned generalizati if an adequate delivery system is to be designed, more specific knowled is required. There are problems that need further identification and explication, particularly in the areas of politics and housing man agement.

1) Politics

Perhaps the greatest drawback to the consolidation of current rural housing programs, or the creation of multi-jurisdictional programs is, according to numerous HUD, housing authority and local government officials, the issue of local control. The traditional concept of the local housing authority, for example, is well entren in the minds of local officials, some of whom have limite patronage powers connected to this community based progra Suspicion of other communities, and the fear of the outs control, are characteristic of many rural areas. But, h much of this attitude is based on ignorance of the poten benefits of cooperation? Is low-rent housing the politic football in rural areas that it often is in urban areas? Are the attitudes of rural people toward low-rent housin any different than attitudes.

The question of attitudes and how they affect rural housing is obviously important, but something that, to o knowledge, has never been investigated. Yet, to attempt to change a well entrenched system without first examining the political implications would be foolish and possibly wasteful.

2) Housing Management

HUD is currently spending 20 million dollars on 13 demonstrations of "management innovations" in various par of the country but, with the possible exception of Hawaii the demonstrations are entirely urban. Obviously, the ma ment recommendations (including maintenance alternatives) resulting from these demonstrations will be addressed pri to the dynamics of operating an urban housing program. I a housing program is to be developed for rural areas, ther must first be the recognition that rural management needs are somewhat different than those of urban areas, and that the ways to meet those needs will also be different.

For example, rural areas do not suffer the vandalism the crime more common to urban areas, so security service not a major management concern or expense. On the other rural housing is often scattered site and projects under same management may be 40 miles from each other, so dista is a major concern and expense there.

There are numerous management problems that are speci to rural areas such as how to provide needed social servi when there are no available resources and other manageme problems that are shared with urban area but to which urb solutions might not apply. These problems must be identi much more thoroughly than the HAC case studies could do, a before a full panoply of solutions can be offered.

Furthermore, though Housing Assistance Council has attempted some superficial comparison of costs between regional housing programs and small local authorities, there is substantial need for a thorough cost-benefit analysis of various approaches to providing rural low-income housing. As a previous chapter mentioned, the differences in cost between larger and smaller authorities is minor, but there are possible cost benefits of larger' authorities resulting from preventive maintenance and timely rent collection, among other things, that are still uncharted. Before establishing new housing policy, it is important to uncover what these benefits are and how substantial they are.

DEMONSTRATION

Previously mentioned in this chapter were HUD's 20 million dolla demonstrations in housing management, most of which are in urban areas. Similar demonstrations are needed in rural areas to both identify and test various innovations relating to the provision of low-income housing, particularly in widely dispersed areas.

The purpose of most demonstration programs is not only to prove that something will or will not work in a particular situation, and why it does or does not work, but also to test its applicability to other, somewhat different situations. Demonstrations reveal unexpected problems and ways to deal with those problems.

This study has proposed the creation of multi-purpose rural orga izations at the regional level that would be able, through a multiplicity of powers and responsibilities, to overcome the current deficiencies of rural areas that prevent the development of low-income hous and the provision of related services. Such organizations do not now exist in rural areas, nor in urban areas for that matter (though urban areas have all the institutions to provide housing and other services) Consequently, this concept will require extensive testing before it moves from theory to full-scale operation. Indeed, it will not be an easy concept to promote without substantial demonstrations and resulting modifications.

TECHNICAL ASSISTANCE AND TRAINING

In Chapter 1 of this report, it was stated that half of the nation's counties have no public housing units, and that most of these counties are rural. In rural areas that do have public housing, small authorities abound. Can these small rural areas be expected to know the potential benefits of consolidated housing efforts? Can part-time housing authority staff be expected to organize, on their own, a full-scale regional housing program? The answer is probably not. There are still communities in this country that don't know much about the public housing program, let alone the relative benefits of various management options. And, there are communities with small housing authorities that, without encouragement, would never consider sharing programs with a neighboring community. The need for an aggressive program of technical assistance and training is everywhere apparent.

In southern Colorado, the recently appointed Executive Director of the new San Luis Valley Housing Committee spent time during the HAC interview inquiring about how other rural authorities handle the problems of management and maintenance over widely dispersed geographical areas. Though this Executive Director was formerly the director of a one town authority, she was unprepared for the unique problems of multi-town and multi-county jurisdictions. Similarly, TVRHA, in Mississippi, was uninformed of potential approaches to overcoming the problems of distance, and is now experiencing some serious management problems. These and most other rural authorities were created and continue to operate in a vacuum of information. As a consequence, they unknowingly repeat each other's mistakes. Planning for a technical assistance and training program should include consideration of the following questions:

1) <u>The Types of Assistance Needed</u>

Existing rural authorities and rural communities in need of low-income housing may require assistance in several areas, including:

a) assessment of low-income housing needs;
b) assessment of the best types of housing programs to meet those housing requirements (communities need, first of all, to know what programs exist);
c) coordination with other communities on the development of a suitable housing delivery program, including legal assistance;
d) design of an adequate management and maintenance progra
e) training of staff in development procedures, accounting and record keeping, housing management, etc;
f) development of social service resources and liaison wit related governmental entities, public and private organizations.

Technical assistance and training should be a continuing task. It should begin with the actual "selling" of a rural housing delivery system to communities, regions, or states, proceed through the formation of a program and the development of staff, and continue during the lifetime of the program providing information on new ideas and resources.

2) <u>How Can Assistance Be Provided</u>

The three obvious resources for technical assistance and training are private housing organizations, states, and the federal housing bureaucracies.

The only HUD technical assistance effort with apparent rural concern was the 106 (a) program, which gave financial assistance to private and public organizations so that they could provide assistance to sponsors of low- and moderate-income housing. The original intent of the program was to encourage more and better use of HUD programs in small communities. However, a review of the grantees shows that most are urban oriented, and few are connected with the public housing program. In addition, the program was meagerly funded; one million dollars for one year.

The 106 (a) program has been abandoned in the FY74 Budget on the grounds that many other groups are now providing the technical assistance the program was intended to encourage. This is not entirely accurate, as the "other groups" referred to in the Budget turn out, upon investigat to usually be those funded by the Office of Economic Opportunity, and these groups are disappearing every day for obvious reasons.

If technical assistance to localities for the development of effective housing delivery mechanisms is to be provided through private organizations, some program similar to 106 (a), funded adequately, will be necessary.

Another source of technical assistance to localities are state level housing agencies and Departments of Community Affairs. In many states they are already involved (particularly DCAs) in creating a more effective set of loc institutions. However, not all states, and especially not rural states, have agencies with highly developed outreach bilities. The creation or expansion of these capabilities would be encouraged by a federal financial assistance progr similar to 106 (a), or by increasing the flexibility of sta 701 funds. A further possibility would be to allow a set-aside of community development block-grant funds, if enacte to improve state technical assistance functions in housing.

The most obvious resource is the Department of Housing and Urban Development, or a comparable agency for rural are HUD has a good deal of technical knowledge, though the conc of a rural delivery system will require substantial in-hous training. There is the unfortunate attitude among some HUD personnel that public housing shouldn't be "sold", but ther are many communities that know little about the program, an their low-income, badly housed families and elderly shouldn be made to suffer from this ignorance.

A HUD technical assistance outreach program would require substantially more staff than currently employed. However, in the event that a Department of Community Development is created, incorporating the functions of the Farmers Home Administration, the FmHA system of coun offices would serve as an available outreach staff for technical assistance. This also would require a considerable amount of retraining, as FmHA staff now have little experience with the concept of public delivery systems. They are, however, familiar with rural problems, which is more than can be said of most HUD staff. It should be mentioned that FmHA, like HUD, might be too severely understaffed at this time to initiate a technical assistance outreach function on a broad scale.

Even if a Department of Community Development is not created, the Farmers Home Administration should be included in any effort to design and create rural housing delivery mechanisms.

INCENTIVES

The notion of consolidated housing effort has been praised, urged and, in some instances, even required by HUD personnel. Still, large numbers of small authorities exist, many of which act independently, and each year (or, at least, up until the federally subsidized housing freeze) their numbers have increased. Though HUD management circulars may state that it is the Agency's policy to encourage various forms of consolidation, this policy is rarely enforced, and an overall approach to consolidation has never been proposed. Obviously, the legal structure of an LHA is determined by state enabling legislation, but nearly every state allows for various forms of cooperation -- either through management agreements, consolidation of municipal authorities and regional and state authorities The necessary tools are available in most states, but where are the incentives?

As the evidence does exist that small housing agencies are inadequate in several respects, it is perhaps time that HUD re-evaluate the policy of distributing scarce public housing resources to any locality, regardless of how these resources will be managed. More stringent organizational requirements clearly exist in the interest subsidy programs. A thorough evaluation this policy will hopefully result in the establishment of some minimal organizational qualifications, e.g. full-time staff, social service component, that a necessary to obtain low-income housing assistance.

To declare a national policy of consolidation without also declaring a national policy of rewards or sanctions is self-defeating. Some form of encouragement must be offered to induce existing small authorities to consolidate, and new authorities to develop with regional or similar scope and responsibilities. Several approaches may be needed to effect national policy. These include:

1) Consolidation of Existing Small Housing Authorities

There are various ways in which small authorities may be convinced that consolidation of their housing efforts sh be accomplished. The most threatening, and probably the least feasible, is the warning that operating subsidies will be held back. The legal complications, and the effects of ill will created, are too numerous to make this approach a real alternative.

A more reasonable approach would be to withhold the allocation of additional units to small housing authorities unless they agree to some form of consolidation. In this way, housing unit allocations are used as the proverbial "stick", and to some extent this approach has been effective. In Iowa and Michigan, for example, existing small LHAs approached their HUD offices for additional units, were rejected because of their sizes, and were advised to expand their structures. A five county regional housing authority is now being formed in Iowa in hopes of receiving needed unit allocations that were hinted at prior to the housing freeze, and a similar development is occurring in Michigan. In Minnesota, the implied promise of units led to new state legislation allowing for the creation of regional housing authorities similarly rejected by HUD.

These are, unfortunately, isolated examples. In the South, where consolidation of housing efforts under every sort of management agreement imaginable has been practiced for two decades, there is actually less real evidence of housing unit incentives at work. HUD staff there, alert to the potential advantages of cooperative housing efforts, often were able to influence consolidations by knowing when a small authority director was leaving his post, and by using the occasion to convince the local board of commissioners that their projects would run more smoothly if they were to cooperate with other authorities. Without firm national policy to support them, HUD staff approached consolidation on a case-by-case basis, attempting to negotiate arrangements between authorities and hoping that reason would prevail. Their successes were the result of immense personal effort. In recent years, with substantial cutbacks in HUD staff, the amount of time that can be devoted to these efforts has been limited severely, but the promise of more housing units might be encouragement enough for authorities to seek cooperation on their own.

2) Creation of New Housing Authorities

Where low-income housing programs do not exist, but are needed, HUD has the opportunity of offering an attractive incentive. It can announce that it is HUD policy to promote t creation of regional housing agencies, particularly to serve rural areas, by offering housing unit set-asides -- the "carro This would be an aggressive approach to bringing low-income housing to where it is acutely needed. For example, the promise of 200 units the first year, and an additional 200 to follow in the second year (the latter will not be honored due to the housing freeze), was strong incentive to the small but competitive communities of the San Luis Valley in southern Colorado to create a semi-regional structu

This carrot - housing unit set-asides - could be the stimulus for improved housing legislation in numerous states that now provide a shield against such cooperative housing programs as regional or state authorities. But, housing unit set-asides, on their own, either as the carrot or the stick, should not be viewed as the panaceas for small, mostly inefficient housing authorities, or the absence of any authorities in areas where they are needed. A program of incentives goes hand in hand with an adequate outreach program that will not only convince some communities of the benefits of cooperating, but other communities of the benefits of providing, for the first time, decent, low-income housing. On their own, housing unit set-asides can not overcome distrust or apathy.

IX: LEGISLATIVE RECOMMENDATIONS

In addition to the administrative steps covered in the previous section, there are also several legislative actions which could encourage, or mandate, a more effective low - income housing delivery system in rural areas. Since both the federal government and state governments are responsible for various elements of a comprehensive legislative strategy, it goes without saying that all legislative efforts must be well coordinated. The three basic areas for legislative action are research, amendment of existing law, and the enactment of new programs.

Research

If the concept of a model rural housing and community development agency presented in this report is to be refined and expanded, more extensive research into existing housing legislation at the state and federal levels will be needed. It is this legislation which has largely determined the structure of the existing low - income housing delivery system, and it should be carefully studied for two important reasons. First, it is essential that existing law be evaluated in light of the desired model, so that the barriers to its establishment can be identified and steps taken to overcome them. Second, a thorough analysis of legislation pertaining specifically to the creation of public agencies is necessary to decide if an amendatory process is sufficient to establish a model agency, or if it is more worthwhile to start fresh with a new concept and a new model law. For example, the public housing enabling laws in practically every state are based upon a concept and a model law created in the late 1930s. It is perhaps time for a fresh approach.

What is needed, basically, is a legislative overview of the laws creating existing and potential low-income housing delivery institutions, and an analysis of how they relate to each other and to the federal legislation creating the subsidy programs. Given the time and resources available for this report, very little of this could be accomplished. Numerous questions remain to be answered. For example:

- If it was decided to use Economic Development Districts or Regional Planning Agencies as low-income housing delivery mechanisms, what changes would be needed in state law?

- What is the real scope of powers of a housing authority, and what kinds of programs can an authority legally undertak

- If it is decided that regional agencies are more desirable than cooperative agreement compacts, most state laws that allow regional authorities, prohibit an existing housing authority from becoming part of a regional agency unless it has permission of all of its bondholders; is this provision necessary, or may it be repealed without the permission of bondholders?

These are only the most obvious of the questions to be answered, and the housing program evaluation now in process may deal with them elsewhere. They do serve to illustrate the types of questions that must be asked, though, and to emphasize the point that a delivery system consists of institutions as well as subsidy programs.

Changes in Federal Law

It is difficult, if not futile, to anticipate the changes in housing programs which will come about as a result of the current programs evaluation effort. For now, all that can be done is to identify provisions in existing federal law which stand in the way of creating a model rural housing agency, as presented in this report, and suggest that these restrictions be lifted from any new programs. Again, only the most glaring examples can be mentioned. These are as follows:

1) Allow public agencies to utilize all available subsidy programs.

In existing law, public bodies are prohibited from developing housing under several programs which, while not always serving low-income people, should be part of a comprehensive housing program. Because of the overall absence of housing sponsors of all types in rural areas, this prohibition should be relaxed to allow any available agency to sponsor and develop housing under all programs. The alternative is to have half of a housing program in many rural areas.

For example, public authorities cannot sponsor Section 236 multi family housing. (This is opposed by the Treasury Department on the grounds that sponsorship of such housing by public authorities would expand the use of tax exempt bond financing for housing.) A public housing agency with bond issuing powers also cannot sponsor a Farmers Home Administration multi-family project (Section 515) because its ability to raise funds through bonds amounts to the availability of "credit elsewhere," and this violates federal law. (This opinion was supplied to the Housing Assistance Council by the FmHA office of General Counsel.)

To overcome these limitations, many housing authorities have "spun-off" non-profit corporations to do the work the authorities cannot. This is a complicated and unnecessary procedure which could be avoided if federal law was changed. The idea of housing authorities managing housing produced under other programs has gained much acceptance recently. The power to develop under other programs should also be considered at this time.

2) Remove the local approval requirements in all subsidy programs.

As mentioned in the body of this report, the local reaction to any requirement that towns of a certain size join in a regional housing and community agency may often be a refusal to develop any low-income housing at all. In order to increase the effectiveness of any efforts to create a regional delivery system, then, it would be necessary to see that localities do not have the option to refuse needed low-income housing for arbitrary reasons. There is also some question, raised often today, whether local approval "rights" with regard to low-income housing is a legitimate federal concern, and whether it would not be better dealt with by the individual states.

3) End all mandatory local real estate tax exemptions on low-income housing, and include full tax payments in the subsidy.

If local approval requirements for low-income housing are to be abolished, tax exemptions also should be ended.

Even though this tax exemption may not be the primary objection to public housing development, and other more political objections will arise, it is one that can be dealt with. It may in some cases be enough to quiet local opposition.

Changes in State Law

State law is largely responsible for the specific characteristics of publicly created housing and housing related agencies. As with federal law, a more comprehensive review is necessary. Not just public housing law, but state laws providing for renewal agencies, transit and port authorities, and numerous special districts should be investigated for new ideas and in order to identify a system of relationships.

It must be kept in mind that the fundamental decision to be made is whether existing state law, such as public housing enabling laws, can serve as the basis to improve the delivery system, or if these laws are in need of such a major overhaul that a new beginning is more worthwhile. The suggestions that follow here make no assumptions either way. Some deal with new beginnings, others deal with existing law.

1) Create regional housing agencies through legislative action to cover the entire state.

The creation of regional housing authorities through legislation is the most direct action that can be taken. As mentioned, the New Mexico legislature did create and designate boundaries for six regional housing authorities (NMSA Ch.196, Section 4-30-1), giving the governor the power to appoint boards of commissioners for these authorities. (Except in one case, the governor has not yet taken steps to establish these authorities.) Other possible approaches would be to establish the jurisdictions of the regional agencies along the same lines as designated regional planning districts, or to designate the jurisdictions after consultations with local officials and a series of public hearings.

State legislation could create the agencies and mandate that local officials designate board members within a given period of time, or automatically give a seat on the agency board to each locally elected executive of general purpose government.

Needless to say, this legislative initiative would be greatly enhanced if the state legislatures would also appropriate some funds for initial operating expenses.

2) Prohibit the creation of public housing agencies in towns of below a legislatively determined population level.

This is not only within the scope of state powers, but it has already been tried or proposed in several states. For example, the original South Carolina legislation allowing for the creation of regional housing authorities also provided that the regional authorities would serve all towns of below 5,0(" populati Over the years this provision was whittled down to towns of 2,500 population and below, and finally to the point where any community could have its own agency.

In Minnesota, Section 462.426 (3) of the 1971 act allowing for the creation of multi-county housing and redevelopment authorities provides:

> In order not to foster the development and proliferation of minor political subdivision housing and redevelopment authorities, a county or multi-county authority once established shall preclude the formation of additional municipal housing and redevelopment authorities within the area of said county or multi-county authority without the explicit concurrence of the county or multi-county housing and redevelopment authority and the state housing commission.

A legislative proposal before the Washington State legislature which would automatically create regional and metropolitan housing agencies throughout the state provides:

> Local housing authorities existing on the effective date of this 1973 amendatory act in cities of less than thirty-five thousand population shall within three years from such date, by resolution of its commissioners, accept one of the following actions:
>
> 1) To continue as a legal entity pursuant to Chapter 35,82 RCW but to contract for all managment services with a county housing authority; or

2) To continue as a legal entity pursuant to Chapter 35.82 RCW but to contract for all management services with a regional or metropolitan housing service organization, as the case may be, in which such city is located; or

3) To dissolve as a legal entity and to transfer all property, rights, obligations, and authority to the county housing authority in which such city is located.

Clearly, the idea of limiting the ability of small towns to create housing delivery agencies is not unheard of, and further investigation will turn up many more illustrations similar to the above. Such limitations ar potentially effective means of encouraging the creation of alternative delivery mechanisms.

3) Create state level housing agencies with all necessary regulatory and development powers.

State housing agencies should be given all powers necessary to see that localities are attempting to deal with their low-income housing needs. They should be able to monitor the performance of housing agencies created at the local and regional level, and make suggestions for improvements. In the face of local inactio a state housing agency should have the authority to over ride local barriers to the development of low-income housing and, if necessary, the powers to develop such housing.

As mentioned, development powers in a state agency are generally necessary more for emergency situations than for ongoing programs, because the first responsibil to see that low-income housing is provided should be clo to the local level whenever possible. Only when local action is non-existent or inadequate should state level override and development power become necessary in most states. It would also be desirable that state level housing agencies be specifically authorized to serve as public housing authorities in the rural portions of the state. Legislative models for the expansion of state housing agency powers can now be found in Nevada, South Carolina, Idaho, West Virginia, and South Dakota, to nam a few, even though these agencies are still subject to local approvals.

4) Remove all local approval requirements pertaining to county and regional housing authorities.

Again, in the event that existing law will serve as the basis for creating a new low-income housing delivery system in rural areas, it will be necessary to remove from state public housing enabling statutes those provisions requiring local approval. For example, under all current state laws, regional and county housing authorities are prohibited from developing housing within incorporated areas unless they have local permission.

5) Expand the scope of activities permitted regional planning agencies under state law to include program implementation.

If the states do not legislatively define and create a specific type of regional housing and community development agency, all options, such as those covered in this report, should be available for the creation of such agencies. One of these options is to allow regional bodies created under state planning laws to provide services under contract to localities within the region. Where necessary, this will require amending state law.

It may also be worthwhile to expand the housing source of renewal agencies, even though these rarely exist in rural areas, and where they do, they are often closely connected with a housing authority. If the model to be approached is a multi-purpose housing and community development agency, this can be done by adding housing to the responsibilities of a renewal agency, or by adding broader community development responsibilities to the program of a housing authority.

New Programs

Under existing law, the process of establishing a regional or cooperative agreement housing and community development agency is long and difficult. Since these types of agencies are only options, it often requires a delicate process of community organization and education to induce several counties or cities to participate in a joint housing and community development effort. Also, since there are no immediate incentives, this is a very difficult "selling" job. A great help to this work - a necessity, in fact - would be a grant-in-aid program to cover the start-up costs of these types of regional agencies.

In the past year and one-half, the Housing Assistance Council has assisted in the creation of several multi-county housing and community development agencies. One of the essential elements in this assistance has been loan funds to provide the initial staffing and overhead necessary to form the agency, obtain approval of organizationa[l] transcripts, and submit development plans and applications to HUD. These funds were necessary because under the public housing program other federal funds do not become available until all of the above mentioned tasks have been completed. Depending upon the size of the area and the initial program, the staffing and other costs necessary to get this type of regional program underway, or to that point where other federal funds become available, range from $35,000 to $60,000. There is very little of this type of money available to interested localities now, and it is desperately needed.

The way in which the funds are provided could be, as mentioned previously, by broadening the eligible activities pursued with 701 funds to include the design and implementation of new housing and community development administrative structures. It could also be done through a grant-in-aid program specifically designed to encourage such agencies. Finally, it could be partly accomplished by making newly created housing authorities immediately eligible for preliminary loans.

Perhaps the best model for this purpose is the 701 program, which has been so successful in encouraging regional and metropolitan planning, and a high level of organizational competence. If other incentives are also available, e.g. unit set-asides, it would perhaps also be possible to obtain local contributions for these purposes.

The problem here is that much of the essential work must be done just to create the agency, that is, before an agency actually exists. Unless regional agencies of this sort are automatically created by state law, it will be necessary to identify the types of organizations eligible to receive grants to do the preliminary work necessary to create them. This work is now done by Economic Development Districts, Regional Planning Agencies, Community Action Agencies, and non-profit housing development corporations. These types of organizations should continue to be eligible, along with units of general purpose local government and existing local housing and community development authorities.

A second suggestion for new initiatives is more in the nature of anticipating several new programs which have been proposed but not yet enacted. The most important of these is the concept of block grants for community development. All current proposals would give automatic formula entitlements to metropolitan cities and counties only. The so-called Sparkman proposal would set aside 25% of available community development funds for non-metropolitan communities, but these communities would have to apply to HUD for funding. The Administration's "Better Communities Act" would make no automatic set-aside for non-metropolitan communities, but would leave the funding of these communities entirely up to gubernatorial discretion.

Neither of these approaches takes advantage of a very excellent opportunity to induce the creation of regional housing and community development agencies in rural areas. This opportunity is to make rural regional agencies which meet certain criteria of competence and operational feasibility eligible for automatic formula entitlement, just as metropolitan areas. It makes little sense to award an automatic entitlement to a city of 50,000 population, but not to a multi-county rural agency serving as large a population in a combin effort. If the basic idea behind the creation of rural regional housing and community development agencies is to provide rural areas with the same technical competence and sophistication available now in larger cities, then the sophistication should be rewarded when achieved.

Needless to say, the same comments would apply to any block-grant approach to subsidized housing programs.

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