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A PUBLIC WELFARE REVIEW OF HUD AND PHA

It is my intention to bring to your attention some history of a very important part of our national welfare system; a part of which has become a subject of both the Republican and Democratic parties in the current political race. This paper will not be political, but a brief history of our nation's attempt to solve one of the greatest problems regarding the needs of its people.

Most of us remember the WPA and the NRA in the early 1930's that President Roosevelt enacted to create jobs by enabling the unemployed to do things that needed to be done. They were used to improve roads, build public buildings, including local courthouses, new schools, etc. There was very little effort to improve housing for those that lived in the slums.

In 1920, approximately 60% of our people lived in rental housing, and a large part of it was slums! The crash of our economy in 1929 resulted in foreclosures of mortgages for both the home owners and those that owned rental property. Housing of our people had become a major national problem.

The government's concern about slums and blight started in its investigation of city slums in 1892 and 1908. During World War I, there was a need for housing assistance for war workers. It was not until the early 1930's that a real effort began to solve our housing problems, and they are not solved today!

The National Recovery Act of 1933 authorized federal funds to finance low cost homes and the clearance of slums. Creating jobs and eliminating slums were the big reasons it passed. It

resulted in 50 low rent housing projects with 21,000 units in 37 cities, and also 15,000 units in resettlement projects in small towns. This law stimulated the creation of local housing authorities under state enabling legislation with power to receive federal assistance and build and manage low-income housing.

In 1937, Congress passed the National Recovery Act of 1937. This act established a permanent public housing program. This led to the expansion of local housing authorities and their activities in managing the public housing units that had been built under the prior law.

The Housing Act of 1949 established a national housing policy of "a decent home and a suitable living environment for every American family". It established a federal assistance program for local communities for slum clearance and redevelopment. It also expanded rural housing programs, including loans for farm homes and farm buildings.

There have been a number of federally enacted laws regarding public housing over the years, but there is not enough time to give you details on them. The most important would be the Section 8, which enables owners of rental housing to become suppliers of housing for the needy and receive support from the federal government. This program is managed by the local PHA's, but the contracts are directly with HUD. The properties must meet the standards of HUD and are inspected by the local PHA. The renter must meet the same standards as those that must be met

to get into public housing units. This is a good program for the local owners. HUD establishes the rental level for the property in local territories. Our local territory for the rent includes Clarksville, Ft. Campbell and Hopkinsville. This increases our local rents for the owners, and has been an encouragement to them to use Section 8.

Section 8 also gives the tenant an opportunity to look for a place where he wants to live. There are people that don't want to live in public-owned housing units.

The Hopkinsville public housing program started in 1949. A brief outline of how local units are established could be of interest to you. Congress passed the necessary laws and established HUD under the 1937 Housing Acts. This is the Department of Housing and Urban Development. HUD has the authority to make loans to local housing authorities organized under the state and local laws. The local PHA (Public Housing Authority) is a corporation organized under local laws. In Hopkinsville, it was organized by the City. The mayor has the power to appoint the Board of Commissioners.

The loans to the local PHA are supported by mortgages on the property built; however, the mortgages are paid off over a 40-year period by grants from the federal government. This means that the local PHA does not have to collect rent to pay off the mortgages. It does not have to pay property taxes, but does pay to the local government an annual "in lieu of taxes" amount. This payment is a result of an agreement with the City, requiring

the City to furnish the same services it furnishes to other residents, including police and fire protection, etc.

Rent that can be charged to a tenant is controlled by the federal laws. It is based upon a percent of their family income, adjusted for certain items including utilities. The current rate is 30%. We can understand that when rent is not computed to cover expenses, there is no way to continue a rental project. This problem is approached by computing a budget for each year, based on computed rental and expenses. A contract is entered into with HUD to pay the local PHA an annual amount to cover any loss because of low rents. It certainly requires a sound budget each year or the local PHA would soon go broke. HUD reviews the budget and determines that the local PHA is not cheating.

You might have a question about how we keep the property repaired and how we remodel the property. There is a program under which major remodeling can be financed by grants from HUD. The local PHA has the responsibility for regular repair and maintenance.

One of your first questions will be, "Who lives in public housing?" A book could be written trying to answer that question. Each tenant must be a family or a single person. HUD establishes income limits annually by family size for the area in which the PHA is located. Income includes wages, public assistance, social security, VA benefits, pensions and child support. Income from all sources must not exceed the income limits. Under public housing, tenant families with 1 to 8

members may have incomes from \$16,800 to \$31,700. Under Section 8, the income levels are limited to \$10,500 to \$19,800, based on the same number of family members. Each tenant must make a deposit before they move into their apartment or dwelling unit. This deposit is reasonable, it's \$50.00 for the elderly and the maximum is \$150.00. The maximum is for the family which requires 4 and 5 bedrooms.

Rental payments are required on the first day of each month. If the rent is not received by the 10th of the month, a \$10.00 late charge is assessed. In computing the rent utilities are considered, but if the actual utilities exceed the utility allowance, the tenant is billed for the excess amount. The monthly rent is established each year based upon the income of all family members listed in the lease; however, if the tenant has an increase or decrease in income, the rent can be changed monthly, and must be reported by the 25th of each month. Their rent is changed the following month.

The PHA must not discriminate on the basis of race, color, religion, sex, handicap, family status or national origin. This is the federal (HUD) regulation, and must be carefully followed.

There is an important definition of a family. Families must consist of two or more persons related to the head of the family by blood, marriage or adoption who live together in the same dwelling unit. A family can also be two adults of opposite sex, where one of them has at least one child related by blood or adoption, who intend to live together regularly as a stable

family.

Single persons includes those 62 years old or older. These persons are considered "elder persons". Other single persons are pregnant, disabled or handicapped. Their ages must be 18 years or older to be eligible for public housing.

The local PHA is the largest single supplier of living quarters for Hopkinsville residents. There are 459 housing units under the management and ownership of the Hopkinsville PHA. These are located over a wide area of our city. Some of these units are single family homes and are in suburban neighborhoods. Those units that may not meet your standards of housing are those in which the tenants have lived in over a long period, and do not care for the property as you care for your homes. The PHA tries to educate the tenants in caring for the units, but there is a limit to how much they can control the tenants' abuse or neglect of the units.

Under Section 8, the properties privately owned and supported by rental allowances from HUD, and which the Hopkinsville PHA inspects and approves both the properties and the tenants, total over 500 units. This means another 500 low income families have living quarters at a low price.

The total units that HPHA makes available is about 1,000. If we made a reasonable estimate, we could say that public housing furnishes between 3,000 to 4,000 persons a place to live in Hopkinsville.

HPHA receives fees for the services they furnish to Section

8 units. These fees, less the direct expenses, result in the accumulation of a reserve fund. HPHA can use these funds as it wishes, as long as it is in the area of serving those that need housing. They are very much interested in those tenants, that can do so, to look forward to home ownership. They have started using this reserve fund to bring about home ownership. Recently, \$15,000 was given to Habitat for Humanity to help build their 5th home in Hopkinsville. They have also purchased another home and are in the process of remodeling it. The hope is that one of the tenants can buy it and become a home owner.

Home ownership has become a big program for HUD, but I have some real reservations. Can public housing become a part of our past? I really can't see how the Republicans or Democrats are going to solve our housing problems.

Your questions and answers may help them in their search for a way to solve our housing problem. Your help would be highly appreciated! Please feel free to participate!

*The Athenaeum Society
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