An analysis of the problems related to the administration of the housing rehabilitation program: a case study of Fulton county, Georgia

Sharon D. Wright
Atlanta University

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AN ANALYSIS OF THE PROBLEMS RELATED TO THE ADMINISTRATION
OF THE HOUSING REHABILITATION PROGRAM: A CASE STUDY
OF FULTON COUNTY, GEORGIA

A DEGREE PAPER
SUBMITTED TO THE FACULTY OF ATLANTA UNIVERSITY
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THE DEGREE OF MASTER OF PUBLIC ADMINISTRATION

BY
SHARON D. WRIGHT

DEPARTMENT OF PUBLIC ADMINISTRATION

ATLANTA, GEORGIA
JULY 1989
An Analysis of the Problems Related to the Administration of the Housing Rehabilitation Program: A Case Study of Fulton County, GA.

Adviser: Dr. George Kugblenu

Degree Paper dated July 1989

The primary purpose of this degree paper is to examine the major problems associated with the administration of Fulton County's Housing Rehabilitation Program.

The significance of this study lies in the fact that the ability of a government to provide the very basic necessities of life to its citizens, is the basis upon which the effectiveness of government is judged. Since the United States government made a commitment, in 1949, to assure a decent home for every American, an examination of one of the programs aimed at fulfilling the commitment is therefore appropriate.

The major findings of this study indicate that the Housing Rehabilitation Program is plagued by four main problems: 1) The lack of adequate dissemination of information concerning the Housing Rehabilitation Program; 2) The lack of adequate staff to effectively service a large jurisdictional area, such as Fulton County; 3) The rigid
eligibility requirements and detailed application process; and 4) The over reliance on dated, (ten year old), census data information to determine eligibility effectively.

The sources of information for this study were obtained from interviews, participatory observation, books, journals articles, and departmental manuals.
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I. INTRODUCTION

As early as 1917, the historian Charles A. Beard, pointed out that such significant issues as over crowding, unemployment, and low standards of living were being ignored. He also stated that:

It was the opinion of most Americans that federal assistance in these areas of concern was merely a socialistic experiment and was not a permanent way of life.¹

Given this environment, it is not surprising that housing was generally regarded in the United States solely as a function for private enterprise rather than a responsibility of government. Public housing, redevelopment of slum areas, and housing rehabilitation were virtually nonexistent until the 1940s. It took the economic and social disturbances of the Great Depression to spawn the first major intervention by government in housing policy.

The Great Depression brought together the economic circumstances of unemployment, declining housing industry, and the loss of family homes to generate support for more direct public action. Consequently, the government began a cooperative effort with the states to combat the deterioration of American communities.

Over four decades ago, the nation made a commitment to assure a decent home and suitable living environment for

every American family. This goal was set forth in the Housing Act of 1949. It was reaffirmed by Congress in the Housing and Urban Development Act of 1968. The enactment of these policies clearly underscored the government's commitment to provide decent housing for the country's growing population.  

This country's population has been rising since 1975, this has produced a demand for the construction of more housing units. The challenge to the public sector of today will be to help demand meet supply. To meet this nation's commitment and rising demand for housing, it is important to emphasize the fact that population growth is just one variable affecting the present housing status.

The southern region's housing conditions were studied by the Southern Regional Council on Housing. The study points out that in 1990, the region will need close to nine million housing units to meet its housing needs, (see Appendix A page 48). The council's study highlights the fact that, "This is not only a Southern region problem or a problem existing in the United States but a universal problem, thus the need for decent housing remains and grows more urgent as existing structures deteriorate with passing time."  

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Along with population growth, income is another variable affecting housing status. Low to moderate income families do not have the resources necessary to procure newly built homes. New construction requires permit cost, material costs, labor cost, and architectural cost. The council's study concluded that, "Private industry simply has not provided conventional housing of sufficient low cost to be affordable by poorer households; therefore new homes are unaffordable for many Americans." 4

New construction cost, insufficient income to make home repairs, and increasing population growth have all been major promotional factors that prompted the government to create new programs in order to fulfill its commitment made in 1949, to provide "a decent home for every American family." 5

Toward meeting this commitment, the Federal government has launched a variety of programs. These governmental programs were expressly geared toward sheltering the communities from deterioration. These were programs such as Self-Help Housing (section 523), Rental Housing Rehabilitation, Urban Homesteading Program, and Housing Rehabilitation Loan Program, section 312.

4Ibid., 13.

Some of these programs are used more widely than others. The Housing rehabilitation Program was designed to upgrade the nation's stock of existing substandard homes. This program was also created because the previous pieces of legislation were not equipped to address rehabilitation of substandard single-family housing units. Currently, housing rehabilitation is emphasized nationally as a primary means of addressing the nation's housing crisis. Although Housing Rehabilitation continues to be popular and widely used by many cities as a tool in the maintenance of its housing stock, yet it has sometimes been plagued with problems of misuse and underutilization.

The purpose of this paper therefore is to examine and analyze selected problems related to the administration of the Housing Rehabilitation Program, in Fulton County Georgia.
II. THE PROBLEM AND ITS SETTING

Background of the Agency and Unit Descriptions

The writer served as an intern with the Community Development Block Grant Division, (CDBG), a unit within the Fulton County Department of Economic Development.

The Department of Economic Development was initially a part of the Department of Planning and Community Development. However, in 1985, the Fulton County Board of Commissioners decided to carve out this department into a separate unit for two reasons. The unit would be responsible for planning and devising projects for economic growth within the County. It was also created because the commissioners anticipated participation in the federally funded Community Development Block Grant Program. (Federal funds were made available to the county upon its designation as an "Urban County" in 1982).6

One of the major assumptions underlying the creation of the department was the idea of bringing together, with one organizational framework, the specialized expertise necessary to address all economic development problems. With the goal of addressing all economic development problems, the Department of Economic Development

Development was divided into four separate divisions, namely the Business and Financial Services Division, Economic Development and Promotion Division, Community Development Block Grant Division, and the System Development and Technical Services Division. Their respective functions are outlined below:

1) **Business and Financial Services Division**

The Business and Financial Services Division creates programs to support small business and international investment. This division also supports the activities of Fulton County Development Corporation, (FCDC). It provides staff to help implement the '504' Small Business Lending program, which is primarily responsible for the creation of jobs, for individuals within low to moderate income groups. The Business and Financial Services Division also works in conjunction with the Fulton Development Authority.

2) **Economic Development and Promotions Division**

This Division is responsible for promoting and marketing Fulton County to business and industrial clients, and assisting these clients in the development process. This assistance includes site information, conducting field visits and tours, ground-breaking, preparing customized information packages, and assisting developers in the permit process. This division is also responsible for preparing and disseminating promotional brochures and news letters.
3) **System Development And Technical Services Division**

This division supports and enhances the effectiveness of department operations through the application of state-of-the-art information technology. This division created an inter-office network computer system. It is responsible for budgeting, purchasing and managing the multi-use computer system.

4) **Community Development Block Grant Division**

This division is primarily responsible for the administration and implementation of the County's CDBG Program. It devises and creates programs that are geared toward providing services to low and moderate income persons. The county's CDBG program has three main areas of emphasis: 1) Public Facilities and Improvements; 2) Economic Development; and 3) Housing. The county's CDBG program was created by the Community Development Act of 1974. Its objective is promoting a more viable urban community by providing a decent home, and to expand economic opportunities. More specifically, the intent is to provide people of low and moderate income a higher quality of life through neighborhood development and revitalization.

The functions of these four divisions combine to furnish Fulton County with a wide variety of economic development activities. This department is headed by director Richard Stogner. The Community Development Block Grant division, the primary focus of this study, is headed
by the assistant director, Gary A. Tyler. A chart illustrating the organizational structure of the Community Development Block Grant Division is provided below:

FIGURE 1

COMMUNITY DEVELOPMENT BLOCK GRANT DIVISION

Internship Experience

During the internship period, (June 1, 1988 to the present), the writer assisted the director and program managers on a number of different tasks. These tasks included activities such as reviewing and researching regulations related to the Community Development Block Grant Program. Secondly, the writer prepared an expenditure outlay statement that contained information on all expenses incurred since the inception of the program in 1982. In addition, the writer reviewed various proposals as well as corresponded with homeowners about the status and outcome of their respective applications. The objective of these tasks was not only to expose the writer to general program procedures but also to provide an indepth scope on long-range goals.

Statement of the Problem

The Housing Rehabilitation Program in Fulton County has not been successful in providing rehabilitation assistance to its residents. There are a number of key factors that have caused this ineffective delivery of services to homeowners in Fulton County.

The rigid eligibility requirements with an elaborate application process have discouraged many
interested homeowners from completing the necessary forms to obtain rehabilitation assistance funds.

The second major problem is the lack of updated 1980 census data to determine eligibility adequately.

Thirdly, the lack of adequate dissemination of information regarding the rehabilitation program has caused low citizen awareness.

The last problem is the lack of adequate staff to effectively service the large jurisdictional area that Fulton County covers.
III. REVIEW OF THE LITERATURE

The review of literature addresses three major areas of concern. These key areas are: 1) Evolution of the Housing Rehabilitation Program, 2) Economic issues, and 3) Social issues concerning the Housing Rehabilitation Program.

Evolution of the Housing Rehabilitation Program

The Housing Rehabilitation Program has been in existence since 1974. The problems and policies leading up to the establishment of the program can be traced back to the Depression era. John Heinberg's dissertation entitled, "Public Policy Toward Residential Rehabilitation", traces rehabilitation policy from the 1930s to the early 1960s. Heinberg's study asserted that this nation's first major housing initiatives stem from direct results of the Great Depression.

The Great Depression nearly stopped the flow of money to individuals within low/moderate income groups. The Depression era resulted in many Americans losing their jobs. Local banks refused to make loans to families for fear that they would default payment. As a result families lacked the resources necessary to pay mortgages and make major home repairs that were needed. Heinberg concluded that the flow of money was so slow the deterioration of homes worsened by months and years.

After the depression, local communities resembled slum areas. The conditions of these communities were vividly described in the 1940 Census data. The 1940 Census data show that of approximately 30 million non-farm housing units, the average unit was 25 years old or older and needed major repairs. These conditions provided the major impetus for the enactment of the Housing Act of 1949. This Act of 1949 guaranteed, "a decent home for every American family."  

Paul Dommel's book, *Housing Rehabilitation: Targeting Community Development*, considered the conditions described in the 1940 Census data, such as deterioration of homes, slums, and blight, he stated that, "It was these conditions, described in the 1940 Census data, that prompted direct governmental action such as the Federal Housing Administration, FHA, created by the Housing Act of 1949".  

The FHA was responsible for the creation and implementation of housing programs that would help alleviate the conditions produced by the Great Depression. The creation of the FHA was a major starting point for national rehabilitation efforts.

While some federal support for rehabilitation efforts can be traced to the Depression era, (e.g. FHA Title I Improvement Loans), the first major federal subsidy

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dates from the 1950s, as a result of the modification of the Urban Renewal Program, in the Housing Act of 1954, to include rehabilitation as well. The Housing Act of 1954 was expressly geared toward more rehabilitation support and upgrading in urban areas. Dommel stated that: "It was this act that provided the specific legislative and regulatory changes needed to encourage renovation and rehabilitation."\(^{11}\)

After the passage of the Housing Act of 1954, housing rehabilitation assistance began to flourish. The nation blossomed with rehabilitation programs as significant components of federal housing policy.

Dommel maintains that the catalysts acting upon this proliferation of rehabilitation assistance was a "potpourri of financing programs."\(^{12}\) This potpourri of programs that blossomed began with the creation of Section 221(D)(3) program which made available long-term, low-cost (3 percent) mortgages for new or rehabilitated multi-family projects.

In 1964, the potpourri continued with the creation of Section 312 Subsidized Improvement Loans. This program was designed to help low/moderate income families to obtain home improvement loans at very low interest rates. One year later in 1965, Section 115 granted funds to low-income homeowners for home improvements, with no repayment plan. This program

\(^{11}\) Ibid., 13.

\(^{12}\) Ibid., 45.
for low income homeowners that did not have enough money to repay the loans.\textsuperscript{13} As a direct result of these programs, 3,400 homes were rehabilitated, in 1964. The total subsidized rehabilitation production was 6.2 percent of the total federally subsidized housing production, which was 55,100 in 1964. (see table 1, next page). This was the beginning of a productive period in rehabilitation history.

Another significant increase in federally assisted rehabilitation production was noted by Listokin. He asserted that, "Another increase in rehabilitation occurred as a result of additional programs authorized by the Housing Act of 1968.\textsuperscript{14}"

The Housing Act of 1968 created programs such as Section 236; which replaced Section 221(D)(3) that granted more generous multi-family rehabilitation subsidy. A companion section was also added, Section 235. It was created to help rehabilitate single-family homes.

These five categorical grant programs, (i.e. Sections 115, 312, 221(D)(3), 235, and 236), hosted a number of different housing programs. Some programs that were undertaken included rehabilitation, redevelopment of recreational areas, sewerage improvements, and similar activities.

\textsuperscript{13}Howard Sumka, "Housing and Local Government: Neighborhood Displacement." \textit{A Review of Urban Development} (February 1979): 16.

<table>
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<tr>
<th>YEAR</th>
<th>TOTAL SUBSIDIZED HOUSING PRODUCTION</th>
<th>REHABILITATION % OF TOTAL HOUSING PRODUCTION</th>
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<tr>
<td>1954-1960</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
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<td>36,200</td>
<td>2,400</td>
<td>6.6</td>
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<tr>
<td>1962</td>
<td>38,900*</td>
<td>2,500</td>
<td>6.4</td>
</tr>
<tr>
<td>1963</td>
<td>47,600</td>
<td>2,600</td>
<td>5.5</td>
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<td>1964</td>
<td>55,100</td>
<td>3,400</td>
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<td>1983</td>
<td>69,612</td>
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Paul Dommel describes these programs as a loose collection of related and unrelated programs that were plagued with poor administration, which eventually lead to the creation of the Housing and Community Development Act of 1974.  

Benard McIntyre also examined this collection of programs. He noted that these programs were unmonitored and uncoordinated and that led to the misapplication of funds. He stated that:

These numerous categorical efforts were unmonitored and uncoordinated, and consequently, misapplication of funds and program mismanagement precluded achievement of national urban growth goals. The need to reduce paperwork and processing time of application at the federal level, in addition to the aforementioned setbacks of categorical programs, gave impetus to legislation of the Housing and Community Development Act of 1974.

The failure of this loose collection of related and unrelated programs was the impetus for creating the Housing and Community Development Act of 1974. The Housing Act of 1974 consolidated five major categorical programs into a new Community Development Block Grant Program, CDBG.

The collection of these programs into the new CDBG

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16 Benard McIntyre, "An Analysis of Program Implementation of the Community Development Block Grant in Low and Moderate Income areas in the City of Wilmington, North Carolina" (M.P.A. Thesis, Atlanta University, 1979), 12.
program was a unified approach to continue pursuing the commitment made in 1949, to guarantee, "a decent home for every American family."¹⁷

The new CDBG Program allocates resources to the programs that meet federal statutory objectives, which are:

1) Program activities must benefit low-middle income persons;

2) Program activities must also prevent or eliminate slums and blight;

3) Program activities must meet urgent community needs.¹⁸

These national CDBG objectives were the basis upon which the Housing Rehabilitation Program was established, in the Housing and Community Development Act of 1974.

This act not only created the Housing Rehabilitation program but also the Section 8 program, which was geared toward public housing for the poor. However, the 1974 act placed more emphasis on the Section 8 program. The extra emphasis on the Section 8 Program gave this program a much greater entitlement grant than the grant received by the rehabilitation program. But studies conducted by Harvard University in 1977 predicted that,


"The Section 8 program will experience large program cuts, and rehabilitation production subsidies, being considered by Congress, will propel upward." 19 These predictions were correct. In 1980, Section 8 experienced over 50 million dollars in program cuts. That same year federally subsidized rehabilitation production reached a peak of 57,411 units. (see table 1 page 15)

The 1980s have been very stable years for housing rehabilitation policy. There have been no major changes in purposes or objectives. The purpose of housing rehabilitation according to Benetiz is to rehabilitate to local standards every substandard dwelling which can be accommodated by the funds given to the locality. More specifically:

1) To improve and upgrade the existing stock of substandard units;

2) Facilitate neighborhood revitalization by stimulating public and private investment in target areas;

3) Assist low and moderate income persons by providing low cost financing for private property improvements. 20


In spite of the stability in the program's policy structure, purposes, and objectives, there have been other policy changes that have had an indirect effect on the Housing Rehabilitation Program.

In assessing the impact of the 1986 Tax Reform Act on rehabilitation projects, Mark Matulef asserted that the act placed different categories of public bonds under a single, statewide volume cap. Local redevelopment bonds and housing bonds were forced to compete with bonds for hospitals and student loans. He also observed that "The act reduced the volume of bonds, which ultimately reduced the availability of funds to be used by program such as the Housing Rehabilitation." 21

Not only did the Tax Reform Act indirectly affect the Housing Rehabilitation Program but there are also economic and social issues that indirectly and sometimes directly affect the program.

Economic Issues concerning the Housing Rehabilitation Program

Economic issues concerning rehabilitation include economic feasibility of the Housing Rehabilitation Program and the desirability or cost-benefit analysis of the Housing Rehabilitation Program. These issues

are a major concern to the Housing Rehabilitation Program because they seek to question if this program is of any value.

Is the Housing Rehabilitation Program taking us any closer to the commitment made in 1949, to guarantee "a decent home for every American Family"? Michael Stegman answers by stating that the only way to realize this commitment is to make rehabilitation economically feasible for moderate and very low income homeowners.

Stegman studies this same question by examining if repayment of rehabilitation loans are affordable to low and moderate income homeowners. His article, "Synopsis on Neighborhood Revitalization", examines this by surveying a Baltimore housing area that was a recipient of rehabilitation assistance. His studies conclude that, "The answer to the question of economic feasibility is affirmative. There were few instances of a financial imbalance occurring; but there were many more instances of rehabilitation serving as a helpful program." His studies assert that rehabilitation is economically feasible because the repayment of rehabilitation loans is affordable.

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by the majority of low to moderate income level homeowners that were surveyed.

Economic feasibility was also considered by William Pomeranz in his article entitled, "How to Tell if Low-Income Housing Rehabilitation Makes Sense." Pomeranz uses a different method to analyze economic feasibility of the Housing Rehabilitation Program. He utilizes an "Inner City Value Estimation Model", (IVEM), from the Baltimore Maryland Housing Authority. The IVEM compares the costs of new homes to the cost of rehabilitating an existing structure. When applying the model to the same Baltimore area, the results indicate that rehabilitation of existing structures is much more economically feasible than the cost of new construction.

Feasibility is the first level of economic analysis; the second is desirability. Gordon Bagby studies the desirability of rehabilitation by posing the following question,"If rehabilitation is economically feasible, should it be encouraged as a cost effective housing strategy?" This issue evoked numerous cost-benefit analysis in 1973, among housing rehabilitation experts, such as Gordon Bagby, Louis Rosenberg, and William Grisby. Much of Bagdy's work relies on a concept referred to as discounting. Discounting relates


economic life and amenity of new construction to economic life and amenity of rehabilitation. This comparison, by discounting, allows rehabilitation administrators to see which process will yield a longer life span, thereby being the most cost effective method to choose.

Rehabilitation's cost-to-benefit profile versus new construction was also examined by William Grisby and Louis Rosenberg. Grisby and Rosenberg maintain that rehabilitation maybe feasible but may not be the most advantageous housing strategy economically. After conducting a study of the housing profile in Baltimore, Maryland they concluded that, "Moderate cost rehabilitation is the most effective method for the city's renewal plans." 26

The rehabilitation program has benefited tremendously from the economic feasibility and cost benefit studies. Both of these studies conducted in Baltimore Maryland were ultimately used by the Department of Housing and Urban Development, (HUD), in the reassessment of The Housing Rehabilitation Program in 1987. With the help of these studies, it was clear that the rehabilitation program is economically feasible and desirable from a cost effectiveness standpoint.

A further recurring theme in rehabilitation literature is related to the possibility of a tax increase following

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the rehabilitation process. Reigeluth and Reinhard explore if property value assessments following rehabilitation influences upgrading. Their assumption was that people may not rehabilitate their homes because of the reassessment following the improvements. The reassessment of property value would reflect the improvements made, hence property value as well as taxes would increase. This assumption was correct in that the majority of the people who responded to their survey did not want rehabilitation assistance for fear that it would increase their taxes.²⁷

Joseph Guggenhiem investigated a related issue in his article entitled: "Using Tax Credit for Financing Rehabilitation in 1988". He asserts that tax credits can be a powerful tool for encouraging rehabilitation assistance among low income homeowners. However, he forecasts that a tax credit program is unlikely to succeed for two reasons: 1) Firstly, this program is very complex and will require syndication; and 2) in most localities across the country added financial aid is needed to make any project feasible. Such a credit program could have a significant indirect effect on the Housing Rehabilitation Program.²⁸ It has the potential to raise rehabilitation assistance significantly, hence contributing heavily to redeveloping our communities.


Economic feasibility, desirability and tax credit financing are the key economic issues involved in housing rehabilitation. More recently, however, social issues have become dominant issues facing the rehabilitation program.

Social Issues concerning the Housing Rehabilitation Program

This section reviews a wide variety of social issues concerning rehabilitation. One social issue is considered by Langley Keyes in an article in which he examines some of the problems that one of the largest rehabilitation efforts, The Boston Rehabilitation Program, (BRP), has encountered. The social controversy engendered by BRP was not atypical.

He holds that the social "imbroglio" was due to the large numbers of units to be rehabilitated. Due to the volume of work, contracts were awarded to well established contractors, (primarily white, older firms). This resulted in the exclusion of smaller less established firms. In addition, tenants who had no other place to go needed to be relocated because of the physical upgrading of their units. The failure to award contracts equally resulted in controversy over contractor discrimination and the inability to provide relocation assistance resulted in many families having no place to go.

29 Langley Keyes. "RoxBury Responds the Political Confrontation." Urban Development (Summer 1987):12
30 Ibid., 41.
This dual controversy over contractor discrimination and relocation nearly brought BRP to a complete standstill by angry tenants and small business organizations. Inspite of the negative impact this controversy has had on the Boston Rehabilitation Program, the controversy had a positive effect on Federal rehabilitation programs. In 1988, this controversy led the Department of Housing and Urban Development to reevaluate the procedures and guidelines of the Rehabilitation Program. This reevaluation led to a resolution in regulations requiring that local government include small and minority businesses in the contracting process.

Other cities such as New York, Chicago, Pittsburgh and Detroit reported similar occurrences. Norman Katz detailed how the Chicago Area Renewal Efforts Service Corporation, (RESCORP), dealt with the relocation of their tenants. RESCORP kept in close touch with these families throughout the renovation process. They were given assistance with financial support and relocation options. This helped to minimize social confrontation and legal challenges.31

Another recurring social theme that crops up during rehabilitation is displacement of residents and tenants. The relocation problem examined by Keyes and Katz is the most direct form of social friction, but there are more

subtle manifestations, such as displacement. One of the positive impacts of rehabilitation is that it can increase the overall value of the property in the neighborhood. However, it can also increase property tax obligations to the point that low and moderate income residents that were previously living in the area will not be able to return and are forced to move permanently. This is a form of displacement.

Howard Sumka discussed another example of displacement. He stated that, "The conversion of rental units to condominiums can drive rent prices out of reach for low and moderate income families." 32 This overall change is referred to as gentrification or displacement.

Displacement, relocation, and discrimination are all social issues facing the Housing Rehabilitation Program, but there are more specific social problems facing the Housing Rehabilitation Program.

IV. METHODOLOGY

Primary data

This study is descriptive. The primary sources of information this study uses were derived from a variety of interviews conducted by the writer. Interviews consisted of the Assistant Director of the Community Development Division, the Housing Rehabilitation Program manager, and Fulton County Housing Authority staff members. These persons were interviewed based upon their familiarity and knowledge of Fulton County's Rehabilitation Program. Telephone interviews were also conducted of the homeowners on the Housing Rehabilitation waiting list. These persons were interviewed to obtain their views of the problems related to the Housing Rehabilitation Program. (Phone interviews were necessary to maintain individual privacy.) Primary data were also received from participation and observation, by the writer, within the agency.

Secondary data

The secondary data consisted of books, scholarly journals, magazines, articles, and newspaper clippings. The writer also used the county's departmental manuals and the 1980 census tract for Fulton County.
IV. DISCUSSION AND ANALYSIS

In Fulton County, Georgia, there have been a number of problems contributing to the ineffective delivery of rehabilitation services to Fulton County residents. They are: 1) The lack of adequate dissemination of information about the Housing Rehabilitation Program; 2) the lack of adequate staff to effectively service a large jurisdictional area, such as, Fulton County; 3) the stringent eligibility requirements coupled with the elaborate application process; and 4) The over-reliance on dated, (10 year old), census data to determine eligibility effectively.

In 1986, Fulton County's Community Development Block Grant Division began planning and adopting procedures and guidelines for the Housing Rehabilitation Program. The creation of the Housing Rehabilitation Program was an approach by Fulton County to rehabilitate its existing stock of substandard single-family homes. The majority of the county's substandard units are located in South Fulton County. 33

Since the inception of the Housing Rehabilitation Program in 1987, its allocation has totaled over $300,000. However, only 10 percent of this funding has been expended, primarily for administrative costs.

33 Michael McLaughlin of Atlanta, Interview by the author, 24 October 1988, Atlanta, nontaped, Fulton County's Department of Planning and Economic Development, Atlanta.
The remainder of the funds continue to be unused, therefore they serve no purpose and confirm the writer's assumption that the delivery of rehabilitation services, in Fulton County, has been minimal.

The unused portion of the funds has caused what Paul Dommel refers to as the, "Rolling over of Funds." This "rolling over of funds" is notably evident in the City of East Point (a participating municipality in Fulton County's CDBG Program). The City of East Point has consumed, over the last several years, only a small percentage of its funding. This small percentage falls below 20 percent.

Because Fulton County, Georgia's Housing Rehabilitation Program has not expended a significant amount of funding over the last two years it has experienced what Dommel referred to as, "a lag period." During this lag period, no homes have been rehabilitated. The lag period is better described by HUD as underutilization. HUD contends that, "Any significantly operating Housing Rehabilitation Program must rehabilitate a minimum of two homes per month."  

35 Ibid., 51.
36 Ibid., 51.
Fulton County has failed to meet this requirement, therefore its rehabilitation program can be characterized as one that is plagued by underutilization.

**The Lack of Adequate Dissemination of Information about the Housing Rehabilitation Program**

Housing Rehabilitation Program objectives include, among other things, citizens' awareness as an important factor in the effective delivery of rehabilitation services to Fulton County residents. The county's current strategy for increasing citizen awareness of the program, is through newspaper advertisements. Unfortunately, the County's efforts to run newspaper advertisements has been minimal. This minimal effort to disseminate information about the program has caused low citizen awareness.

One of the main reasons for the lack of adequate dissemination of information about the program is the lack of clear directives, from HUD, specifically stipulating the number of times advertisements, radio announcements etc., should be placed by any jurisdiction receiving funds. The simple directive of informing citizens about program

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38*Housing and Community Development Act of 1974, U.S. Code, vol 40, sec.104(a).*
activities is not enough. HUD expects citizen involvement in its programs through the Citizen's Participation Plan, which has the following major objectives:

1) Providing citizens with reasonable and timely access to local meetings, information, and records relating to the locality's proposed use of funds;

2) Provide for technical assistance to groups and representatives of persons of low and moderate income that request assistance in developing proposals for use of CDBG funds;

3) Provide for public hearings to obtain citizens' views and to respond to proposals and questions concerning the community development program;

4) Provide for the needs of non-English speaking resident during public hearings. 39

These four objectives are primarily geared toward increasing citizen awareness in the decision-making process with little emphasis on the dissemination of information about the Housing Rehabilitation Program. These major objectives assume that local administrators will disseminate information properly and effectively, without specific directions. The only attempt by the Housing Rehabilitation Program manager to disseminate information occurred in

September of 1988 when an advertisement for rehabilitation assistance was placed in The Atlanta Journal and Constitution. Beyond this minimal effort of a small newspaper advertisement that was printed once, there have not been any other attempts by the administrators to inform the citizens of the Housing Rehabilitation Program and its benefits.

Even this one attempt to disseminate rehabilitation information was ineffective because the majority of people who buy newspapers only read the major headlines. Thus, several news items of major importance are overlooked. According to Marsha Hudgins, the situation is worse among low to moderate income homeowners, who are the target group for the Housing Rehabilitation Program because 20 percent of them cannot read or write. Because of the illiteracy rate among the low and moderate income families, and the assumption that most people only read the big bold print, newspaper advertisements alone cannot be considered an effective means of disseminating information.40

Another shortcoming of newspaper advertisements as the only means of dissemination, is that newspaper readership usually comes from the more educated and higher income members

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of the society. This becomes a problem because the Housing Rehabilitation Program is targeted at low to moderate income level families only. Moreover, the county's newspaper advertisement simply asks all persons that are having problems with the conditions of their homes, to call a number in order to find out if they qualify for assistance. The failure of the advertisement to at least state the maximum income level and the targeted neighborhoods for assistance contributes to large numbers of ineligible people applying for rehabilitation assistance.

This problem can be seen very clearly through a comparison of the eligible people and eligible people that applied for rehabilitation assistance after reading the advertisement. Seventy-five percent of Fulton County's rehabilitation applicants were ineligible, in comparison to approximately 24 percent who were eligible. A more restrictive or detailed advertisement could have prevented this.41

This comparison shows that the number of ineligible people the advertisement reached in Fulton County, was far greater than the numbers of eligible people. The current means of disseminating information does not target low to moderate income level homeowners.  

41 Raw data received from phone interviews conducted by the writer.
The Lack of Adequate Staff to Effectively Service a Large Jurisdictional Area, such as Fulton County

The lack of adequate staff is another major factor affecting the administration of the Housing Rehabilitation Program. Currently, the Department of Housing and Urban Development (HUD), only requires that local communities submit a "Final Statement of Objectives", along with the CDBG loan application.

The Omnibus Act of 1981 eliminated the requirement for the submission of a Community Development Plan, which included a detailed outline for staffing of the recipient program. Therefore, in most localities today, it is up to local officials to determine the number of staff members who will handle each CDBG program.

Presently, Fulton County has one program manager overseeing the operations of the entire Housing Rehabilitation Program. Michael McLaughlin, program manager, also handles the Rental Rehabilitation Program and monitors the programs of unincorporated Fulton County.

The County's jurisdictional area covers unincorporated Fulton County, East Point, Hapeville, Alpharetta, Union City, Roswell, Fairburn, and Palmetto. Fulton County Housing Authority estimates that these areas contain over

three thousand substandard units that need rehabilitation assistance. Unfortunately, Fulton County only has one rehabilitation staff member to process applications.

Since the program manager serves in various capacities, his workload is too great to devote enough time toward processing rehabilitation loan applications and adequately manage the operations of the Housing Rehabilitation Program. This situation has resulted in delays in processing the rehabilitation loan applications. It has also created a long rehabilitation waiting list for qualified applicants.

The program's capacity to process applications is defined by HUD, as the number of persons required to operate a program in relation to the program's capacity to make loans.

Presently, the rehabilitation program manager has allocations totaling over $300,000 for rehabilitation assistance. Using the formula provided by the Department of Housing and Urban Development, the following table represents the estimated number of cases that should be processed, (given one staff member and $300,000). This table indicates that Fulton County is expected to process approximately 32 cases per given allocation year. Over a twelve month period, this equals approximately 2.66 cases per month.

TABLE 2

ESTIMATED COST OF REHABILITATION HOMES & THE ESTIMATION OF THE NUMBER OF CASES THAT CAN BE PROCESSED

<table>
<thead>
<tr>
<th>TYPE OF LOAN</th>
<th>COST OF EACH CASE PER/yr</th>
<th>#CASES PER/yr</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred—payment</td>
<td>12,500</td>
<td>20</td>
<td>250,000</td>
</tr>
<tr>
<td>Leveraged</td>
<td>4,310</td>
<td>12</td>
<td>51,720</td>
</tr>
<tr>
<td></td>
<td></td>
<td>32</td>
<td>16,810</td>
</tr>
</tbody>
</table>


Unfortunately, the county's current staffing situation has prevented it from processing even two cases per month. At this rate, it will be extremely difficult for the county to deal with rehabilitation of existing substandard units on the waiting list, let alone deal with the additional units that may deteriorate in the future.

The information received from phone interviews, conducted by the writer indicates that the majority of applicants, 45 percent, on the rehabilitation waiting list have been waiting for assistance for at least a year; 35 percent has been waiting for over six months; and 20 percent has been waiting for a year and a half. This long waiting list is enough evidence that underscores the fact that the county's current staff cannot adequately process its present workload of rehabilitation cases.

45 Raw data received from phone interviews conducted by the writer.
The Stringent Eligibility Requirements Followed by the Elaborate Application Process

Another variable contributing to the ineffective delivery of rehabilitation services to Fulton County residents is the stringent eligibility process followed by the detailed and elaborate application process.

The eligibility process is a rigid one which uses two basic criteria for screening out applicants. The first criterion is that the applicant must live in an area that is designated by the 1980 Census tract as a low to moderate income neighborhood. Such a neighborhood must have 51 percent of its housing units in substandard condition. If a neighborhood has deteriorated or declined since the 1980 Census, this new information is not considered and families who are genuinely in need of funds for rehabilitation, due to changed neighborhood and housing conditions, are denied assistance. In the opinion of this writer, strict adherence to information contained in the 1980 census, which is dated (nine years old), places some obstacles to the maximum utilization of the program.

This has affected the county's rehabilitation program in a negative way because over half of the thirty applicants on the waiting list are ineligible due to the 1980 Census tract information. Unfortunately this leaves many substandard homeowners ineligible for rehabilitation assistance.
The second criterion of eligibility which presents a problem for the Housing Rehabilitation Program is the required income level. The required income level is shown below:

Table 3

INCOME GUIDELINES FOR DETERMINING LOW AND MODERATE INCOME STATUS

<table>
<thead>
<tr>
<th>Number of persons in Household</th>
<th>Maximum Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$20,350</td>
</tr>
<tr>
<td>2</td>
<td>23,250</td>
</tr>
<tr>
<td>3</td>
<td>26,150</td>
</tr>
<tr>
<td>4</td>
<td>29,050</td>
</tr>
<tr>
<td>5</td>
<td>30,850</td>
</tr>
</tbody>
</table>

Source: The Department of Housing and Urban Development Section 8 Housing Assistance Payments Program for the Atlanta MSA., 1988

The required income level for assistance is too low. The average five person household is required to have an income of $30,850, or below. With the average mortgage payment of $585.00 per/month, coupled with expenses for property taxes, utilities, clothing, and food it is almost impossible for them to live. This rigid eligibility requirement has made it difficult for many families that need assistance to qualify.

The eligibility requirements disqualifies many

families that need assistance. On the other hand, the lengthy application process discourages applicants from completing the process of receiving rehabilitation assistance. The current process of receiving rehabilitation assistance involves twenty-eight steps, which proceeds through a project file checklist (see appendix B for project file checklist). This project file checklist is long and detailed; it makes the rehabilitation process lengthy.

This twenty-eight step process, (to be completed by the substandard homeowner), is so long that it could take well over six months just to complete the application stage. This basically means that residents urgently in need of rehabilitation assistance will have to continue through the long process, while their homes continue to deteriorate. This continued deterioration is only one of the negative impacts that the application process has on the Housing Rehabilitation Program.

This application process is sometimes hard to follow even for those homeowners who have attained a sufficient educational level. But for those low/moderate income persons who do not have the basic reading skills, the loan application can be very confusing without some technical assistance. The long and detailed application process was one of the most common reasons that discouraged residents from continuing through the process. One interviewee stated that it took her over four months to complete the loan application because she could not fill the forms out correctly.
The loan application process consists of an elaborate application, verification of mortgage, verification of employment, and a host of other forms that must be completed (see appendix C, p.53). These collections of forms are very confusing to most low and moderate income persons who have not had much experience with applications. Although these forms are accompanied by a short letter which indicates the types of relevant documents that need to be filed, yet the letter does not provide any helpful hints on completing the numerous forms. Because the completion of these forms can be time consuming, five of the thirty-two applicants on the waiting list have failed to meet appropriate deadlines, which are eligibility requirements.

The eligibility requirements and the application process are rigid and lengthy, combined, they result in many qualified and unqualified applicants not receiving the rehabilitation assistance that their homes need.

The Over Reliance on Dated Census Data to Determine Eligibility Effectively.

Presently, the Department of Housing and Urban Development has required the Housing Rehabilitation Program to use the 1980 Census tract for Fulton County to determine eligibility of the applicants. The applicants must live in an area that is designated by the 1980 Census tract as being a low and moderate income neighborhood.
The 1980 Census tract assigns a percentage rate to each community based on the demographic conditions of 1980. This percentage rate is based on the average condition of the homes. The percentage rate is assigned after an analysis of the community's homes has been done. The analysis was conducted on an aggregate block level (this is done because individual analysis of each home is a very massive job).

Since an individual analysis cannot be conducted, some substandard homeowners may not be eligible because the community they live in contains homes that are in better condition. An analysis was not done of each home, only on a aggregate block level.

Not only is this an ineffective measure to determine individual eligibility, but it is also an ineffective measure to determine neighborhood decline. An example of how this situation contributes to ineffective delivery of services was discussed by Gary Tyler, assistant director of Community Development. Tyler suggested that,

In South Fulton County 45 percent of this area was eligible for rehabilitation assistance in 1980

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close to half of the community. Since 1989 we have seen a decline of almost all of South Fulton County. The above statement underscores the fact that within a short period of eight years, the housing units in that sector of the county have deteriorated so much. However, due to the fact that these conditions did not exist in 1980 when the census was conducted most of the households are not eligible to apply for assistance.

For example, East Point, GA., a community in South Fulton County, was estimated by the 1980 Census data as having 42 percent of its homes in substandard conditions. But in 1987 the Housing Authority reported that an additional 10 percent of the units have deteriorated. Unfortunately, the additional 10 percent of the housing units that recently declined, will not receive assistance because of the stipulation by HUD that only the 1980 census data, (a decade old), could be utilized.

The Housing Rehabilitation Program is required by the Department of Housing and Urban Development to use the 1980 Census data to determine eligibility until the 1990 Census data becomes available. The usage of the 1980 Census data to determine eligibility leaves the Housing Rehabilitation Program manager with no alternative but to reject needy applicants. Michael McLaughlin, program manager, 48

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48 Gary A. Tyler the assistant director of Community Development, interview by author, March 1989, Atlanta, non taped, Department of Economic Development, Atlanta.
stated, "It is a shame that these people must live in substandard conditions because of some numbers on a page." 49

The housing expert, Rolf Goetz, also considers this issue concerning the validity of the Census data to determine eligibility. He states that:

> Even as the 1980 census data became available, they are only very rudimentary because information is aggregated to the block level (to provide confidentiality), and is presented through cross tabulation and gathered only every ten years, thus change cannot be analyzed in detail. 50

Goetz's assertion makes it clear that the ten year interval between Census data analysis is too long to detect the most significant changes at the neighborhood level, such as shifts from disinvestment to reinvestment, changes in turnover rate, deterioration, and decline. Thus, neighborhood and individual eligibility for rehabilitation assistance cannot rest on Census data only.

The use of the 1980 Census to determine eligibility of residents today in 1989 is invalid, because conditions have changed so very drastically since 1980, that these statistics are not dependable. Since the Housing Rehabilitation Program is bound by regulation to use this as an eligibility

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49 Michael McLaughlin program manager, interview by author, October 1989, Atlanta, non taped, Department of Economic Development, Atlanta.

criterion, the program has failed to distribute funds fairly, thereby delivering ineffective services to Fulton County.

The over reliance of the 1980 Census data to determine eligibility for rehabilitation assistance contributes very heavily to ineffective delivery of rehabilitation services in Fulton County.
VI. CONCLUSIONS AND RECOMMENDATIONS

The Housing Rehabilitation Program is one of the vehicles that the federal government is using to guarantee a decent home for every American family. In spite of the noble intent of this program, which is aimed at helping families in the low and moderate income group, the program is plagued by four major problems.

The first major problem has to do with dissemination of information concerning the Housing Rehabilitation Program. While newspaper advertisements maybe a viable avenue for disseminating information to the general public at large, the administration still must realize that the literacy rate among low and moderate income groups is not very high. Consequently, even when an advertisement is placed in the newspaper the target group still remains uninformed.

Secondly, the current staffing in the county is inadequate to handle the applications for rehabilitation assistance. This situation, in part, is due to a failure by HUD to impose a specific number of staff members to handle the loan applications. In the opinion of the writer, leaving the staffing requirements to local jurisdictions is a mistake. In Fulton County, the current staff member has too many other responsibilities and is unable to devote enough time to the rehabilitation program.
Thirdly, the eligibility requirements are too rigid and the application process is too detailed. The required maximum income level to qualify for assistance, is simply too low. It appears that a family needs to be in dire poverty to qualify under this program.

Finally, the over reliance on information from a decade old census has not proved very useful. This is due to the fact that housing conditions and neighborhood conditions could change very drastically after the census was conducted; the case of South Fulton County was a typical example. So to rely solely on the previous census data does not do justice to low and moderate income families whose homes have deteriorated, since the last census in 1980.

Recommendations

Based on the problems associated with the administration of the Housing Rehabilitation Program, in Fulton County the writer offers the following recommendations:

1) Dissemination information;

   a. The county should find a more viable alternative for the dissemination of information. For example the County should use local churches, radio, neighborhood groups and community leaders as the vehicles to reach the low and moderate income families.

   b. In the event that newspaper advertisements should be used, they should contain at least the maximum required income level that is needed to receive assistance.
2) Improved Staffing;

A. The county should employ an additional staff member to help with the administration of this program, a secretary and an administrator. This will allow two full-time personnel to devote their energy to the program. One way to accomplish this is to reduce the application process by eliminating unnecessary steps.

3) Restructure the Eligibility and Application Process;

A. The application process must be simplified and the application process must also be modified.

3) Use of the 1980 Census data;

A. HUD should do away with the requirement that neighborhood conditions and individual housing conditions be eligible solely by using the data provided for them by the 1980 Census. Localities must be given the flexibility to offer assistance to communities that have deteriorated after the census was conducted.
APPENDIX A

COMPONENTS OF CUMULATIVE HOUSING NEEDS

IN THE SOUTHERN REGION
TABLE 4
COMPONENTS OF CUMULATIVE HOUSING NEEDS

IN THE SOUTHERN REGION

<table>
<thead>
<tr>
<th>State</th>
<th>Replace Substandard Units</th>
<th>Vacancy Adjustment</th>
<th>Net Units Needed</th>
<th>Provide for Growth</th>
<th>Replace Projected Losses</th>
<th>Cumulative Units Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>184,000</td>
<td>(2,500)</td>
<td>181,500</td>
<td>190,600</td>
<td>105,500</td>
<td>477,600</td>
</tr>
<tr>
<td>Arkansas</td>
<td>113,400</td>
<td>(1,900)</td>
<td>111,500</td>
<td>94,700</td>
<td>59,300</td>
<td>265,500</td>
</tr>
<tr>
<td>Florida</td>
<td>160,400</td>
<td>(47,600)</td>
<td>112,800</td>
<td>921,200</td>
<td>279,400</td>
<td>1,313,600</td>
</tr>
<tr>
<td>Georgia</td>
<td>189,200</td>
<td>(1,100)</td>
<td>188,100</td>
<td>344,400</td>
<td>144,800</td>
<td>674,300</td>
</tr>
<tr>
<td>Kentucky</td>
<td>195,500</td>
<td>(200)</td>
<td>193,500</td>
<td>163,200</td>
<td>95,200</td>
<td>453,700</td>
</tr>
<tr>
<td>Louisiana</td>
<td>136,600</td>
<td>(13,600)</td>
<td>123,000</td>
<td>256,200</td>
<td>116,000</td>
<td>495,200</td>
</tr>
<tr>
<td>Maryland</td>
<td>59,500</td>
<td>2,000</td>
<td>61,500</td>
<td>334,800</td>
<td>145,800</td>
<td>562,100</td>
</tr>
<tr>
<td>Mississippi</td>
<td>157,000</td>
<td>(900)</td>
<td>156,100</td>
<td>98,900</td>
<td>55,300</td>
<td>410,300</td>
</tr>
<tr>
<td>North Carolina</td>
<td>239,200</td>
<td>500</td>
<td>239,700</td>
<td>353,100</td>
<td>151,500</td>
<td>544,300</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>67,500</td>
<td>(18,000)</td>
<td>49,500</td>
<td>135,400</td>
<td>98,300</td>
<td>233,200</td>
</tr>
<tr>
<td>South Carolina</td>
<td>140,500</td>
<td>(5,900)</td>
<td>134,600</td>
<td>196,800</td>
<td>72,500</td>
<td>403,900</td>
</tr>
<tr>
<td>Tennessee</td>
<td>179,900</td>
<td>(2,700)</td>
<td>177,200</td>
<td>224,800</td>
<td>126,100</td>
<td>528,100</td>
</tr>
<tr>
<td>Texas</td>
<td>290,600</td>
<td>(76,900)</td>
<td>214,700</td>
<td>837,200</td>
<td>416,000</td>
<td>1,457,400</td>
</tr>
<tr>
<td>Virginia</td>
<td>182,100</td>
<td>2,900</td>
<td>185,000</td>
<td>384,400</td>
<td>152,200</td>
<td>721,600</td>
</tr>
<tr>
<td>West Virginia</td>
<td>93,200</td>
<td>600</td>
<td>93,800</td>
<td>53,100</td>
<td>53,100</td>
<td>200,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,188,800</td>
<td>(161,800)</td>
<td>2,220,800</td>
<td>4,608,800</td>
<td>2,071,000</td>
<td>8,900,600</td>
</tr>
</tbody>
</table>

APPENDIX B

PROJECT FILE CHECKLIST
FULTON COUNTY HOUSING REHABILITATION PROGRAM

PROJECT FILE CHECKLIST

The following documents should be included in each rehabilitation project case file:

Property Owner: ________________________ Project No.: ________

Property Address: ________________________

Contractor: ________________________________

<table>
<thead>
<tr>
<th>ITEM</th>
<th>YES</th>
<th>NO</th>
<th>DATE FILED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Preliminary Application</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Notice of Eligibility Determination</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Inspection Report</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Bidder Selection Notice</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Bid Proposal(s)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Loan Application</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Fair Lending Notice</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Credit Information Disclosure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Request for Verification of Employment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Request for Verification of Mortgage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Loan Approval Letter</td>
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<tr>
<td>12. Notice of Contract Award</td>
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<tr>
<td>13. Loan Agreement</td>
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<tr>
<td>14. Loan Closing Statement</td>
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<tr>
<td>15. Loan Participation Agreement</td>
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<td>16. Right To Recission Statement</td>
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<tr>
<td>17. Rehabilitation Contract</td>
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<tr>
<td>ITEM</td>
<td>YES</td>
<td>NO</td>
<td>DATE FILLED</td>
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<td>18. Preconstruction Conference Report</td>
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<td>19. Lead Point Poisoning Warning Notice</td>
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<tr>
<td>20. Verification of Contractor Insurance</td>
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<td>21. Building Permit</td>
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<td>22. Notice To Proceed</td>
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<td>23. Progress Inspection Reports</td>
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<td>1st Inspection</td>
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<td>2nd Inspection</td>
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<td>3rd Inspection</td>
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<tr>
<td>Final Inspection</td>
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<td>24. Change Order(s)</td>
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<td>Change Order No. 1</td>
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<td>Change Order No. 2</td>
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<tr>
<td>24. Contractor Payments</td>
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<tr>
<td>Request For Payment No. 1</td>
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<td>Request For Payment No. 2</td>
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<td>Request For Payment No. 3</td>
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<tr>
<td>Final Request For Payment</td>
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<tr>
<td>25. Certificate of Final Inspection</td>
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<tr>
<td>26. Follow-Up Inspection</td>
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<tr>
<td>27. Owner Satisfaction Statement</td>
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<tr>
<td>28. Release of Liens</td>
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</tbody>
</table>
Dear Applicant,

We are pleased to assist you in your application for a home improvement loan. So that we can process your application quickly, please follow the instructions below:

1. Verify that all enclosures are present (see enclosures list)

2. Complete fully the following documents:
   a. Fill in all blanks in the “working copy” of the SECOND MORTGAGE or HOME IMPROVEMENT LOAN APPLICATION according to the attached instruction sheet. Sign the back of the form.
   b. Leave the “original copy” of the SECOND MORTGAGE or HOME IMPROVEMENT LOAN APPLICATION blank except for signing the back. This copy will be typed according to the information provided in the “working copy”.
   c. Return one copy of the signed FAIR LENDING NOTICE.
   d. Sign and return the CREDIT INFORMATION DISCLOSURE.
   e. Do not fill out any part of the REQUEST FOR VERIFICATION OF EMPLOYMENT or the REQUEST FOR VERIFICATION OF MORTGAGE LOAN, except for your signature on both forms.
   f. Read carefully the sections on the ADDITIONAL REQUIREMENTS form and complete those sections applicable to you.

If you have any questions regarding the completion of this application, please contact your city official or Continental Community Funding.

Please return all forms to your City for forwarding to: Continental Community Funding.

Sincerely,

Continental Community Funding
(800) 233-5605
Second Mortgage or Home Improvement Loan Application

**Type of Loan Application**
- [ ] Second Mortgage
- [ ] Home Improvement

**Address of Property to be Improved**
- Name: ______________________
- Address: ______________________
- City: ______________________
- State: ______________________
- Zip: ______________________

**Date Purchased**
- Date: ______________________

**Cash Down Payment**
- Amount: ______________________

**Purchase Price**
- Amount: ______________________

**Property Tax**
- Amount: ______________________

**Mortgage Type**
- Select one below:
  - [ ] Second Mortgage
  - [ ] Home Improvement
  - [ ] Other

**Mortgage Type**
- Select one below:
  - [ ] Second Mortgage
  - [ ] Home Improvement
  - [ ] Other

**Improvements Planned**
- Estimated cost: ______________________
- Breakdown must be attached

**Borrower**
- Name: ______________________
- Address: ______________________
- City: ______________________
- State: ______________________
- Zip: ______________________

**Co-Borrower**
- Name: ______________________
- Address: ______________________
- City: ______________________
- State: ______________________
- Zip: ______________________

**Notice**
- The Co-Borrower Section and all other Co-Borrower questions must be completed and the appropriate check boxes must be checked. The Co-Borrower must be a co-owner of the property to be improved. The Co-Borrower may be the owner or the co-owner of the property. The Co-Borrower must be at least 18 years of age and must be able to sign all necessary documents.

**Income**
- **Total Gross Monthly Income**
  - Borrower: ______________________
  - Co-Borrower: ______________________
  - Total: ______________________

**Bank Accounts**
- Account Type: ______________________
- Name: ______________________
- Address: ______________________

**Additional Income**
- **Other Income**
  - Non-Federal Government
  - Mortgage, etc.
  - Total: ______________________

**Employment**
- **Employment History**
  - Years Employed: ______________________
  - Current Position: ______________________

**Social Security Number**
- Social Security Number: ______________________

**Notice**
- Any income earned by the Borrower or Co-Borrower that does not exceed 20% of the Borrower or Co-Borrower's gross monthly income must be verified by a pay stub or proof of employment from the employer.

**Signature**
- By: ______________________
- Date: ______________________

---

**If Employed in Current Position for Less Than 2 Years, Complete the Following**
- **Current Position**
  - Employer: ______________________
  - Address: ______________________
  - City: ______________________
  - State: ______________________
  - Zip: ______________________

---

**Notice**
- Any other income earned by the Borrower or Co-Borrower must be verified by a pay stub or proof of employment from the employer.

---

**Additional Information**
- If needed: ______________________

---

**Comment**
- If any additional comments are needed: ______________________

---

**Signature**
- By: ______________________
- Date: ______________________
REQUEST FOR VERIFICATION OF RENT OR MORTGAGE ACCOUNT

INSTRUCTIONS: LENDER — Complete Part I Items 1 thru 8 Have APPLICANT(S) complete Part I Item 9, and forward directly to Lender named in Part I Item 1. LANDLORD/CREDITOR — Please complete Part II, and return directly to Lender named in Part I Item 2.

PART I — REQUEST

<table>
<thead>
<tr>
<th>Item</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 TO: Name and Address of Lender/Creditor</td>
<td>[Blank]</td>
</tr>
<tr>
<td>2 FROM: Name and Address of Lender/Creditor</td>
<td>[Blank]</td>
</tr>
<tr>
<td>3 SIGNATURE OF LENDER</td>
<td>[Blank]</td>
</tr>
<tr>
<td>4 TITLE</td>
<td>[Blank]</td>
</tr>
<tr>
<td>5 DATE</td>
<td>[Blank]</td>
</tr>
<tr>
<td>6 LENDER’S NUMBER</td>
<td>[Blank]</td>
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</tbody>
</table>

PART II — TO BE COMPLETED BY LANDLORD CREDITOR

We have received an application for a loan from the above, to whom we understand you rent or have extended a loan in addition to the information requested below please furnish us with any information you may have that will assist us in processing of the loan.

- RENTAL ACCOUNT
  - Tenant has rented since [Blank]
  - Length of time [Blank]
  - Rent per month $ [Blank]
  - Rent due per month [Blank]
  - Number of late payments [Blank]
  - "Some satisfaction" [Blank]

- MORTGAGE ACCOUNT
  - Date mortgage originated [Blank]
  - Original mortgage amount $ [Blank]
  - Current mortgage balance $ [Blank]
  - Monthly payment $ [Blank]
  - Payment with balance P I or P II [Blank]
  - Payment with balance [Blank]
  - Current mortgage amount [Blank]
  - "Some satisfaction" [Blank]

- LAND CONTRACT
  - [Blank]

ADDITIONAL INFORMATION WHICH MAY BE OF ASSISTANCE IN DETERMINATION OF CREDIT WORTHINESS

<table>
<thead>
<tr>
<th>Item</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 SIGNATURE OF DEPOSITORY</td>
<td>[Blank]</td>
</tr>
<tr>
<td>2 TITLE</td>
<td>[Blank]</td>
</tr>
<tr>
<td>3 DATE</td>
<td>[Blank]</td>
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</tbody>
</table>

The confidentiality of the information you have furnished will be preserved except where disclosure of this information is required by applicable law. The form is to be transmitted directly to the lender and is not to be transmitted through the applicant or any other party.
Request for Verification of Deposit

Part I - Request
1. To the name and address of depositor:
2. From name and address of lender:

<table>
<thead>
<tr>
<th>Type of Account</th>
<th>Account Number</th>
<th>Balance</th>
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<tbody>
<tr>
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To Depository: If we have approved a mortgage loan and stated in my financial statement that the balance on deposit with you is as shown above. You are authorized to verify this information and to supply the lender identified above with the information requested in Items 10 through 12. Your response is a matter of course for which no responsibility is attached to your institution or any of your officers.

X

Part II - Verification of Depository
10. Deposit Accounts of Applicant:

<table>
<thead>
<tr>
<th>Type of Account</th>
<th>Account Number</th>
<th>Current Balance</th>
<th>Average Balance for Previous Two Months</th>
<th>Date Opened</th>
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</thead>
<tbody>
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</tbody>
</table>

11. Loans Outstanding To Applicant:

<table>
<thead>
<tr>
<th>Loan Number</th>
<th>Date of Loan</th>
<th>Original Amount</th>
<th>Current Balance</th>
<th>Installments</th>
<th>Security</th>
</tr>
</thead>
<tbody>
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12. Please indicate any additional information which may be of assistance in determination of credit worthiness. (Please include information on Items 10 above)

13. Signature of Depository
14. Date

CCF
P.O. Box 6069
Anaheim, California 92816
Request for Verification of Employment

**Part I - Request**

1. To (name and address of employer)
2. From (name and address of lender)

**Part II - Verification of Present Employment**

<table>
<thead>
<tr>
<th>Employment Date</th>
<th>Pay Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9</strong> Applicant's Date of Employment</td>
<td><strong>12A</strong> Current Base Pay (Enter amount and check period)</td>
</tr>
<tr>
<td></td>
<td><strong>12B</strong> Weekly</td>
</tr>
<tr>
<td></td>
<td><strong>12C</strong> Monthly</td>
</tr>
<tr>
<td><strong>10</strong> Present Position</td>
<td><strong>12D</strong> Other</td>
</tr>
<tr>
<td><strong>11</strong> Probability of Continued Employment</td>
<td><strong>12E</strong> Amount</td>
</tr>
</tbody>
</table>
| **13** If overtime or bonus is applicable to this employment contract, enter the following:
| Overtime | Yes | No |
| Bonus | Yes | No |
| Commissions | Yes | No |
| Other | Yes | No |

**Part III - Verification of Previous Employment**

15 Dates of Employment
16 Salary/Wages at Termination Per Year (Include Weekly)
17 Reason for Leaving
18 Date of Separation
19 Signature of Employer
20 Date
21 Date
BIBLIOGRAPHY


Keyes, Langley. "Roxbury Responds the Political Confrontation," Urban Development (Summer 1987): 9


McLaughlin Michael, interview held with the program manager of the Housing rehabilitation Program, Fulton County Georgia, Conversation—style, Atlanta, Georgia, 1 October 1988.


Tyler Gary, interview held with assistant director for Community Development, Atlanta, Georgia. March 1989.

