

HOUSING RESOURCES COMMITTEE

August 14, 1968

Low-income Housing Programs
Applicable to Unincorporated Areas of Neighboring Counties

Under the National Housing Act, Cities and Counties can participate in all of the Special Housing Programs providing that they have satisfactorily complied with Government regulations and have an approved Workable Program.

The following Cities have complied in all respects and their Workable Programs are presently effective:

Atlanta
College Park
Decatur
Marietta

Other Cities and Counties in the Metropolitan area have either permitted their Workable Program to expire or have never submitted a Workable Program for approval.

RENT SUPPLEMENT PROGRAM - Separate and distinct from the Federal aid programs administered through local housing authorities, but serving the same income group, is the rent supplement program, which was established by the Housing Act of 1965 and administered by FHA.

Under the rent supplement program, a qualified tenant pays 25 percent of monthly income toward rent. His rent supplement, provided by the Federal Government, is the difference between the 25 percent and the full market rent for the dwelling unit he occupies.

To qualify for rent supplement help a tenant must:

1. Have an income within prescribed limits (no more than would be allowed for public housing tenancy in the same geographic area).
2. Have no more assets, aside from income, than \$2,000 (\$5,000 for the elderly).
3. Be one of the following:

62 years of age or older
Physically handicapped
Be displaced from home by government action
Living in substandard housing
A victim of natural disaster to the home in which he is or was living

Sponsors or owners of rent supplement projects must be one of the following:

1. A nonprofit organization (labor, fraternal, church, or other group).
2. A limited dividend corporation (realtors, builders, developers, etc.).
3. A cooperative housing corporation.

Arrangements for rent supplement payments are made under contract between the Department of Housing and Urban Development and the housing owner.

Housing under the rent supplement program is financed with mortgages insured under HUD programs at the market rate of interest. The housing, of whatever type, is built, owned, and managed by private industry.

Must either have a Workable Program in effect or must have approval of City or County Officials having jurisdiction.

FHA - SECTION 221 (h) - Rehabilitation and resale of existing homes (detached, semi-detached or row houses). Workable Program not required.

These projects must be in groups of not less than five units. The program is administered directly by FHA. The local special representative is Mr. Kenneth L. Finn, FHA State Office, 230 Peachtree St., N.W., 3rd Floor, Atlanta, Georgia, Telephone 526-6594.

LEASING PROGRAM - Communities that wish to use housing subsidies to house low-income families through LHA's must meet certain statutory conditions and administrative requirements. The following are the most important:

The locality must have, or must establish, a Local Housing Authority (LHA)

Except for the Leasing Program, the locality must have a Workable Program for Community Improvement approved by the Secretary of HUD and currently in effect.

(A Workable Program includes seven elements of accepted principles of good community development. These interact to deal with the problem of slums and blight and help to establish stable neighborhoods suitable for an adequate family life. HUD publications describing Workable Program requirements are available.)

In the Leasing Program, the local governing body must approve use of the program in the locality. (In other programs, each project must be approved by the governing body, which must also enter into a cooperation agreement with the LHA. The agreement covers such matters as tax

exemption, payments in lieu of taxes, and provision of the usual municipal services.)

Low-rent programs are subject to Title VI of the Civil Rights Act of 1964 prohibiting discrimination.

PUBLIC HOUSING - (Turnkey or Conventional - May be constructed and operated by the Atlanta Housing Authority in unincorporated areas of neighboring counties, which do not have certified Workable Programs, within 10 miles distance of the City Limits of Atlanta. Concurrence of County Commissioners is required and they must agree that necessary community facilities will be provided the projects.

Public Housing (including Turnkey) may consist of a variety of types of structures, i.e., high rise multi-family, garden type apartments, duplexes and single-family houses, or any combination of these in the same or separate developments. There is a very strong desire on the part of many low-income families for single-family houses. Many families of course are not financially able to purchase even the lowest cost (221 d (2)) houses. Such can be developed however as Public Housing (including Turnkey) and later sold to the occupants, as they become financially able to qualify. The Federal Government is currently encouraging this type of development under Public Housing.

221 d (2) SINGLE-FAMILY SALES HOUSING - This FHA insured mortgage program can be placed almost anywhere, where appropriate zoning exists and is not restricted to locations which have Workable Programs. FHA insured mortgages (30-40 years) may be obtained at approximately 100% of appraisal. The down payment is only \$200 for those who hold certificates as displaced by governmental action and slightly more (\$350 to \$400) for anyone who qualifies financially and has a good credit record. The maximum FHA insured mortgages on these houses in the Atlanta Metropolitan area has been \$12,500, but has recently been increased under the Housing Act of 1968 to \$15,000. This should cause a very much needed boost in this program.

FARMERS HOME ADMINISTRATION - An Atlanta family, or one residing in neighboring rural areas, may be able to build a home in a rural area under this program, which is limited to only low and moderate income families, which cannot qualify for conventional loans through local lending institutions.

There is no statutory limitation on size or cost of the homes to be built. However from a practical standpoint such homes do not usually exceed about 1400 sq. ft. of living space and maximum mortgages are about \$14,000. Home are generally within the \$10,000-\$12,000 range. There is no design criteria specified. Interest is 5% straight; 33 year mortgage, which may be as high as 100% of appraised fair value. Loans are insured by the Farmers Home Administration. There is no down payment required. However purchaser must pay for title certificate and recording fees. Mortgage limitations are based on family income, with maximum income considered \$7,000. Payments are on an annual basis, although mortgagors with income of less than about \$5,000 per year are required to make monthly payments.

The Farmers Home Administration is willing to accept applications from

Atlanta residents who qualify and wish to build a low-cost home in a rural area.

State Director of this program is Mr. S. L. VanLandingham, Peachtree-Seventh Building. Details pertaining to this program are contained in Pamphlet PA-476, Rural Housing Loans, U.S. Department of Agriculture, Farmers Home Administration.

CONVENTIONAL FINANCING - In addition to the above Federal assisted programs, apartment developments under conventional financing, with no Federal assistance, are of course feasible and are taking place constantly where land prices are favorable, necessary utilities exist and where appropriate zoning and required permits can be obtained. In fact to date, since Atlanta's accelerated Low-income Housing Program was initiated, November 15, 1966, 50% more units have actually been constructed in Atlanta, under Conventional financing, than under all of the Federal assisted programs combined. These however generally serve the moderate income families (\$5,000 - \$8,000 income) and are not available to the lowest income families (\$3,000 or below). This latter requirement can currently be met only through Public Housing; whereas, the Federal assisted programs generally serve requirements of families in the intermediate \$3,000 - \$5,000 bracket.