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EXCERPTS FROM:

THE ROLE OF LOCAL GOVERNMENT IN HOUSING

Presented to the League of California Cities Workshops on State and Local Housing Policy and Financial Assistance

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To describe adequately "The Role of Local Government in Housing" for you, I'd like to make some preliminary comments to give perspective to the question. A basic theme of the study done to develop the housing role was that housing problems existing in California today require more direct attention from local government than they have previously received if those problems are to be resolved.

It was necessary that an effort be made to redefine the role of California cities in housing and to describe alternative local policies and programs for its accomplishment as well as to describe the state and federal programs and policies needed for effective support of the local government role.

In recent years cities have become more concerned and directly involved in issues relating to the provision of housing for all economic and social groups. Many reasons prompted this increasing concern including desires for better growth management, demands for better resources utilization and conservation, changing federal and state government policies, changing economic conditions and greater public awareness concerning the need for housing. However, it is only fair to concede that the growth of interest, concern and commitment to improved housing opportunities for the citizens of this country has to be characterized as slow - infinitesimally and agonizingly slow.

To give you a brief historical review, Federal interest in housing was first evidenced by Congressional hearings on slums and blight held in the 1890's. In 1949 the United States Housing Act made the first major statement on a national housing policy in establishing the goal of "a decent home and suitable living environment for every American family", a goal reaffirmed in a more convincing manner in the Federal Housing and Community Development Act of 1974.

The State of California first evidenced interest in housing conditions for its citizens in enacting the Tenement House Act in 1909 which set minimum standards for construction. Moving right along, it has been a giant step from that legislation to the legislative action to approve the Housing and Home Finance Act of 1975 whereby the California Housing Finance Agency, the reason for this workshop, came into being.

Still in the historical perspective, the role of local government has generally been a reactive role concentrating attention on regulating and providing services to newly developed residential areas, plus a very limited effort to maintain and conserve existing housing through code enforcement.

The League Committee on Community Development has spent the last several years studying housing issues and attempting to define the role of local government in the housing system. The Committee established a Housing Task Force which labored long and hard to prepare a Housing Policy Statement for local government.

Now, let me give you some background on the study from which the Housing Policy Statement evolved. The study was thorough, comprehensive, exhaustive and sometimes exhausting, as Task Force members will testify. Its stated objective was to define a clear housing role for city government. In order to do this it was necessary to examine the entire housing delivery system and its various components.

The following are some of the basic findings on which the League's new policy is based:

1. The involvement of state and local governments in housing programs is a relatively new occurrence.

2. The housing delivery system is comprised of many actors of which local government is only one.

3. Local efforts to improve housing usually suffer because local governments fail to understand, appreciate or influence the roles of other actors such as developers, financing institutions, land owners, real estate brokers, etc.

4. The role of local government generally suffers from a lack of positive policy direction and proper role definition.

5. "De facto" national tax policy has skewed the housing delivery system in favor of new housing production instead of conservation of existing housing and neighborhood resources.

6. The "inadvertent" national policy also results in the abandonment and blight of central cities, the under use of existing urban service systems and the encouragement of urban sprawl.

7. The housing delivery system, while generally working well for the middle class has left the poor ill-housed. Indirect subsidies, in the form of tax deductions, have generally been available to middle class families at a far greater rate than public expenditures have been available for financing housing for low and moderate income families. This basic inequity led the late political scientist, Charles Abrams, to remark that the housing delivery system is "socialism for the rich and private enterprise for the poor."

8. The cost of financing is by far the most expensive part of new housing production.

9. Local government in California has played a very limited and indirect role in the housing delivery system. Traditionally, housing has been a private market initiated effort. Cities have reacted and have otherwise exercised very limited functions.

10. The provision of adequate housing, especially for low and moderate income people, remains a major unsolved problem of increasing importance in the 1970's.

Based on these elemental findings and given the traditional role of local government and the increasing demand for change, what then should be the role of local government in housing? This is the central issue which has occupied the Community Development Committee and the Housing Task Force over the past year and which has resulted in the Housing Policy Statement of July 1975.

In its policy statement the League has re-committed itself to the national objective that all Americans, regardless of race, color, income, creed or sex, should be provided a decent home in a suitable living environment at a price they can afford.

The League reaffirms its policy that all its member cities are responsible for assisting in provision of housing for low and very low income people, and states that nothing in its Housing Policy should be taken to signify a reduction or redirection of this commitment.

The League policy is designed to work -- to be implemented. As such, it is pragmatic in its view that local government will never have the fiscal resources necessary to meet all housing needs. The bulk of the capital investment required for housing needs must come from the private sector and through state and federal subsidies.

The League believes that poverty is the major barrier to increasing housing opportunities for low income people, and that the eradication of poverty is beyond the purview of the housing delivery system. Even if poverty were eliminated, housing would continue to age, deteriorate and become obsolete. The need for a primarily physical local housing concern would remain.

Clearly and strongly, in our Housing Policy Statement, the League finds the most neglected area in the housing system is in housing rehabilitation and conservation. The League believes cities can make the greatest impact on housing problems in programs to assure the conservation of the existing housing stock. Conservation of housing resources by local government is expected to redirect the nation's housing delivery system away from new construction toward balanced use of existing resources.

In addressing housing concerns, the Housing Policy Statement identifies four major responsibilities of local government and three ancillary responsibilities.

First, the League policy calls for cities to assume leadership in housing planning, in assessing housing needs, in establishing policies aimed at alleviating these needs, and in developing programs and strategies to meet the needs. Leadership from the city council and staff, and citizen participation are all essential if the community is to determine its own housing goals and objectives and establish methods for translating these goals into reality. Unless this leadership is forthcoming, cities will continue to react to the private sector rather than play a prime role.

The second major approach suggested in the League policy statement is the coordination of local growth management programs with housing needs. The League believes that by the establishment of better local policies for growth management, as well as housing, a city will be in a position to develop on its own terms, maximizing both environmental and housing opportunities for its residents. The League believes that local growth policies must be sensitive to the special housing needs of all income groupings.

The third major housing policy of the League deals with the allocation of state and federal housing subsidies. Both the new State Housing and Home Finance Act of 1975 and the Federal Housing and Community Development Act of 1974 provide for pre-review and approval authority by local governments over housing projects proposed to be subsidized from these programs. Cities should exercise this pre-review and approval authority to insure the best possible housing for low and moderate income persons as well as to discourage housing developments that will have a negative effect on the total community. This authority should be exercised in a positive and rational manner and be based on the policy established in local housing elements and housing assistance plans.

These first three major elements of the League housing policy concentrate on planning and policy making. They recognize that the main purpose of local government is to "govern", or to put it another way, to establish those basic principles, policies and objectives by which the community will develop. Our policy also recognizes that local governments have responsibilities to provide certain services, especially if such services are not being provided at all or cannot be provided as well by others.

This brings us to the fourth of the 4 major roles for cities in housing, which is that cities should explore every practical means to institute viable housing maintenance and conservation programs in newer, as well as aged or deteriorating neighborhoods. It is ironic that as a nation we have neglected the most important part of our housing stock, namely the stock which currently exists.

In addition to those four major roles which I have described, the League also proposes that cities become more active in three ancillary capacities, as follows:

One: housing education and training for consumers and providers,

Two: mediation of tenant/landlord disputes, and

Three: the provision of leadership in regional and sub-regional coordination for those housing activities which transcend local boundaries, such as regional allocation and financing systems and development of strong self-review systems.