

TERRILL L. HILL
MAYOR - COMMISSIONER

MARY LAWSON BROWN
VICE MAYOR - COMMISSIONER

RUFUS J. BOROM
COMMISSIONER

JUSTIN R. CAMPBELL
COMMISSIONER

JAMES NORWOOD, JR.
COMMISSIONER



MICHAEL J. CZYMBOR
CITY MANAGER

BETSY JORDAN DRIGGERS
CITY CLERK

MATTHEW D. REYNOLDS
FINANCE DIRECTOR

JAMES A. GRIFFITH
INTERIM CHIEF OF POLICE

MICHAEL LAMBERT
CHIEF FIRE DEPT

DONALD E. HOLMES
CITY ATTORNEY

Regular meeting 2nd and 4th Thursdays each month at 6:00 p.m.

January 21, 2015

**TO COMMISSIONERS: MARY LAWSON BROWN, RUFUS BOROM,
JUSTIN CAMPBELL AND JAMES NORWOOD, Jr.:**

You are hereby notified that a Joint Workshop Meeting is hereby called to be held on Monday, January 26, 2015, commencing at 5:30 p.m. This workshop meeting will be held at the regular meeting place of the Palatka City Commission at Commission Chambers, 201 N. 2nd Street, Palatka.

The purpose of the meeting is to hold a joint workshop with the Palatka Housing Authority concerning the status of public housing in the City of Palatka and the PHA Executive Director's request to approve "Paragraph 7" of its Annual and Five Year Plan FY 2015-19.

/s/ Terrill L. Hill

Terrill L. Hill, MAYOR

We acknowledge receipt of a copy of the foregoing notice of a workshop meeting on the 21st day of January, 2015.

/s/ Mary Lawson Brown

COMMISSIONER

/s/ Justin Campbell

COMMISSIONER

/s/ James Norwood, Jr.

COMMISSIONER

/s/ Rufus Borom

COMMISSIONER

PERSONS WITH DISABILITIES REQUIRING ACCOMMODATIONS IN ORDER TO PARTICIPATE IN THIS MEETING SHOULD CONTACT THE CITY CLERK'S OFFICE AT 329-0100 AT LEAST 24 HOURS IN ADVANCE TO REQUEST ACCOMMODATIONS.

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CITY ATTORNEY

Regular meeting 2nd and 4th Thursdays each month at 6:00 p.m.

MEMORANDUM

DATE: January 21, 2015

TO: Mayor Hill and City Commissioners

FROM: Michael J. Czymbor, City Manager 

RE: Information Which Will be presented at the Workshop Scheduled For January 26, 2015 at 5:30 p.m. regarding the status of Public Housing in the City

Staff has compiled some documents and information for your review prior to the scheduled workshop scheduled for January 26, 2015 at 5:30 p.m. in the City Hall City Commission Chambers. I sent an email to Mr. Nelson offering him the opportunity to present any information as well. I have also been contacted by other interested parties that may want to submit information to be considered during this workshop.

The following list of documents are attached for your review:

- I. City Commission Minutes of April 1962 Declaring Need for Housing Authority and Appointment of Commissioners of PHA
- II. PHA parcels within City of Palatka and Market Value and Property Ad Valorem Taxes
- III. Planning Director Memo titled Palatka Public Housing: Comprehensive Plan, Comparison with other Jurisdictions, and Fiscal Realities
- IV. City of Palatka: Evaluation and Appraisal Report
- V. Fire and Police Calls for Service (CFS) to PHA and COP PD Extra Duty Patrols at PHA
- VI. Fire Assessment Fee
- VII. United States Housing Act of 1937
- VIII. Cranston-Gonzalez National Affordable Housing Act of 1990 (As Amended)
- IX. Instructions from HUD

Page Two
January 21, 2015

- X. Florida Statutes Chapter 423
- XI. Katharine L. Shester, The Local Economic Effects of Public Housing in the United States, 1940-1970

Please call me with any questions. Thank you.

MJC:vwv

Attachments

Proceedings of a regular meeting of the City Commission of the City of Palatka, held on the 12th. day of April, 19 62

Present Frank M. Hancock Mayor

D. W. Broadway, Sr.
H. G. Motes
John D. Arrington, Jr.
George S. Mitchell } Commissioners

The meeting was opened with a prayer by the Rev. E. J. Lewis.

The minutes of a meeting held March 22, 1962 were presented to the Commission and there being no alterations nor corrections were approved as read.

The City Manager read a letter from Mr. H. P. Boggs stating that the City of Palatka and the State Road Department could install traffic signals on Reid Street with the City paying for forty per cent of installation cost and the State Road paying for sixty per cent. The total estimated cost would be \$22,000.00. It was moved by Mitchell, seconded by Broadway that the City Attorney prepare a resolution authorizing \$8800 towards the cost for traffic lights on Reid Street. Motion carried.

It was moved by Arrington, seconded by Mitchell that the Commission defer action on the purchase of radio equipment for Civil Defense and that a committee be appointed to investigate further the use of said equipment. Motion carried. Thereupon, Mayor Hancock appointed Commissioner Arrington, Mayor Hancock and the City Manager as the committee.

The City Manager read a letter stating that the Development Commission of Florida is holding \$182.02 for the City of Palatka providing that it is expended for aviation only, and stated further that he had written a letter to Mr. Wendell Jarrard that these funds would be expended for aviation when received. Letter filed.

The City Manager read the monthly reports for the Police, Municipal Judge, Civic Center and the Fire Department.

The City Attorney read the following resolution:

A RESOLUTION DECLARING THE NEED FOR A HOUSING AUTHORITY IN THE CITY OF PALATKA, FLORIDA.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF PALATKA, FLORIDA:

That the City Commission of the City of Palatka, Florida, hereby determines, finds and declares in pursuance of the "Housing Authorities Law" of the State of Florida, that:

- 1. Insanitary and unsafe inhabited dwelling accommodations exist in the City of Palatka, Florida; and
2. There is a shortage of safe and sanitary accommodations in the City of Palatka, Florida, available to families of low income at rentals they can afford; and
3. There is need for a housing authority in the City of Palatka, Florida,

Proceedings of a meeting of the City Commission of the City of Palatka, held on the day of, 19

Present

Mayor

} Commissioners

BE IT FURTHER RESOLVED that the Mayor of the City of Palatka, Florida, be promptly notified of the adoption of this Resolution.

AND BE IT FURTHER RESOLVED that this Resolution shall be effective immediately.

Passed and adopted this 12th. day of April, A. D. 1962.

CITY OF PALATKA, FLORIDA

(CORPORATE SEAL)

by s/ F. M. Hancock
Mayor

ATTEST:

s/ H. E. Williams
City Clerk

Moved by Arrington that the resolution be adopted. There being no second to the motion, Mayor Hancock relinquished the chair to Mayor Pro-tem Broadway and seconded the motion. After discussion for and against the resolution a roll call vote with the following results: Ayes; Arrington, Motes and Mayor Hancock. Nays; Mitchell and Broadway. Mayor Pro-tem Broadway stated that the resolution was adopted. The chair was then relinquished to Mayor Hancock. Mayor Hancock thereupon appointed the members of the Housing Authority as follows: Mr. Robert Webb, as Chairman, for a four year term, Mr. D. A. Martinez for a four year term, Dr. Charles C. Barrineau for a three year term, Mr. Steve Broadway for a two year term and Mr. Frank Robshaw for a one year term.

The City Attorney then read the following resolution:

A RESOLUTION APPROVING THE APPOINTMENT OF COMMISSIONERS OF THE PALATKA HOUSING AUTHORITY AND DESIGNATION OF FIRST CHAIRMAN.

WHEREAS, the Honorable Frank M. Hancock, Mayor of the City of Palatka, Florida, has appointed D. A. Martinez, Stephen Broadway, Frank Robshaw, Dr. C. E. Barrineau, and Robert W. Webb, as Commissioners of the Palatka Housing Authority, and has designated Robert W. Webb as the first chairman.

NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Palatka, Florida, that the appointment of D. A. Martinez, Stephen Broadway, Frank Robshaw, Dr. C. E. Barrineau, and Robert W. Webb as Commissioners of the Palatka Housing Authority and the designation of the first chairman are hereby confirmed and approved.

Passed and adopted this 12th. day of April, A. D. 1962.

CITY OF PALATKA, FLORIDA

(CORPORATE SEAL)

by s/ Frank M. Hancock
Mayor

ATTEST:

s/ H. E. Williams
City Clerk

BRH171

Proceedings of a meeting of the City Commission of the City of Palatka, held on the day of, 19

Present

Mayor

Commissioners

It was moved by Broadway, seconded by Arrington that the Resolution be adopted. Upon a roll call vote the results were as follows: Ayes, Broadway, Mitchell, Arrington, Motes and Mayor Hancock.

The City Manager read an ordinance entitled AN ORDINANCE OF THE CITY OF PALATKA, FLORIDA, PROVIDING THAT THE CODE OF ORDINANCES OF THE CITY OF PALATKA, FLORIDA, BE AMENDED BY ADDING ADDITIONAL REQUIREMENTS FOR CONSTRUCTION OF THIMBLES FOR FLUES FOR SMOKE PIPES.

It was moved by Mitchell, seconded by Broadway, that the requirement that this ordinance be read at two regular meetings be dispensed with. Upon a roll call vote the results were as follows: Ayes, Broadway, Arrington, Mitchell, Motes and Hancock. Nays, none. It was moved by Arrington, seconded by Broadway that the ordinance be adopted. Upon a roll call vote the results were as follows: Ayes, Broadway, Motes, Arrington, Mitchell and Mayor Hancock. Nays, none.

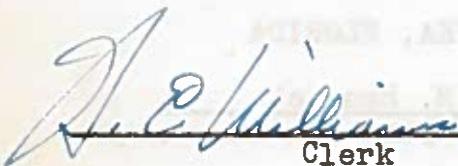
The City Attorney read an ordinance entitled AN ORDINANCE OF THE CITY OF PALATKA, FLORIDA, PROVIDING THAT THE CODE OF ORDINANCES OF THE CITY OF PALATKA, FLORIDA, BE AMENDED BY REVISING SECTION 25-13 AND 25-14 OF SAID CODE, REVISING WATER RATE SCHEDULES WITHIN THE CITY LIMITS AND WITHOUT THE CITY LIMITS.

It was moved by Arrington that the requirement of two readings for passage of an ordinance be waived. There being no second to the motion, Mayor Hancock relinquished the chair to Mayor Pro-tem Broadway and seconded the motion. Upon a roll call vote the results were as follows: Ayes, Arrington and Mayor Hancock. Nays, Motes, Mitchell and Broadway. Mayor Pro-tem Broadway declared the motion failed. Moved by Arrington, seconded by Mitchell that the ordinance be placed on first reading. Upon a roll call vote the results were as follows: Ayes, Arrington and Mayor Hancock. Nays, Motes, Mitchell and Broadway. Mayor Pro-tem Broadway declared the motion failed.

Mr. G. C. Gabaldon appeared before the Commission and asked that the City either do the maintenance work at the airport or give him a lease agreement whereby he will maintain the airport as a business. After a discussion it was agreed that the City would mow the grass and repair the plumbing. Commissioner Arrington made a request that the City purchase radio equipment for the airport, an estimated cost of two to three hundred dollars.

It was moved by Arrington, seconded by Broadway that the City Manager instruct Briley, Wild & Associates, Consulting Engineers, to proceed with the final report for the Water and Sewer Improvements. The motion was carried.

It was moved by Arrington, seconded by Broadway that the meeting adjourn. Motion was carried.


Clerk


Mayor

Palatka Housing Authority Parcels within the City of Palatka			
Parcel Number	Market Value	Property Tax *	
01-10-26-0950-0030-0010	\$ 209,319	\$ 1,920.48	
01-10-26-5440-0030-0000	\$ 538,613	\$ 4,941.72	
01-10-26-5440-0040-0000	\$ 512,755	\$ 4,704.48	
01-10-26-5610-0040-0000	\$ 197,474	\$ 1,811.80	
01-10-26-5610-0090-0000	\$ 312,274	\$ 2,865.08	
03-10-26-0000-0060-0000	\$ 3,596,530	\$ 32,997.80	
07-10-27-3550-0120-0010	\$ 98,813	\$ 906.60	1207 Short St, NSP home, PHA paid \$390.34 for PILOT in FY2014
11-10-26-0000-0100-0000	\$ 1,473,780	\$ 13,521.78	
12-10-26-0210-0000-0410	\$ 45,414	\$ 416.67	
12-10-26-4030-0040-0208	\$ 587,101	\$ 5,386.59	
13-10-26-1700-0060-0050	\$ 71,608	\$ 657.00	130 Crestwood, NSP home, PHA paid \$267.10 for PILOT in FY2014
13-10-26-2550-0080-0050	\$ 668,536	\$ 6,133.75	
13-10-26-8014-0030-0180	\$ 70,352	\$ 645.47	236 Mango Dr, NSP home, PHA paid \$267.17 for PILOT in FY2014
13-10-26-8014-0100-0110	\$ 77,773	\$ 713.56	225 Mango Dr, NSP home, PHA paid \$294.16 for PILOT in FY2014
37-10-26-5440-0010-0000	\$ 328,376	\$ 3,012.82	
37-10-26-5440-0020-0000	\$ 351,627	\$ 3,226.14	
37-10-26-5440-0020-0010	\$ 239,184	\$ 2,194.49	
37-10-26-5440-0050-0000	\$ 251,628	\$ 2,308.66	
37-10-26-5440-0060-0000	\$ 414,679	\$ 3,804.64	
37-10-26-5440-0070-0000	\$ 492,783	\$ 4,521.23	
37-10-26-5440-0080-0000	\$ 513,925	\$ 4,715.21	
37-10-26-5440-0090-0000	\$ 585,874	\$ 5,375.34	
37-10-26-6850-3430-0000	\$ 309,182	\$ 2,836.71	
42-10-27-6850-1560-0010	\$ 9,120	\$ 83.68	.12 acre 923 laurel st
42-10-27-6850-1560-0011	\$ 18,899	\$ 173.40	.24 acre 913 laurel
42-10-27-6850-2220-0010	\$ 1,496,259	\$ 13,728.03	
42-10-27-6850-2710-0100	\$ 726,594	\$ 6,666.43	

42-10-27-6850-2850-1100	\$ 115,726	\$ 1,061.77	
42-10-27-6850-2860-0800	\$ 127,204	\$ 1,167.08	
42-10-27-6850-2870-0100	\$ 115,852	\$ 1,062.93	
42-10-27-6850-2880-0300	\$ 118,479	\$ 1,087.03	
42-10-27-6850-2890-0300	\$ 488,814	\$ 4,484.82	
42-10-27-6850-2890-0700	\$ 2,650	\$ 24.31	.17 acre in Palatka, multifamily units from 2890-0300 spill over onto this parcel
42-10-27-6850-2910-0050	\$ 272,988	\$ 2,504.64	
42-10-27-6850-2920-0000	\$ 398,796	\$ 3,658.91	
42-10-27-6850-3060-0000	\$ 479,095	\$ 4,395.65	
42-10-27-6850-3070-0110	\$ 62,944	\$ 577.50	
42-10-27-6850-3100-0010	\$ 242,617	\$ 2,225.99	
42-10-27-6850-3110-0010	\$ 370,845	\$ 3,402.47	
42-10-27-6850-3120-0010	\$ 261,456	\$ 2,398.83	
42-10-27-6850-3130-0110	\$ 34,560	\$ 317.08	
42-10-27-6850-3200-0000	\$ 335,928	\$ 3,082.11	
42-10-27-6850-3210-0000	\$ 453,091	\$ 4,157.06	
42-10-27-6850-3220-0010	\$ 227,073	\$ 2,083.37	
Total	\$ 18,306,590	\$ 167,961.13	
* Property Tax calculated using FY2014-2015 millage rate of 9.1749 mills multiplied by the Market Rate			
PHA Payments in Lieu of Taxes			
Year	NSP Homes	All other parcels	
2013-2014	\$ 1,218.76	\$ 17,127.87	
2012-2013	\$ -	\$ 14,329.81	
2011-2012	\$ -	\$ 7,014.10	
2010-2011	\$ -	\$ 6,707.14	
2009-2010	\$ -	\$ 12,038.48	
Total	\$ 1,218.76	\$ 57,217.40	
PHA owned parcels not in the city limits			
03-09-24-2600-0310-0030	\$ 2,352	1/4 acre lot in Florahome	

05-10-24-4930-0010-0320	\$ 2,723	.4 acre lot in Interlachen	
05-10-24-4930-0010-0340	\$ 1,880	.2 acre lot in Interlachen	
05-10-24-4930-0010-0360	\$ 1,880	.2 acre lot in Interlachen	
05-10-24-4930-0010-0380	\$ 1,880	.2 acre lot in Interlachen	
05-10-24-4930-0010-0400	\$ 1,881	.2 acre lot in Interlachen	
02-10-26-0000-1259-0003	\$ 65,231	Single family home off Oakgrove Road in Palatka but not in city limits	
43-10-27-0000-0050-0010	\$ 52,450	Single family home off Horse Landing Road in Satsuma	
40-11-27-0000-0080-0810	\$ 33,146	Single family home near Sisco Road in Pomona Park	
39-10-27-7750-0270-0270	\$ 60,008	Single family home on Sevilla St in East Palatka	
13-10-26-6550-0050-0050	\$ 92,108	Single family home on Westover in Palatka but not in city limits	
43-10-27-8255-0210-0150	\$ 84,972	Single family home off Tropic Ave in Satsuma	
Parcels that were listed on previous 2012 spreadsheet that are no longer owned by PHA			
42-10-27-6850-2600-0100	\$ 1,350	Single family built in 2011, now valued at 84670, taxes paid by USDA Rural Development, owner shown as Latrisha Williams with a mailing address of Crescent City	
42-10-27-6850-2600-0400	\$ 3,200	Single family built in 2011, now valued at 88084, taxes paid by USDA Rural Development, owner shown as Jennifer F. Rawls	
42-10-27-6850-2600-0600	\$ 2,700	Single family built in 2011, now valued at 87284, taxes paid by USDA Rural Development, owner shown as Lynn Halyard-Bell	
42-10-27-6850-2600-0800	\$ 4,500	Single family built in 2011, now valued at 93101, taxes paid by USDA Rural Development, owner shown as Tarsha Holtz	

42-10-27-6850-2600-1000	\$ 94,311	Single family built in 2010, now valued at 66489, taxes paid by USDA Rural Development, owner shown as Rachel McNeal	
42-10-27-6850-2600-1600	\$ 2,250	Single family built in 2011, now valued at 84670, taxes paid by USDA Rural Development, owner shown as Clare Marrero	

**Palatka Housing Authority Parcels within the City
of Palatka**

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01-10-26-5440-0030-0000	\$ 538,613	\$ 4,941.72	
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05-10-24-4930-0010-034C	\$	1,880	.2 acre lot in Interlachen
05-10-24-4930-0010-036C	\$	1,880	.2 acre lot in Interlachen
05-10-24-4930-0010-038C	\$	1,880	.2 acre lot in Interlachen
05-10-24-4930-0010-040C	\$	1,881	.2 acre lot in Interlachen
<u>02-10-26-0000-1259-0003</u>	\$	65,231	Single family home off Oakgrove Road in Palatka but not in city limits
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Parcels that were listed on previous 2012 spreadsheet that are no longer owned by PHA

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42-10-27-6850-2600-060C	\$	2,700	Single family built in 2011, now valued at 87284, taxes paid by USDA Rural Development, owner
42-10-27-6850-2600-080C	\$	4,500	Single family built in 2011, now valued at 93101, taxes paid by USDA Rural Development, owner
42-10-27-6850-2600-100C	\$	94,311	Single family built in 2010, now valued at 66489, taxes paid by USDA Rural Development, owner
42-10-27-6850-2600-160C	\$	2,250	Single family built in 2011, now valued at 84670, taxes paid by USDA Rural Development, owner



Building & Zoning Department
 201 N 2nd Street
 Palatka, FL 32177
 (386) 329-0103 phone
 (386) 329-0172 fax

MEMORANDUM

TO: Michael Czymbor, CM
 City Manager

FROM: Thad Crowe, AICP
 Planning Director

DATE: January 15, 2015

RE: Palatka Public Housing: Comprehensive Plan, Comparison with other Jurisdictions, and Fiscal Realities

Comprehensive Plan

The City's adopted Comprehensive Plan in its goals, objectives, and policies is neutral in its stance toward public housing. Housing Element Goal C.1 calls for provision of adequate and affordable housing for current and projected populations of city, and the following element policies under this goal are applicable. Objective C.1.2 & Policy C.1.2.1 call for the City to encourage the provision of special needs housing (homeless, handicapped, elderly) and Policy C.1.4.1 requires the city to allow for statutory-permissible group homes. However there is no mention specifically of public housing under the special needs housing groups. Policy C.1.3.3 is the only goal, objective or policy that references the Palatka Housing Authority (PHA), requiring the city only in supporting and assisting the PHA in maintaining the condition and appearance of existing subsidized units.

The Housing Element Data and Analysis section recognizes that the need for assisted housing for the very low to moderate income population of Palatka is not being met, however this observation is "the determination of the Palatka Housing Authority," and not a finding of the plan itself. The Housing Element Data and Analysis section also recognized the high proportion of public housing units, as noted below.

The various assisted housing opportunities that the Palatka Housing Authority is able to disperse amount to over 14 percent of all of Palatka's occupied dwelling units. This ratio compares to the City of Jacksonville's Housing and Urban Development administering to assisted rental units comprising less than three percent of the City's occupied units. The City of Palatka is unique in its concentration of assisted rental units for a community of its size. Strategies for locating future subsidized rental units in the county areas should be explored and pursued. (emphasis added)

While it is true that the Data & Analysis of the plan does not provide the formal policy direction that the goals, objectives, and policies do; this statement of intent does represent the City's outlook. It would be advisable to clearly state this as a policy within the Housing Element.

Comparison with Other Jurisdictions

The attached table shows most Florida jurisdictions with public housing, not including the larger cities (Jacksonville is included for regional relevance). Of the 48 surveyed jurisdictions Palatka had the highest percentage of public housing units to all housing units, at 9.2%. The next highest proportion of PH units was Arcadia at 5.2%. Of the 25 surveyed jurisdictions with public housing units, the average proportion of PH units was 2.0%. Clearly Palatka has a significantly high component of public housing, far higher than all jurisdictions surveyed.

Looking at smaller jurisdictions (with housing units of less than 10,000 and population of less than around 25,000), the average proportion of PH units to total units was 1.1%, drastically less than Palatka's proportion. In the northeast Florida region (adding Volusia and Marion Counties), this proportion was a similar 1.2%. Nearby jurisdictions such as St. Augustine and Green Cove Springs have no public housing units, and larger towns out of the region such as Melbourne, Kissimmee, Apopka, Leesburg, and Vero Beach also have no public housing units.

Fiscal Realities

The *Economic Diversification Action Plan, Fiscal Analysis* was developed last fall by the real estate and economic consulting firm Urbanomics, Inc. In comparing Palatka with other comparable jurisdictions, the study found the following:

- Palatka's tax base overly relies on commercial properties (44.3% of tax base value, compared to 26.6% as the average of other jurisdictions)
- Conversely, the City's residential tax base does not "pull its weight" (34.6% of tax base value, compared to 50.4% as the average of other jurisdictions).
- Homesteaded properties make up just 12.9% of the tax base value, compared to 22% of the average of other jurisdictions.
- Of the 15 comparable jurisdictions, only Marianna has a lower taxable value per capita (at \$31,021; lower than Palatka's \$35,948; and considerably lower than the overall average of \$58,000).

This information confirms the reality that the City Commission has spoken to in recent years, namely that the lack of private housing market growth has resulted in a low tax base, which in turn requires higher taxes, and also an over-reliance on commercial property taxation.

Summary

Palatka's Comprehensive Plan recognizes the high concentration of public housing units in the City, which is confirmed by a comparative study of other jurisdictions. The Plan does not guide the City to support the creation of public housing units, but only calls for the City to assist in the maintenance of the high number of such units within the City. The City's documented weak tax base is vulnerable to the creation of new non-taxable units, even at small numbers.

Jurisdiction	Public Housing Units *	Housing Units (2010 US Census)	Percent of Total Units
Okeechobee	0	2,251	0.0%
Marianna	0	2,773	0.0%
Green Cove Springs	0	2,815	0.0%
Perry	0	3,115	0.0%
Quincy	0	3,169	0.0%
Orange Park	0	3,880	0.0%
Lake City	0	5,498	0.0%
Sebring	0	5,623	0.0%
Belle Glade	0	6,368	0.0%
Palmetto	0	6,729	0.0%
Holly Hill	0	6,900	0.0%
Mt. Dora	0	6,942	0.0%
St. Augustine	0	6,978	0.0%
Tavares	0	7,598	0.0%
Zephyrhills	0	7,702	0.0%
Cocoa	0	8,709	0.0%
Vero Beach	0	10,258	0.0%
Leesburg	0	10,625	0.0%
DeLand	0	12,610	0.0%
Apopka	0	15,507	0.0%
Kissimmee	0	26,275	0.0%
Melbourne	0	33,089	0.0%
Port St. Lucie	0	70,877	0.0%
Ormond Beach	41	19,576	0.2%
Lakeland	318	48,218	0.7%
Eustis	60	8,871	0.7%
Ocala	186	26,764	0.7%
Jacksonville	2795	366,273	0.8%
Fernandina Bch	57	7,064	0.8%
Punta Gorda	115	11,850	1.0%
Winter Haven	179	17,037	1.1%
Titusville	255	22,729	1.1%
Bartow	82	7,130	1.2%
New Smyrna Beach	126	10,622	1.2%
Plant City	200	13,732	1.5%
Winter Park	171	11,740	1.5%
Gainesville	911	57,576	1.6%
Bradenton	488	26,767	1.8%
Dade City	59	3,049	1.9%

Jurisdiction	Public Housing Units *	Housing Units (2010 US Census)	Percent of Total Units
Lake Wales	140	6,900	2.0%
Sanford	479	23,061	2.1%
Milton	89	4,021	2.2%
Daytona Beach	764	33,920	2.3%
Brooksville	126	4,339	2.9%
Crestview	273	9,153	3.0%
Ft Pierce	827	21,357	3.9%
Arcadia	154	2,955	5.2%
Palatka	419	4,553	9.2%

** From University of Florida Shimberg Center for Affordable Housing*



CITY OF PALATKA: EVALUATION AND APPRAISAL REPORT

**Prepared
by the
City of Palatka Building & Zoning Department
and the
Northeast Florida Regional Council
April 28th, 2011**



TABLE OF CONTENTS

Section A: Introduction	B-1
Purpose.....	2
City Profile:.....	2
Public Participation Process:.....	3
Visioning Workshops.....	3
Local Major Issues.....	5
Scoping Meeting	5
Local Planning Agency and City Commission Hearings on Major Issues.....	6
Local Planning Agency and City Commission Hearings on EAR	7
Section B: Community-Wide Assessment.....	1
FUTURE LAND USE ELEMENT.....	12
TRAFFIC CIRCULATION ELEMENT	40
HOUSING ELEMENT.....	54
PUBLIC FACILITIES ELEMENT	60
CONSERVATION ELEMENT.....	82
RECREATION AND OPEN ELEMENT	94
INTERGOVERNMENTAL COORDINATION ELEMENT	98
CAPITAL IMPROVEMENTS ELEMENT	108
PUBLIC SCHOOL FACILITIES ELEMENT	126
Section C: Major Issues.....	1
Issue #1: Historic Preservation	2
Analysis.....	2
Recommendations.....	4
Issue #2: Economic Development	6
Analysis.....	6
Opportunities Analysis.....	7
Recommendations.....	12
Issue 3: Transportation Level of Service	17
Analysis.....	17
Recommendations.....	22
Issue #4: Trails and Parks	23
Analysis.....	23
Recommendations.....	25
Issue #5: Annexation and Municipal Boundary.....	26

Analysis.....	26
Recommendations.....	27
Section D: Special Topics	1
School Coordination:	2
Analysis.....	2
Recommendations.....	2
Water Supply Planning:	2
Analysis.....	2
Recommendations.....	3
Coastal High Hazard Areas:.....	4
Analysis.....	4
Recommendations.....	4
Land Use Compatibility near Military Installations:	5
Evaluation of Concurrency Exception Areas:.....	5
Analysis.....	5
Recommendations.....	5
Evaluation of Methodology for Measuring Impacts on Roadways:	5
Analysis.....	5
Recommendations.....	6
Section E: Summary of Recommendations	1
Future Land Use Element	2
Proposed Historic Preservation Element	2
Proposed Economic Development Element.....	4
Traffic Circulation Element	8
Housing Element.....	9
Conservation Element.....	9
Recreation and Open Space Element.....	10
Intergovernmental Coordination Element.....	10
Capital Improvements Element.....	11
Public School Facilities Element	11
Public Facilities Element	11
Appendix A - Maps.....	1
Appendix B – Changes in Growth Management Laws	1

TABLES

B-1 Comparison of Population Estimates	B-2
B-2 Population Projections through 2030.....	B-3
B-3 Annexations Since Adoption of Last Comprehensive Plan.....	B-4
B-4 Annexations by City Land Use Category.....	B-4
B-5 Updated Existing Land Use by Category 2010.....	B-5
B-6 Putnam County Land Use Designation of City Annexed Lands.....	B-6
B-7 Building Permits Issued for Commercial Development.....	B-8
B-8 Building Permits Issued for Residential Development.....	B-8
B-9 Vacant and Developable Land.....	B-9
C-1 SIS Levels of Service.....	C-19
C-2 Projected Levels of Service.....	C-20
D-1 Level of Service Standards for School Facilities.....	D-2

FIGURES

Map 1 City of Palatka Level of Service and State Designation.....	C-20
Palatka Coastal High Hazard Area.....	F-2
Vacant Lands in City of Palatka.....	F-3
Building Permits for Development.....	F-4
Future Land Use Map.....	F-5
Location Map.....	F-6
Existing Land Use.....	F-7

Issue #2: Economic Development

Analysis

As outlined in Chapter 163.3177(7)(j) of the Florida Statutes, an Economic Element of the Comprehensive Plan establishes principles and guidelines for commercial and industrial development and personnel utilization within the City. The element sets forth the types of commercial and industrial development sought by the City and links present and projected employment needs of the City to potential industry. Finally, the element establishes methods by which the City can pursue a balanced and stable economic base. Currently the City does not have an economic element and is now considering developing this plan document.

In order to become competitive for large industries, there is a need for fully entitled, infrastructure-ready lands within the City. Two large industrial sites have been annexed into the City: the Putnam County Business Park and 680 acres of undeveloped lands known as Plum Creek. The Putnam County Business Park has incomplete infrastructure and is unplatted. The 680 acres of Plum Creek property is undeveloped and is entitled.

Economic development in the City is a multi-faceted issue. The City has a designated Downtown Community Redevelopment Area (CRA) that currently caters to boutique style commercial storefronts. The City also has an industrial park and business park that are best suited for larger manufacturing and industrial uses. Both of these areas are integral to the economic vitality of the City, but each will require different approaches to become successful. Goals, objectives and policies (GOPs) that would benefit the small commercial storefront should be dramatically different than GOPs that would benefit a larger manufacturing or industrial business. As a result, GOPs will need to be targeted to attract the specific intended user to these sites.

The City's economic development efforts are focused mainly on industrial site marketing by the Putnam County's Economic Development Council (EDC), through the City's Community Redevelopment Agency, and through private and non-profit efforts.

At this time the City does not have a concentrated and customized economic development program. The City Commission contributes \$5,000 to the Chamber for economic development assistance, which will not adequately fund a specialized approach for the City. However the Chamber and EDC market the entire County and therefore assists the City like any other area in the County. The EDC's main emphasis is on the county-owned industrial park located in the northern part of the City. The industrial park is adjacent to the Kay Larkin Airport, which in turn attracts aviation-related companies and corporate jets.

The City utilizes the Main Street Program, a national model developed by the National Trust for Historic Preservation that has served as a model for marketing, empowerment, and technical advice for downtown merchants.

The City's economic development efforts are intertwined in a number of programs, including the City's Community Redevelopment Area (CRA), Community Development Block Grant (CDBG) program, and general services and infrastructure provision by the City, the latter focusing on replacement/modernization of water, sewer, and installation of reuse lines.

The City Commission sits as the CRA, which is typical in towns of Palatka's size with hands-on elected bodies. Some smaller towns have a separate CRA, such as the City of Sanford, and for a CRA advisory council, such as the City of Mt. Dora. Choosing between a Council CRA and separate advisory boards is a function of how much time elected officials want to devote to CRA issues and whether they want the more specialized and focused approach of a separate body.

Economic development priorities will influence the policies of other elements of the comprehensive plan. There are three key areas in which Palatka can lead and promote economic development for its residents:

1. Land Use (zoning, development standards, permit processing)
2. Public Facility and Service Investments (utilities, transportation, job training/assistance, parks, public safety, beautification).
3. Marketing, Cooperation and Coordination with Others.

Opportunities Analysis

There are some key factors that attract new businesses and residents to cities, including location (proximity to metropolitan areas), transportation network, labor force, partnerships (public-private), and quality of life.

Location

While it is not served by a limited access highway and therefore may not attract higher profile and larger employers, Palatka is at the crossroads of two key corridors: the U.S. 17 Jacksonville-to-Orlando corridor and the S.R. 100/20/207 corridor between Gainesville and St. Augustine. Due to the lack of a direct route between Jacksonville and Tampa, considerable traffic is funneled through Palatka (in excess of 35,000 daily cars). The City is less than an hour drive from Jacksonville and Gainesville, and when economic circumstances improve and these metropolitan areas grow, Palatka will benefit from increased business activity.

Transportation

Area growth and increased regional traffic have prompted road widening for two-lane segments of S.R. 20 and U.S. 17 in the County. It is not just the road network that links Palatka to other urban areas. A rail line connects Palatka with Jacksonville and Orlando and is utilized by Amtrak for passenger rail service, with the potential for future improved service. This comes at a time when Orlando-area counties are implementing a commuter rail system (Sunrail) that will be operational by 2013, and the Jacksonville Transportation Authority is studying commuter rail as well. The DeLand and Winter Park Sunrail commuter rail stations will co-locate with Amtrak

stations, allowing for passenger transfers between the two systems and increased accessibility for Palatka. U.S. Representative, John Mica, who represents this area in Congress, has been effective in procuring funding for commuter rail, water transportation, and other transportation modes. It is also probable that increasing fuel costs will support commuter rail, and there may also be increased demand for tourism-related rail passengers originating from Eastern Seaboard metropolitan areas.

FDOT's planned reconstruction of C.R. 309C between S.R. 20 and S.R. 100 will help develop and maximize use of the Kay Larkin Municipal Airport and the adjacent Putnam County Business Park. Phase 1 of the project includes construction of C.R. 309C from the railroad crossing to south of S.R. 100, and Phase 2 entails the building of a new 2-lane road from S.R. 20 to C.R. 309C. FDOT's work program sets right-of-way acquisition for 2011, but at this time construction is not within the five-year plan window.

Labor

The City's labor force is less educated and poorer than the nation on average, as well as in comparison to cities and counties in the First Coast Region. Just 17% of City residents have a bachelor's degree or higher, compared with 28%⁵ for the nation. The economic success of residents is relatively low, as one might expect from the shortage of educated residents. Around one-half of the City's population is in the labor force, compared to almost two-thirds of the Jacksonville area, and the median household income in the City is less than half of incomes for the nation and the Jacksonville area. It is fortunate that the St. Johns River State College is located in Palatka. The City and SJRSC should explore funding opportunities for a downtown extension office for classes and job training, possibly in conjunction with a business incubator as has been discussed by the City Commission.

Partnerships

The City has a unique opportunity to partner with a variety of public and private entities. For a relatively small population, the City hosts several influential entities, first and foremost being the St. Johns River Water Management District. The District has taken on an even more important role given the pressing issues of water supply and St. Johns River restoration. The Florida School for the Arts (FLOARTS) is a unique and exciting institution from a planning perspective, since artists have been at the forefront of the revitalization and success of many Florida cities such as Sarasota, St. Augustine, Vero Beach, Naples and Lake Wales. St. Johns River State College is an excellent resource to provide job training and educational advancement for City residents. The State of Florida has recognized the importance of economic development through its Rural Initiatives program, which requires that state agencies aggressively partner with jurisdictions to receive grant funding and attract businesses. Downtown merchants can benefit from the Main Street program, which is run by the City. The City also has many involved citizens who support arts and culture organizations, and Downtown Palatka Inc. and the Main Street program can serve as an effective private/quasi-public partnership to improve downtown.

Quality of Life

In this time of suburban and exurban growth, the City is positioned to provide an alternative to formless and unattractive sprawl. The historic central city is unique and attractive, the river is

⁵ Source: 2005-2009 ACS 5-Year Estimates, American Community Survey

magnificent and relatively pristine, and the juxtaposition of city and nature is compelling. Palatka has the opportunity to weave together strains of culture and environment to increase overall livability. This can be achieved through preserving historic buildings in the downtown area and surrounding neighborhoods, promoting appropriate infill in historic neighborhoods, retrofitting older suburbs that are experiencing decline, and requiring that new development follow design standards that promote a sense of place. Private investment can be sparked by public investment in streetscape, parks, and infrastructure in general.

Additionally, the City has benefitted from arts and cultural activities in recent years. FLOARTS attracts students from across the state to study under accomplished artists in the performing arts (acting, dance, musical theatre, and production and design) and visual arts (studio and graphic design/new media). The Arts Council of Greater Palatka is an established organization with a board of directors, operating programs out of the historic Larimer Arts Center. The Conlee-Snyder Mural Committee has created striking murals on building walls throughout the City that showcase Palatka's history. Create! The Artists Guild of North Florida holds an annual "paint-out" competition that attracts artists from across the state to develop locally-inspired works of art. Other active arts organizations include the African Cultural Arts Council, the Gourd Society, Palatka Art League, Palatka Railroad Preservation Society, and Putnam County Community Band.

Economic and quality of life impacts of art to Florida communities have been documented, most recently in a study called "Arts and Economic Prosperity III: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the State of Florida." This study measured the economic impact of the nonprofit arts and culture industry in Florida. In 2008, spending by arts and culture organizations and their audiences supported a total of 88,326 full-time equivalent jobs, and total revenue generations of \$196,778,000 for local government and \$2,057,309,000 for household income paid to residents. Additionally, the average event attendee spent \$29.42 on event related activities, meals, lodging, and transportation per event.

Florida cities like DeLand, Sarasota, Venice, and Winter Park have reaped considerable benefits from the presence of a vigorous arts community. As one example, Greater Sarasota is home to 1,690 arts-related businesses that employ over 6,258 people. Arts-related activities in Sarasota County generate millions in local economic impact. Sarasota County-based non-profit cultural organizations conservatively employ more than 3,000 full-time cultural workers and generate more than \$123 million in household income to local residents. Arts districts and colonies like Towles Court and the Arts Village have sparked revitalization in downtown Sarasota and surrounding neighborhoods, and arts audiences spend more than \$54 million in local restaurants, hotels, retail stores and parking garages. An important mainstay of the arts community in Sarasota is the Ringling College of Art and Design, an institution similar to FloArts.

Success stories like this provide insight into the economic and social benefits of promoting arts, especially for a city like Palatka that is trying to reinvigorate its economic base. There is excellent potential to utilize arts-related activities to reinvigorate the downtown area. Significant efforts should be made to entice FloArts to locate classrooms, studios, and design space in vacant buildings in the Downtown CRA. The Savannah College of Art and Design accomplished this

on a larger scale, to the benefit of the community and the local economy. This type of arts anchor would encourage the creation or rehabilitation of larger performing arts centers.

Downtown Palatka

Downtown Palatka is located in the eastern section of the City. This area of Palatka is comprised of two historic districts, three Community Redevelopment Areas, and a Main Street area. Therefore there is a need for a cohesive and coordinated effort to tackle historic preservation, economic vitality, transportation, recreation and an assortment of other issues associated with these different areas and programs.

The North and South Historic Districts are located adjacent to downtown Palatka. These viable residential areas help to support downtown businesses.

The Comprehensive Plan does not have a mixed use land use classification, which would allow for residential uses downtown and promote urban vitality.

In 2008, the City recognized the importance of reviving downtown Palatka and updated the Community Redevelopment Area Plan which focuses on both historic districts and the downtown core. The CRA Plan states “there is a collective momentum through organizations, residents and the City to move forward with an action plan that may include redevelopment, new construction, rehabilitation, restoration, historic preservation, rezoning, demolition and riverfront and downtown master plan.”⁶ Although the two historic districts and the central business district are geographically and functionally separate, efforts should be made to identify and employ unifying tactics for the three areas. An example of such a tactic would be the implementation of a new mixed use land use category.

Income

Much of the area workforce leaves the county for employment because of lack of jobs and low wages in Putnam County. Additionally, Putnam County has a low median income, and an increasing unemployment rate. Approximately 36% of Putnam County’s workforce is employed outside of the county (source: American Community Survey, U.S. Census Bureau, 2007-2009 ACS 3-Year Survey). Per capita personal income in Putnam County is a relatively low \$25,712 compared to the statewide figure of \$39,064 (source: 2010 Florida Statistical Abstract).

Housing

In 2009, new housing (based on building permit activity) in Palatka was valued at \$1,043,000. In 2009, there were 7 new single-family homes constructed in Palatka, averaging \$149,000 per unit. New housing value based on building permit activity in Putnam County was valued at \$4,909,000. In 2009, there were 36 new single-family homes constructed in the County, with an average value of \$136,361 (source: 2010 Florida Statistical Abstract).

Analysis

The following discussion will be broken into two distinct sections: downtown redevelopment, and shovel ready sites associated with Plum Creek and the Putnam County Business Park. Attracting large-scale employers to the City poses different issues than downtown

⁶ City of Palatka Community Redevelopment Area Plan, Prepared by Kimley-Horn and Associates

redevelopment. Downtown redevelopment generally attracts small business owners, while large tracts of land located in the business or industrial park will attract larger-scale businesses.

An important feature of trying to attract new business to these areas is having a trained and educated workforce that can fulfill the needs of the prospective employer. Fortunately, there are several local programs in place that are ready to provide this service to the residents of Palatka and Putnam County. The Putnam County campuses of the First Coast Technical Institute and St. Johns River State College provide training for new and existing businesses and industries. The First Coast Technical Institute has expanded its programs in Putnam County to offer coursework in the culinary arts, welding, and diesel mechanics.

Technical training needs have also been addressed through the creation of the Tech Prep initiative. This initiative was created through a partnership between Putnam County Schools and St. Johns River State College. "Tech Prep is a proactive response to an evolving society. It begins in high school and students apply what they learned in their Tech Prep classes to real life situations, and graduate better prepared for future technical training and careers⁷." These training and educational opportunities are a necessity if Palatka is going to attract new business.

Another major component of attracting new employers to Palatka is having fully entitled parcels with available municipal infrastructure and services (shovel-ready sites). The Putnam County Business Park is considered partially shovel ready and Plum Creek Industrial Park remains undeveloped and without municipal services. Although Plum Creek is not considered as a shovel-ready site, the City has made efforts to prepare this site for development in the near future.

Adopted Amendment 10-1 highlights two phases of development for the Plum Creek site. Phase I allows for up to 180,000 square feet of development through 2015. Phase II allows for up to 3.28 million square feet of development through 2020, provided that level-of-service standards have been adopted into the 5-year schedule of capital improvements and traffic impacts have been assessed. Once municipal services and infrastructure have been established at Plum Creek, the site will be shovel-ready.

The main argument behind having an educated/trained workforce and shovel-ready sites is that the City is in competition to attract business and industry with other local municipalities in the region. If the City wants to compete on a regional level for employers, it must have a trained workforce and available space to locate and expand. Municipalities that are prepared for expansion will benefit first, while other places will lag. This is particularly important as the national, state, and local economy begins to recover from the recession.

Another issue to consider is the designation of a mixed-use category in the Future Land Use Element. "A mixed-use development is a real estate project with planned integration of some combination of retail, office, residential, hotel, recreation or other functions. It is pedestrian-oriented and contains elements of a live-work-play environment. It maximizes space usage, has

⁷ Putnam County Economic Development Element, Putnam County Comprehensive Plan 9-8-2006

amenities and architectural expression and tends to mitigate traffic and sprawl.”⁸ This definition of mixed-use fits in with recommendations expressed in the Community Redevelopment Area Plan and projects that are already in their implementation stage. The CRA Plan highlights the need to provide more low to moderate income housing in the downtown area and to encourage private businesses to locate in these areas. Additionally, projects identified in the CRA Plan such as the Riverfront Redevelopment Project, the Building Improvement Grants Project, and the 100 Block Redevelopment Project would require that a mixed-use district be in place.

There are several commercial storefronts with available space located on upper floors in the Downtown CRA. The creation of residential units and additional office space from these vacant floors would serve as a good reuse of space and would also not require additional utilities and services. Mixed-use development helps to limit sprawl and reduce traffic, goals of HB 697, which requires communities to adopt GOPs that reduce greenhouse gas emissions.

Recommendations

The following recommendations are suggested for a proposed Economic Development Element. These recommendations are listed under specific topics:

1. Downtown Revitalization and Marketing,
2. Arts/Cultural Strategies,
3. Tree City,
4. Industrial Park,
5. Airport
6. Infrastructure Improvements
7. Business Incubator
8. Public-Private Partnerships
9. Urban Service Boundary
10. Rail and Water Transportation
11. Eco-Tourism
12. City Economic Development

Downtown Revitalization

- Adopt policies within the Historic Preservation Element (referenced by a policy in the Economic Development Element) that consider the implementation of state-enabled city tax exemptions for locally designated historic structures.
- Continue programs that leverage private investment on appropriate historic building improvements with City TIF or other funds.
- Continue to institute downtown design improvements including the following:
 - a. Nurture, trim, and replace downtown street trees

⁸ What Exactly is Mixed-Use?, 2006 Conference on Mixed-Use Development, www.icsc.org/srch/lib/Mixed-use_Definition.pdf

- b. Consider instituting public and private lighting improvements in the form of a “Light Up Downtown program” particularly historic facades
- c. Fill gaping holes (vacant lots, parking lots) in downtown building fabric by installing “streetwalls” or low hedges/walls along frontage of vacant lots and parking lots that continue the line of buildings that provides enclosure for the street.
- d. Develop signage program for public parking, public buildings, and merchant directories that is tasteful and recognizable.
- e. Consider establishing a civic facility like a town square with a pavilion in an interior downtown location within walking distance of riverfront. This space would not be open like the riverfront, but enclosed by buildings like urban plaza, celebrating the city instead of river/open space. This area would be utilized for special events and would link pedestrians and energy from the public riverfront to the retail district. Several potential locations exist for this such as the northwest corner of St. Johns Ave. and 2nd St., the courthouse parking lot, or the courthouse lawn.
- f. Beautify currently unattractive and critically important view corridors from US 17 to attract passers-by: street trees and plantings, building canopies/ awnings, and parking/vacant lot streetwalls.
- g. Develop parking study that identifies current and future parking demand and supply. Work to provide for public parking either through small and scattered lots peripheral to St. Johns Avenue or through a parking garage including ground floor retail – note that the riverfront redevelopment project includes the best opportunity for such a public parking structure.

Downtown Marketing

- Partner with private entities to leverage public resource – in particular consider partnering with banks that can match city loan contributions and sponsor activities.
- Encourage and consider providing incentives for establishment of live-work artist district and ancillary uses.
- Continue using grant and other funding to transform the Price Martin Center into a mid-size performing Arts Center, upgrade lighting, sound, and wiring; fit interior with appropriate seating, and improve design elements.

Arts/Cultural Strategies

- Nurture and promote active cultural and arts programs, particularly in conjunction with downtown redevelopment and programs.
- Continue and enhance Mural Program.
- Support art events that attract artists to the City like the annual “paint out” held by Create! The Artists Guild of North Florida.

- Inventory art facilities and programs to assist in determining types of facilities, capacities and activities to be scheduled. Update inventory annually.
- Complete an assessment of cultural needs of the community.
- Continue allowing 501(C)(3) non-profit art organizations with demonstrated track record and/or business plan to lease unoccupied city buildings for a nominal fee.
- Interface with state and regional tourism agencies to develop a clearer identity for the City.

Tree City Strategies

- Develop tree inventory of street trees along collector and arterial road corridors.
- Develop street tree program that supplements existing tree canopy along roadways, preserving and pruning existing trees and planting appropriate new urban street trees where needed.
- Identify additional funding sources for tree planting and maintenance through programs like Keep America Beautiful and adopt-a-median, adopt-a-block and other sponsorship and recognition programs.

Industrial Parks

- Work with the EDC and Chamber as lead agencies in marketing the Plum Creek and Putnam County industrial parks to targeted industries.
- Investigate whether the availability of shovel-ready sites is a determining factor for businesses and industry to locate within a community.

Airport

- Continue to pursue state and federal grants for capital improvements in airport facilities and new business attraction and retention (within reason, ensuring not to over commit the City to matching grant costs).
- Improve appearance of airport through use of strategic landscaping.
- Implement marketing proposed by the soon-to-be-completed Airport Master Plan.

Infrastructure Improvements

- Pursue the following prioritized economic development-related infrastructure projects:
 - a. Reuse System – the goal is phased, 100% coverage as required by the water management district and EPA. The City is has completed the system the municipal golf course and cemeteries. This project cost \$1.5 million, and was grant funded by DCA, DEP, District, with a City match.

- b. Other Projects - ongoing replacement of very old water and wastewater lines; space needs for City administration; City development of Terminal West industrial park for aviation-related facilities.

Business Incubator

- In planning for such a facility, stress the following elements that help businesses to succeed: determining the best location; have available space for expansion, availability of basic services (reception, conference room) track record of the incubator's manager, "graduation" policy, flexible space, common facilities, and negotiation with service firms (accounting, tax, marketing, legal, advertising and business planning) for trial-period discounts for services to new businesses.
- Consider working with SJRSC/FLOARTS to establish a downtown incubator, branch, and continuing education facility to address the need for job training and education that is accessible for those most in need, and to build on the potential synergy between the arts and education.

Public-Private Partnerships

- Communicate with the following public, quasi-public, and non-profit groups including establishing recurring agenda items for Putnam County, Northeast Florida Regional Council, Putnam County Chamber of Commerce & Main Street Program, Putnam County Economic Development Council, St. Johns River State College, St. Johns River Water Management District, Downtown Palatka, Inc., African Cultural Arts Council, the Arts Council of Greater Palatka, Create!, the Gourd Society, the Palatka Railroad Preservation Society, Conlee-Snyder Mural Committee, Palatka Art League, Putnam County Community Band, Putnam County Historical Society, River City Players, residents, property owners, and businesses.
- Pursue established foundations, state, federal, and other grant and loan opportunities in conjunction with the entities listed above, possibly utilizing a city-funded grants staff person, who could also act as City's economic development coordinator.
- Create a committee of those who deliver cultural programs to greater Palatka, including at a minimum a representative member from the Chamber of Commerce, Downtown Palatka, Inc, Palatka Main Street Program, St. Johns River State College, Florida School of the Arts (FloArts), Conlee-Snyder Mural Committee, Palatka Art League, the Arts Council of Greater Palatka and area museums and cultural groups, and a City Commissioner. The committee will serve as a catalyst in securing grants, developing long-range planning goals, and encouraging joint programming.

Urban Service Boundary

- Consider an agreement with County that would define the logical extent of city-provided urban services and provide for funding strategies for service area expansion and annexation.

- Work with County to identify logical land use mix for lands identified for future expansion and annexation areas, including sufficient lands for commercial and industrial use.

Rail and Water Transportation

- Work with Amtrak, CSX, Jacksonville Transportation Authority, First Coast Metropolitan Planning Organization, FDOT, Central Florida Commuter Rail Commission, and state and federal elected officials toward extending commuter rail north from Deland to connect with a possible Jacksonville commuter rail system that terminates in Clay County.
- Work with Amtrak in converting train station to “manned” status.
- Support water taxis for eco-tourism and potential transit purposes.
- Market and promote rail daytrips to City from regional origins such as Jacksonville, Orlando, South Georgia, etc.; with hiking, water taxi, and downtown shopping/eating as a draw.

Eco-Tourism

- Continue to support and promote Bass Fishing Tournaments.
- Plan for bicycle routes or trails to link terminus of Lake Butler-Palatka rail trail to downtown. Work with St. Johns River Water Management District and Municipal Airport to showcase trail, given that both facilities are close to the trail and can provide connections for visitors and trail users.
- Support public and/or private water taxis that connect the Riverfront Park with Murphy Island for hikers and/or campers.
- While planning for trails consider equestrian use when appropriate.”

City Economic Development

- Consider separate advisory CRA board to allow for citizen advice and more focus on redevelopment.
- Consider city staff economic development staff position – not to replace Chamber efforts but to supplement them.
- Consider tax exemptions for property improvements to new or expanding businesses in brownfields or enterprise zones (requires city referendum) under F.S. 196.1995.

V.

Fire and Police Calls for Service (CFS) to Palatka Housing Authority (PHA)

Year	Fire Department			Police Department		
	Total CFS	PHA CFS	Percent	Total CFS	PHA CFS	Percent
2001	1,947	197	10.12%	30,422	1,534	5.04%
2002	2,705	198	7.32%	29,133	1,492	5.12%
2003	3,118	218	6.99%	29,746	1,377	4.63%
2004	3,064	213	6.95%	27,347	1,740	6.36%
2005	2,958	185	6.25%	30,646	1,387	4.53%
2006	2,784	179	6.43%	36,303	1,290	3.55%
2007	2,584	196	7.59%	32,308	1,150	3.56%
2008	2,570	205	7.98%	31,120	1,070	3.44%
2009	2,835	229	8.08%	31,264	1,115	3.57%
2010	2,687	255	9.49%	35,586	1,073	3.02%
2011	2,484	216	8.70%	28,236	1,185	4.20%
2012	2,073	156	7.53%	22,714	1,070	4.71%
2013	2,369	245	10.34%	32,300	1,897	5.87%
2014	2,504	209	8.35%	33,463	1,568	4.69%
	36,682	2,901	7.91%	430,588	18,948	4.40%
	Total Budget = \$ 2,123,952.00			\$ 3,792,428.00		
	% of Total Budget = \$ 167,972.98			\$ 166,885.57		

Total Cost for CFS to PHA Properties = \$ 334,858.55



**Palatka Police Department
110 North 11th Street**

To: Interim Chief James Griffith
From: Officer Brian Walsh
Date: January 14, 2015
Re: PHA Property Calls-For-Service 2014 and 2013

I have conducted an analysis of all Calls-For-Service (CFS) which occurred on Palatka Housing Authority properties during the years 2014 and 2013. The method used to gather and report this information is different from years past. The method utilized to research PHA CFS prior to my analysis relied exclusively on computerized reports gathered from the Putnam County Sheriff's Office Computer Aided Dispatch (CAD) database. By relying on the CAD data a great number of CFS were never reported as having taken place on PHA property. The reason CFS were not reported is due to how the CAD operator enters address into CAD. There are several reasons a CFS would not be included in PHA reports some of which include: no apartment number being entered, no street number being entered when an apartment number is entered and incorrectly entering apartment numbers.

To correct the issue and make certain all CFS that occurred on PHA property are recorded correctly I manually reviewed the CFS data for the years 2014 and 2013. After allowing the system to automatically identify PHA CFS I reviewed each CFS and either added or removed CFS based upon the address.

As a result of my analysis PHA CFS are accurately identified and reported. Below are the results of the 2014 and 2013 analysis:

YEAR	ALL CFS	PHA CFS	PHA %
2014	33463	1568	4.69%
2013	32300	1897	5.87%

**City of Palatka Extra Duty Patrols
At Palatka Housing Authority**

Annual Amounts Received from PHA

Year	Amount	Hourly Rate Of Pay	Total Hours
6/1/2011- 5/31/2012	14,878.50	\$21	708.5
6/1/2012 - 5/31/2013	14,868.00	\$21	708
6/1/2013 - 5/31/2014	14,512.94	\$23	631
6/1/2014 - 5/31/2015	10,844.50	\$23	471.5 (June through December)
Total:	55,103.94		2,519

Fire Assessment Fee (F.S 170.201)

2013 Florida Municipal Ad Valorem Tax Profile

Municipality	County	Population Estimates	County Millage Rate	School District Millage Rate	Municipal Millage Rate	TOTAL COMBINED MILLAGE RATE
Greenville	Madison	805	10	7.42	9.0555	26.4755
Marineland	Flagler	5	8.5753	7.442	10.0000	26.0173
Micanopy	Alachua	600	9.049	8.402	8.0000	25.4510
Palatka	Putnam	10,230	8.9	7.356	9.1749	25.4309
Jasper	Hamilton	2,978	10	7.992	7.1677	25.1597
Interlachen	Putnam	1,365	8.9	7.356	8.7993	25.0553
Crescent City	Putnam	1,518	8.9	7.356	8.5914	24.8474
Waldo	Alachua	969	9.049	8.402	7.3226	24.7736
Zolfo Springs	Hardee	1,818	8.554	7.382	8.5540	24.4900
Cross City	Dixie	1,713	10	7.434	7.0000	24.4340

- 1) Palatka has the 4th highest combined city, county and school district millage rate of the 410 municipalities in the State of Florida.

Fire Assessment Fee (F.S 170.201)

2013 Florida Municipal Ad Valorem Tax Profile

Municipality	County	Population Estimates	Municipal Millage Rate
Marineland	Flagler	5	10.0000
Briny Breezes	Palm Beach	420	10.0000
Highland Park	Polk	234	9.9759
Mangonia Park	Palm Beach	1,868	9.8000
Biscayne Park	Miami-Dade	3,133	9.7000
Apalachicola	Franklin	2,258	9.6852
Howey-in-the-Hills	Lake	1,083	9.6147
Mascotte	Lake	5,158	9.6147
New Port Richey	Pasco	14,868	9.5799
Lauderdale Lakes	Broward	33,322	9.5000
West Park	Broward	14,286	9.4200
Melbourne Village	Brevard	662	9.2554
Palatka	Putnam	10,230	9.1749

1) Palatka has the 13th highest millage rate of the 410 municipalities in the State of Florida.

Fire Assessment Fee (F.S 170.201)

- Under the authority of Florida Statutes 170.201, municipalities are authorized to levy and collect special assessments to fund capital improvements and municipal services, including, but not limited to, fire protection, emergency medical services, garbage disposal, sewer improvement, street improvement, and parking facilities.
- If the Police Department and Fire Department were funded solely by Ad Valorem Property Taxes, it would require a millage rate of 16.999 just to fund those two departments.
- The Fire Department proposed budget of \$1,918,988 equates to a millage rate of 5.3176. If the entire Fire Department were funded by a Fire Assessment Fee, the millage rate could be reduced from 9.1749 to 3.8573 and the General Fund would remain revenue neutral.
- If the City dropped the millage rate to 3.8573, its ranking on the millage rate list would fall from the 13th highest to 249th out of the total 410 municipalities in the State.

Fire Assessment Fee (F.S 170.201)

- There are two types of methodologies used to assess Fire Assessment Fees:
- Demand approach:
 - Calculates a percentage of service calls (fire only) that are attributable to certain types of property (restaurants, retail, residential, etc) and bases a portion of the city-wide total assessment fee on the percentage of service calls for the respective type of property
- Service availability approach:
 - Uses a two-tiered approach in which a portion of the costs attributable to the City's continual readiness to provide fire protections services are shared equally among all tax parcels on a per tax parcel basis (Tier 2), and a portion of the remaining costs are shared in accordance with the relative value of improvements (not land) for each tax parcel in the City as compared to the value of improvements for all tax parcels in the City (Tier 1).
- Service availability approach is cheaper overall due to it being the easier methodology to implement as well as having the potential for City staff to recalculate the two tiers each year based upon the certified taxable value of each property. The demand approach requires a substantial amount of work to compile the extensive amount of data and calculate the percentages for each type of property.

Fire Assessment Fee (F.S 170.201)

- Under the service availability two-tiered approach, the base fee for each parcel and the fee per \$1,000 of improvements can be balanced as the City Commission so chooses.
- The base rate for each parcel could make up the majority of the total amount of the annual Fire Assessment Fee or the fee per \$1,000 of improvements could be used to make up the majority of the total amount in order to reduce the base rate as low as possible.
- The City may choose to exempt those certain classes of property owners that are currently exempt from Ad Valorem property taxes such as schools, governmentally-owned property, non-profit organizations, religious organizations, etc.

Fire Assessment Fee (F.S 170.201)

- Collection methods:
 - Uniform method
 - The annual fee is placed on the property's tax bill. This is allowed under Section 197.3632 of Florida Statutes
 - Separate bill
 - The City would prepare and mail out a separate bill for the annual Fire Assessment Fee.
 - Under this method, the prior year assessment fees could be rolled into the following years tax bill if the City chooses to do so.
 - Utility bill
 - The City of Tallahassee chose to split up the annual fire assessment fee for each property to a monthly amount and place it on the monthly utility bill.
 - Combination of methods
 - Some cities have chosen to utilize the separate bill method and to only place unpaid fire assessment fees for prior years on the tax bills.

Fire Assessment Fee (F.S 170.201)

- Implementing a Fire Assessment Fee offers a significant tax equity tool which will reduce dependence on the City's general fund alone as the sole source of funding for fire protection services. It will also reduce the demand on the City's other legally available funds and it is intended to achieve a more equitable, balanced, sustainable and dedicated means of funding the City Fire Department's service mission over time.
- The use of a special assessment is but a single aspect of the larger annual budgetary process. A fire service assessment provides an equity tool to pay for costs that might otherwise be paid for with legally available general funds or the imposition of property taxes. The fire assessments are an equitable alternative to the use of property taxes. Whether, and to what extent, fire service assessment revenues are used is a part of the overall annual budget process each year, the fire service assessment is a means to create an annual funding source to deal with overall funding shortfalls identified in the City's budget process.

Fire Assessment Fee

(F.S. 170.201)

- Using data from the Florida League of Cities 2013 annual survey, a search was performed for cities with comparable population, general fund budget size and employee figures.
 - Ranges used for the search were 3,500 to 20,000 in population, \$3,000,000 to \$25,000,000 General Fund budget amount and 50 to 300 full time employees.
- Out of 83 cities that responded “yes” to the question of having a fire assessment fee in place, 8 comparable cities were found and are listed below (in order by general fund budget amount, smallest to largest):
 - Newberry (pop. 4,957)
 - Brooksville (pop. 7,702)
 - Sebring (pop. 10,560)
 - Tavares (pop. 14,054)
 - Lake City (pop. 12,057)
 - Oldsmar (pop. 13,583)
 - St. Augustine (pop. 13,092)
 - Bartow (pop. 17,316)

Fire Assessment Fee (F.S. 170.201)

(continued)

- Substantial amounts of information for each comparable city were gathered from the Florida League of Cities survey as well as the Census Bureau and the State of Florida Office of Economic and Demographic Research
- This data was compiled into a spreadsheet where an average for each category of information was calculated in order to easily compare the data to the City of Palatka
- Due to the size and amount of data included, the entire spreadsheet cannot be included in this presentation however the complete spreadsheet can be provided upon request

Fire Assessment Fee (F.S. 170.201)

	Palatka	Other Cities Average
In labor force	52.1%	56.5%
Not in labor force	47.9%	43.5%
Percent Unemployed	15.1%	12.9%
Median household income (dollars)	\$21,156	\$39,451
Mean household income (dollars)	\$33,569	\$52,166
Median family income (dollars)	\$28,692	\$49,883
Mean family income (dollars)	\$41,103	\$64,340
Per capita income	\$14,700	\$21,645
All families below poverty level	31.9%	16.1%
All people below poverty level	40.6%	21.7%
Assessed Value	\$697,913,688	\$1,011,612,379
Total Exemption Value	\$330,165,735	\$353,223,710
Total Taxable Value	\$367,747,953	\$658,388,669
Government Exemption vs. Assessed Value %	31.0%	17.1%
Institutional Exemption vs. Assessed Value %	6.6%	6.6%
Homestead Exemption vs. Assessed Value %	8.2%	10.0%
Total Exemption vs. Assessed Value %	47.3%	35.4%

Fire Assessment Fee (F.S. 170.201)

	Palatka	Other Cities Average
Population	10,203	11,665
GF Budget	\$10,734,984	\$13,462,207
Reserve Policy	5%	12%
GF Reserves	\$536,749	\$1,681,688
Taxes Levied	\$3,342,470	\$3,425,253
Percent of Taxes vs Total GF Budget	32.77%	30.72%
Millage	9.1749	5.1139
Residential Homestead	12.99%	20.19%
Residential Non-Homestead	19.96%	20.21%
Residential Vacant Lots	1.35%	2.62%
Non-Residential Commercial	43.16%	27.20%
Non-Residential Industrial	2.27%	5.58%
Non-Residential Institutional	4.43%	2.13%
FT Employees	138	177
Firefighters	23	22
Police Officers	36	29

City	Palatka	Average	Newberry	Brooksville	Sebring	Tavares	Lake City	Oldsmar	St. Augustine	Bartow			
Population	10,203	11,665	4,957	7,702	10,560	14,054	12,057	13,583	13,092	17,316	Florida League of Cities 2013 Annual Survey data	Population Range 3500 20000	
GF Budget	\$10,734,984	\$13,462,207	\$4,704,371	\$6,612,804	\$9,363,165	\$12,678,983	\$12,827,001	\$15,075,275	\$23,000,000	\$23,436,056		GF Budget Range \$3,000,000 \$25,000,000	
Reserve Policy	5%	12%	4%	4%	10%	10%	30%	15%	0%	20%		FT Employees Range 50 300	
GF Reserves	\$536,749	\$1,681,688	\$188,175	\$264,512	\$936,317	\$1,267,898	\$3,848,100	\$2,261,291	\$0	\$4,687,211			
Taxes Levied	\$3,342,470	\$3,425,253	\$1,406,170	\$2,500,771	\$2,897,183	\$3,543,182	\$2,862,473	\$4,095,855	\$8,048,002	\$2,048,386			
Percent of Taxes vs Total GF Budget	32.77%	30.72%	31.14%	39.39%	34.38%	31.05%	31.88%	31.96%	34.99%	10.93%			
Millage	9.1749	5.1139	3.8084	6.6000	4.9900	5.9850	3.9816	4.0500	7.5000	3.9962			
Residential Homestead	12.99%	20.19%	25.20%	10.49%	13.49%	31.70%	10.24%	24.52%	26.76%	19.13%			
Residential Non-Homestead	19.96%	20.21%	10.20%	15.78%	24.63%	29.15%	17.98%	14.36%	31.19%	18.37%			
Residential Vacant Lots	1.35%	2.62%	1.83%	4.55%	3.32%	3.02%	1.29%	0.66%	4.28%	2.04%			
Non-Residential Commercial	43.16%	27.20%	4.32%	41.41%	34.81%	21.56%	41.99%	21.20%	27.45%	24.87%			
Non-Residential Industrial	2.27%	5.58%	3.08%	4.23%	3.61%	4.85%	1.68%	18.86%	1.14%	7.22%			
Non-Residential Institutional	4.43%	2.13%	0.16%	4.03%	1.75%	1.36%	6.43%	0.00%	2.29%	1.00%			
Non-Residential Agricultural	0.05%	0.90%	4.29%	0.47%	0.47%	0.38%	0.06%	0.00%	0.00%	1.51%			
Non-Residential Other	0.86%	1.23%	0.23%	2.01%	4.68%	0.11%	0.76%	0.12%	0.81%	1.13%			
PT Employees	138	177	59	121	134	155	238	131	293	281			
Police Officers	20	19	13	5	37	11	6	15	26	37			
Firefighters	23	22	18	17	25	23	20	17	32	20			
Police Officers	36	29	0	27	34	25	54	0	51	40			
Percent of Properties Developed	26%	65%	10%	58%		58%	90%	94%	81%				
Mayor Salary	20,552	10,625	12,485	7,200	1	6,459	22,000	10,800	19,692	6,365			
Commissioner Salary	15,309	8,473	9,391	5,400	1	5,459	18,001	8,400	14,769	6,365			
Finance Director Salary	54,030	74,880	33,280	66,581	74,208	102,810	74,000	64,713	97,343	86,104			
City Clerk	66,505	53,875	56,202	36,317	56,068	75,380	55,411	57,197	49,000	45,425			
City Manager	110,173	109,850	86,127	89,336	72,101	150,550	113,700	100,986	131,000	135,000			
Male	44.9%	47.0%	43.6%	42.4%	52.7%	49.5%	47.6%	48.0%	45.5%	47.0%	Census bureau data		
Female	55.1%	53.0%	56.4%	57.6%	47.3%	50.5%	52.4%	52.0%	54.5%	53.0%			
Under 5 years	10.2%	6.4%	7.3%	8.5%	5.1%	5.0%	7.8%	5.8%	4.2%	7.4%			
5 to 9 years	10.8%	5.5%	6.2%	4.4%	4.5%	4.4%	6.8%	7.7%	2.5%	7.7%			
10 to 14 years	6.5%	5.3%	6.6%	3.9%	4.9%	4.2%	6.7%	6.3%	2.5%	7.3%			
15 to 19 years	6.4%	6.3%	3.5%	6.9%	5.6%	3.6%	5.8%	7.0%	10.2%	7.5%			
20 to 24 years	7.4%	7.0%	4.5%	6.7%	7.7%	3.7%	7.1%	5.7%	13.9%	7.0%			
25 to 34 years	12.1%	12.5%	15.0%	15.1%	10.2%	10.1%	13.2%	14.6%	9.7%	12.1%			
35 to 44 years	10.6%	11.2%	14.9%	5.5%	11.0%	9.9%	11.5%	14.4%	8.9%	13.8%			
45 to 54 years	9.8%	12.9%	16.5%	12.2%	13.5%	8.9%	11.4%	15.5%	12.0%	13.3%			
55 to 59 years	6.7%	6.4%	6.6%	5.4%	5.7%	7.3%	8.2%	5.3%	7.5%	4.8%			
60 to 64 years	4.4%	6.9%	8.6%	6.1%	6.7%	8.5%	5.1%	5.8%	8.5%	5.7%			
65 to 74 years	7.2%	9.6%	4.9%	11.8%	10.0%	20.7%	8.1%	4.9%	9.0%	7.1%			
75 to 84 years	5.4%	6.8%	4.9%	8.5%	9.7%	9.8%	5.9%	3.9%	6.8%	4.7%			
85 years and over	2.6%	3.3%	0.6%	5.0%	5.5%	3.9%	2.4%	3.0%	4.2%	1.7%			
Median age (years)	32.0	42.3	40.4	43.0	46.2	55.1	36.6	37.9	43.5	35.8			
White	44.8%	77.4%	83.2%	73.5%	84.4%	81.8%	56.5%	85.5%	83.3%	71.3%			
Black or African American	53.9%	20.1%	16.2%	24.6%	13.9%	13.6%	41.9%	7.9%	15.6%	27.1%			
American Indian and Alaska Native	1.0%	1.3%	2.1%	3.5%	1.6%	0.8%	0.7%	1.2%	0.3%	0.4%			
Asian	0.5%	2.2%	1.4%	1.2%	1.5%	3.1%	0.9%	7.1%	1.2%	1.1%			
Native Hawaiian and Other Pacific Islander	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.5%	0.1%	0.0%			
Some other race	0.8%	1.2%	0.4%	0.3%	1.3%	1.4%	2.3%	1.6%	0.3%	1.8%			
In labor force	52.1%	56.5%	70.6%	46.3%	46.4%	40.7%	56.8%	71.1%	59.7%	60.3%			
Not in labor force	47.9%	43.5%	29.4%	53.7%	53.6%	59.3%	43.2%	28.9%	40.3%	39.7%			
Percent Unemployed	15.1%	12.9%	5.9%	14.2%	15.2%	13.2%	22.3%	11.9%	9.5%	10.8%			
Median household income (dollars)	\$21,156	\$39,451	\$51,377	\$27,228	\$28,401	\$39,100	\$29,566	\$53,149	\$42,065	\$44,720			
Mean household income (dollars)	\$33,569	\$52,166	\$55,840	\$37,305	\$40,585	\$52,548	\$43,948	\$73,482	\$55,821	\$57,796			
Median family income (dollars)	\$28,692	\$49,883	\$65,675	\$33,438	\$40,000	\$52,429	\$37,763	\$59,219	\$54,315	\$56,224			
Mean family income (dollars)	\$41,103	\$64,340	\$70,754	\$44,167	\$57,641	\$65,842	\$54,801	\$81,039	\$72,457	\$68,017			
Per capita income	\$14,700	\$21,645	\$23,694	\$17,002	\$18,171	\$24,027	\$17,995	\$26,997	\$24,758	\$20,515			
All families below poverty level	31.9%	16.1%	9.5%	24.1%	16.2%	8.2%	25.1%	8.8%	12.6%	16.4%			
All people below poverty level	40.6%	21.7%	15.5%	29.4%	24.2%	13.8%	29.0%	11.5%	21.9%	20.1%			
Government Exemption vs Total Assessed Value %	31.0%	17.1%	12.2%	51.8%	10.8%	13.5%	16.2%	6.5%	12.6%	13.4%			
Institutional Exemption vs Total Assessed Value %	6.6%	6.6%	1.3%	1.8%	8.7%	13.2%	4.0%	0.7%	10.0%	12.7%			
Homestead Exemption vs Total Assessed Value %	8.2%	10.0%	13.5%	4.1%	8.2%	14.5%	6.7%	11.9%	8.0%	13.4%			
Total Exemption vs Total Assessed Value %	47.3%	35.4%	28.0%	59.3%	29.6%	43.3%	28.9%	20.7%	32.4%	40.7%			
Just Value	\$728,373,383	\$1,060,465,248	\$581,261,017	\$954,832,439	\$777,494,345	\$1,071,021,401	\$1,029,449,438	\$1,346,784,080	\$1,794,390,159	\$928,489,105	Data pulled from EDR website, 2013 breakdown of taxable values spreadsheet		
Assessed Value	\$697,913,688	\$1,011,612,379	\$485,965,237	\$922,570,864	\$766,584,749	\$1,062,464,247	\$1,007,687,853	\$1,321,888,564	\$1,652,025,486	\$873,712,032			
Government Exemption Value	\$216,168,614	\$167,307,885	\$59,492,560	\$478,043,082	\$82,980,206	\$143,487,514	\$163,632,854	\$85,652,709	\$207,816,132	\$117,358,022			
Institutional Exemption Value	\$45,812,849	\$69,516,487	\$6,483,342	\$16,940,296	\$66,484,723	\$140,152,954	\$40,761,007	\$9,294,377	\$165,171,154	\$110,844,040			
Homestead Exemption Value	\$42,002,847	\$61,255,372	\$36,683,870	\$26,228,479	\$43,879,966	\$91,816,900	\$44,232,114	\$87,776,650	\$74,188,973	\$85,236,026			
Additional 25,000 Homestead Exemption Value	\$15,062,446	\$38,122,426	\$28,966,940	\$11,501,172	\$19,062,139	\$62,389,339	\$23,588,373	\$69,023,577	\$58,687,564	\$31,760,300			
Homestead Exemption Over 65		\$6,821,018				\$8,676,494	\$3,234,651	\$6,680,266	\$8,692,662				
Other Exemptions	\$11,118,979	\$13,611,031	\$4,573,758	\$14,165,493	\$14,282,436	\$13,381,734	\$15,415,277	\$15,447,888	\$21,175,375	\$10,446,290			
Total Exemption Value	\$330,165,735	\$353,223,710	\$136,200,470	\$546,878,522	\$226,689,470	\$459,904,935	\$290,864,276	\$273,875,467	\$535,731,860	\$355,644,678			
Total Taxable Value	\$367,747,953	\$658,388,669	\$349,764,767	\$375,692,342	\$539,895,279	\$602,559,312	\$716,823,577	\$1,048,013,097	\$1,116,293,626	\$518,067,354			
Year Established				2012	2009	?	?	-		2009			
Method				Readiness to Sr Demand		?		-		Demand			
Types of Property Exempted				Govt/Religious Govt		?		-		Govt/Religious/Subsidized Housing			
How much Revenue generated in initial year				\$380,000	\$69,732	?		Very small amount		\$20,140			
Current amount generated				\$380,000	\$266,619			\$1,742,624	Very small amount	\$499,424			
Percentage of FD budget funded				25.0%	11.0%			75.0%	Only levied on 3-4 parcels	25.0%			
ALS in FD budget?				No	No	?		-		No			
Millage rate reduction				No	.1067 (dollar for dollar)	?		-		Dollar for dollar originally proposed but never happened, millage has remained the same over time even after implementing 25% of assessment			

⁴⁴(i) **PROHIBITION ON USE OF FUNDS.**—None of the funds made available to the Department of Housing and Urban Development to carry out this Act, which are obligated to State or local governments, public housing agencies, housing finance agencies, or other public or quasi-public housing agencies, shall be used to indemnify contractors or subcontractors of the government or agency against costs associated with judgments of infringement of intellectual property rights.

⁴⁵**SEC. 5A. PUBLIC HOUSING AGENCY PLANS.**

(a) **5-YEAR PLAN.**—

(1) **IN GENERAL.**—Subject to paragraph (2), not less than once every 5 fiscal years, each public housing agency shall submit to the Secretary a plan that includes, with respect to the 5 fiscal years immediately following the date on which the plan is submitted—

(A) a statement of the mission of the public housing agency for serving the needs of low-income and very low-income families in the jurisdiction of the public housing agency during such fiscal years; and

(B) a statement of the goals and objectives of the public housing agency that will enable the public housing agency to serve the needs identified pursuant to subparagraph (A) during those fiscal years.

(2) **INITIAL PLAN.**—The initial 5-year plan submitted by a public housing agency under this subsection shall be submitted for the 5-year period beginning on October 1, 1999, or the first fiscal year thereafter for which the public housing agency initially receives assistance under this Act.

(b) **ANNUAL PLAN.**—

(1) **IN GENERAL.**—Effective beginning upon October 1, 1999, each public housing agency shall submit to the Secretary an annual public housing agency plan under this subsection for each fiscal year for which the public housing agency receives assistance under section 8(o) or 9.

(2) **UPDATES.**—For each fiscal year after the initial submission of an annual plan under this subsection by a public housing agency, the public housing agency may comply with requirements for submission of a plan under this subsection by submitting an update of the plan for the fiscal year.

(c) **PROCEDURES.**—

(1) **IN GENERAL.**—The Secretary shall establish requirements and procedures for submission and review of plans, including requirements for timing and form of submission, and for the contents of such plans.

(2) **CONTENTS.**—The procedures established under paragraph (1) shall provide that a public housing agency shall—

(A) in developing the plan consult with the resident advisory board established under subsection (e); and

(B) ensure that the plan under this section is consistent with the applicable comprehensive housing affordability strategy (or any consolidated plan

⁴⁴ Section 510 of the QHWRRA amended section 5 by adding this paragraph as (l). Section 518(a)(1)(B) of the QHWRRA changed the designation from (l) to (i).

⁴⁵ Section 511(a) of the QHWRRA added section 5A. Section 511(e) of the QHWRRA made this amendment effective upon enactment of the QHWRRA (October 21, 1998).

incorporating such strategy) for the jurisdiction in which the public housing agency is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act, and contains a certification by the appropriate State or local official that the plan meets the requirements of this paragraph and a description of the manner in which the applicable contents of the public housing agency plan are consistent with the comprehensive housing affordability strategy.

(d) CONTENTS.—An annual public housing agency plan under subsection (b) for a public housing agency shall contain the following information relating to the upcoming fiscal year for which the assistance under this Act is to be made available:

(1) NEEDS.—A statement of the housing needs of low-income and very low-income families residing in the jurisdiction served by the public housing agency, and of other low-income and very low-income families on the waiting list of the agency (including housing needs of elderly families and disabled families), and the means by which the public housing agency intends, to the maximum extent practicable, to address those needs.

(2) FINANCIAL RESOURCES.—A statement of financial resources available to the agency and the planned uses of those resources.

(3) ELIGIBILITY, SELECTION, AND ADMISSIONS POLICIES.—A statement of the policies governing eligibility, selection, admissions (including any preferences), assignment, and occupancy of families with respect to public housing dwelling units and housing assistance under section 8(o), including—

(A) the procedures for maintaining waiting lists for admissions to public housing projects of the agency, which may include a system of site-based waiting lists under section 6(r); and

(B) the admissions policy under section 16(a)(3)(B) for deconcentration of lower-income families.

(4) RENT DETERMINATION.—A statement of the policies of the public housing agency governing rents charged for public housing dwelling units and rental contributions of families assisted under section 8(o).

(5) OPERATION AND MANAGEMENT.—A statement of the rules, standards, and policies of the public housing agency governing maintenance and management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including by cockroaches), and management of the public housing agency and programs of the public housing agency.

(6) GRIEVANCE PROCEDURE.—A statement of the grievance procedures of the public housing agency.

(7) CAPITAL IMPROVEMENTS.—With respect to public housing projects owned, assisted, or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the projects.

(8) DEMOLITION AND DISPOSITION.—With respect to public housing projects owned by the public housing agency—

(A) a description of any housing for which the PHA will apply for demolition or disposition under section 18; and

(B) a timetable for the demolition or disposition.

(9) DESIGNATION OF HOUSING FOR ELDERLY AND DISABLED FAMILIES.—With respect to public housing projects owned, assisted, or operated by the public housing agency, a description of any projects (or portions thereof) that the public housing agency has designated or will apply for designation for occupancy by elderly and disabled families in accordance with section 7.

(10) CONVERSION OF PUBLIC HOUSING.—With respect to public housing owned by a public housing agency—

(A) a description of any building or buildings that the public housing agency is required to convert to tenant-based assistance under section 33 or that the public housing agency plans to voluntarily convert under section 22;

(B) an analysis of the projects or buildings required to be converted under section 33; and

(C) a statement of the amount of assistance received under this Act to be used for rental assistance or other housing assistance in connection with such conversion.

(11) HOMEOWNERSHIP.—A description of any homeownership programs of the agency under section 8(y) or for which the public housing agency has applied or will apply for approval under section 32.

(12) COMMUNITY SERVICE AND SELF-SUFFICIENCY.—A description of—

(A) any programs relating to services and amenities provided or offered to assisted families;

(B) any policies or programs of the public housing agency for the enhancement of the economic and social self-sufficiency of assisted families;

(C) how the public housing agency will comply with the requirements of subsections (c) and (d) of section 12 (relating to community service and treatment of income changes resulting from welfare program requirements).

(13) SAFETY AND CRIME PREVENTION.—A plan established by the public housing agency, which shall be subject to the following requirements:

(A) SAFETY MEASURES.—The plan shall provide, on a project-by-project or jurisdiction-wide basis, for measures to ensure the safety of public housing residents.

(B) ESTABLISHMENT.—The plan shall be established in consultation with the police officer or officers in command for the appropriate precinct or police department.

(C) CONTENT.—The plan shall describe the need for measures to ensure the safety of public housing residents and for crime prevention measures, describe any such activities conducted or to be conducted by the agency, and provide for coordination between the agency and the appropriate police precincts for carrying out such measures and activities.

(D) SECRETARIAL ACTION.—If the Secretary determines, at any time, that the security needs of a project are not being adequately addressed by the plan, or that the local police precinct is not complying with the plan, the Secretary may mediate between the public housing agency and the local precinct to resolve any issues of conflict.

(14) *PETS.*—The requirements of the agency, pursuant to section 31, relating to pet ownership in public housing.

(15) *CIVIL RIGHTS CERTIFICATION.*—A certification by the public housing agency that the public housing agency will carry out the public housing agency plan in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990, and will affirmatively further fair housing.

(16) *ANNUAL AUDIT.*—The results of the most recent fiscal year audit of the public housing agency under section 5(h)(2).

(17) *ASSET MANAGEMENT.*—A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.

(18) *OTHER.*—Any other information required by law to be included in a public housing agency plan.

(e) *RESIDENT ADVISORY BOARD.*—

(1) *IN GENERAL.*—Except as provided in paragraph (3), each public housing agency shall establish 1 or more resident advisory boards in accordance with this subsection, the membership of which shall adequately reflect and represent the residents assisted by the public housing agency.

(2) *FUNCTIONS.*—Each resident advisory board established under this subsection by a public housing agency shall assist and make recommendations regarding the development of the public housing agency plan for the agency. The agency shall consider the recommendations of the resident advisory boards in preparing the final public housing agency plan, and shall include, in the public housing agency plan submitted to the Secretary under this section, a copy of the recommendations and a description of the manner in which the recommendations were addressed.

(3) *WAIVER.*—The Secretary may waive the requirements of this subsection with respect to the establishment of resident advisory boards for a public housing agency if the agency demonstrates to the satisfaction of the Secretary that there exist resident councils or other resident organizations of the public housing agency that—

(A) adequately represent the interests of the residents of the public housing agency; and

(B) have the ability to perform the functions described in paragraph (2).

(1) *IN GENERAL.*—In developing a public housing agency plan under this section, the board of directors or similar governing body of a public housing agency shall conduct a public hearing to discuss the public housing agency plan and to invite public comment regarding that plan. The hearing shall be conducted at a location that is convenient to residents.

(2) *AVAILABILITY OF INFORMATION AND NOTICE.*—Not later than 45 days before the date of a hearing conducted under paragraph (1), the public housing agency shall—

(A) make the proposed public housing agency plan and all information relevant to the hearing and proposed plan available for inspection by the public at the principal office of the public housing agency during normal business hours; and

(B) publish a notice informing the public that—

(i) that the information is available as required under subparagraph (A); and

(ii) that a public hearing under paragraph (1) will be conducted.

(3) *ADOPTION OF PLAN.*—A public housing agency may adopt a public housing agency plan and submit the plan to the Secretary in accordance with this section only after—

(A) conducting a public hearing under paragraph (1);

(B) considering all public comments received; and

(C) making any appropriate changes in the public housing agency plan, in consultation with the resident advisory board.

(4) *ADVISORY BOARD CONSULTATION ENFORCEMENT.*—Pursuant to a written request made by the resident advisory board for a public housing agency that documents a failure on the part of the agency to provide adequate notice and opportunity for comment under this subsection and a finding by the Secretary of good cause within the time period provided for in subsection (i)(4), the Secretary may require the public housing agency to adequately remedy such failure before final approval of the public housing agency plan under this section.

(g) *AMENDMENTS AND MODIFICATIONS TO PLANS.*—

(1) *IN GENERAL.*—Except as provided in paragraph (2), nothing in this section shall preclude a public housing agency, after submitting a plan to the Secretary in accordance with this section, from amending or modifying any policy, rule, regulation, or plan of the public housing agency, except that a significant amendment or modification may not—

(A) be adopted, other than at a duly called meeting of board of directors (or similar governing body) of the public housing agency that is open to the public; and

(B) be implemented, until notification of the amendment or modification is provided to the Secretary and approved in accordance with subsection (i).

(2) *CONSISTENCY AND NOTICE.*—Each significant amendment or modification to a public housing agency plan submitted to the Secretary under this section shall—

(A) meet the requirements under subsection (c)(2) (relating to consultation with resident advisory board and consistency with comprehensive housing affordability strategies); and

(B) be subject to the notice and public hearing requirements of subsection

(f).

(h) *SUBMISSION OF PLANS.*—

(1) *INITIAL SUBMISSION.*—Each public housing agency shall submit the initial plan required by this section, and any amendment or modification to the initial plan, to the Secretary at such time and in such form as the Secretary shall require.

(2) *ANNUAL SUBMISSION.*—Not later than 75 days before the start of the fiscal year of the public housing agency, after submission of the initial plan required by this section in accordance with subparagraph (A), each public housing agency shall annually submit to the Secretary a plan update, including any amendments or modifications to the public housing agency plan.

(i) *REVIEW AND DETERMINATION OF COMPLIANCE.*—

(1) *REVIEW.*—Subject to paragraph (2), after submission of the public housing agency plan or any amendment or modification to the plan to the Secretary, to the extent that the Secretary considers such action to be necessary to make determinations under this paragraph, the Secretary shall review the public housing agency plan (including any amendments or modifications thereto) and determine whether the contents of the plan—

(A) set forth the information required by this section and this Act to be contained in a public housing agency plan;

(B) are consistent with information and data available to the Secretary, including the approved comprehensive housing affordability strategy under title I of the Cranston-Gonzalez National Affordable Housing Act for the jurisdiction in which the public housing agency is located; and

(C) are not prohibited by or inconsistent with any provision of this title or other applicable law.

(2) *ELEMENTS EXEMPTED FROM REVIEW.*—The Secretary may, by regulation, provide that one or more elements of a public housing agency plan shall be reviewed only if the element is challenged, except that the Secretary shall review the information submitted in each plan pursuant to paragraphs (3)(B), (8), and (15) of subsection (d).

(3) *DISAPPROVAL.*—The Secretary may disapprove a public housing agency plan (or any amendment or modification thereto) only if Secretary determines that the contents of the plan (or amendment or modification) do not comply with the requirements under subparagraph (A) through (C) of paragraph (1).

(4) *DETERMINATION OF COMPLIANCE.*—

(A) *IN GENERAL.*—Except as provided in subsection (j)(2), not later than 75 days after the date on which a public housing agency plan is submitted in accordance with this section, the Secretary shall make the determination under paragraph (1) and provide written notice to the public housing agency if the plan has been disapproved. If the Secretary disapproves the plan, the notice shall state with specificity the reasons for the disapproval.

(B) *FAILURE TO PROVIDE NOTICE OF DISAPPROVAL.*—In the case of a plan disapproved, if the Secretary does not provide notice of disapproval under subparagraph (A) before the expiration of the period described in subparagraph (A), the Secretary shall be considered, for purposes of this Act, to have made a determination that the plan complies with the requirements under this section and the agency shall be considered to have been notified of compliance upon the expiration of such period. The preceding sentence shall not preclude judicial review regarding such compliance pursuant to chapter 7 of title 5, United States Code, or an action regarding such compliance under section 1979 of the Revised Statutes of the United States (42 U.S.C. 1983).

(5) *PUBLIC AVAILABILITY.*—A public housing agency shall make the approved plan of the agency available to the general public.

(j) *TROUBLED AND AT-RISK PHAS.*—

(1) *IN GENERAL.*—The Secretary may require, for each public housing agency that is at risk of being designated as troubled under section 6(j)(2) or is designated as troubled under section 6(j)(2), that the public housing agency plan for such agency

**CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT OF 1990
(AS AMENDED)**

TITLE 1 – GENERAL PROVISIONS AND POLICIES

Sec. 103. PURPOSES OF THE CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.

The purposes of this Act are—

- (1) to help families not owning a home to save for a downpayment for the purchase of a home;
- (2) to retain wherever feasible as housing affordable to low-income families those dwelling units produced for such purpose with Federal assistance;
- (3) to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of housing affordable to low-income and moderate-income families;
- (4) to expand and improve Federal rental assistance for very low-income families; and
- (5) to increase the supply of supportive housing, which combines structural features and services needed to enable persons with special needs to live with dignity and independence.

Sec 105. STATE AND LOCAL HOUSING STRATEGIES.

(a) In general

The Secretary shall provide assistance directly to a jurisdiction only if—

- (1) the jurisdiction submits to the Secretary a comprehensive housing affordability strategy (hereafter in this section referred to as the “housing strategy”);
- (2) the jurisdiction submits annual updates of the housing strategy; and
- (3) the housing strategy, and any annual update of such strategy, is approved by the Secretary.

The Secretary shall establish such dates and manner for the submission and approval of housing strategies under this section that the Secretary determines will facilitate orderly program management by jurisdictions and provide for timely investment or other use of funds made available under subchapter II of this chapter and other programs requiring submission of a housing strategy. If the Secretary finds there is good cause, the Secretary may provide reasonable extensions of any deadlines for submission of a jurisdiction’s housing strategy.

(b) Contents

A housing strategy submitted under this section shall be in a form that the Secretary determines to be appropriate for the assistance the jurisdiction may be provided and shall—

- (1) describe the jurisdiction’s estimated housing needs projected for the ensuing 5-year period, and the jurisdiction’s need for assistance for very low-income, low-income, and moderate-income families, specifying such needs for different types of tenure and for different categories of residents, such as very low-income, low-income, and moderate-income families, the elderly, persons with disabilities, single persons, large families, residents of nonmetropolitan areas, families who are participating in an organized program to achieve economic independence and self-sufficiency, persons with acquired immunodeficiency syndrome, victims of domestic violence, dating violence, sexual abuse and stalking, and other categories of persons residing in or expected to reside in the jurisdiction that the Secretary determines to be appropriate;
- (2) describe the nature and extent of homelessness, including rural homelessness, within the jurisdiction, providing an estimate of the special needs of various categories

of persons who are homeless or threatened with homelessness, including tabular representation of such information, and a description of the jurisdiction's strategy for

(A) helping low-income families avoid becoming homeless;

(B) addressing the emergency shelter and transitional housing needs of homeless persons (including a brief inventory of facilities and services that meet such needs within that jurisdiction); and

(C) helping homeless persons make the transition to permanent housing and independent living;

(3) describe the significant characteristics of the jurisdiction's housing market, indicating how those characteristics will influence the use of funds made available for rental assistance, production of new units, rehabilitation of old units, or acquisition of existing units;

(4) explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing in the jurisdiction are affected by public policies, particularly by policies of the jurisdiction, including tax policies affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment, and describe the jurisdiction's strategy to remove or ameliorate negative effects, if any, of such policies, except that, if a State requires a unit of general local government to submit a regulatory barrier assessment that is substantially equivalent to the information required under this paragraph, as determined by the Secretary, the unit of general local government may submit its assessment submitted to the State to the Secretary and shall be considered to have complied with this paragraph;

(5) explain the institutional structure, including private industry, nonprofit organizations, and public institutions, through which the jurisdiction will carry out its housing strategy, assessing the strengths and gaps in that delivery system and describing what the jurisdiction will do to overcome those gaps;

(6) indicate resources from private and non-Federal public sources that are reasonably expected to be made available to carry out the purposes of this Act, explaining how funds made available will leverage those additional resources and identifying, where the jurisdiction deems it appropriate, publicly owned land or property located within the jurisdiction that may be utilized to carry out the purposes of this Act;

(7) set forth the jurisdiction's plan for investment or other use of housing funds made available under subchapter II of this chapter, the United States Housing Act of 1937 [42 U.S.C. 1437 et seq.], the Housing and Community Development Act of 1974, and the McKinney-Vento Homeless Assistance Act [42 U.S.C. 11301 et seq.], during the ensuing year or such longer period as the Secretary determines to be appropriate, indicating the general priorities for allocating investment geographically within the jurisdiction and among different activities and housing needs;

(8) describe how the jurisdiction's plan will address the housing needs identified pursuant to subparagraphs (1) and (2), describe the reasons for allocation priorities, and identify any obstacles to addressing underserved needs;

(9) describe the means of cooperation and coordination among the State and any units of general local government in the development, submission, and implementation of their housing strategies;

(10) in the case of a unit of local government, describe the number of public housing units in the jurisdiction, the physical condition of such units, the restoration and revitalization needs of public housing projects within the jurisdiction, the public housing agency's strategy for improving the management and operation of such public housing, and the public housing agency's strategy for improving the living environment of low- and very-low-income families residing in public housing;

- (11) describe the manner in which the plan of the jurisdiction will help address the needs of public housing;
- (12) in the case of a State, describe the strategy to coordinate the Low-Income Tax Credit with development of housing, including public housing, that is affordable to very low-income and low-income families;
- (13) describe the jurisdiction's activities to encourage public housing residents to become more involved in management and participate in homeownership;
- (14) describe the standards and procedures according to which the jurisdiction will monitor activities authorized under this Act and ensure long-term compliance with the provisions of this Act;
- (15) include a certification that the jurisdiction will affirmatively further fair housing;
- (16) include a certification that the jurisdiction has in effect and is following a residential antidisplacement and relocation assistance plan that, in any case of any such displacement in connection with any activity assisted with amounts provided under subchapter II of this chapter, requires the same actions and provides the same rights as required and provided under a residential antidisplacement and relocation assistance plan under section 104(d) of the Housing and Community Development Act of 1974 [42 U.S.C. 5304 (d)] in the event of displacement in connection with a development project assisted under section 106 or 119 of such Act [42 U.S.C. 5306, 5318];
- (17) estimate the number of housing units within the jurisdiction that are occupied by low-income families or very low-income families and that contain lead-based paint hazards, as defined in section 4851b of this title, outline the actions proposed or being taken to evaluate and reduce lead-based paint hazards, and describe how lead-based paint hazard reduction will be integrated into housing policies and programs;
- (18) include the number of families to whom the jurisdiction will provide affordable housing as defined in section 12745 of this title using funds made available;
- (19) for any housing strategy submitted for fiscal year 1994 or any fiscal year thereafter and taking into consideration factors over which the jurisdiction has control, describe the jurisdiction's goals, programs, and policies for reducing the number of households with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually), and, in consultation with other appropriate public and private agencies, state how the jurisdiction's goals, programs, and policies for producing and preserving affordable housing set forth in the housing strategy will be coordinated with other programs and services for which the jurisdiction is responsible and the extent to which they will reduce (or assist in reducing) the number of households with incomes below the poverty line; and
- (20) describe the jurisdictions activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies.

The Secretary may provide for the submission of abbreviated housing strategies by jurisdictions that are not otherwise expected to be participating jurisdictions under subchapter II of this chapter. Such an abbreviated housing strategy shall be appropriate to the types and amounts of assistance the jurisdiction is to receive as determined by the Secretary.

(c) Approval

(1) In general

The Secretary shall review the housing strategy upon receipt. Not later than 60 days after receipt by the Secretary, the housing strategy shall be approved unless the Secretary determines before that date that

- (A) the housing strategy is inconsistent with the purposes of this Act, or

(B) the information described in subsection (b) of this section has not been provided in a substantially complete manner. For the purpose of the preceding sentence, the adoption or continuation of a public policy identified pursuant to subsection (b)(4) of this section shall not be a basis for the Secretary's disapproval of a housing strategy. During the 18-month period following November 28, 1990, the Secretary may extend the review period to not longer than 90 days.

(2) Actions in case of disapproval

If the Secretary disapproves the housing strategy, the Secretary shall immediately notify the jurisdiction of such disapproval. Not later than 15 days after the Secretary's disapproval, the Secretary shall inform the jurisdiction in writing of

(A) the reasons for disapproval, and

(B) actions that the jurisdiction could take to meet the criteria for approval. If the Secretary fails to inform the jurisdiction of the reasons for disapproval within such 15-day period, the housing strategy shall be deemed to have been approved.

(3) Amendments and resubmission

The Secretary shall, for a period of not less than 45 days following the date of first disapproval, permit amendments to, or the resubmission of, any housing strategy that is disapproved. The Secretary shall approve or disapprove a housing strategy not less than 30 days after receipt of such amendments or resubmission.

(d) Coordination of State and local housing strategies

The Secretary may establish such requirements as the Secretary deems appropriate to encourage coordination between and among the housing strategies of a State and any participating jurisdictions within the State, except that a unit of general local government shall not be required to have elements of its housing strategy approved by the State.

(e) Consultation with social service agencies

(1) In general

When preparing a housing strategy for submission under this section, a jurisdiction shall make reasonable efforts to confer with appropriate social service agencies regarding the housing needs of children, elderly persons, persons with disabilities, homeless persons, and other persons served by such agencies.

(2) Lead-based paint hazards

When preparing that portion of a housing strategy required by subsection (b)(16) of this section, a jurisdiction shall consult with State or local health and child welfare agencies and examine existing data related to lead-based paint hazards and poisonings, including health department data on the addresses of housing units in which children have been identified as lead poisoned.

(f) Barrier removal

Not later than 4 months after completion of the final report of the Secretary's Advisory Commission on Regulatory Barriers to Affordable Housing, the Secretary shall submit to the Congress a written report outlining the Secretary's recommendations for legislative and administrative actions to facilitate the removal or modification of excessive, duplicative, or unnecessary regulations or other requirements of Federal, State, or local governments that

- (1) inflate the costs of or otherwise inhibit the construction, rehabilitation, or management of housing, particularly housing that otherwise could be affordable to low-income and moderate-income families, or
- (2) contribute to economic or racial discrimination.

(g) Treatment of troubled public housing agencies

(1) Effect of troubled status on CHAS

The comprehensive housing affordability strategy (or any consolidated plan incorporating such strategy) for the State or unit of general local government in which any troubled public housing agency is located shall not be considered to comply with the requirements under this section unless such plan includes a description of the manner in which the State or unit will provide financial or other assistance to such troubled agency in improving its operations to remove such designation.

(2) Definition

For purposes of this subsection, the term "troubled public housing agency" means a public housing agency that, upon the effective date of the Quality Housing and Work Responsibility Act of 1998, is designated under section 6(j)(2) of the United States Housing Act of 1937 [42 U.S.C. 1437d (j)(2)] as a troubled public housing agency.

SEC. 106 CERTIFICATION.

The Secretary shall, by regulation or otherwise, as deemed by the Secretary to be appropriate, require any application for housing assistance under subchapter II of this chapter, assistance under the Housing and Community Development Act of 1974, or assistance under the McKinney-Vento Homeless Assistance Act [42 U.S.C. 11301 et

(3) Failure to report

If a jurisdiction fails to submit a report satisfactory to the Secretary in a timely manner, assistance to the jurisdiction under subchapter II of this chapter or the other programs referred to in section 12706 of this title may be—

- (A) suspended until a report satisfactory to the Secretary is submitted; or
- (B) withdrawn and reallocated if the Secretary finds, after notice and opportunity for a hearing, that the jurisdiction will not submit a satisfactory report.

(b) Performance review by Secretary

(1) In general

The Secretary shall ensure that activities of each jurisdiction required to submit a housing strategy under section 12705 of this title are reviewed not less frequently than annually. Such review shall include, insofar as practicable, on-site visits by employees of the Department of Housing and Urban Development and shall include an assessment of the jurisdiction's—

- (A) management of funds made available under programs administered by the Secretary;
- (B) compliance with its housing strategy;
- (C) accuracy in the preparation of performance reports under subsection (a) of this section; and
- (D) efforts to ensure that housing assisted under programs administered by the Secretary are in compliance with contractual agreements and the requirements of law.

(2) Report by Secretary

The Secretary shall report on the performance review in writing. The Secretary shall give the jurisdiction not less than 30 days to review and comment on the report. After taking into consideration the comments of the jurisdiction, the Secretary may revise the report and shall make the jurisdiction's comments and the report, with any revisions, readily available to the public within 30 days after receipt of the jurisdiction's comments.

(c) Review by courts

The adequacy of information submitted under section 12705 (b)(4) of this title shall not be reviewable by any Federal, State, or other court. Review of a housing strategy by any Federal, State, or other court shall be limited to determining whether the process of development and the content of the strategy are in substantial compliance with the requirements of this Act. During the pendency of any action challenging the adequacy of a housing strategy or the action of the Secretary in approving a strategy, the court shall not have the authority to enjoin activities taken by the jurisdiction to implement an approved housing strategy. Any housing assisted during the pendency of such action shall not be subject to any order of the court resulting from such action.

§ 903.3 What is the purpose of this subpart?

(a) This subpart specifies the requirements for PHA plans, required by section 5A of the United States Housing Act of 1937 (42 U.S.C. 1437c-1).

(b) The purpose of the plans is to provide a framework for:

(1) Local accountability; and

(2) An easily identifiable source by which public housing residents, participants in the tenant-based assistance program, and other members of the public may locate basic PHA policies, rules and requirements concerning the PHA's operations, programs and services.

§ 903.6 What information must a PHA provide in the 5-Year Plan?

(a) A PHA must include in its 5-Year Plan a statement of:

(1) The PHA's mission for serving the needs of low-income, very low-income and extremely low-income families in the PHA's jurisdiction; and

(2) The PHA's goals and objectives that enable the PHA to serve the needs of the families identified in the PHA's Annual Plan. For HUD, the PHA and the public to better measure the success of the PHA in meeting its goals and objectives, the PHA must adopt quantifiable goals and objectives for serving those needs wherever possible.

(3) A statement about goals, activities, objectives, policies, or programs that will enable a PHA to serve the needs of child and adult victims of domestic violence, dating violence, sexual assault, or stalking.

(b) After submitting its first 5-Year Plan, a PHA in its succeeding 5-Year Plans, must address:

(1) The PHA's mission, goals and objectives for the next 5 years; and

(2) The progress the PHA has made in meeting the goals and objectives described in the PHA's previous 5-Year Plan.

[65 FR 81222, Dec. 22, 2000, as amended at 73 FR 72344, Nov. 28, 2008; 75 FR 66262, Oct. 27, 2010]

§ 903.7 What information must a PHA provide in the Annual Plan?

With the exception of the first Annual Plan submitted by a PHA, the Annual Plan must include the information provided in this section. HUD will advise PHAs by separate notice, sufficiently in advance of the first Annual Plan due date, of the information, described in this section that must be part of the first Annual Plan submission, and any additional instructions or directions that may be necessary to prepare and submit the first Annual Plan. The information described in this section applies to both public housing

and tenant-based assistance, except where specifically stated otherwise. The information that the PHA must submit for HUD approval under the Annual Plan includes the discretionary policies of the various plan components or elements (for example, rent policies) and not the statutory or regulatory requirements that govern these plan components and that provide no discretion on the part of the PHA in implementation of the requirements. The PHA's Annual Plan must be consistent with the goals and objectives of the PHA's 5-Year Plan.

(a) *A statement of housing needs.* (1) This statement must address the housing needs of the low-income and very low-income families who reside in the jurisdiction served by the PHA, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists, including:

(i) Families with incomes below 30 percent of area median (extremely low-income families);

(ii) Elderly families and families with disabilities;

(iii) Households of various races and ethnic groups residing in the jurisdiction or on the waiting list.

(2) A PHA must make reasonable efforts to identify the housing needs of each of the groups listed in paragraph (a)(1) of this section based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data.

(i) The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units and location.

(ii) The statement of housing needs also must describe the ways in which the PHA intends, to the maximum extent practicable, to address those needs, and the PHA's reasons for choosing its strategy.

(b) *A statement of the PHA's deconcentration and other policies that govern eligibility, selection, and admissions.* This statement must describe the PHA's policies that govern resident or tenant eligibility, selection and admission. This statement also must describe any PHA admission preferences, and any occupancy policies that pertain to public housing units and housing units assisted under section 8(o) of the 1937 Act, as well as any unit assignment policies for public housing. This statement must include the following information:

(1) *Deconcentration Policy.* The PHA's deconcentration policy applicable to public housing, as described in § 903.2(a).

(2) *Waiting List Procedures.* The PHA's procedures for maintaining waiting lists for admission to the PHA's public housing developments. The statement must address any site-based waiting lists, as authorized by section 6(s) of the 1937 Act (42 U.S.C. 1437d(s)), for public housing. Section 6(s) of the 1937 Act permits PHAs to establish a system of site-based waiting lists for public housing that is consistent with all applicable civil rights and fair housing laws and regulations. Notwithstanding any other regulations, a PHA may adopt site-based waiting lists where:

(i) The PHA regularly submits required occupancy data to HUD's Multifamily Tenant Characteristics Systems (MTCS) in an accurate, complete and timely manner;

(ii) The system of site-based waiting lists provides for full disclosure to each applicant of any option available to the applicant in the selection of the development in which to reside, including basic information about available sites (location, occupancy, number and size of accessible units, amenities such as day care, security, transportation and training programs) and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types (e.g., regular or accessible) at each site;

(iii) Adoption of site-based waiting lists would not violate any court order or settlement agreement, or be inconsistent with a pending complaint brought by HUD;

(iv) The PHA includes reasonable measures to assure that adoption of site-based waiting lists is consistent with affirmatively furthering fair housing, such as reasonable marketing activities to attract applicants regardless of race or ethnicity;

(v) The PHA provides for review of its site-based waiting list policy to determine if the policy is consistent with civil rights laws and certifications through the following steps:

(A) As part of the submission of the Annual Plan, the PHA shall assess changes in racial, ethnic or disability-related tenant composition at each PHA site that may have occurred during the implementation of the site-based waiting list, based upon MTCS occupancy data that has been confirmed to be complete and accurate by an independent audit (which may be the annual independent audit) or is otherwise satisfactory to HUD;

(B) At least every three years the PHA uses independent testers or other means satisfactory to HUD, to assure that the site-based waiting list is not being implemented in a discriminatory manner, and that no patterns or practices of discrimination exist, and providing the results to HUD;

(C) Taking any steps necessary to remedy the problems surfaced during the review; and

(D) Taking the steps necessary to affirmatively further fair housing.

(3) *Other admissions policies.* The PHA's admission policies that include any other PHA policies that govern eligibility, selection and admissions for the public housing (see part 960 of this title) and tenant-based assistance programs (see part 982, subpart E of this title). (The information requested on site-based waiting lists and deconcentration is applicable only to public housing.)

(c) *A statement of financial resources.* This statement must address the financial resources that are available to the PHA for the support of Federal public housing and tenant-based assistance programs administered by the PHA during the plan year. The statement must include a listing, by general categories, of the PHA's anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned uses for the resources.

(d) *A statement of the PHA's rent determination policies.* This statement must describe the PHA's basic discretionary policies that govern rents charged for public housing units, applicable flat rents, and the rental contributions of families receiving tenant-based assistance. For tenant-based assistance, this statement also shall cover any discretionary minimum tenant rents and payment standard policies.

(e) *A statement of the PHA's operation and management.* (1) This statement must list the PHA's rules, standards, and policies that govern maintenance and management of housing owned, assisted, or operated by the PHA.

(2) The policies listed in this statement must include a description of any measures necessary for the prevention or eradication of pest infestation. Pest infestation includes cockroach infestation.

(3) This statement must include a description of PHA management organization, and a listing of the programs administered by the PHA.

(4) The information requested on a PHA's rules, standards and policies regarding management and maintenance of housing applies only to public housing. The information requested on PHA program management and listing of administered programs applies to public housing and tenant-based assistance.

(f) *A statement of the PHA grievance procedures.* This statement describes the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. These procedures include public housing grievance procedures and tenant-based assistance informal review procedures for applicants and hearing procedures for participants.

(g) *A statement of capital improvements needed.* With respect to public housing only, this statement describes the capital improvements necessary to ensure long-term physical and social viability of the PHA's public housing developments, including the capital improvements to be undertaken in the year in question and their estimated costs, and any other information required for participation in the Capital Fund. PHAs also are required to include 5-Year Plans covering large capital items.

(h) *A statement of any demolition and/or disposition —(1) Plan for Demolition/Disposition.* With respect to public housing only, a description of any public housing development, or portion of a public housing development, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act (42 U.S.C. 1437p), and the timetable for demolition and/or disposition. The application and approval process for demolition and/or disposition is a separate process. Approval of the PHA Plan does not constitute approval of these activities.

(2) *Interim Plan for Demolition/Disposition.* (i) Before submission of the first Annual Plan, a PHA may submit an interim PHA Annual Plan solely for demolition/disposition. The interim plan must provide:

(A) The required description of the action to be taken;

(B) A certification of consistency with the Consolidated Plan;

(C) A description of how the plan is consistent with the Consolidated Plan;

(D) A relocation plan that includes the availability of units in the area and adequate funding; and

(E) Confirmation that a public hearing was held on the proposed action and that the resident advisory board was consulted.

(ii) Interim plans for demolition/disposition are subject to PHA Plan procedural requirements in this part (see §§ 903.13, 903.15, 903.17, 903.19, 903.21, 903.23, 903.25), with the following exception. If a resident advisory board has not yet been formed, the PHA may seek a waiver of the requirement to consult with the resident advisory board on the grounds that organizations that adequately represent residents for this purpose were consulted.

(iii) The actual application for demolition or disposition may be submitted at the same time as submission of the interim plan or at a later date.

(i) *A statement of the public housing developments designated as housing for elderly families or families with disabilities or elderly families and families with disabilities.* (1) With respect to public housing only, this statement identifies any public housing developments owned, assisted, or operated by the PHA, or any portion of these developments, that:

(i) The PHA has designated for occupancy by:

(A) Only elderly families;

(B) Only families with disabilities; or

(C) Elderly families and families with disabilities; and

(ii) The PHA will apply for designation for occupancy by:

(A) Only elderly families;

(B) Only families with disabilities; or

(C) Elderly families and families with disabilities as provided by section 7 of the 1937 Act (42 U.S.C. 1437e).

(2) The designated housing application and approval process is a separate process. Approval of the PHA Plan does not constitute approval of these activities.

(j) *A statement of the conversion of public housing to tenant-based assistance.* (1) This statement describes:

(i) Any building or buildings that the PHA is required to convert to tenant-based assistance under section 33 of the 1937 Act (42 U.S.C. 1437z-5);

(ii) The status of any building or buildings that the PHA may be required to convert to tenant-based assistance under section 202 of the Fiscal Year 1996 HUD Appropriations Act (42 U.S.C. 14371 note); or

(iii) The PHA's plans to voluntarily convert under section 22 of the 1937 Act (42 U.S.C. 1437t).

(2) The statement also must include an analysis of the developments or buildings required to be converted under section 33.

(3) For both voluntary and required conversions, the statement must include the amount of assistance received commencing in Federal Fiscal Year 1999 to be used for rental assistance or other housing assistance in connection with such conversion.

(4) The application and approval processes for required or voluntary conversions are separate approval processes. Approval of the PHA Plan does not constitute approval of these activities.

(5) The information required under this paragraph (j) of this section is applicable to public housing and only that tenant-based assistance which is to be included in the conversion plan.

(k) *A statement of homeownership programs administered by the PHA.* (1) This statement describes:

(i) Any homeownership programs administered by the PHA under section 8(y) of the 1937 Act (42 U.S.C. 1437f(y));

(ii) Any homeownership programs administered by the PHA under an approved section 5(h) homeownership program (42 U.S.C. 1437c(h));

(iii) An approved HOPE I program (42 U.S.C. 1437aaa); or

(iv) Any homeownership programs for which the PHA has applied to administer or will apply to administer under section 5(h), the HOPE I program, or section 32 of the 1937 Act (42 U.S.C. 1437z-4).

(2) The application and approval process for homeownership under the programs described in paragraph (k) of this section, with the exception of the section 8(y) homeownership program, are separate processes. Approval of the PHA Plan does not constitute approval of these activities.

(l) *A statement of the PHA's community service and self-sufficiency programs.* (1) This statement describes:

(i) Any PHA programs relating to services and amenities coordinated, promoted or provided by the PHA for assisted families, including programs provided or offered as a result of the PHA's partnership with other entities;

(ii) Any PHA programs coordinated, promoted or provided by the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs provided or offered as a result of the PHA's partnerships with other entities, and activities under section 3 of the Housing and Community Development Act of 1968 and under requirements for the Family Self-Sufficiency Program and others. The description of programs offered shall include the program's size (including required and actual size of the Family Self-Sufficiency program) and means of allocating assistance to households.

(iii) How the PHA will comply with the requirements of section 12(c) and (d) of the 1937 Act (42 U.S.C. 1437j(c) and (d)). These statutory provisions relate to community service by public housing residents and treatment of income changes in public housing and tenant-based assistance recipients resulting from welfare program requirements. PHAs must address any cooperation agreements, as described in section 12(d)(7) of the 1937 Act (42 U.S.C. 1437j(d)(7)), that the PHA has entered into or plans to enter into.

(2) The information required by paragraph (l) of this section is applicable to both public housing and tenant-based assistance, except that the information regarding the PHA's compliance with the community service requirement applies only to public housing.

(m) *A statement of the PHA's safety and crime prevention measures.* (1) With respect to public housing only, this statement describes the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents that it serves. The plan for safety and crime prevention must be established in consultation with the police officer or officers in command of the appropriate precinct or police departments. The plan also must provide, on a development-by-development or jurisdiction wide-basis, the measures necessary to ensure the safety of public housing residents.

(2) The statement regarding the PHA's safety and crime prevention plan must include the following information:

(i) A description of the need for measures to ensure the safety of public housing residents;

(ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and

(iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities.

(3) If the PHA expects to receive drug elimination program grant funds, the PHA must submit, in addition to the information required by paragraph (m)(1) of this section, the plan required by HUD's Public Housing Drug Elimination Program regulations (see part 761 of this title).

(4) If HUD determines at any time that the security needs of a public housing development are not being adequately addressed by the PHA's plan, or that the local police precinct is not assisting the PHA with compliance with its crime prevention measures as described in the Annual Plan, HUD may mediate between the PHA and the local precinct to resolve any issues of conflict.

(5) A statement of any domestic violence, dating violence, sexual assault, and stalking prevention programs:

(i) A description of any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking;

(ii) Any activities, services, or programs provided or offered by a PHA that help child and adult victims of domestic violence, dating violence, sexual assault, or stalking to obtain or maintain housing; and

(iii) Any activities, services, or programs provided or offered by a PHA to prevent domestic violence, dating violence, sexual assault, or stalking, or to enhance victim safety in assisted families.

(n) *A statement of the PHA's policies and rules regarding ownership of pets in public housing.* This statement describes the PHA's policies and requirements pertaining to the ownership of pets in public housing. The policies must be in accordance with section 31 of the 1937 Act (42 U.S.C. 1437a-3).

(o) *Civil rights certification.* (1) The PHA must certify that it will carry out its plan in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601-19), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 *et seq.*). The PHA also must certify that it will affirmatively further fair housing.

(2) The certification is applicable to both the 5-Year Plan and the Annual Plan.

(3) A PHA shall be considered in compliance with the certification requirement to affirmatively further fair housing if the PHA fulfills the requirements of § 903.2(b) and:

(i) Examines its programs or proposed programs;

(ii) Identifies any impediments to fair housing choice within those programs;

(iii) Addresses those impediments in a reasonable fashion in view of the resources available;

(iv) Works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and

(v) Maintains records reflecting these analyses and actions.

(p) *Recent results of PHA's fiscal year audit.* This statement provides the results of the most recent fiscal year audit of the PHA conducted under section 5(h)(2) of the 1937 Act (42 U.S.C. 1437c(h)).

(q) *A statement of asset management.* To the extent not covered by other components of the PHA Annual Plan, this statement describes how the PHA will carry out its asset management functions with respect to the PHA's public housing inventory, including how the PHA will plan for long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.

(r) *Additional information to be provided.* (1) For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year Plan;

(2) A PHA must identify the basic criteria the PHA will use for determining:

(i) A substantial deviation from its 5-Year Plan; and

(ii) A significant amendment or modification to its 5-Year Plan and Annual Plan.

(3) A PHA must include such other information as HUD may request of PHAs, either on an individual or across-the-board basis. HUD will advise the PHA or PHAs of this additional information through advance notice.

[65 FR 81222, Dec. 22, 2000, as amended at 73 FR 72344, Nov. 28, 2008; 75 FR 66262, Oct. 27, 2010]

§ 903.15 What is the relationship of the public housing agency plans to the Consolidated Plan?

(a) The PHA must ensure that the Annual Plan is consistent with any applicable Consolidated Plan for the jurisdiction in which the PHA is located. The Consolidated Plan includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice.

(1) The PHA must submit a certification by the appropriate State or local officials that the Annual Plan is consistent with the Consolidated Plan and include a description of the manner in which the applicable plan contents are consistent with the Consolidated Plans.

(2) For State agencies that are PHAs, the applicable Consolidated Plan is the State Consolidated Plan.

(b) A PHA may request to change its fiscal year to better coordinate its planning with the planning done under the Consolidated Plan process, by the State or local officials, as applicable.

Select Year:

The 2014 Florida Statutes

[Title XXX](#)
SOCIAL WELFARE

[Chapter 423](#)
TAX EXEMPTION OF HOUSING AUTHORITIES

[View Entire Chapter](#)

CHAPTER 423 TAX EXEMPTION OF HOUSING AUTHORITIES

423.001 State role in housing and urban development.

423.01 Finding and declaration of property of tax exemption for housing authorities.

423.02 Housing projects exempted from taxes and assessments; payments in lieu thereof.

423.03 Housing debentures exempted from taxation.

423.001 State role in housing and urban development.—The role of state government required by part I of chapter 421 (Housing Authorities Law), chapter 422 (Housing Cooperation Law), and chapter 423 (Tax Exemption of Housing Authorities) is the responsibility of the Department of Economic Opportunity; and the department is the agency of state government responsible for the state's role in housing and urban development.

History.—s. 18, ch. 69-106; s. 52, ch. 81-167; s. 55, ch. 83-55; s. 9, ch. 2000-342; s. 341, ch. 2011-142.

423.01 Finding and declaration of property of tax exemption for housing authorities.—It has been found and declared in the Housing Authorities Law and the Housing Cooperation Law that:

(1) There exist in the state housing conditions which constitute a menace to the health, safety, morals and welfare of the residents of the state;

(2) These conditions necessitate excessive and disproportionate expenditures of public funds for crime prevention and punishment, public health, welfare and safety, fire and accident prevention, and other public services and facilities;

(3) The public interest requires the remedying of these conditions by the creation of housing authorities to undertake projects for slum clearance and for providing safe and sanitary dwelling accommodations for persons who lack sufficient income to enable them to live in decent, safe and sanitary dwellings without overcrowding; and

(4) Such housing projects, including all property of a housing authority used for or in connection therewith or appurtenant thereto, are exclusively for public uses and municipal purposes and not for profit, and are governmental functions of state concern. As a matter of legislative determination, it is found and declared that the property and debentures of a housing authority are of such character as may be exempt from taxation.

History.—s. 1, ch. 17983, 1937; CGL 1940 Supp. 7100(3-xx).

423.02 Housing projects exempted from taxes and assessments; payments in lieu thereof.

—The housing projects, including all property of housing authorities used for or in connection therewith or appurtenant thereto, of housing authorities shall be exempt from all taxes and special assessments of

the state or any city, town, county, or political subdivision of the state, provided, however, that in lieu of such taxes or special assessments a housing authority may agree to make payments to any city, town, county or political subdivision of the state for services, improvements or facilities furnished by such city, town, county or political subdivision for the benefit of a housing project owned by the housing authority, but in no event shall such payments exceed the estimated cost to such city, town, county or political subdivision of the services, improvements or facilities to be so furnished.

History.—s. 2, ch. 17983, 1937; CGL 1940 Supp. 7100(3-yy).

423.03 Housing debentures exempted from taxation.—The debentures of a housing authority, together with interest thereon and income therefrom, shall be exempt from all taxes. The exemption granted by this section shall not be applicable to any tax imposed by chapter 220 on interest, income, or profits on debt obligations owned by corporations.

History.—s. 3, ch. 17983, 1937; CGL 1940 Supp. 7100(3-zz); s. 15, ch. 73-327.

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The Local Economic Effects of Public Housing in the United States, 1940-1970

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Abstract: Between 1933 and 1973, the federal government funded the construction of over 1 million units of low-rent housing. This paper uses new county-level data on public housing construction to assess the effects of the program during this period. I find that communities with high densities of public housing had lower median family income, lower median property values, lower population density, and a higher percentage of families with low income in 1970. However, I find no negative effects of public housing in 1950 or 1960, implying that long-run negative effects only became apparent in the 1960s.

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The United States built approximately 1 million public housing units between 1933 and 1973 (U.S. Department of Housing and Urban Development [HUD] 1973). This federally-supported public housing program sought to eliminate unsafe housing conditions, eradicate slums, provide “decent” housing for low-income families, and stimulate local economic activity (U.S. Housing and Home Finance Agency 1964). It was an ambitious effort to improve the physical environment in which the poor lived in the belief that doing so would directly benefit the poor and indirectly benefit local economies by dampening negative externalities associated with slum conditions. By the early-1970s, however, many believed that public housing had exacerbated the poverty and slum conditions that the program was meant to ameliorate, and political support for the program waned (Husock 2003, Hirsch 1983, Hunt 2001, von Hoffman 2000, Meehan 1979). The federal government temporarily halted funding for the construction of new public housing projects in 1973 and subsequently created a system of rent vouchers for low-income families (“Section 8”). Public housing construction was later resumed, however the relative size of the program was greatly diminished.¹ Most of the projects built during this period are still in use today.

The goal of this paper is to assess the links between public housing and local economic outcomes during the key decades of the program’s ascent and expansion (1940 to 1970) and across the entire United States. This broad perspective is valuable for several reasons. First, while there is an extensive empirical literature that examines the effects of public housing on labor market outcomes, children’s education, local property values, housing consumption, and the concentration of poverty, much of what is known about public housing’s effects is based on information from the 1990s or later, often for residents of public housing in very large cities.² Also, the understanding of how and when things went wrong with

¹ In 1970, nearly 96 percent of households receiving low-income housing assistance lived in public housing. By 1980, this figure fell to approximately 37 percent (Olsen 2003, Table 5).

² For labor market outcomes, see Popkin, Rosenbaum, and Meaden 1993, Rosenbaum 1995, Yelowitz 2001, Oreopoulos 2003, Olsen et al. 2005, Jacob and Ludwig 2012. For children’s education, see Jacob 2004, Currie and Yelowitz 2000. For local property values, see Lee, Culhane, and Wachter 1999, Nourse 1963, Rabiaga, Lin, and Robinson 1984, Ellen et al. 2007, Lyons and Loveridge 1993, Goetz, Lam, and Heitlinger 1996. For housing consumption and the mean benefit of public housing to residents, see Kraft and Olsen 1977 and Olsen and Barton 1983. For concentration of poverty, see Massey and Kanaiaupuni 1993. Work by Olsen and Barton and Kraft and

public housing in the U.S., if indeed they did, would benefit from an assessment of the program that covers a longer timeframe and that includes the large share of public housing units in relatively small communities. Finally, the public housing program was an important and enduring element of the dramatic expansion of the federal government's effort to assist the poor, and the long-run history of public housing interacts with a variety of related economic and social policy issues—housing discrimination, unemployment, residential segregation, single-parent households, crime, and economic mobility.³ Therefore, a better understanding of the rise and fall of public housing may shed light on other important social phenomena.

The paper seeks to answer three fundamental questions about public housing in the United States. First, did places that engaged more intensively in the program in 1970 subsequently have worse economic outcomes than other places, and if so, is there evidence that this correlation can be given a causal interpretation? Second, in analyses of earlier periods, did the apparent effects of public housing change over time? Third, is there evidence of the channels through which public housing influenced outcomes, such as through increasing the share of rental housing or changing the educational composition of the population? To answer these questions, I collected data from the *Consolidated Development Directory*, published by the U.S. Department of Housing and Urban Development in 1973. It contains information on the location, timing, and character of low-rent housing projects developed from the New Deal through the early 1970s. I linked this data to county-level data, mostly from the population and housing censuses of 1940 to 1970.

To address whether or not places with public housing had worse economic outcomes in 1970, I start with simple regressions of county level outcomes on pre-program control variables and state fixed effects. I find that public housing had strongly negative associations with median family income, median

Olsen focuses on the 1960s and 1970s. Massey and Kanaiaupuni's work on the concentration of poverty looks at the period 1950-1980.

³ While there is not a large empirical literature on public housing during this early period, there is a large historical literature focused on specific cities. Fuerst (2003) writes of the early success of public housing in Chicago, while Hirsch (1983) writes of the failures of Chicago's public housing and how the early decisions led to their rapid decline. Venkatesh (2000) also writes of the rise and fall of Chicago's public housing. Williams (2004) writes of the early effects of public housing on African Americans in Baltimore and Meehan (1979) focuses on St. Louis.

property values, the percent of families with low income, and population density in 1970. The results are robust to the inclusion of a much larger set of State Economic Area fixed effects and pre-program population trends. I also assess the necessary magnitude of omitted variable bias that would be required to account for the estimated effects. The results are consistent with public housing having negative effects on economic outcomes in 1970. The effects are largest for counties in metropolitan areas, however there appear to be strong, negative effects for rural counties as well.

Next, I assess whether the apparent effects of public housing were present in earlier periods by running regressions that are similar to the base specification, but with 1960 and 1950 outcomes as my variables of interest. I find no evidence that public housing was negatively correlated with outcomes before 1970. This does not appear to be due to selection into the public housing program in the 1960s. When I allow for different effects of public housing by decade of construction, I find that units built in the 1940s, 1950s, and 1960s have negative effects on 1970 outcomes. This is consistent with the interaction of public housing and local outcomes taking a sharp negative turn during the 1960s.

Finally, I attempt to shed light on the mechanisms through which public housing influenced outcomes in 1970 by investigating whether the public housing “effects” can be explained by an increase in rental housing, or a decline in the level of human capital in the local population. I find that public housing is correlated with a slight increase in the percent of renter-occupied units in 1970, however this does not explain the adverse effects of public housing on county-level outcomes. I also find that public housing is negatively correlated with the percent of high school graduates. These differential changes in local educational attainment account for part, but not all, of the negative effects of public housing. Furthermore, the link between public housing and low education does not appear to be due to the migration of low-skilled workers.

1. Background: The Rise, Distribution, and Characteristics of Public Housing

1.1 Policy History

The federal public housing program began in the 1930s after decades of concern regarding the condition of the housing stock inhabited by low-income families. Proponents of public housing argued that slums led to high rates of disease, crime, fire, and delinquency, and that the market could not profitably provide better housing for the poor (Radford 1996). According to this logic and in the presence of assumed externalities, the government was called upon to intervene. The Great Depression brought a significant expansion of federal activity, which allowed public housing to become a significant and entrenched federal policy. The first federally funded public housing was built under the New Deal when, between 1933 and 1937, the Public Works Administration (PWA) built 21,640 units in 36 metropolitan areas across the country (Coulibaly, Green, and James 1998).⁴ This was followed by the Housing Acts of 1937 and 1949, among others, which expanded the program's geographic coverage and intensity.

The Housing Act of 1937 replaced the Housing Division of the PWA with the United States Housing Authority (USHA). Its goals were broad: *“To provide financial assistance ... for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity...”* (U.S. Housing and Home Finance Agency 1964). The Act delegated the clearance and construction of projects to Local Housing Authorities (LHAs), and the USHA assisted LHAs by providing loans to cover up to 90 percent of the costs of constructing the public housing projects (Coulibaly, Green, and James 1998).⁵ The Act also introduced the “equivalent elimination”

⁴ Builders and labor unions, public health officials, urban reformers, and many housing analysts lobbied in favor of public housing construction. Support also came from the American Association of University Women, American Association of Social Workers, NAACP, National Conference of Catholic Charities, American Legion, United States Conference of Mayors, and the National Institute of Municipal Law Officers (Fisher 1959, Mulvihill 1961). The U.S. Chamber of Commerce, the U.S. League of Building and Loans, the National Association of Home Builders, the National Apartment Owners Association, the U.S. Savings and Loan League, the National Association of Real Estate Boards, and the National Retail Lumber Dealers Association all opposed public housing (King 1996, Fisher 1959). The Lumber Dealers stressed their own stake in the bill—they were concerned that the federal construction of residential units would use new construction materials like steel and concrete (Radford 1996).

⁵ This was increased in 100 percent in 1968 (Weicher 1980).

requirement, which required that for every unit of public housing built, an unsafe or insanitary unit must be demolished or repaired (Fisher 1959). Between 1937 and 1949, a total of 160,000 units were built.⁶

The Housing Act of 1949 was the most far-reaching piece of legislation regarding public housing. Although the public housing framework remained virtually unaltered from the Housing Act of 1937 (e.g., the laws on loans remained the same), an additional 810,000 units of public housing were approved (Bingham 1975). The Act also weakened the equivalent elimination requirement in the original 1937 Act by requiring equivalent elimination only for urban projects that were not built on slum sites. Rural projects and urban projects built on slum sites were exempt (Fisher 1959).⁷

As early as the late 1950s, public housing started to receive criticism from both its original supporters and long-standing skeptics. Catherine Bauer, an early and active supporter of public housing in the 1930s, wrote an article in *Architectural Forum* entitled “The Dreary Deadlock of Public Housing” in 1957, in which she stated that the poor architectural design of public housing projects made it obvious that each housed “the lowest income group.”⁸ Additionally, the income limits caused a “...trend toward problem families as the permanent core of occupants (Bauer 1957).” In 1958, *The New York Times* writer, Harrison E. Salisbury, wrote about the failure of the New York City public housing system in *The Shook-Up Generation*, in which he accused public housing of institutionalizing slums. Salisbury described “...the broken windows, the missing light bulbs, the plaster cracking from the walls, the pilfered hardware, the cold, drafty corridors, (and) the doors on sagging hinges...” in the Fort Green project and claimed that public housing “...create(d) human cesspools worse than those of yesterday (p. 75).” Public housing received a great deal of criticism in other large cities as well. In 1965, *Chicago Daily News* published a series of articles that referred to the Robert R. Taylor homes as the “\$70 Million

⁶ The public housing program was temporarily suspended during World War II. Many new and existing units were temporarily used to house war workers. All federal housing agencies were reorganized in 1942, and the USHA was replaced by the Federal Public Housing Authority (FPHA).

⁷ Several housing acts (e.g., 1954, 1956, 1959, 1964, and 1969) followed and amended the previous structure. For example, the Act of 1954 required that a “workable program” be created for the prevention and elimination of slums before an annual contributions contract could be established (Weicher 1980) and the Act of 1959 gave local housing authorities more control over establishing income limits and rents (Fisher 1959).

⁸ Most projects were designed as “islands,” cutting themselves off from the surrounding community.

Ghetto” (Friedman 1966). In St. Louis, the Pruitt-Igoe public housing projects became so dilapidated and crime-ridden that all eleven buildings were demolished between 1972 and 1976 (Meehan 1979).

The physical deterioration of public housing projects was widespread and due in part to the design of the public housing program. Price ceilings on the cost per room established in the Housing Acts of 1937 and 1949 put downward pressure on construction quality, which was exacerbated by a lack of maintenance.⁹ The way that the fiscal arrangements were set up, the federal government paid for the capital costs of the public housing projects, but local housing authorities (LHAs) were responsible for all other expenses. LHAs received rental income from tenants and used this income to pay for utilities, maintenance, and repairs. In years in which a LHA had money left over, it could place the remaining funds in cash reserves. However, the total amount that a LHA could hold was limited to no more than 50 percent of one year’s rent. Once it held its maximum in reserves, any additional revenue was required to go towards paying off the capital costs. This essentially prohibited LHAs from building up the funds necessary for major repairs, such as roof maintenance (Meehan 1979).¹⁰

There was a decline in the “quality” of tenants during this period as well, due partially to changes in eligibility requirements. Under the Housing Act of 1937, potential tenants could make an income no more than four times the local fair market rent to become eligible for public housing and, once living in public housing, were evicted if their income increased to more than 25 percent over the eligible income limit (Meehan 1979). Rent was set to approximate operating costs, which implicitly put a lower bound on tenant income as tenants had to be able to cover operating costs (Weicher 1980). In the late 1940s and 1950s, the federal housing agency forced local housing agencies to enforce these income limits, removing some of the better-off tenants (von Hoffman 2000).¹¹ The Housing Act of 1949 also influenced the pool

⁹ The Housing Act of 1937 also put a price ceiling on the cost per unit. The Housing Act of 1949 removed this (Meehan 1979).

¹⁰ The federal government began offering operating small-scale subsidies in 1961, however they were much too small to meet demand. Operating subsidies increased in the late 1960s and 1970s (Meehan 1979, Schnare 1991).

¹¹ Between 1937 and 1959, local housing authorities were given freedom in choosing tenants from the pool of applicants, given that they fit the criteria above (Weicher 1980). Local housing authorities did not deny residency to some of the “chronically poor”, however they did refuse admission to individuals with criminal backgrounds or those believed to have poor moral character (Freedman 1969).

of potential public housing tenants by displacing very poor families through Urban Renewal and highway construction, and relocating them into public housing (Jones, Kaminsky, and Roanhouse 1979).¹² In 1959, Congress gave LHAs the right to set their own income limits and rents. The majority of housing authorities set rent as a proportion of income for most tenants, but required that all tenants' rent cover operation costs. While this maintained the lower bound on tenant income that existed earlier (i.e., they must afford the operating costs), the escalations in rent with income blunted work incentives. High inflation in the 1960s caused operation costs to increase faster than tenant income and LHAs responded by increasing rents in an attempt to cover their costs. Congress reacted to the growing rents in 1969 by passing the Brooke Amendment, which limited rent to 25 percent of a tenant's income for tenants with incomes less than four times the operating costs (Weicher 1980). The combination of these changes led to notable changes in the predominant character of the tenant population, from the temporarily unemployed and working class, to households on welfare, the otherwise homeless, and the disabled (Epp 1996). Between 1950 and 1969, the median family income of public housing residents fell from 63.5 to 42.4 percent of the national median, the percent of nonwhite residents increased from 38 to 52 percent, and the number of single-parent families increased from 19 to 31 percent (Silverman 1971).¹³

On January 8, 1973, President Nixon announced that all housing programs would be suspended pending a thorough policy review (Orlebeke 2000). Congress subsequently passed the 1974 Housing and Community Development Act, Section 8 of which gave low-income families subsidies to pay the difference between the "fair market rent" (FMR) on a standard quality unit in their particular locality and 25 percent of their income. This movement from a unit- to a tenant- based subsidy marked a sea change

¹² Between 1966 and 1973, fewer than 12 percent of families entering public housing had been displaced by public action, and 1.2 percent had been displaced by urban renewal or housing development (Meehan 1977).

¹³ After analyzing the Housing Act of 1949, Abner Silverman (1971) stated that "these actions slowly but surely changed the tenant body from a predominantly white, upwardly mobile, normal two-parent, working class population to a predominantly non-white, poverty affected, non-mobile lower-class population (p. 582)."

in public housing policy. The public housing program was reactivated by Congress in 1976, however the program's relative importance in the provision of low-income housing began to decline.¹⁴

1.2 Potential Effects of Public Housing on Communities

A priori, it is unclear how the expansion of public housing would affect community-level outcomes, such as property values, wages, or population growth. Early supporters of public housing hoped that by removing slums and building higher-quality housing for low-income families, they would reduce crime, improve labor market and education outcomes, lower demands for city services (e.g., fire, police), and raise the value of properties. The logic suggests a potentially virtuous circle of local productivity and environmental amenities, akin to the model of spatial equilibrium in Roback (1982).

In the short-run, particularly when slum clearance was a requirement for public housing construction, one might imagine that new and relatively high-quality public housing increased local property values. This could be an immediate and mechanical effect, through removing the lowest quality housing and perhaps shrinking total housing supply, or a more indirect effect working through the channels touted by early public housing supporters (Muth 1973).¹⁵ Employment rates and wages might also rise in the short-run if the implementation of a public housing program raised local labor demand without inducing an offsetting in-migration of labor (Meehan 1979, Grigsby 1963). The investment in higher-quality structures (relative to what was demolished) and the removal of slums might also lead to long-lasting effects on the surrounding area through a reduction of disamenities and powerful housing market externalities (Rossi-Hansberg, Sarte, and Owens 2010, Schwartz, Ellen, Voicu, and Schill 2006).

¹⁴ There were several changes from the way the program ran prior to 1973. Funds were made available to localities based on a formula that included measures of population, poverty, substandard housing, and the rental vacancy rate. Initially Congress planned to approve funds for the construction of 30,000 to 50,000 additional units annually from 1976 to 1981, but the actual numbers were far from the target (Weicher 1980). The relative size of the public housing program declined rapidly in the 1970s. Public housing made up approximately 96 percent of housing assistance in 1970. This declined to approximately 37 percent in 1980.

¹⁵ Early in the federal public housing program, it was a common belief that public housing projects would raise nearby property values. At a hearing of the Subcommittee of the Committee of Appropriations in 1948, Congressman A.S. Monroney argued that "...the establishment of a housing project in a city raises the assessed valuation for blocks around it..." (Fisher 1959, p. 195).

This could work directly through increased neighborhood property values, or indirectly through stimulating local economic growth.

However, it is also possible that in the short-run public housing had negative effects on communities. Initially, public housing may have led to an increased supply of low-income housing (Sinai and Waldfogel 2005). If this increase in supply was not accompanied by a shift in demand (i.e., in-migration of low-income families), then property values in the community would mechanically fall. Public housing might also negatively affect property values if the constructed projects created disamenities that lowered the values of surrounding areas (Lee, Culhane, and Wachter 1999, Ellen et al. 2007, Lyons and Loveridge 1993, Goetz et al. 1996) and therefore lowered county-level aggregates. This could be due to the poor architectural design of projects (e.g., mega-blocks and high rises (Bauer 1957, Ellen et al. 2007)), or through the increased concentration of poor residents that may have been associated with increased crime rates (McNulty and Holloway 2000). Public housing could also create perverse work, income, human capital, and marriage incentives by setting income ceilings and setting rent as a proportion of income (Yelowitz 2001, Jacob and Ludwig 2012). Additionally, to the extent public housing increased the geographic concentration of poor residents, it could increase the strength of negative peer effects within low-income neighborhoods (Katz, Kling, and Liebman 2001, Cutler and Glaeser 1997, Massey and Denton 1993, Collins and Margo 2000, Ananat 2011), affecting the educational outcomes for the children growing up in public housing (e.g., Kling, Liebman, and Katz 2007) and producing additional negative spillover effects to the rest of the locality.

In the long-run, when migration and capital investment and depreciation are possible, public housing could have negative effects on communities through additional channels as well. First, a locality with a high volume of conditionally subsidized housing could not only create negative incentives for local residents, but also attract low human capital migration from places with less generous provisions (Painter 1997, Meyer 2000, Moffitt 1992), akin to the rural-urban model of Harris and Todaro (1970). In this scenario, a limited availability of public housing units could lead to an influx of poor, low-skilled families who hope to receive public housing. Second, the very nature of public housing in which no one has a

direct ownership stake, combined with the rules on rental income and maintenance expenditures, could lead to under-investment in maintenance and caretaking, even relative to the private slum conditions that prevailed elsewhere (Jones, Kaminsky, and Roanhouse 1979, Salisbury 1958, Meehan 1979, Ellen 2007). These negative effects could lead to increases in crime, taxes, or other disamenities, which in turn could spur outmigration by the better-off (Cullen and Levitt 1999). This would induce a negative circle as opposed to the virtuous one suggested by early proponents. Whether the spillovers from public housing's expansion were positive or negative, and whether any such spillovers were of sufficient magnitude to detect at the local level, require empirical investigation.

2. Data

To assess the effects of public housing on local economic outcomes, I exploit variation in public housing across counties. I create a comprehensive new dataset of public housing units from the program's beginning in 1933 up to President Nixon's moratorium in 1973, based on information from HUD's *Consolidated Development Directory* (1973, henceforth *CDD*). The *CDD* contains detailed information on the years of construction and availability of low-rent housing projects, the number of units available, and the program under which projects were funded. The dataset includes *all* active projects developed by HUD for low-rent housing use. It includes projects constructed under the PWA, the Housing Act of 1937, and the Housing Act of 1949, leased and turnkey housing, and war and defense housing that was converted to low-rent use.¹⁶

I consolidate the *CDD* data to the county level because public housing was a widespread phenomenon, distributed across more than 1,400 counties by 1970. By doing this, I am able to include data on all projects in all counties.¹⁷ I link the county-level public housing aggregates to county-level data from the 1940, 1950, 1960, and 1970 censuses (Haines 2004). I also add data from the 1952 *Survey*

¹⁶ Leased housing is included in my analysis and makes up approximately 6 percent of the public housing in my dataset. Results are robust to the exclusion of leased units. Housing units operating under the Indian housing program are reported in the *CDD*, but excluded from this analysis.

¹⁷ Limiting the dataset to cities would omit the vast majority of the program's projects, leaving a sample of only approximately 400 cities, as opposed to nearly 3,000 counties.

of *Churches and Religious Bodies* (Haines 2004) and 1940 presidential election results (Leip 2009) to help control for heterogeneity in social and political environments.¹⁸ Summary statistics are reported in Appendix Table A.1.

The rise of public housing is shown in detail in Figure 1, which maps the level of public housing in each county from 1940 to 1970. Counties are shaded by public housing intensity, expressed as a percentage of total occupied housing units in each county. Few counties had public housing in 1940 and 1950, but participation in the program took off in the 1950s and 1960s, following the Housing Act of 1949. By 1970, over 1,400 counties had public housing and nearly a quarter of the existing public housing stock was located in non-metropolitan areas.¹⁹ There is clearly a great deal of variation across counties, even within states, which will serve as a basis for the econometric analysis below.

3. The Effects of Public Housing Circa 1970

3.1 Empirical Strategy and Basic Results

To assess the impact of public housing on communities, I start by running regressions of a variety of county-level economic outcomes (Y) on public housing intensity (PH), an extensive set of pre-program community characteristics (\mathbf{X}), and state fixed effects (Γ).

$$(1) \quad Y_{county, 1970} = \alpha + \beta PH_{county, 1970} + \mathbf{X}'_{county, 1940} \boldsymbol{\gamma} + \Gamma_{state} + \varepsilon_{county, 1970}$$

My main variables of interest, $Y_{county, 1970}$, are the log of median owner-occupied property values, the log of median family income, the percent of families with low income, and the log of population density. The concentration of public housing, $PH_{county, 1970}$, is measured as the percentage of occupied dwelling units comprised of public housing. The pre-program control variables, $\mathbf{X}_{county, 1940}$, are extensive and include

¹⁸ Counties were merged in cases in which there were significant boundary changes between 1940 and 1970. The majority of these cases occurred in Virginia, where many cities became independent during this period. Additional details are provided in Appendix A.

¹⁹ Metropolitan/urban areas are defined using 1950 SMA codes.

housing stock characteristics (percent owner occupied, median persons per room in rental units, percent of units in good condition, percent of units with electricity, percent of units with water, log median value), population characteristics (percent urban, male median schooling, log population density, percent black and percent black squared), economic characteristics (percent of the labor force employed in manufacturing, percent of the labor force employed in agriculture, the per capita value of World War II contracts between 1940 and 1945, the per capita value of war facilities projects between 1940 and 1945), and some social and political characteristics that could underpin differences in support for public housing programs (the percentage of votes for Roosevelt in 1940 and percentages of Baptists and Catholics in 1950).²⁰ State fixed effects account for unobservable differences at the state level and standard errors are clustered by state.

The coefficient of interest, β , is identified from within-state variation in PH , adjusting for observable characteristics in 1940. Therefore, the estimated coefficient could be interpreted as a causal effect of public housing if, within-state, there are no omitted variables that are correlated with public housing intensity and that influence the outcome variables of interest. Public housing, of course, was not randomly distributed across counties, and so one should hesitate to assign a causal interpretation to the coefficient. Nonetheless, the rich set of pre-program control variables and the existence of idiosyncratic variation in local public housing intensity within states (e.g., due to local politics surrounding the issue) may allow some scope for uncovering public housing effects. Further investigation into the robustness of the results to omitted variable bias is discussed below and suggests that the relationship between public housing and 1970 community-level characteristics might well be causal.

Table 1 reports the estimation results of equation (1). Controlling for $\mathbf{X}_{county, 1940}$ and state-fixed effects, counties with relatively high levels of public housing in 1970 also had relatively high concentrations of low-income families, as well as lower median family income, median property values,

²⁰ The Democratic platform can be found at www.presidency.ucsb.edu/ws/index.php?pid=29597. The Republican platform did not mention housing policy specifically but it did stress the problems with New Deal deficit spending and the Republican nominee, Wendell Willkie, was in favor of reducing both the government deficit and government spending (<http://www.presidency.ucsb.edu/ws/index.php?pid=29640>).

and population density. A one-percentage-point increase in public housing concentration is associated with a 0.46 percentage point increase in families with less than \$3,000 income (compared to an average level of 16.7 percent) and is statistically significant at the one percent level.²¹ The same increase in public housing intensity is also correlated with a 2.1 percent decrease in median property values, a 1.8 percent decrease in median family income, and a 4.4 percent decrease in population density (all at a one percent level of statistical significance).

3.1.1 Results with State-Economic-Area Fixed Effects

The potential for unobservable shocks and trends *within* states threatens the credibility of the identification strategy in equation (1). One can imagine counties that are observationally similar circa 1940, but distant from one another within the state, and therefore subject to different shocks. With this in mind, I test the sensitivity of the base results by running the regressions again, replacing the state fixed effects with a much larger set of State Economic Area (SEA) fixed effects. SEAs are comprised of contiguous counties with similar economic characteristics around 1950, as defined by the Census Bureau.²² There are 506 SEAs in my sample, and the median SEA contains four counties. Because SEAs are composed of economically similar counties in close proximity, counties within a given SEA should experience similar economic trends or shocks.

Results identified from within-SEA variation in *PH* are reported in Table 2. I still find that public housing intensity in 1970 is significantly correlated with relatively low median property values, median family income, and population density, and relatively high percentage of low-income families in 1970. The magnitudes of the point estimates are somewhat smaller (by approximately one-third relative to Table

²¹ The mean public housing intensity of all counties in 1970 is 0.81. This rises to 1.75 when the sample is limited to counties with public housing.

²² The 1950 Census describes the classification of SEAs as follows: “In the establishment of State economic areas, factors in addition to industrial and commercial activities were taken into account. Demographic, climatic, physiographic, and cultural factors, as well as factors pertaining more directly to the production and exchange of agricultural and nonagricultural goods, were considered. The net result is a set of areas, intermediate in size between States, on the one hand, and counties, on the other, which are relatively homogeneous with respect to a large number of characteristics” (Volume I, p. xxxvi).

1), but are statistically significant at the one percent level and consistent with public housing having economically significant negative effects on local outcomes. While some scope for omitted variable bias still exists, the strong empirical links between public housing and local outcomes even within-SEAs (and conditional on pre-program characteristics) are striking.

3.1.2 Results with Pre-1940 Population Trends

The results presented thus far control for a large set of 1940 pre-program characteristics and geographic fixed effects. However, these variables control for counties' characteristics at a fixed point in time and may not pick up differences in underlying growth. The majority of my 1940 controls are not available for previous years, however I do have information on the total population, black population, and number of dwelling units in each county in 1900, 1910, 1920, and 1930. If counties were building public housing as a response to changes in population (not simply 1940 population levels), then adding controls for changes in these variables would reduce the public housing coefficient. I run the regressions again with state fixed effects, adding controls for the percent change in total population, black population, and number of dwelling units between 1900-1910, 1910-1920, 1920-1930, and 1930-1940. Adding these controls leaves me with a somewhat reduced sample (2323 observations compared to 2973), so I run the base regression without trends again with the limited sample, for comparison. Results are reported in Table 3. While my sample size is somewhat reduced, the magnitude and statistical significance of my public housing coefficients remain virtually unchanged. For example, in a regression of log median property values on public housing intensity, 1940 controls, pre-1940 population and dwelling unit trends, and state fixed effects, the public housing coefficient is -0.020, compared to -0.022 for the same sample without controlling for pre-program trends, and -0.021 using the original sample (reported in Table 1, also without trend controls). Results are similar for the other outcomes as well, and this pattern is robust to the inclusion of SEA fixed effects.

3.1.3 Observables, Unobservables, and Causal Interpretation

The robustness of the results to SEA fixed effects and to pre-program population trends suggest that public housing may indeed have had negative effects on outcomes in 1970. However, omitted variables might still confound the estimated correlation between public housing and outcomes. For example, a county declining in ways that are unobservable to an econometrician might experience a fall in income and an increase in demand for (and supply of) public housing. In this scenario, the cross-place variation of PH is not driven by quasi-random, idiosyncratic local factors, but rather by unobserved negative trends.

To assess how strong such unobserved factors would have to be for the true causal link between PH and Y to be zero, I use a procedure formulated by Altonji, Elder, and Taber (2005).²³ The Altonji et al. approach centers on a comparison of coefficient estimates from regressions with and without controls for observables. In theory, if the variable of interest were essentially randomly distributed (i.e., there is no selection based on observable or unobservable characteristics), then the coefficient estimated with and without control variables for observables would be the same. In practice, therefore, one might be less concerned about *unobservables* if adding extensive controls for observables does not diminish the coefficient on the variable of interest. On the other hand, if the coefficient of interest is substantially diminished in magnitude when controls for observable characteristics are added, then one might be particularly concerned that the coefficient estimate would move even closer to zero if one could actually control for additional, unobservable characteristics.

To be more precise, assume that an outcome variable is a function of public housing intensity and an index of community characteristics that may be correlated with public housing. Also assume that the index of community characteristics is a linear function of observable characteristics (\mathbf{X}) and unobservable characteristics. The probability limit of an estimated $\hat{\beta}$ is the sum of the true value of β , denoted β_0 , and the omitted variable bias. In a regression without controls, $\hat{\beta}_{NC}$ (where NC stands for “no controls”) is

²³ Bellows and Miguel (2009) make use of the Altonji et al. (2005) procedure and adapt it to a linear framework.

equal to β_0 plus the total omitted variable bias (from both observable and unobservable characteristics). Similarly, in a regression with controls for observable characteristics \mathbf{X} , the probability limit of $\hat{\beta}_C$ is equal to β_0 plus the portion of the total omitted variable bias that is not controlled for by \mathbf{X} . The difference between $\hat{\beta}_{NC}$ and $\hat{\beta}_C$ is therefore equal to the portion of the total omitted variable bias that *can* be explained by \mathbf{X} .

If the true effect of public housing intensity on outcomes is zero ($\beta_0 = 0$), then the value of $\hat{\beta}_{NC}$ is simply equal to the total omitted variable bias, and the value of $\hat{\beta}_C$ is the portion of the omitted variable bias attributable to unobservables. Therefore, if the true value of β is zero, then the ratio of the bias explained by unobservables and the bias explained by \mathbf{X} (later referred to as the “sensitivity ratio”) can be calculated as $\hat{\beta}_C / (\hat{\beta}_{NC} - \hat{\beta}_C)$. If the addition of controls diminishes the point estimate by less than half, the sensitivity ratio is greater one. Altonji et al. (2005) argue that “...the ratio of selection on unobservables relative to selection on observables is likely to be less than one... (p. 176-177)”, implying that it is unlikely that the inclusion of unobservables would reduce the point estimate by a greater amount than the inclusion of observables. Therefore, if the addition of controls diminishes the point estimate by less than half (i.e., the sensitivity ratio is greater than one), then the true value of β is not likely to be zero.

24

I use this technique to assess the direction and strength of selection on unobservables that would be necessary for the true effect of public housing to be equal to zero. Of course, this cannot rule out omitted variable bias in the point estimate, but it allows some appraisal of the plausibility that unobservables drive the basic results. I run regressions with and without controls for \mathbf{X} with my state fixed effects specification and report the results and estimated sensitivity ratios in Table 4. “With controls” results simply replicate those from Table 1 for ease of comparison. Without controls for \mathbf{X} , public housing intensity is positively correlated with 1970 log median property values, log median family income, and log population density and negatively correlated with the percent of families with low

²⁴ See Appendix B for a more thorough discussion and derivation.

income within states. In fact, it is the addition of my extensive set of controls that causes the public housing coefficient to become negative (or positive in the case of the percent of low-income families) and statistically significant. While the majority of the estimates without controls are not statistically significant, they suggest that, if anything, county-level selection into public housing on observables was apparently positive.

Ex ante, the concern was that if the addition of control variables diminished the public housing coefficients, then it is plausible that the inclusion of omitted variables would push the estimates even closer to zero. However, the addition of controls actually *strengthen* my results and the estimated sensitivity ratios are negative. In order for the true effect of public housing to be zero, including the relevant unobservable characteristics would have to push the public housing coefficient in the opposite direction as my extensive set of observable characteristics and do so in a similar magnitude. It therefore seems unlikely that omitted variable bias explains away the entire effect of public housing.

3.2 Rural and Urban Counties

Given that most of the criticism of public housing predominantly focuses on large cities, it is possible that the experiences of urban areas were different from those of rural areas. To assess these differences, I estimate equation (1) again, separating my sample by urban status. I define “rural” counties as counties with no more than 25 percent urban population in 1940. The remaining counties are classified as “urban”. Because my urban definition is broad, I also run the regressions with a more restricted sample of counties in a Standard Metropolitan Area (SMA) in 1950. Results are reported in Table 5. The results suggest that public housing had negative effects in urban and rural counties. The point estimates for the log median property value and log median income regressions are somewhat smaller for rural counties (-0.017 and -0.017 for rural counties, compared to -0.021 and -0.020 for urban counties, respectively), but remain statistically significant at the one percent level. The effects of public housing are larger for counties in SMAs in 1950 for all outcomes. For example, the point estimate for log population density is -0.096 for counties in SMAs, compared to -0.036 for counties with more than 25 percent urban

population. The point estimate for log median property values is -0.023 for counties in SMAs, compared to -0.021 for urban counties.

4. The Effects of Public Housing over Time

4.1 Effects of Public Housing in 1950 and 1960

Public housing appears to have had negative effects on adoptive communities in 1970, but it is unclear whether these effects existed in earlier periods. It is possible that public housing, when relatively new and under the original rules of tenant selection, had no negative effects (or potentially positive effects) on local communities. However, given the disappointment many supporters of the program felt with public housing as early as the late 1950s, these negative effects may have been present earlier. To assess whether the negative relationship between public housing and community outcomes was in place prior to 1970, I estimate equation (1) for similar outcome measures in 1960 and 1950, using public housing intensity measures that are specific to those years. The set of 1940 control variables are the same as for the earlier analysis and state fixed effects are included.

Results are reported in Table 6, and they suggest that public housing did *not* have negative effects on adoptive communities before 1970. Public housing was not statistically significantly correlated with log median property values, log median income, the percent of families with less than \$3,000 income, or log population density in 1960. Public housing was also not statistically significantly correlated with log median property values, the percent of families with low income, or log median income in 1950. The coefficient on public housing is statistically significant in the log population density regression for 1950, however the coefficient is positive.

Several hypotheses might account for this pattern of results. One possibility is that there were changes in the types of counties adopting or expanding public housing over time. Counties with negative unobservable characteristics could have rapidly adopted or expanded public housing in the 1960s, causing public housing to be correlated with poor community outcomes. Of course, the variety of robustness checks presented above (using SEA fixed effects, controlling for pre-program trends, and assessing the

necessary relative size of the omitted variable bias) suggest that negative selection does *not* explain the negative public housing effects in 1970.

Another possibility is that the type (e.g., high rise, low rise, scattered site) or quality of public housing built could have varied by decade of construction. If higher density or lower quality public housing was built in the 1960s, then the public housing built during this decade may have led to larger negative effects than older, higher-quality, less densely populated public housing. On the other hand, the negative effects may have nothing to do with public housing built in the 1960s specifically, but could be due to the long-run deterioration of projects like Salisbury (1958) observed in New York City. Even though the process of decay started decades earlier in some places, it may have taken until the 1960s for local economies to adjust and for these effects to be detectible at the county level. Yet another explanation is that it was the interaction of public housing with events that occurred in the 1960s (such as the spread of drugs, violence, crime, riots, or changes in family structure) that caused places with public housing to have worse economic outcomes in 1970. In this scenario, public housing may have amplified the negative effects of these other forces on communities.

4.2 Effects of Public Housing in 1970, by Date of Construction

4.2.1 *Effects of Public Housing Built Pre- and Post-1960*

It is difficult to empirically distinguish between all these possibilities, but because my dataset includes information on the year in which all public housing became available, I can explore whether a rapid expansion of public housing during the 1960s can explain the base results. If public housing built in the 1960s is largely driving my results, then the proportion of housing units composed of public housing built before 1960 should not be negatively correlated with 1970 outcomes. This would be consistent with either negative decade-specific selection into the program, or “worse” public housing built in the 1960s.

To assess whether public housing built in the 1960s is driving my 1970 results, I run two additional sets of regressions. The first specification is similar to equation (1), but uses the proportion of the 1970 housing stock composed of public housing built by 1960 as the key independent variable. The

second specification divides 1970 public housing intensity into two measures: the proportion of the 1970 housing stock composed of public housing built by 1960 (as in the first specification) and the percent of the 1970 housing stock composed of public housing built between 1961 and 1970. This allows for public housing built before and after 1960 to have different effects. Results for both specifications are reported in Table 7.

There is a strong and negative relationship between the 1960 public housing stock and economic outcomes in 1970. For my first specification (in which I include a measure of 1960 public housing, reported in Panel A), my point estimates are similar to those reported in Table 1. For example, a one percentage point increase in the percent of housing composed of 1960 public housing is correlated with a 1.5 percent decrease in median property values (statistically significant at the five percent level), compared to a 2.1 percent decrease found in Table 1. A similar increase in the percent of housing composed of 1960 public housing is correlated with a 1.8 percent decrease in median family income, compared to the 1.8 percent decrease found in Table 1 (also statistically significant at the five percent level). Results in the regressions of the percent of low income families, and log population density are also similar to those reported in Table 1. These results are robust to the inclusion of a separate control for public housing built in the 1960s (panel B), as the point estimates of 1960 public housing (as a percentage of 1970 housing units) remain virtually unchanged when the control for later public housing construction is added. The estimated coefficient on the intensity of public housing built in the 1960s is similar to the estimated coefficient on the intensity of public housing built before 1960 for population density, the percent of low-income families, and median family income. However, public housing built in the 1960s appears to have a larger effect on median property values than public housing built earlier on. A one percentage point increase in the intensity of public housing built in the 1960s is correlated with a 2.3 percent decrease in median property values, compared to a 1.5 percent decrease for public housing built before 1960.

4.2.2 Effects of Public Housing Built in the 1930s, 1940s, 1950s, and 1960s

While public housing built before and after 1960 appear to have similar effects on most 1970 outcomes, it is possible that public housing built in different decades had varying effects on outcomes. To better understand these effects, I allow public housing to have different effects by decade of construction. It is possible that old units have large effects on outcomes because of long-run deterioration of the buildings or because the units have had a longer time to create negative spillovers large enough to be measured in county-level aggregates. On the other hand, it is possible that newer units had a larger effect on outcomes, as more high rises became more common and the quality of construction is rumored to have decreased. I estimate equation (1) again, allowing for separate effects of public housing built in the 1930s, 1940s, 1950s, and 1960s. Public housing built in each decade is measured as the percent of total occupied units in 1970 composed of public housing units built in that particular decade.

Results are reported in Table 8. Public housing built in the 1940s generally has the largest effects on outcomes. For example, a one percentage point increase in the intensity of public housing built in the 1940s is correlated with a 4.7 percent decrease in median property values (compared to a 2.1 percent decrease in Table 1). These large effects of 1940s public housing are consistent with these units having increased time that the units had to affect community outcomes or, by 1970, being of lower quality due to prolonged lack of maintenance.

Public housing built in the 1960s has the second largest effects. A one percentage point increase in the intensity of public housing built in the 1960s is correlated with a 2.4 percent decrease in median property values. Similar increases in the intensity of public housing built in the 1940s and 1960s are correlated with a 3.5 and a 1.9 percent decrease in median family income, respectively. The magnitude of the point estimates for public housing built in the 1950s are consistent with it having negative effects on 1970 median income, population density, and the percent of low-income families, although the estimates for median income and the percent of low-income families are not statistically significant. However, the estimated coefficient on the effects of 1950s public housing construction on median property values is very low. The results are also weaker for public housing built in the 1930s. This could be due to

selection into the program, as only 88 of my 2973 counties completed public housing projects before 1940.

It is unclear why the results are weaker for public housing built in the 1950s, particularly given the criticism that many of the projects in large cities received during this decade. Because much of the criticism focused on high rises, which were concentrated in large cities, it is possible that these negative effects exist in metropolitan areas but are being suppressed by the non-metropolitan counties in my sample. To assess whether this pattern is also present in metropolitan areas, I estimate these regressions again, limiting my sample to counties within Standard Metropolitan Areas (SMAs) in 1950. Results are reported in Table 8. For this sample, public housing built in every decade appears to have an adverse and statistically significant effect on median income and the percent of low-income families. The results are also consistent with public housing built in the 1940s, 1950s, and 1960s having similar negative effects on median property value, however these coefficients are not statistically significant. The point estimate on public housing built in the 1930s is positive, although it also is not statistically significant.

5. Potential Mechanisms of Public Housing

5.1 Public Housing and Occupancy Tenure

It is difficult to decipher the channels through which public housing may have negatively affected outcomes in 1970, however one possibility is that the effects stem from an increase in the number of rental units. If public housing increases the supply of housing and this increase is not accompanied by an increased demand for housing, then property values could mechanically fall. Also, to the extent that homeowners are willing to pay a premium to live near other homeowners, public housing may lower property values if it decreases the share of owner-occupied units (Glaeser and Shapiro 2002). To assess whether the effects of public housing on property values are being driven by a change in rental housing, I first run equation (1) again, using the percent of owner-occupied housing in 1970 as my dependent variable. Next, I run the regressions for log median property values, log median family income, the percent of low-income families, and log population density again, controlling for the percent of owner-

occupied housing in 1970 (as well as pre-program characteristics and state fixed effects). The percent of owner-occupied housing in 1970 is likely endogenous to public housing, and so the coefficient on *PH* should not be interpreted as a causal effect of public housing intensity when the 1970 control is included. However, observing how the coefficient on public housing changes with the addition the endogenous control will shed light on whether the change in owner-occupied housing is driving the results in Table 1. If public housing negatively affected property values and other outcomes through increasing the share of rental units, then controlling for the percent of owner-occupied units will absorb the public housing “effect”.

Results are reported in Table 9. Results in column 1 suggest that public housing is negatively correlated with the percent of owner-occupied units in 1970. A one percentage point increase in public housing intensity in 1970 is correlated with a 0.46 percentage point decrease in the percent of owner-occupied units in 1970 (statistically significant at the one percent level). I also find that the change in the percent of owner occupied units cannot explain the effects of public housing. Columns 2 through 5 report results for regressions of median property values, median income, the percent of low-income families, and population density, which control for the percent of owner-occupied housing in 1970. When I include this control, the point estimates for log median property value and log population density actually increase, and the point estimates of log median income and the percent of low-income families remain virtually unchanged. This suggests that the effects of public housing are not simply due to an increase in the supply of rental units.

5.2 Public Housing and Local Human Capital

Public housing may also affect outcomes by changing the characteristics of the population. While I cannot observe the characteristics of tenants living in public housing, differential changes in county education levels may give some insight into whether the effects worked through changes in the composition of the local population. First, I assess whether public housing is negatively associated with the 1970 education level of county residents, conditional on observables and state fixed effects (equation

(1)). Next, I assess whether public housing's negative correlation with economic outcomes is accounted for by variation in the local population's educational attainment, which could in turn be driven by differential changes in the education of local youth or by selective migration.

Results are reported in Table 10. In column 1, public housing has a strong negative conditional correlation with the percent of high school graduates in 1970. A one percentage point increase in public housing intensity is associated with a 0.57 percentage point decrease in the percent of high school graduates (statistically significant at the one percent level). Subsequent columns add the 1970 percent of high school graduates variable as a control in to the base regressions for property values, median income, low income, and population density. Controlling for 1970 educational composition reduces the coefficient on public housing by between one-third and one-half. For log median property values, controlling for the educational composition of the 1970 population causes the coefficient on public housing to fall from -0.021 (in base regression) to -0.011 (in Table 10), while the coefficient in the log median family income regression falls from -0.018 to -0.0012. The coefficient falls from 0.46 to 0.28 for the percent of families with low income, and falls from -0.044 to -0.029 for log population density. This pattern suggests that part, but not all, of the estimated effects of public housing on the outcome variables of interest might work through effects on the educational attainment of the local population.

5.2.1 Public Housing and Selective Migration

There are several ways in which public housing may have negatively affected educational attainment. As discussed earlier, it is possible that public housing lowered human capital by creating perverse education and labor market incentives for local residents. Or, public housing may have influenced human capital through selective migration, either by encouraging low education residents to move into the locality, or by encouraging high education residents to move out. To better understand the relationship between public housing and human capital, I assess whether places that adopted public housing had relatively larger (smaller) populations of high school dropouts (graduates) in 1970. If public housing created negative incentives for locals and/or encouraged the in-migration of low-human capital

residents, then the number of high school dropouts may be positively correlated with public housing. On the other hand, if public housing was simply encouraging the out-migration of high-human capital residents, then the number of high school dropouts need not be positively correlated with public housing. However, in this case public housing would be negatively correlated with high school graduates.

To assess the relationship between public housing and the population of low- and high-human capital residents, I run equation (1) again, using the log number of high school graduates and dropouts as my variables of interest. Results are reported in Table 11. The point estimates on public housing intensity in the regressions of the log number of high school graduates and the log number of high school dropouts in 1970 are -0.044 and -0.022, respectively (statistically significant at the one and five percent levels). This suggests that a one percentage point increase in public housing intensity is correlated with a 4.4 percent decrease in the population of high school graduates, but only a 2.2 percent decrease in the number of high school dropouts. I run the regressions again, this time controlling for the log number of high school graduates (dropouts) in 1960. The point estimates fall by approximately half, however both remain negative and statistically significant and the coefficient for the number of high school graduates is more than twice the magnitude of the coefficient for the number of high school dropouts. This is consistent with public housing encouraging the out-migration of both high- and low-education residents, however the low-education residents appear to leave more slowly than the high-education residents.

6. Conclusions

Federally-funded low-income public housing originated as a response to decades of concern about the quality of housing for the nation's poor. The program was controversial from its inception in the 1930s, and in the mid-1970s, construction of new public housing was temporarily halted as policy shifted toward a voucher system. It was widely believed that public housing projects had deteriorated into the slums that they were meant to replace. Nonetheless, most of the projects are still in operation, and a better understanding of their effects on adoptive communities would be valuable.

Using new data from the *Consolidated Development Directory*, I am able to estimate the effects of public housing on population and housing market outcomes for localities in the period up to 1970, before the major policy shift away from public housing construction. I find public housing to be negatively associated with 1970 county-level outcomes such as median income, median property values, the percent of low-income families, and population density. Further tests suggest that these results are causal. These effects are largest in metropolitan areas, however public housing appears to have negative effects on rural counties as well.

I also find that public housing had no measurable negative effect on outcomes in 1950 or 1960, suggesting that either long-run negative effects only began to emerge at that time, or that something specific about the 1960s interacted with public housing in a way that intensified negative spillovers to the locality. While it is difficult to decipher the exact channels through which public housing affected communities, I assess whether these public housing effects work through increases in the supply of rental housing or through changes in the educational composition of the population. I find that public housing is correlated with a slight decline in the percent of owner-occupied housing in 1970, however this change cannot account for the negative effects. I also find that public housing was negatively correlated with educational attainment in 1970 (controlling for 1940 levels), and that these compositional changes in the population account for a sizable fraction, but not all, of the public housing effect on other economic outcomes. This link does not appear to work through the attraction of low human-capital migrants. Further research will be necessary to uncover the nature of the strongly negative turn in public housing's association with local outcomes during the 1960s.

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Appendix A: Data

1. Data Sources

Public housing data comes from the *Consolidated Development Directory (CDD)*, published by the U.S. Department of Housing and Urban Development (1973). The *CDD* contains project-level information on the state and locality (generally this is the name of a city, although it is occasionally reported at the county level); project number; type of program at the latest stage of construction (e.g., Acquisition, Conventional new construction, Leased housing, Turnkey, PWA, Housing Act of 1937, National Defense housing (converted for low-income use), etc.); total and elderly units planned; total and elderly units completed; dates of initial and full occupancy. Housing built under the Indian Housing Program is included in the *CDD*, but excluded from the analysis. I assign each project to its county and aggregate the data in 1940, 1950, 1960, and 1970 by summing the total units of low-income housing in projects with full occupancy on or before those years.

The data for population density, median family income, median property values, and the percent of low-income families are from the 1947, 1952, 1962, and 1972 *County Data Book* files compiled by Haines (2004, file numbers 70, 72, 74, and 76). These files also include data for the percent of owner-occupied housing units in 1940 and 1970, median persons per room in rental units, percent of units in good condition, the percent of units with electricity, percent of units with water, percent urban, male median schooling, percent black, percent of the labor force in agriculture and manufacturing in 1940, the value of World War II contracts and facilities projects between 1940-1945, Standard Metropolitan Area (SMA) status and State Economic Area (SEA) in 1950, and the percent of high school graduates in 1960 and 1970.²⁵ Data for the percent of Baptists and Catholics comes from the 1952 *Survey of Churches and Church Membership* (Haines 2004, file number 57). Data for the percent of votes of Roosevelt in 1940 come from Leip (2009). Data on the population, black population, and number of dwelling units in 1900, 1910, 1920, and 1930 come from the 1900, 1910, 1920, and 1930 Census (Haines 2004, file numbers 20, 22, 24, and 26).

2. Boundary Changes and Data Merging

There were several instances in which there were significant county boundary changes between 1940 and 1970. For these cases, I combined counties (or independent cities and counties) to form consistent boundaries. Most of the cases occurred in Virginia, as a number of cities became independent cities during this period. A detailed description of combined localities is below.

Virginia

- Bedford City into Bedford County (1970): Bedford City became independent from Bedford County in 1968. I combined Bedford City and Bedford County in 1970.
- Colonial Heights City into Chesterfield County (1950, 1960, 1970): Colonial Heights City became independent from Chesterfield County in 1948. I combined Colonial Heights City and Chesterfield County in 1950, 1960, and 1970.
- Covington City into Alleghany County (1960, 1970): Covington City became independent from Alleghany County in 1952. I merged the two in 1960 and 1970.
- Emporia City into Greensville County (1970): Emporia City became independent from Greensville County in 1967. I merged the two in 1970.

²⁵ I use the percent of the labor force working on farms as a proxy for the percent of the labor force in agriculture in 1940.

- Fairfax City into Fairfax County (1970) and Falls Church City into Fairfax County (1950, 1960, 1970): Falls Church City and Fairfax City were both part of Fairfax County in 1940. Falls Church City became independent in 1948 and Fairfax City became independent in 1961. I merged Falls Church City and Fairfax County in 1950 and 1960 and merged Falls Church City, Fairfax City, and Fairfax County in 1970.
- Franklin City into Southampton County (1970): Franklin City became independent from Southampton County in 1961. I merged Franklin City and Southampton County in 1970.
- Lexington City into Rockbridge County (1970): Lexington City became independent from Rockbridge County in 1965. I merged the two in 1970.
- Norton City into Wise County (1960, 1970): Norton City became independent from Wise County in 1954. I merged the two in 1960 and 1970.
- Virginia Beach into Princess Anne County (1960, 1970): Virginia Beach became independent from Princess Anne County in 1952. In 1963, Princess Anne County was consolidated into Virginia Beach. I assigned Princess Anne to Virginia Beach in 1940 and 1950 and merged the two in 1960.
- Salem City into Roanoke County (1970): Salem City became independent of Roanoke County in 1968. I merged the two in 1970.
- South Boston City into Halifax County (1960, 1970): South Boston City became independent from Halifax County in 1960. I merged the two in 1960 and 1970.
- Waynesboro City into Augusta County (1970): Waynesboro City became independent of Augusta County in 1948. I merged the two in 1950, 1960, and 1970.
- Chesapeake City, Norfolk County, and South Norfolk City (1940, 1950, 1960): The City of South Norfolk and Norfolk County were consolidated to form Chesapeake City in 1962. Norfolk County and South Norfolk were merged in 1940, 1950, and 1960 and assigned to Chesapeake City.
- Newport News City and Warwick County (1940, 1950): Warwick County was consolidated with Newport News in 1958. I merged the two in 1940 and 1950.
- Galax City, Carroll County, and Grayson County (1940, 1950, 1960, 1970): Galax City became an independent city in 1954 and was formed from parts of Carroll and Grayson Counties. All three were merged for every period in the dataset.
- Warwick County and Newport News City (1940, 1950): Warwick County was consolidated into Newport News City in 1958. I merged Warwick County and Newport News in 1940 and 1950.

New Mexico

- Los Alamos County, Santa Fe County, Sandoval County (1940, 1950, 1960, 1970): Los Alamos County was formed in 1949 from parts of Santa Fe and Sandoval Counties. All three were merged for every period in the dataset.

Large Cities

- New York City reports public housing at the city level, and is located in Bronx County, Kings County, New York County, Queens County, and Richmond County. I merged these 5 counties for my analysis for all years.

- Kansas City, MO reports public housing at the city level, and is located in Cass County, Clay County, Jackson County, and Platte County. I merged these 4 counties for my analysis for all years.

Details on Merging:

When consolidating counties, I used the weighted average of the counties' values. For example, I weighted median owner-occupied property values by the number of owner-occupied units, median family income and the percent of low-income families by the number of families, the percent of the population 25 and up with a high school degree by the population 25 years and up, and the percent of owner-occupied units by total occupied units. Data for the variables used as weights come from the *County Data Books* (Haines 2004).

Table A.1: Summary Statistics

	Mean	standard deviation
Percent of public housing units 1970	0.8085	1.246
Percent of public housing units 1960	0.3230	0.7960
Percent of public housing units 1950	0.07604	0.3758
Ln median property value 1970	9.275	0.3580
Ln median family income 1970	8.888	0.2530
Percent of families with <\$3,000 income 1970	16.67	8.396
Percent of female-headed households 1970	8.999	3.201
Ln density 1970	3.487	1.499
Percent of high school grads 1970	44.64	12.54
Percent of lf in manufacturing 1940	10.64	10.54
Percent of lf in agriculture 1940	23.31	13.18
Percent pop urban 1940	23.08	24.55
Percent units owner occupied 1940	49.94	11.67
Median persons per rental unit 1940	3.476	0.4067
Percent units good 1940	68.22	12.70
Percent units electricity 1940	53.64	24.22
Percent units water 1940	40.74	24.22
Ln median property value 1940	7.225	0.5807
Median years schooling, males 1940	7.750	2.037
Ln density 1940	3.377	1.311
Percent black 1940	10.66	17.78
Percent votes for Roosevelt 1940	60.50	20.25
Percent pop Baptist 1950	10.15	11.49
Percent pop Catholic 1950	11.11	15.73
Total Major War Supply Contracts (\$000s) 1940-1945 per capita	0.3925	1.800
Total Major War Facilities Projects (\$000s) 1940-1945 per capita	0.1750	0.7347
Observations	2973	

Appendix B: Sensitivity of OLS Results to Omitted Variable Bias

I assess the sensitivity of my results to omitted variable bias by adopting a technique formulated by Altonji, Elder, and Taber (2005). In Altonji, et al. (2005), the authors adopt a bivariate normal framework and assess the sensitivity of their results to omitted variables by running regressions with and without observable controls. The basic idea is that if the coefficient of the variable of interest is not sensitive to the inclusion (exclusion) of observable controls, then it is unlikely that the coefficient is sensitive to the inclusion (exclusion) of *unobservable* controls. Bellows and Miguel (2009) adapt this framework to fit a linear model.

Assume that 1970 community outcomes, Y_{1970} , are a function of public housing intensity, PH , and community characteristics, \mathbf{Z} . I would like to estimate the function

$$Y_{1970} = \alpha + \beta PH + \mathbf{Z}'\boldsymbol{\lambda} + \varepsilon. \quad (\text{B.1})$$

Suppose, however, that instead of observing \mathbf{Z} , I can only observe \mathbf{X} , where

$$\mathbf{Z} = \mathbf{X}'\boldsymbol{\theta} + \mathbf{Z}_{unobs}. \quad (\text{B.2})$$

Instead of estimating equation (B.1), I estimate

$$Y_{1970} = \alpha + \beta_C PH + \mathbf{X}'\boldsymbol{\lambda} + \varepsilon. \quad (\text{B.3})$$

The probability limit of $\hat{\beta}_C$ (where “ $_C$ ” indicates a regression run with controls for \mathbf{X}) is equal to the true value of β plus the omitted variable bias from the exclusion of \mathbf{Z}_{unobs} :

$$\text{plim } \hat{\beta}_C = \beta + \gamma \text{cov}(PH, \mathbf{Z}_{unobs}) / \text{var}(PH). \quad (\text{B.4})$$

If I run the following regression with no controls,

$$Y_{1970} = \alpha + \beta_{NC} PH + \varepsilon, \quad (\text{B.5})$$

then the probability limit of $\hat{\beta}_{NC}$ (where “ $_{NC}$ ” indicates no controls) is equal to the true value of β plus the omitted variable bias from the exclusion of \mathbf{Z} :

$$\text{plim } \hat{\beta}_{NC} = \beta + \gamma \text{cov}(PH, \mathbf{Z}) / \text{var}(PH). \quad (\text{B.6})$$

When I estimate equation (B.5) with no controls, the total omitted variable bias due to the exclusion of \mathbf{Z} is equal to the sum of the omitted variable bias from the exclusion of \mathbf{X} and the omitted variable bias from exclusion of \mathbf{Z}_{unobs} :

$$\gamma \text{cov}(PH, \mathbf{Z}) / \text{var}(PH) = \gamma \text{cov}(PH, \mathbf{X}'\boldsymbol{\lambda}) / \text{var}(PH) + \gamma \text{cov}(PH, \mathbf{Z}_{unobs}) / \text{var}(PH). \quad (\text{B.7})$$

While I cannot rule out omitted variable bias when I estimate $\hat{\beta}_C$ in equation (B.3), I would like to know how strong the covariance between PH and \mathbf{Z}_{unobs} would have to be in order for omitted variable bias to be able to explain away the entire point estimate. To assess this, I do the following thought experiment:

Suppose that the true value of β is 0. If $\beta = 0$, then

$$\text{plim } \hat{\beta}_C = \gamma (\text{cov}(PH, \mathbf{Z}_{unobs}) / \text{var}(PH)). \quad (\text{B.8})$$

The difference between $\text{plim } \hat{\beta}_{NC}$ and $\text{plim } \hat{\beta}_C$ can be written as:

$$\begin{aligned} \text{plim } \hat{\beta}_{NC} - \text{plim } \hat{\beta}_C &= \gamma \text{cov}(PH, \mathbf{Z}) / \text{var}(PH) - \gamma \text{cov}(PH, \mathbf{Z}_{unobs}) / \text{var}(PH) \\ &= \gamma \text{cov}(PH, \mathbf{X}'\boldsymbol{\lambda}) / \text{var}(PH), \end{aligned} \quad (\text{B.9})$$

and dividing both sides of equation (B.8) by equation (B.9) yields

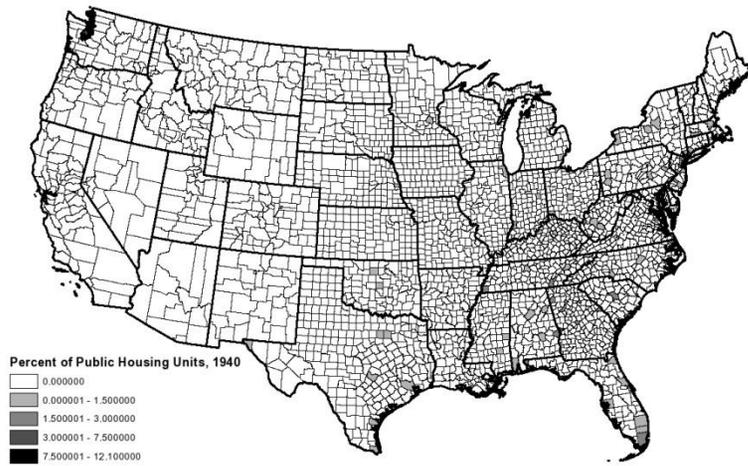
$$\text{plim } \hat{\beta}_C / (\text{plim } \hat{\beta}_{NC} - \text{plim } \hat{\beta}_C) = \text{cov}(PH, \mathbf{Z}_{unobs}) / \text{cov}(PH, \mathbf{X}'\boldsymbol{\lambda}), \quad (\text{B.10})$$

which I refer to as the sensitivity ratio. The left-hand side can be estimated using estimated $\hat{\beta}$ s from regressions with and without controls. The right-hand side is a measure of the necessary relative size of the covariance between PH and the *unobservable* portion of \mathbf{Z} to the covariance between PH and the *observable* portion of \mathbf{Z} (\mathbf{X}) in order for the true effect of PH to be zero. More simply, it is the ratio of selection on *unobservables* relative to selection on observables, if the true effect of PH is zero (Altonji, et al. 2005, p. 177).

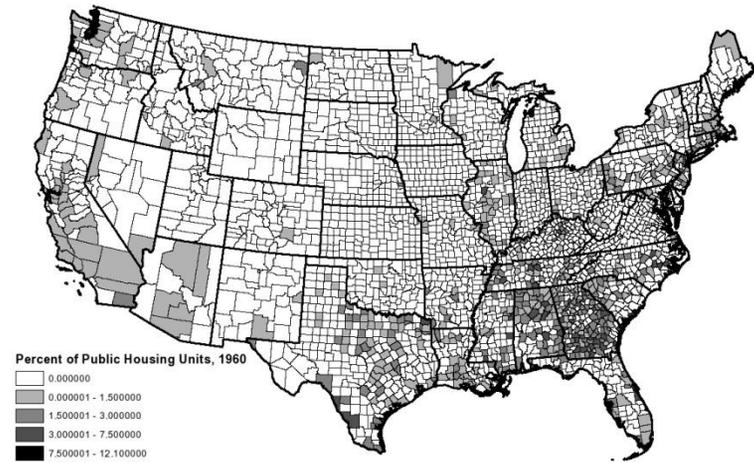
Altonji, Elder, and Taber (2005) argue that "...the ratio of selection on unobservables relative to selection on observables is likely to be less than one... (p. 176-177)". Therefore, if the sensitivity ratio is between zero and one, it is possible that selection on unobservables can explain the result. On the other hand, if the sensitivity ratio is *greater* than 1, then it is unlikely that omitted variable bias can explain the entire result.

The intuition behind this technique is that if the addition of observable controls largely diminishes the coefficient of interest, then it is possible that the addition of unobservable controls may diminish the coefficient even further. On the other hand, if the addition of observable controls does not influence the coefficient of interest, then it is unlikely that the addition of unobservable controls would push the coefficient all the way to zero. In my regressions, I find that the addition of controls does *not* diminish the estimated coefficient on public housing. In fact, the addition of controls causes the coefficient to change signs and become statistically significant. In order for the true effect of public housing to be zero, the addition of unobservables would have to push the coefficient of public housing in the *opposite* direction as my large set of control variables, and do so in a similar magnitude. I argue that this is unlikely, and therefore the true effects of public housing are not likely to be zero.

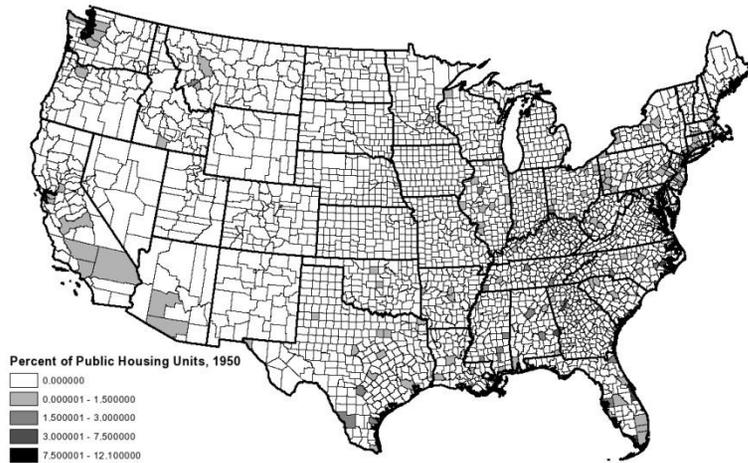
Figure 1: The Diffusion of Public Housing, 1940-1970



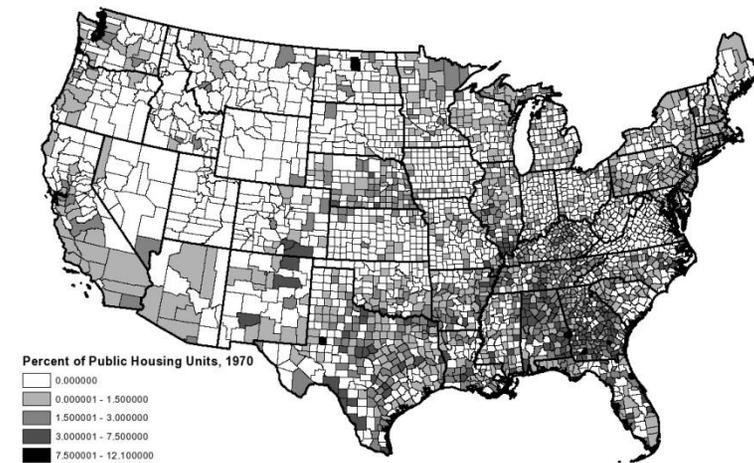
1940



1960



1950



1970

Notes: Percent of Public Housing Units is defined as public housing units / total occupied units * 100 for each year.

Sources: Public housing data are from the *Consolidated Development Directory* (HUD 1973). Total occupied units are from the Census of Housing (Haines 2004).

Table 1: County-Level Economic Outcomes and Public Housing in 1970, with State Fixed Effects

	Ln median property value	Ln median family income	Percent of families with <\$3,000 income	Ln population density
Public Housing Intensity	-0.02079*** (0.004805)	-0.01843*** (0.002836)	0.4637*** (0.1073)	-0.04361*** (0.006382)
Observations	2973	2973	2973	2973
R-squared	0.68	0.76	0.77	0.95

Notes: Each column reports results from a separate regression. Public housing intensity is defined as public housing units in 1970 / total occupied units in 1970 * 100. Standard errors are reported in parentheses and are clustered by state. I control for 1940 housing stock characteristics: percent owner occupied housing, median persons per room in rental units, percent of units in good condition, percent of units with electricity, percent of units with water, log median value; 1940 population characteristics: percent urban, male median schooling, log population density, percent black and percent black squared; 1940 economic characteristics: percent of the labor force employed in manufacturing, percent of the labor force employed in agriculture, the value of World War II contracts between 1940 and 1945 per capita, the value of war facilities projects per capita between 1940 and 1945; and some social and political characteristics: the percentage of votes for Roosevelt in 1940 and percentages of Baptists and Catholics in 1950. State fixed effects are included in all the regressions.

Sources: County population and housing data are from Haines (2004). Data on 1940 presidential election results are from Leip (2009). Public housing data are from the *Consolidated Development Directory* (HUD 1973).

Table 2: County-Level Economic Outcomes and Public Housing in 1970, with SEA Fixed Effects

	Ln median property value	Ln median family income	Percent of families with <\$3,000 income	Ln population density
Public Housing Intensity	-0.01344*** (0.003307)	-0.01229*** (0.002217)	0.3496*** (0.07165)	-0.02648*** (0.005752)
Observations	2973	2973	2973	2973
R-squared	0.79	0.85	0.84	0.97

Notes: Estimated coefficients on public housing intensity (defined as public housing units in 1970 / total occupied units in 1970 * 100) are reported in each column. State Economic Area fixed effects are included. Standard errors are reported in parentheses and are clustered by state. See notes to Table 1 or text for a list of the independent variables.

Sources: County population and housing data are from Haines (2004). Data on 1940 presidential election results are from Leip (2009). Public housing data are from the *Consolidated Development Directory* (HUD 1973).

Table 3: County-Level Economic Outcomes and Public Housing in 1970, with Pre-Program Trends

	Ln median property value	Ln median family income	Percent of families with <\$3,000 income (\$2,000 in 1950)	Ln population density
Public Housing Intensity, 1970	-0.01965*** (0.005392)	-0.01984*** (0.003183)	0.5213*** (0.1125)	-0.03942*** (0.007656)
1900-1940 trends	Y	Y	Y	Y
Obs.	2322	2322	2322	2322
R-squared	0.72	0.79	0.80	0.96
Public Housing Intensity, 1970	-0.02217*** (0.005454)	-0.01960*** (0.003022)	0.4942*** (0.1127)	-0.04614*** (0.007284)
1900-1940 trends	N	N	N	N
Obs.	2322	2322	2322	2322

Notes: Estimated coefficients on public housing intensity (PH units 1970 / total occupied units 1970 * 100) are reported in each column. State fixed effects are in each regression. Standard errors are reported and are clustered by state. See Table 1 or text for a list of independent variables.

Sources: County population and housing data are from Haines (2004). Data on 1940 presidential election results are from Leip (2009). Public housing data are from the *Consolidated Development Directory* (HUD 1973).

Table 4: Regressions with and without Controls and Omitted Variable Sensitivity Ratios

	Ln median property value	Ln median family income	Percent of families with <\$3,000 income	Ln population density
<i>OLS Results, No Controls</i>				
Public Housing Intensity	0.007052 (0.01305)	0.002288 (0.008755)	-0.02480 (0.3104)	0.2168*** (0.04077)
<i>OLS Results, With Controls</i>				
Public Housing Intensity	-0.02079*** (0.004805)	-0.01843*** (0.002836)	0.4637*** (0.1073)	-0.04361*** (0.006382)
RATIO	-0.75	-0.89	-0.95	-0.17

Notes: Estimated coefficients on public housing intensity (defined as public housing units in 1970 / total occupied units in 1970 * 100) are reported in each column. State fixed effects are included. Standard errors are reported in parentheses and are clustered by state. See notes to Table 1 or text for a list of the independent variables. Ratios are calculated as $\beta_C / (\beta_{NC} - \beta_C)$, where β_C is the estimated coefficient of the percent of public housing units in 1970 in a regression with controls and β_{NC} is the estimated coefficient of the percent of public housing units in 1970 in a regression with no controls.

Sources: County population and housing data are from Haines (2004). Data on 1940 presidential election results are from Leip (2009). Public housing data are from the *Consolidated Development Directory* (HUD 1973).

Table 5: Urban and Rural County Regressions

	Ln median property value	Ln median family income	Percent of families with <\$3,000 income	Ln population density
<i>Rural Counties</i>				
Public Housing Intensity	-0.01652*** (0.004860)	-0.01727*** (0.003884)	0.4877*** (0.1252)	-0.03931*** (0.006217)
Observations	1747	1747	1747	1747
R-squared	0.58	0.70	0.73	0.93
<i>Urban Counties</i>				
Public Housing Intensity	-0.02096*** (0.005988)	-0.02041*** (0.002921)	0.5084*** (0.1010)	-0.03586*** (0.01308)
Observations	1226	1226	1226	1226
R-squared	0.75	0.79	0.79	0.96
<i>Counties in SMA in 1950</i>				
Public Housing Intensity	-0.02339* (0.01195)	-0.02905*** (0.007086)	0.8558*** (0.1937)	-0.09629*** (0.02864)
Observations	266	266	266	266
R-squared	0.81	0.85	0.86	0.95

Notes: Estimated coefficients on public housing intensity (PH units 1970 / total occupied units 1970 * 100) are reported in each column. “Rural”(“Urban”) is defined as having less (more) than 25 percent urban population in 1940. State fixed effects are in each regression. Standard errors are reported and are clustered by state. See Table 1 or text for a list of independent variables.

Sources: County population and housing data are from Haines (2004). Data on 1940 presidential election results are from Leip (2009). Public housing data are from the *Consolidated Development Directory* (HUD 1973).

Table 6: County-Level Economic Outcomes and Public Housing in 1950 and 1960

	Ln median property value	Ln median family income	Percent of families with <\$3,000 income (\$2,000 in 1950)	Ln population density
<i>1960</i>				
Public Housing Intensity	-0.001532 (0.004948)	0.0007417 (0.007663)	0.1807 (0.3491)	-0.005928 (0.007463)
Obs.	2926	2926	2926	2926
R-squared	0.70	0.83	0.85	0.97
<i>1950</i>				
Public Housing Intensity	0.0007526 (0.01018)	0.02166 (0.01365)	-0.5075 (0.5138)	0.01664** (0.007849)
Obs.	2926	2926	2926	2926
R-squared	0.85	0.88	0.89	0.99
<i>1970, same sample, for comparison</i>				
Public Housing Intensity	-0.02109*** (0.004791)	-0.01852*** (0.002763)	0.4716*** (0.1054)	-0.04433*** (0.006419)
Obs.	2926	2926	2926	2926
R-squared	0.70	0.77	0.77	0.95

Notes: Estimated coefficients on public housing intensity (defined as public housing units in 1950 (60) / total occupied units in 1950 (60) * 100) are reported in each column. State fixed effects are in each regression. Standard errors are reported in parentheses and are clustered by state. See Table 1 or text for a list of independent variables. Sources: County population and housing data are from Haines (2004). Data on 1940 presidential election results are from Leip (2009). Public housing data are from the *Consolidated Development Directory* (HUD 1973).

Table 7: 1970 OLS Results, Using 1960 Public Housing

	Ln median property value	Ln median family income	% of families with <\$3,000 income	Ln population density
Panel A				
Public Housing Intensity, built pre-1960	-0.01539** (0.006544)	-0.01753** (0.006984)	0.4795* (0.2789)	-0.04502*** (0.01163)
Observations	2973	2973	2973	2973
R-squared	0.68	0.76	0.77	0.95
Panel B				
Public Housing Intensity, built pre-1960	-0.01518** (0.006737)	-0.01736** (0.007262)	0.4754 (0.2841)	-0.04463*** (0.01204)
Public Housing Intensity, built 1961-1970	-0.02339*** (0.005649)	-0.01892*** (0.002719)	0.4583*** (0.07692)	-0.04314*** (0.008191)
Observations	2973	2973	2973	2973
R-squared	0.69	0.76	0.77	0.95

Notes: Public housing intensity built pre-1960 is defined as (# public housing units built by 1960 / total occupied units in 1970 * 100). Public housing intensity built 1961-1970 is defined as (# public housing units built by 1961-1970 / total occupied units in 1970 * 100). Standard errors are reported in parentheses and are clustered by state. See notes to Table 1 or text for independent variables.

Sources: County population and housing data are from Haines (2004). Data on 1940 presidential election results are from Leip (2009). Public housing data are from the *Consolidated Development Directory* (HUD 1973).

Table 8: County-Level Economic Outcomes and Public Housing in 1970,
By Decade of Construction

	Ln median property value	Ln median family income	% of families with <\$3,000 income	Ln population density
<i>Full Sample: Public Housing Intensity of Units:</i>				
Built in 1960s	-0.02351*** (0.005588)	-0.01900*** (0.002711)	0.4603*** (0.07643)	-0.04314*** (0.008159)
Built in 1950s	-0.006456 (0.009579)	-0.01224 (0.01095)	0.3206 (0.4035)	-0.04286*** (0.01582)
Built in 1940s	-0.04724*** (0.01374)	-0.03477*** (0.006815)	1.0480*** (0.2946)	-0.05437** (0.02188)
Built in 1930s	0.006701 (0.03680)	-0.01228 (0.01423)	0.06543 (0.5823)	-0.02249 (0.05498)
Observations	2973	2973	2973	2973
R-squared	0.69	0.76	0.77	0.95
<i>Counties in SMA 1950: Public Housing Intensity of Units :</i>				
Built in 1960s	-0.02687 (0.01991)	-0.02601*** (0.008485)	0.5895** (0.2891)	-0.1234** (0.04686)
Built in 1950s	-0.02434 (0.02028)	-0.03014** (0.01347)	0.8171** (0.3475)	-0.1234** (0.05017)
Built in 1940s	-0.02833 (0.03453)	-0.02720* (0.01545)	1.276*** (0.3506)	-0.05497 (0.07329)
Built in 1930s	0.02787 (0.03767)	-0.04962* (0.02496)	1.146* (0.6301)	0.1062 (0.09138)
Observations	266	266	266	266
R-squared	0.81	0.85	0.87	0.96

Notes: Public housing intensity built in each decade is defined as (# public housing units built in the 1930s (or 40s, 50s, 60s) / total occupied units in 1970 * 100). Standard errors are reported in parentheses and are clustered by state. See notes to Table 1 or text for independent variables.

Sources: County population and housing data are from Haines (2004). Data on 1940 presidential election results are from Leip (2009). Public housing data are from the *Consolidated Development Directory* (HUD 1973).

Table 9: 1970 OLS Results, Role of Tenant Structure

	Percent of Owner-Occupied Units	Ln median property value	Ln median family income	Percent of families with <\$3,000 income	Ln population density
Public Housing Intensity	-0.4586*** (0.09826)	-0.02515*** (0.004776)	-0.01841*** (0.002792)	0.4646*** (0.1069)	-0.04969*** (0.006621)
Percent owner-occupied units in 1970?	No	Yes	Yes	Yes	Yes

Notes: Estimated coefficients on public housing intensity (defined as public housing units in 1970 / total occupied units in 1970 * 100) are reported in each column. Standard errors are reported in parentheses and are clustered by state. See notes to Table 1 or text for independent variables.

Sources: County population and housing data are from Haines (2004). Data on 1940 presidential election results are from Leip (2009). Public housing data are from the *Consolidated Development Directory* (HUD 1973).

Table 10: 1970 OLS Results, Role of Changing Population Composition

	Percent of high school graduates	Ln median property value	Ln median family income	Percent of families with <\$3,000 income	Ln population density
Public Housing Intensity	-0.5683*** (0.1371)	-0.01059** (0.004114)	-0.01185*** (0.002187)	0.2776*** (0.08607)	-0.02911*** (0.005451)
Percent of high school grads 1970?	No	Yes	Yes	Yes	Yes

Notes: Estimated coefficients on public housing intensity (defined as public housing units in 1970 / total occupied units in 1970 * 100) are reported in each column. Standard errors are reported in parentheses and are clustered by state. See notes to Table 1 or text for independent variables. Sources: County population and housing data are from Haines (2004). Data on 1940 presidential election results are from Leip (2009). Public housing data are from the *Consolidated Development Directory* (HUD 1973).

Table 11: Population of High School Graduates and Dropouts, 1970

	Ln high school graduates	Ln high school dropouts	Ln high school graduates	Ln high school dropouts
Public Housing Intensity	-0.04428*** (0.01123)	-0.02161** (0.01056)	-0.01956*** (0.004168)	-0.008431*** (0.002415)
Ln high school graduates (dropouts) 1960 included?	No	No	Yes	Yes
Observations	2973	2973	2973	2973
R-squared	0.83	0.82	0.98	0.98

Notes: Estimated coefficients on public housing intensity (defined as public housing units in 1970 / total occupied units in 1970 * 100) are reported in each column. Standard errors are reported in parentheses and are clustered by state. See notes to Table 1 or text for independent variables.

Sources: County population and housing data are from Haines (2004). Data on 1940 presidential election results are from Leip (2009). Public housing data are from the *Consolidated Development Directory* (HUD 1973).