



NORTH CAROLINA CENTER FOR
PUBLIC POLICY RESEARCH INC.

NEWS RELEASE

For Immediate Release: August 30, 1982

CENTER FOR PUBLIC POLICY RESEARCH RECOMMENDS INCREASED STATE ROLE IN HOUSING

The N.C. Center for Public Policy Research has recommended that the state increase its role in housing. The Center says that high interest rates, federal budget cuts in housing programs, and high levels of substandard housing all argue for greater state involvement in the housing field. The Center released its comprehensive review of state housing policy in a special issue of its quarterly magazine, N.C. Insight.

"The state should adopt a comprehensive housing policy for three reasons," says Ran Coble, the Center's executive Director. "First, a large number of North Carolinians still live in substandard housing units. Just six other states in the nation have higher proportions of housing without complete plumbing than does North Carolina. Second, a large and growing number of North Carolinians cannot afford to buy a house at today's high interest rates. As a result, high rates of unemployment exist in the state's homebuilding industry, and the state's lending institutions face severe hardships. Third, the federal housing policies and funding levels are going through a critical transformation. After cutbacks in federal housing funds coming to North Carolina that totaled \$66.8 million in 1982, housing programs face further reductions in 1983. At the same time, the Reagan Administration is turning over some major housing programs, such as the Community Development Block Grant, to the states for administration."

The Center's magazine includes recommendations to improve accountability in various state housing programs -- including the Housing Finance Agency and the Small Cities Community Development Block Grant (CDBG) -- as well as proposed changes in zoning of mobile homes and incentives for local Neighborhood Housing Services.

One of the major recommendations is for the Governor and General Assembly to consider consolidating existing state housing programs, which the Center says are now spread over 11 different executive branch departments and 19 agencies. The Center said the Governor should consider consolidating housing functions by use of an executive order. Alternatively, the Center said the General Assembly could set up a new Department of Housing or split the existing Department of Natural Resources and Community Development (NRCD) into a Department of Housing and Community Development and a Department of Natural Resources. Similar legislation to study NRCD reorganization was passed by the 1981 General Assembly, but a study commission for that purpose was never appointed by the Legislative Research Commission.

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Other recommendations by the Center included the following:

SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

- . In administering the CDBG Small Cities program, North Carolina should attempt to serve at least as many low- and moderate-income people as the program served in the past.
- . Housing, not economic development, should continue to be the primary emphasis of the Small Cities CDBG Program.

HOUSING FINANCE AGENCY (HFA)

- . The HFA programs should continue to assist low-income families and not shift entirely to an emphasis on housing for moderate-income families.
- . The HFA should target its resources to the counties which have the highest percentages of substandard housing.
- . The HFA should reduce possible conflicts of interest. Consumer groups should be represented on its board, as well as the building and lending industries. And the HFA should begin either using the Attorney General's Office or in-house staff as its legal counsel and cease hiring a private Durham law firm as its legal counsel and lobbyist.

NEIGHBORHOOD HOUSING SERVICES (NHS)

- . The state should establish an NHS foundation to make matching grants to local NHS programs.
- . Offer tax credits for contributions to NHS and other nonprofit housing organizations.

MOBILE HOMES

- . Consider taxing mobile homes as real rather than personal property.
- . Help finance mobile homes through state housing programs.
- . Require non-discriminatory zoning of mobile homes by local governments.

The N.C. Center for Public Policy Research is a private nonprofit corporation formed to study state government policies and practices. It is supported in part by grants from the Mary Reynolds Babcock and Z. Smith Reynolds Foundations, both based in Winston-Salem. Past efforts by the research group have included studies of the effects of federal budget cuts on the state, effectiveness ratings of state legislators, and a report on out-of-field teaching in North Carolina.

For more information, call Beth Briggs at (919) 832-2839.

North Carolina State Government Departments with Housing Responsibilities

<u>Department/Division, Council, etc.</u>	<u>Housing Programs</u>	<u>Regulatory Responsibilities</u>	<u>Data Collection</u>
Department of Administration Human Relations Council Commission of Indian Affairs Office of Policy and Planning	fair housing assistance Section 8 "existing"		a) Governor's Commission on Housing Options for Older Adults (1981) b) The Commission on the Future of North Carolina
Division of Veterans Affairs	VA loans (field assistance)		
Department of Commerce Savings and Loan (S&L) and Banking Commissions; S&L Division Energy Division	weatherization assistance	regulation of mortgage lenders	
Department of Cultural Resources Division of Archives and History	assistance with historic properties		
Office of the Governor Housing Finance Agency	single family and multifamily financing assistance, Appalachian Regional Commission, Section 8		
Office of State Budget and Management			a) N.C. State Data Center b) Housing Study Commission staff (1982)
Department of Human Resources —Operations Section			Title XX survey (last updated 1981)
Division of Health Services		wells and septic tank standards	
Department of Insurance Engineering and Building Codes Division		a) Building Code Council b) Manufactured Housing Board	
Department of Justice Consumer Protection Division		Landlord-tenant, real property, mobile homes	
Department of Natural Resources and Community Development Division of Community Assistance	a) CDBG small cities program b) Section 107 technical assistance program clean water bonds	zoning and subdivision regulation assistance	
Division of Envir. Mngmt. Division of Land Resources Office of Coastal Management		Sedimentation Control Commission Coastal Resources Commission (land use plans and permits)	
Department of Revenue Ad Valorem Tax Division		property tax	
Department of Transportation Division of Highways	relocation program	subdivision road standards	
Department of State Treasurer Investment Banking Division		management of state pension funds	
State and Local Government Finance		Local Government Commission (bond approval)	

Source: Fiscal Research Division, General Assembly, March 16, 1982, memorandum and agency survey by Priscilla Cobb, N.C. Center of Public Policy Research, March-May 1982.