



FROM THE CENTER OUT

Recommendations for the State

“As long as I have been in the business I have never seen a grassroots clamoring to make housing a top issue in North Carolina,” said Secretary of Natural Resources and Community Development Joseph Grimsley, a 15-year veteran of government service, in an interview for this issue of *N.C. Insight*. “But there will definitely be some progress made in the further involvement of state and local government. Housing may be the medical care issue of the 80s and 90s.”

A month after Secretary Grimsley made these statements, Governor James B. Hunt, Jr. released the results of a survey conducted by the North Carolina 2000 project. The 2000 project had distributed a questionnaire throughout the state asking citizens what their priorities of needs were and had tabulated the results from 112,000 returned questionnaires. “The availability and cost of housing ranked third on the list of improvements needed, which I believe reflects the current problem with high interest rates,” reported Gov. Hunt.

No wonder that housing ranked third behind jobs and education in the priority of issues. The median purchase price of a home in the South increased from \$52,000 in 1979 to \$72,500 in 1981, according to the U.S. League of Savings Associations, an average price higher than that in the Northeast or North Central regions. Meanwhile, the home building and lending industries face severe hardships as interest rates soar, and 1 of every 12 North Carolinians continues to live in substandard housing. Moreover, federal housing policies and programs are going through a major overhaul, forcing the states to define their role in the housing arena.

No single advocacy center for housing issues exists within North Carolina state government. Home builders lobby for their interests, and consumers work for their concerns. State officials in 11 different departments administer programs affecting various aspects of housing. The regional councils of governments survey housing problems in their areas and search for the right office or program to help. City and county officials work with the private sector, with the U.S. Department of Housing and Urban Development, and with state offices.

In this issue of *N.C. Insight*, a number of policy questions have emerged. Unfortunately, the N.C. Center for Public Policy Research cannot identify a single state official or department to which to address these questions, for no one person has responsibility for housing issues. With a few possible exceptions, problems in the housing area may have the most diffused advocacy structure of any issue of urgency in the state. And yet a decent shelter remains one of the essentials of life.

“There’s great difficulty in getting it all together,” says Durwood Stephenson, past president of the N.C. Home Builders Association and currently representing the industry on the Housing Study Commission. “If we had a focal point, a quasi-housing department, then we’d be better off.”

Three possible options exist to streamline the labyrinth of responsibilities in the housing field.

1. **Some coordinating mechanism with power could be created through which all housing recommendations could be channeled.** Such a coordination vehicle could be located in the governor’s office. One caution about a coordinating vehicle: This effort must not substitute for necessary housing programs themselves. There is also a danger that such a vehicle would disappear as priorities and administrations change.

2. **A new Department of Housing could be established.** Such an effort would not necessarily require an expanded bureaucracy. Existing housing-related functions could be moved from their current administrative home into a new department with one central purpose. While bureaucracies inevitably work to avoid losing any programs, they also bow to strong and well-conceived leadership.

3. **The Department of Natural Resources and Community Development could be split into a Department of Housing and Community Development and a Department of Natural Resources.** Such an effort would be part of a larger movement to reorganize the Department of Natural Resources and Community Development. Since the reorganization of this department in 1977, many have felt that the natural resources and the community development components have never meshed into a unified structure. In the 1981 session of the General Assembly, a bill was introduced to study the establishment of a Department of Natural



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Resources (HB 959). The bill was ratified but no appointments were made by the Legislative Research Commission. The time might be right for addressing housing needs through such a reorganization effort.

If one of these three options is followed, the recommendations below would certainly have a better chance of receiving full consideration. Even without a consolidation of housing programs, the following recommendations — taken from the articles in this issue — deserve attention.

Establishing a State Housing Policy

- Specify the housing goals the state will pursue, according to their priority. Fund these goals according to a state housing plan.
- Target available resources to geographical areas or to particular population groups which have the greatest housing needs.

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 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 persons, not become entirely moderate-income programs.
- The state should fund the HFA to assist it in serving low-income persons.
- The HFA should target its resources to particular geographical areas and population groups which have the greatest housing needs.
- The HFA should avoid possible conflicts of interest. Consumer groups should be represented on its board as well as building and lending industries.

Neighborhood Housing Services (NHS)

- 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.
- Finance mobile homes through state housing programs.
- Require non-discriminatory zoning of mobile homes by local governments. □