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A MANUAL ON LOW-INCOME HOUSING PROGRAMS IN IOWA



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A MANUAL ON LOW-INCOME HOUSING
PROGRAMS IN IOWA

by

Don F. Hadwiger

Iowa State University

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I. INTRODUCTION

This manual attempts to bring a knowledge of various federal housing programs closer to the people the programs are intended to serve. It should be particularly helpful to the hundreds of amateurs--the citizen volunteers--who are helping to deliver better housing to low- and moderate-income families in Iowa. Some federal housing programs rely mainly on citizen groups or private developers to make contact with eligible families and to create low-cost housing for them. In fact, several federal housing programs require citizen participation.

Professionals who work in the field of housing may also find this publication helpful.

Information provided includes descriptions of the federal and state government agencies that are involved in federal housing programs; comparisons of the basic features of these programs, procedures for applying for federal housing programs, and an analysis of how the programs have operated in Iowa.

The following sources and procedures were used to obtain information: Data on housing and population characteristics were obtained from reports of the 1970 U.S. Census including the 1970 U.S. Census of Housing. Data on housing program inputs were obtained from the national and state offices of the Farmers Home Administration (FmHA), in the U.S. Department of Agriculture, the national and area offices of the Department of Housing and Urban Development (HUD), and the Iowa insuring office of the Federal Housing

Administration. Interviews were conducted with officials of these agencies and with officials of the Central Iowa Regional Association of Local Governments, personnel of the Iowa Office of Planning and Programming and local program administrators associated with the Iowa branch of the National Association of Housing and Redevelopment Officials. Local project administrators of the HUD public housing programs and the FmHA rural rental program were surveyed by telephone. Descriptions and analyses of national programs were provided by the Rural Housing Alliance, the National Urban Coalition, and the federal agencies administering the various programs.

Some terminology used in discussing housing programs may be unfamiliar to the general reader. For this reason, a glossary of terms and a listing of program titles (Appendix E) is included at the end of this manual.

Gratitude is expressed to those agency officials and others who cooperated by providing information and to the federal and state officials who reviewed and commented on relevant sections of the manuscript. However, the responsibility for the content and usefulness of the material rests wholly with the author. Preparation of this publication was assisted under Cooperative State Research Service Project 102-40-75-75-1861.

II. PLANNING AND DELIVERING HOUSING: THE GOVERNMENT AGENCIES

Delivery Agencies

There are two major federal agencies that administer housing programs: the Farmers Home Administration (FmHA), an agency in the U.S. Department of Agriculture, and the U.S. Department of Housing and Urban Development (HUD).

Farmers Home Administration (FmHA)

For many years the main function of FmHA was to provide farm loans and counseling to small farmers. During this time, FmHA developed state offices in most states and also many field offices that covered one or more rural counties. There are 51 FmHA field offices in Iowa (see Appendix B for locations).

During the past 10 years, FmHA has become a major supplier of housing for rural areas and towns with less than 5,500 population. FmHA now also serves towns of up to 10,000 population.

In a typical small Iowa city or town, some of the new houses and even more of the renovated older ones have been financed under the Rural Housing Program of the FmHA. In addition, more than 250 Iowa communities have developed apartment complexes under the FmHA rural rental housing programs. In some small Iowa communities, as many as 10 percent of the families live in FmHA-financed homes.

The FmHA housing dollar has been affected by inflation, but the value of its loan service has been less affected by high land costs and high processing costs. In most small towns land is still relatively inexpensive.

FmHA still helps small farmers and migrant workers. The agency also can help provide community facilities, such as water and sewer systems and building sites.

Each local FmHA office has a supervisor who has been given wide discretion in making judgments on individual applications. His decisions are rarely overruled by his superiors or by his local citizen advisory committee. Applications can be acted on promptly. The FmHA supervisor is able to help clients: get their financial affairs in order to qualify for a loan, find a site, process the mortgage application, guard against mistakes in construction, learn to maintain a home. He is also willing to offer counseling and financial management for the family.

The following major FmHA housing programs are widely used in Iowa, and these programs will be discussed in this manual:

--Home ownership and home rehabilitation loans (Section 502)¹. This is the basic program for those persons wishing to buy a home or improve the one in which they live. Low-income families are able to borrow at lower interest rates (interest credit).

¹Various housing programs are cited throughout this manual. See Appendix F for the complete list.

--Rural rental housing (Section 515)¹. This provides loans for apartments (multiple-unit housing). In Iowa, virtually all these apartments are rented to elderly persons. Under one version of this program, these units are developed by individuals seeking profit, and under another version, the units are built as community projects by non-profit groups.

There are some FmHA housing programs that have not been used much in Iowa and which will not be evaluated in this manual (program details can be obtained from sources listed in Appendix C):

--Minor repairs loan (Section 504)¹: permits repairs, such as fixing a roof or installing indoor plumbing. These loans are available to families who lack sufficient income to qualify for a home ownership loan (Section 502)¹. The maximum 504 loan is \$3,500, with a repayment schedule of 10 years, at 1% interest.

--Loans and grants for migrant labor housing (Sections 514, 516)¹: provides for developing decent, safe, and sanitary housing for domestic farm labor.

--Self-help housing aid, such as site development loans and technical assistance grants, enables families to perform their own labor in the construction of their homes.

--Site development loans are made to non-profit developers (including public agencies and governments).

¹Various housing programs are cited throughout this manual. See Appendix F for the complete list.

The U.S. Department of Housing and Urban Development (HUD)

The U.S. Department of Housing and Urban Development is in charge of a number of programs. HUD has no local field offices. It depends largely upon community groups and private firms to deliver housing under its programs.

Some HUD programs for Iowa are administered from the HUD area office at Omaha, Nebraska. Other programs are administered by an agency within HUD, the Federal Housing Administration (FHA). FHA programs are administered from its Iowa office, located in Des Moines (see Appendix B for office addresses).

The major HUD programs that have been used often in Iowa are:

--Home ownership and cooperative housing (Section 235). This program helps low-and moderate-income families purchase new or existing housing through mortgage guarantees and interest subsidies.

--Subsidized private multifamily housing (Section 236). This program permits development of rental apartments by private "limited dividend" sponsors, non-profit groups, and cooperatives. This program was passed in 1968 and tended to incorporate and replace two earlier programs (Section 202 and Section 221d3).

--Rent supplements (Section 101). These additional subsidies for low-income families enable them to qualify for rental housing under Section 236 and other programs assisted by the FHA.

--Low-rent public housing, under which a local agency (a low-rent housing authority) develops and manages apartments for very low-income

families. Usually the low-rent authority builds and manages the projects, but under recent variations the projects may be built by private developers (Turnkey I), or managed by a private firm (Turnkey II), and tenants may gain ownership (Turnkey III or IV).

--Leased housing (Section 23) is another rather unique form of public housing under which the low-rent authority leases privately owned housing, usually in the form of existing homes scattered throughout the city, and sublets these to low-income tenants.

There are several other HUD programs and subsidies that are not discussed in detail in this manual. These include the following:

--Non-profit purchase and resale of housing for lower-income families (Section 221 [h] and Section 235 [j]). These programs permit non-profit sponsors to purchase houses, rehabilitate them, and then rent or sell them to low-income families.

--Rehabilitation grants and loans to permit improvement of owner-occupied houses in order to meet urban renewal or city-code standards.

--Reinsurance for homes in urban areas that cannot purchase essential insurance from private sources (the FAIR program).

--Market-rate FHA mortgage insurance programs, which do not provide financial assistance. These include the regular FHA home mortgage insurance (Section 203), home loan insurance (Section 221d2), and a number of other programs. These, however, are generally not intended for low- and moderate-income families.

In addition, HUD can provide funds for technical assistance and seed money to assist non-profit corporations and cooperatives (these programs have not been funded).

Planning Agencies

Planning is essential in housing delivery. The location of federally assisted housing, for example, may determine who benefits and whether the total community is helped or hurt. People, their preferences, and their communities should be held in high respect by planners and builders. Yet human desires and interests have sometimes been overlooked in the search for efficiency, attractiveness, and simplicity of design, or in the search for some commercial or non-housing goals. This is exemplified by some high-rise public housing projects that were designed to conserve land as part of urban redevelopment. Some of these were so unsatisfactory that their renters abandoned them.

It is not always easy to include human wants and interests in community planning. There are always conflicting interests within and between communities and their service networks. Planners try to find out what people want and negotiate solutions that provide the most benefit and the fewest problems. Comprehensive planning requires that improvements in one area, such as transportation, should be coordinated with improvements in others, such as housing. Many Iowa cities have developed such overall plans.

Counties and cities exercise planning functions at the local level and often have professional staffs.

The federal government has provided funds for "regional planning," so that the development of communities in the same area or "region" will be coordinated. Currently, Iowa regions are those areas within which residents commute to jobs, to medical services, and to suppliers of other goods and services. Some years ago Karl Fox, Professor of Economics at Iowa State University, divided the state into 20 districts or economic regions that coincided roughly with the market or service areas of Iowa's larger cities. In 1967 a revised plan of 16 districts was promulgated by Governor Harold Hughes. These were to be units for planning, development, and administration of state services. Governor Robert Ray, Hughes' successor, has encouraged the use of this 16-district system wherever appropriate.

Within these regions local governments are encouraged to form regional planning agencies. At least one regional agency, the Central Iowa Regional Association of Local Governments (CIRALG), located in Des Moines, serves 51 member governments in five of the seven counties within the region. The Waterloo Metropolitan Commission is also beginning to serve governments in the surrounding area. Three other regional agencies--in Davenport, Council Bluffs, and Sioux City--span state lines, but reach only a single county (see Appendix A). There are efforts to expand these to a multi-county basis.

The regional agencies recognize citizen interests at levels where governments do not extend, such as the neighborhood and the region. Regional councils must work with the cities, suburbs, towns, and counties which exercise the legal power to plan and which actually perform most developmental functions.

At the present time, some regional planning agencies are definitely more ambitious and active than others in seeking "decent housing" goals. All Iowa regional planning agencies accept the function of gathering information about their housing situation. One of the first steps is "an initial housing element," described by Davenport's agency as "an in-depth look at the problems of housing in the Quad-Cities area." Some agencies rely on information that can be obtained from the U.S. Census indicators about supply of, quality of, and demand for housing for various groups. Such indicators are found in the publication General Housing Characteristics, 1970 Census of Housing, U.S. Department of Commerce--Bureau of the Census, August 1971. Most agencies have developed additional sources of information, including: a mail survey of students (in Johnson County); a telephone survey (in Des Moines) to learn about attitudes toward housing and present conditions of housing; a survey of all housing (in Black Hawk County); and a grading system for rating all houses (in the Sioux City area).

CIRALG has developed a variety of information sources. It has sampled market transactions, used official tax records, and analyzed zoning maps and records of new construction to produce a picture of the amount of housing, where it is located, and whom it is for. This agency has also provided a picture of developing trends, gained through surveys, interviews with officials, and seminars that included experts and practitioners in the area.

Using information such as the above, planning agencies for the Des Moines, Waterloo, and Sioux City areas have produced market analyses and studies of the legal and economic obstacles to housing production. In addition, education conferences for builders and others have been held in Davenport and Des Moines.

Many of the regional planning commissions have tried to negotiate agreements among participating local governments about the goals and methods of regional planning. Government and group activities may be coordinated by planning councils. The Sioux City city council, for example, coordinates activities of non-profit housing organizations. Regional planning commissions have assisted communities in developing comprehensive plans and in formulating requests for federal funds.

The regional planning commissions also may have the expertise to suggest new rules or legislation. The Sioux City regional planning agency has produced minimum housing codes; the Davenport agency has prepared model flood plain zoning provisions and a zoning ordinance for the participating counties in both Iowa and Illinois. What to do about the influx of mobile homes--how to zone them, how to tax them--are the kinds of questions on which a regional planning commission can take policy leadership.

The future of regional planning agencies is uncertain. These agencies are potentially useful, but the hard fact of life is that they exist at the pleasure of other governments. The federal government has provided most of their operating funds and has tentatively given them authority to review requests for federal funds made by local governments. In practice,

reviews by the planning agencies have not always been helpful, in which case the regional group has become just another layer of "red tape."

Many officials of local governments have recognized that regional planning is useful for housing as well as for transportation systems and other programs. Some Iowa metropolitan areas have used regional planning as a means for achieving prosperity, order, and growth. City leaders have recognized that regional planning agencies have provided them with better vision, better access to state and federal resources, and improved means for coordinating intergovernmental concerns. On the other hand, many local interests are opposed to regional planning and are always ready to question whether a particular regional planning agency has really contributed anything to local improvement.

Statewide housing planning--The State Office of Planning and Programming

The Governor's Office of Planning and Programming (OPP) employs more than 50 professional persons, some of whom are involved with housing policy. OPP's Division of Municipal Affairs develops and implements laws such as the new Building Code Enabling Act,¹ which removed some legal obstacles to decent housing. OPP also reviews federal funding and presumably influences the direction of those funds.

Analysis and Commentary

The spotty use of federal housing programs in Iowa indicates that additional planning and delivery services may be needed. This need

¹State Building Code Act, Chapter 103A, Code of Iowa.

ultimately may be met by the development of a state delivery agency or by regional delivery agencies.

State or regional delivery agencies would help determine community needs. They would provide technical services for communities as well as individuals, and they would deal with the whole range of housing programs. In the future there might be some mergers of regional delivery agencies and regional planning agencies. In fact, some regional planning agencies are in the process of becoming "councils of government" (CIRALG has made this change) so that they can administer programs as well as plan them.

III. RENTAL AND LEASING PROGRAMS

Several federal programs are available to help increase the supply and the quality of low-cost rental housing. Two of these programs fall under the heading of "public housing." These programs reach a lower-income clientele than do other programs. As table 1 shows, Iowa has been slow to use these programs, in part because of an Iowa requirement, later repealed, that each project must receive approval in a voter referendum.

One form of public housing offered by 33 Iowa communities (fig. 1 and table 2) is an apartment project usually owned and managed by an agency of the town council. In Iowa most of the "conventional" public housing projects are exclusively for elderly people.

The other form of public housing, used in eight Iowa cities, is "leased housing," under which the same agency rents privately-owned houses from their owners and subleases them to clients. Those served are mostly families with children.

Information about Iowa's public housing programs was learned through interviews with officials at the Omaha area office of HUD, the funding agency. In addition, telephone interviews were conducted with the director or chairman of each of the local agencies (the low-rent housing authorities) that administer projects. A third source of information came from professional conferences held periodically cosponsored by the Institute of Public Affairs at the University of Iowa, and by the Iowa chapter, National Association of Housing and Redevelopment Officials.

Table 1. Low-rent Public Housing Programs by State (includes leased housing), 1964 and 1971

State	Number of units ^a		Number of projects ^b	
	1964 ^c	1971 ^d	1964 ^c	1971 ^d
Alabama	24,850	37,038	281	432
Alaska	325	945	4	19
Arizona	2,638	4,845	27	83
Arkansas	4,221	10,944	58	172
California	27,291	57,704	190	326
Colorado	3,717	5,729	20	49
Connecticut	10,861	15,565	46	93
Delaware	1,221	2,232	6	14
District of Columbia	8,366	11,819	29	49
Florida	16,929	31,367	145	249
Georgia	31,478	45,500	497	649
Hawaii	1,915	4,636	11	38
Idaho	189	765	4	19
Illinois	41,348	67,853	184	439
Indiana	4,772	13,034	32	97
Iowa	0	2,268	0	23
Kansas	701	5,081	3	53
Kentucky	11,451	19,031	91	203
Louisiana	16,640	26,566	119	232
Maine	326	2,065	4	20
Maryland	11,694	17,002	38	71
Massachusetts	19,916	32,225	76	140
Michigan	11,589	22,328	45	167
Minnesota	5,183	17,637	30	145
Mississippi	5,966	8,668	107	139
Missouri	10,398	18,115	30	101
Montana	1,013	1,587	12	37
Nebraska	1,993	8,074	12	112
Nevada	715	2,787	7	27
New Hampshire	1,226	3,276	11	29
New Jersey	31,388	44,109	149	220
New Mexico	418	3,767	7	67
New York	67,512	102,448	112	271
North Carolina	12,248	26,008	89	212
North Dakota	84	1,634	2	35
Ohio	22,998	43,259	69	180
Oklahoma	0	10,466	0	127
Oregon	1,575	7,543	21	49
Pennsylvania	40,709	63,728	188	338
Rhode Island	5,137	9,317	19	54
South Carolina	6,533	9,035	98	115

Table 1 continued

State	Number of units ^a		Number of projects ^b	
	1964 ^c	1971 ^d	1964 ^c	1971 ^d
South Dakota	74	1,911	2	37
Tennessee	21,488	33,017	191	334
Texas	32,672	46,444	331	565
Utah	0	149	0	4
Vermont	0	1,481	0	11
Virginia	13,441	16,063	57	74
Washington	7,121	15,197	41	124
West Virginia	2,075	4,080	15	39
Wisconsin	2,681	9,542	12	101
Wyoming	0	293	0	3
Guam		250		
Puerto Rico	26,499	43,416	106	201
Virgin Islands	1,094	2,896	6	18
Total	574,679	992,739	3,634	7,407

^a"Units under management"--construction finished, available for rent or rented.

^bProjects with units under management.

^c18th Annual Report, U.S. Housing and Home Finance Agency, 1964, p. 236.

^dLow-rent Project Directory, Report S-101, December 31, 1971, U.S. Dept. of HUD, Housing Production and Mortgage Credit--FHA, Division of Research and Statistics, pp. VI and VII.

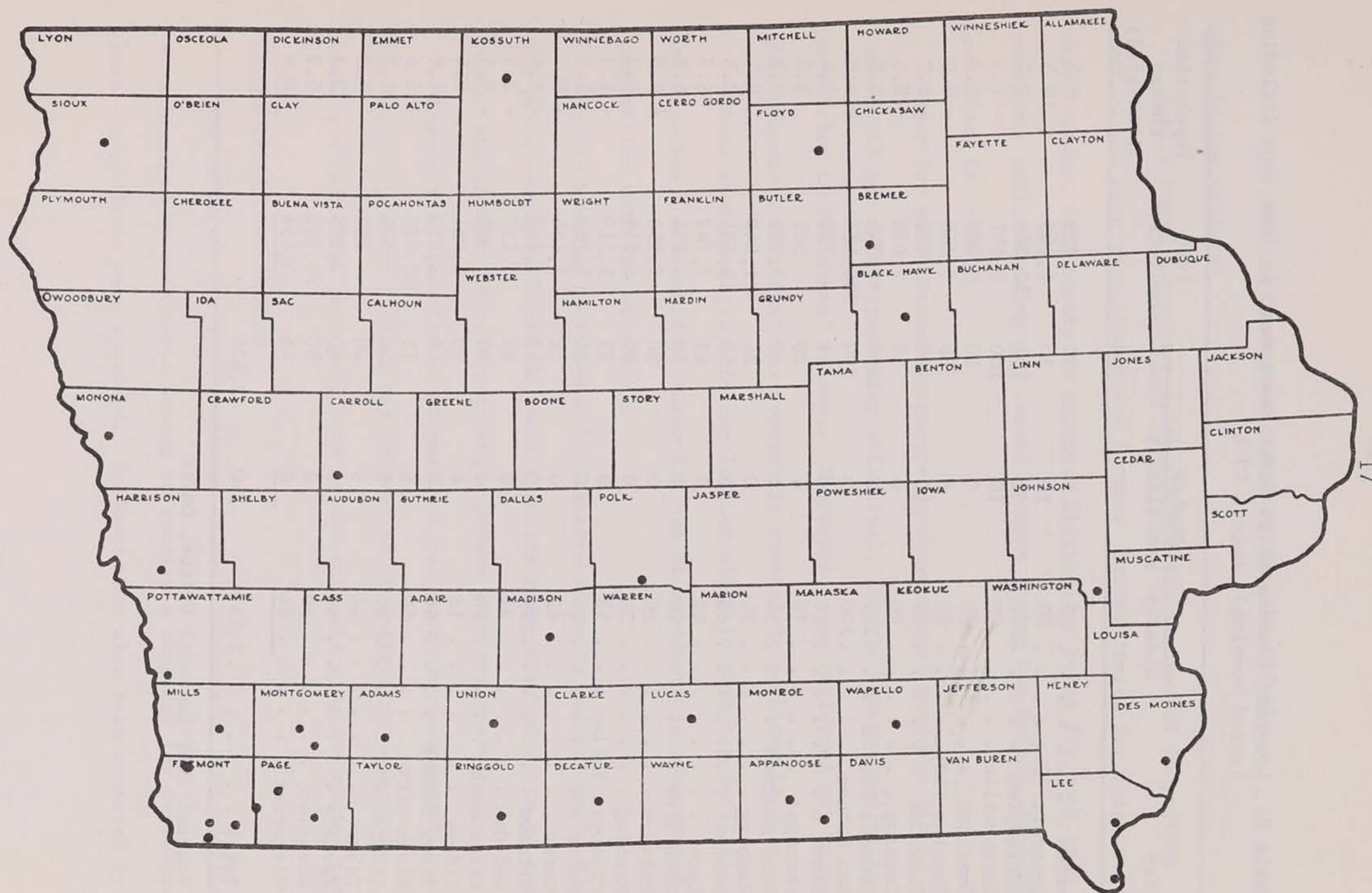


Fig. 1. Location of Public Housing
 August 1972 (excludes leased housing)
 Source: HUD Regional Office, Omaha

Table 2. Low-rent Housing Units Under Management in Iowa (not including leased housing), August 1972

City	Number			1970 population	Population change (1960-1970)
	Elderly	non-elderly	Total		
Afton	25	5	30	823	6.5
Bancroft	20	10	30	1,103	10.3
Burlington	201	0	201	32,366	- 0.2
Centerville	50	50	100	6,531	- 1.5
Chariton	80	0	80	5,009	- 0.7
Charles City	80	6	86	9,268	- 7.0
Clarinda	50	50	100	5,420	- 8.2
Corning	50	0	50	2,095	2.6
Council Bluffs	210	0	210	60,348	8.5
Des Moines	200	0	200	200,587	- 4.0
Essex	16	0	16	770	0.4
Farragut	16	4	20	521	5.3
Fort Madison	50	10	60	13,996	- 8.2
Hamburg	24	0	24	1,649	0.1
Keokuk	160	0	160	14,631	-10.3
Leon	42	0	42	2,142	6.9
Lone Tree	20	0	20	834	16.3
Malvern	20	0	20	1,158	- 2.9
Manning	30	0	30	1,656	- 1.2
Missouri Valley	53	0	53	3,519	- 1.3
Mount Ayr	26	0	26	1,762	1.4
Onawa	62	0	62	3,154	- 0.7
Ottumwa	299	0	299	29,610	-12.6
Red Oak	99	0	99	6,210	- 3.3
Shenandoah	80	0	80	5,968	- 9.1
Sidney	16	4	20	1,061	0.4
Sioux Center	40	0	40	3,450	51.6
Sioux City	60	15	75	85,925	- 3.6
Stanton	20	0	20	574	11.7
Tabor	14	6	20	957	5.3
Waverly	60	0	60	7,205	13.3
Waterloo	50	0	50	75,533	5.3
Winterset	46	0	46	3,654	0.4
Total	2,269	160	2,429		

Source: HUD Regional Office, Omaha

Conventional Public Housing for the Elderly

What is the program?

Public housing apartments for the elderly are rented to persons over 62 who have very inadequate income. Income limits for eligibility vary somewhat from county to county. Eligibility rules for both conventional public housing and leased housing (using Des Moines standards) are shown in table 3.

Rent for one-bedroom apartments in conventional projects can be as low as \$17 per month (including utilities), for the amount paid is in proportion to residents' incomes. Therefore, some residents pay more than others--a fact that has apparently created no problems in Iowa.

These apartment projects are located close to shopping facilities and churches. A community center for use of residents is constructed in conjunction with the apartments.

Public housing is financed by issuance of bonds guaranteed by HUD. HUD makes yearly payments to local agencies that cover payments on the bonds, and it also covers operating expenses when necessary.

Communities are allowed \$5 per unit per month for management. Since the typical project in Iowa has only 20 to 50 units, the manager is usually a part-time employee, such as the city clerk or one of the tenants.

Procedure for application

Who initiates low-rent projects? Several successful Iowa applications were launched by architects hoping to receive a contract for development once the projects were approved. Projects have also been promoted by

Table 3. Polk County Income and Asset Limits for Low-rent Housing, January 1974:
Asset Limits--Elderly, \$10,000; Non-elderly, \$7,500
Income Limits^a as follows:

Category	Eligibility income limits for admission	Eligibility income limits for continued occupancy ^b
1 person	\$4,200	\$4,800
2 persons (married couple)	4,200	4,800
2 persons (other).	4,800	5,400
3 persons (married couple + 1)	4,800	5,400
3 persons (other).	5,400	6,000
4 persons (married couple + 2)	5,400	6,000
4 persons (other).	5,800	6,400
5 persons (married couple + 3)	6,000	6,600
5 persons (other).	6,100	6,700
6 persons	6,400	7,000
7 persons	6,600	7,200
8 persons	6,800	7,400
9 persons	7,000	7,600
10 persons	7,200	7,800

^aFamily Income (the net income on which rent is to be based, for purposes of administering the 25 percent statutory maximum limitation on rents) means Total Family Income less the following:

1. A deduction of 5 percent of Total Family Income, except that the deduction shall be 10 percent in the case of a family whose head or spouse is elderly.
2. A deduction for extraordinary medical expenses where not compensated for or covered by insurance, defined for this purpose to mean medical expenses in excess of 3 percent of Total Family Income.
3. A deduction of amounts for unusual occupational expenses not compensated for by the employer, such as special tools and equipment, but only to the extent by which such expenses exceed normal and usual expenses incidental to employment.
4. A deduction of amounts paid by the family for the care of children or sick or incapacitated family members when determined to be necessary to employment of the head or spouse, provided the amount deducted does not exceed the amount of income received by the family member thus released.
5. An exemption of \$300 for each dependent, i.e., for each minor (other than the head or spouse), and for each adult (other than the head or spouse) dependent upon the family for support.
6. An exemption of \$300 for each secondary wage earner (a family member deemed to be a dependent under "5" above is not to be included).

^bLow-rent housing residents must move out when incomes rise above this amount.

Source: Low-rent Housing Agency, City of Des Moines, Iowa

public-spirited individuals, such as a mayor, councilman, senior citizen, minister or priest, stockbroker, banker, attorney, farmer, housewife, welfare director, or radio announcer. Although it is usually a small group that gets the program started, it may be a single persistent individual who does the paper work and provides most of the leadership.

The "legal" sponsor is the local government. As a first step, the city--or the county--establishes a Low-rent Housing Authority (LHA). This is a board appointed by the city or county. Sometimes the city councils have constituted themselves as the LHA, but otherwise they may designate a membership that includes the organizers of the project and others. Several steps follow: (1) The town or county enters a cooperative agreement with HUD, assuring the federal government that the local government will not tax the project and will provide support in other ways. (2) The basic application is then made to HUD for a "program reservation." This application will include information about the need for the housing. Information must be provided so that HUD can rate the application on eight different criteria. (The rating on the criteria, which are listed on page 24 , presumably is the basis on which HUD ranks applications, with those highest to be funded first.) HUD's approval of an application is a crucial stage, indicating that the project is to receive financial support for a specified number of units. (3) After approval of the application, a preliminary loan contract is executed, and after this the authority (LHA) can select a site and hire an architect. (4) An annual contributions contract is then signed allowing the local authority to acquire the land,

finalize plans, and invite bids on the construction contract. The construction is financed with short-term loans, and the LHA then issues long-term bonds to pay off the notes. Payments on these bonds are reimbursed by the federal government.

A simpler procedure is the "turn-key" approach. Instead of building their own units, the local authorities can simply choose an experienced developer and approve his plans. The developer builds the project and "turns the keys" over to the local authority. Most recent Iowa projects are turn-key because HUD takes the position that development under experienced builders is most efficient. Some Iowa project directors disagree with that view, believing that the turn-key approach gives local authorities too little control over the construction process.

In either case, the funding procedure is difficult. For most local housing authorities, the application process is an exasperating experience involving many complex procedures and much paper work stretching over a two to four-year period. Here are some comments about the procedure: "A complex thing for a small town." "A discouraging, disheartening experience." "Badgering, screaming, yelling." "We've really worked at it, but probably won't get approval." One local organizer describes their community process as follows: "We had to pass a referendum and then get a workable program (both steps now unnecessary), change from conventional to turn-key, change HUD offices from Chicago to Omaha, and change programs, too. We hired a director, got help from congressmen and senators, reconfirmed our affidavit several times, then got a reservation, an organizational transcript, an affidavit of need, and it was finally approved." This community had begun

organizing in 1966. Its 50-unit project was completed in 1972. This community was fortunate; others were unsuccessful in getting a project.

Why is the procedure so difficult for some communities? At first it was because the federal government wanted to be sure that federal housing policies were part of overall community development. There was a "workable program requirement" that obliged communities to enact building codes and city plans. More recently the problem seems to be that there are too few funds for the program, thus long waiting lines. HUD was able to fund all approved projects during the 1960's, and during that decade U.S. public housing doubled. But in Iowa there were few applications until 1969, and by then federal funds were being rationed on the basis of the amount used by each state in previous years, so Iowa's quota was small. In 1970 there were still only 39 low-rent housing authorities in Iowa. By August 1972 there were 100, only about one-third of which had received units, and HUD was working to eliminate the backlog of applications. Many Iowa housing authorities with approved applications have been waiting for three or more years to be funded. Now HUD has developed a priority system (based on the eight criteria listed below) for distributing the limited funds.

The priorities or criteria used by HUD are fairly easy to state. Applications from developers or community agencies are rated on each of the criteria as "superior," "adequate," or "poor." Housing authorities must achieve at least an "adequate" rating for each criterion to qualify. If they do not, they must file a "statement of intent" indicating they will do what is needed to become "adequate." All criteria are of equal weight, and the ratings for each are added together for the total score. Since larger

cities tend to make higher scores, the non-metropolitan areas are scored separately. Non-metropolitan Iowa is divided into four regions of 450,000 people each, and the top applicants in each region are to be funded.

The eight criteria are:

1. The need for low-income, low-rent housing (measured in terms of number of elderly and non-elderly households with low incomes).
2. Whether there are opportunities for racial minorities to use the proposed housing. (Communities with few or no minority residents are simply rated "adequate.")
3. Whether the families involved will thereby move to a better location--into a better neighborhood, or with more access to jobs and services--or whether housing is being constructed as a part of renewing a whole neighborhood, such as in the Urban Renewal or Model Cities plans.
4. Contribution to community improvement and development.
5. Whether the location is relatively safe from flooding, smog, and other environmental problems.
6. The ability of the local authority to adequately build or develop the project.
7. Whether the project will create minority employment, training, and business opportunities.
8. Provision for sound housing management of the completed project.

Although these eight criteria are said to be of equal weight, the last one--sound management--seems to have become most significant for qualification. Too many projects with bad management (in states other

than Iowa) have disadvantaged both tenants and communities. Poorly administered projects have tended to give the program a poor public image, and operating deficits have used up federal program funds that would otherwise have been used for constructing additional projects. Therefore, housing authorities with excellent management records now have the best chances to get additional housing. According to HUD, the best hope for a community just becoming interested in low-rent housing might be to join a regional management system that has projects already in operation.

Status of the program in Iowa

Nationally, public housing is controversial, involving issues of where public housing should be placed, who should be served, the large costs involved, and the failure of some projects to meet expectations. The program has been continued because it seems to be the only way to serve some families who cannot afford adequate housing. Public housing is not controversial in most Iowa communities that have it.

The state of Iowa did not get substantially involved in conventional public housing until after 1965, and even then a state referendum requirement hindered local communities in getting low-rent projects. Today a large number of Iowa people and communities are still waiting for the program.

Virtually no one ever moves out of public housing apartments for the elderly, except through illness or death. Each project has a long waiting line, and the typical replacement tenant applying at age 62 will be more than 70 years of age when finally admitted.

The waiting line would be even longer except that first priority is given to persons living inside the city limits. Persons living elsewhere are free to apply but have little hope of becoming replacement tenants.

A chief problem of low-rent housing in Iowa is how to justify it for some people and not for others who also qualify. True, some communities take a bit more interest in their elderly citizens than do others, and some communities can promise better management than others, and these are crucial items. But the need for low-rent housing is not unique to those towns with leadership and management ability.

Most tenants of Iowa low-rent housing projects are well satisfied with their situations, according to the project directors contacted. "It's made them 20 years younger," one director said. Most tenants seem to lead rather busy social lives. Their activities include coffees, card-playing, sewing, religious services, family dinners, Golden Age Clubs, crafts, and watching television.

Analysis and comments

Conventional public housing projects provide fine housing for persons who in most cases would otherwise be living in inadequate and unsafe housing. As a secondary advantage many small towns have used either HUD public housing or other housing programs as a means to maintain or increase the size of their population. Elderly people who spend their retirement incomes in their home community thereby support services that give jobs to younger people and help sustain their community's economy. Yet, more could be done through subsidized housing to keep elderly citizens in their home

communities and also to induce those living outside of the state to retire in a small Iowa community. HUD receives many inquiries about public housing from persons outside Iowa who want to retire in their Iowa home town or to move near their children.

Will the federal public housing program be phased out? Or will there be so few funds that most communities will not waste time competing for them? It appears that future directions have not been set. But when a program is in demand, as public housing is, the federal government has usually provided enough money.

Leased Housing

What is the program?

Most federal housing programs in Iowa mainly serve elderly people, but there is one program that primarily helps families with children. This is the "leased housing" program. It is another form of public housing financed through HUD and is administered by a city or county low-rent housing authority (LHA) with the same eligibility requirements as listed for public housing for the elderly (table 3). Under leased housing the LHA uses privately owned houses rather than publicly owned apartments. The LHA leases homes and then subleases them to families.

Although the owner agrees to keep the house in good condition, the LHA pays the landlord for any damages caused by tenants. It also guarantees regular rent payments over a period of about five years. The federal government pays the difference between the landlord's rent and the tenant's rent as well as the cost of LHA administration. For example, the LHA

might rent a private house for \$160 per month. Adding to this the cost of utilities (perhaps \$25) and the costs of administering this house (another \$25), the total monthly cost of the house would be \$210. Of this amount, part would be obtained from a federal subsidy (perhaps a maximum of \$135 per month) and the remainder (\$75) would ordinarily be paid by the resident family. Since the family pays up to 25 percent of their income for rent, some families pay more than \$75, while others with very low incomes might pay less than that amount. The LHA must evict tenants who do not make regular payments or who abuse their home, regardless of whether these tenants have other available housing.

In theory, leased housing has advantages for everyone. Families with children usually prefer to rent a house rather than an apartment in a conventional project in close quarters with other families. Rented houses are dispersed over a fairly wide area (see fig. 2). Neighborhoods benefit because old houses are renovated as part of the program, the landlord is assured that no payments will be missed, and local low-rent authorities like the program because it is quicker and easier to rent existing houses than to build apartment facilities.

Application procedure

The application procedure, and the criteria, are basically the same for conventional public housing (already discussed on pages 19-25).

Status of the program

The eight Iowa cities with leased units are Cedar Rapids, Des Moines, Iowa City, Muscatine, Waterloo, Davenport, Fort Madison, and Sioux City

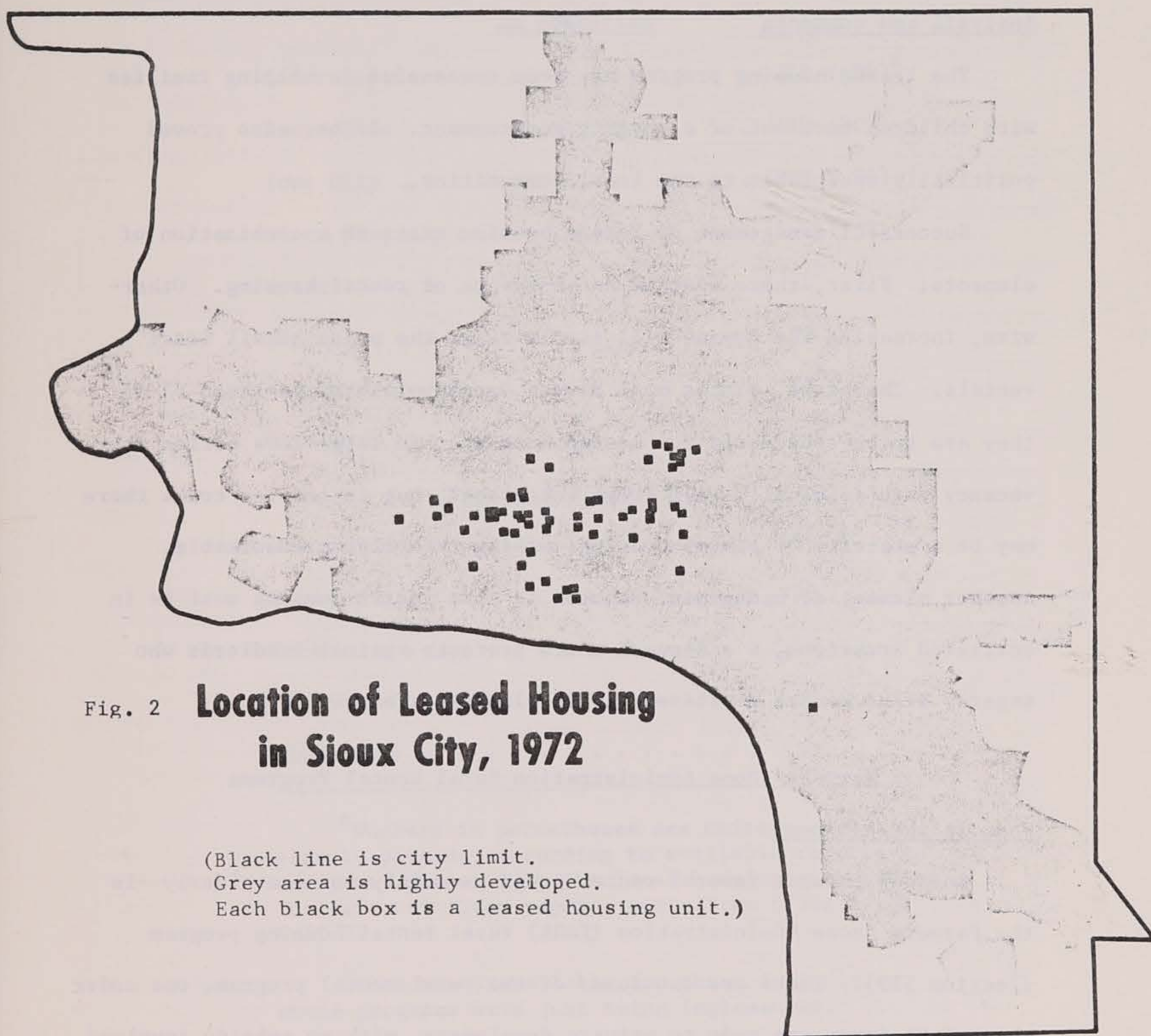


Fig. 2 **Location of Leased Housing
in Sioux City, 1972**

(Black line is city limit.
Grey area is highly developed.
Each black box is a leased housing unit.)

(table 4). Five other Iowa cities have now applied or received reservations for leased housing.

Analysis and comments

The leased housing program has been successful in helping families with children move out of a poverty environment. It has also proved politically acceptable to the local communities.

Successful management of leased housing rests on a combination of elements. First, there must be an abundance of rental housing. Otherwise, increasing the demand will simply raise the price of all local rentals. Therefore, cities must have a vacancy rate of at least 3% if they are to be considered for leased housing. In large Iowa cities the vacancy rate is usually well above this level, but in smaller towns there may be a scarcity of rental housing, making the program unworkable. Another element of management success is that rental housing must be in scattered locations, a safeguard which protects against landlords who eagerly offer houses clustered within blighted areas.

Farmers Home Administration Rural Rental Programs

What is the program?

Another popular federal rental program--mainly for the elderly--is the Farmers Home Administration (FmHA) rural rental housing program (Section 515). There are two forms of the rural rental program, one under which FmHA loans are made to private developers, with no subsidy involved. This is called the "profit-making" program, to distinguish it from the

Table 4. Leased Housing in Iowa, January 1973

Cities	Units
<u>In operation</u>	
Cedar Rapids	220 (94) ^a
Des Moines	760 (207)
Iowa City	209 (84)
Sioux City	150 (52)
Waterloo	75 ^b
Muscatine	50 ^b
Fort Madison	25 ^b
Davenport	75 ^b
<u>Committed for 1973</u>	
Council Bluffs	100
Dubuque	50
Keokuk	50
Ottumwa	50
Sioux City	50

^aNumbers in parentheses are units used by elderly persons, according to available reports on occupancy prepared by the local housing authorities. The dates of these reports range from 6/30/71 to 4/30/72.

^bData was unavailable for these four cities whose programs were just being implemented.

Sources: Reports on Occupancy, filed by local housing authorities, and HUD Regional Office, Omaha

"non-profit" program that is typically organized by a community-minded group. Profit-making rural rentals do not receive an interest subsidy. Profit-motivated rural rental provides one- and two-bedroom apartments that typically range from \$120 to \$150 per month (utilities included). Non-profit rural rentals, usually financed at 3% interest rates, rent in the range \$85 to \$125 per month (with utilities furnished). For the most part the non-profit units serve the moderate-income elderly, as compared with conventional public housing units discussed earlier, which are reserved for low-income elderly and which rent for as little as \$17 per month.

Non-profit rents can be reduced by an additional \$10 to \$15 per month under an optional "Plan 1." In contrast with "Plan 2," which has a fixed 3 percent interest rate, Plan 1 provides for a variable interest rate, which declines in proportion to tenants' incomes, as well as variable rent based on tenants' incomes. Tenants pay 25 percent of their income for rent, or they pay a "basic" (minimum) rent, whichever is higher. The interest on the loan rises above 1 percent if there are tenants who pay more than the basic rent. Most non-profit developer groups have preferred Plan 2.

Eligibility requirements do not significantly restrict participation. The upper limit of tenant income eligibility under Plan 2 is \$9,000 plus \$300 per child, while there is no upper limit on income under Plan 1. There is no limit on the amount of assets that can be owned under either plan. Local directors have full freedom to select tenants.

FmHA has encouraged communities to begin with only a few units and then to expand in response to the number of applications. Most begin with 4-6 units, although a few larger towns have begun with 12-16 units. The typical Iowa non-profit rural rental housing project is located in a small town within easy walking distance of shopping areas and churches. It typically contains four to eight units, though some now have 30 units.

In order to get an understanding of non-profit rural rental programs in Iowa, telephone interviews were conducted with leaders of projects approved between June and December of 1970.

Application procedure

Under the usual procedure for developing a non-profit project, a local organization or informal group applies for the FmHA loan. Usually local groups first learn about the existence of rural rental housing programs from the local FmHA supervisor or by observing successful projects in other communities. The FmHA supervisor usually introduces the program to those leaders in the community who seem to be interested and who are capable of implementing the program.

These leaders, under guidance from the FmHA supervisor, form a non-profit corporation which represents a "cross-section" of the community. Often the board of directors of the non-profit corporation has been drawn from a local businessman's organization (most frequently the commercial club or the Lion's Club) which in effect serves as sponsor. The local bank and its president are virtually always involved, sometimes in a central role and in other cases as a donor or treasurer. City councils are usually

cooperative even to the point of furnishing sewer tie-ins and other services without charge. Newspapers are cooperative and occasionally instrumental in motivating interest and assistance, and realtors are generally supportive of the project. Housing projects in nearby towns help by their example and by direct encouragement, as is suggested in the stepping-stone pattern of program growth in Southwest Iowa (fig. 3). The non-profit corporation, once formed, sells shares to at least 25 persons in the community, in amounts adequate to provide capital, and accepts contributions toward the purchase of the building site. After acquiring the site, the corporation chooses a design and selects a builder based on competitive bidding.

Status of the program

The rural rental housing program of the FmHA is popular in Iowa. In 1972 Iowa used 11 percent of the total funds loaned nationally for the non-profit program. As of November 1972 Iowa FmHA had contracted with non-profit corporations to build 1,257 rental units in 192 communities (table 5). About 1,000 Iowa communities are eligible. The pace of development has been fast, for until 1973 funds were ample, and there was relatively little "red tape." In fiscal 1972 alone, 97 communities built 476 units of non-profit rural rental housing. In addition, as of 1972, the Iowa FmHA made loans for 118 profit-type projects which have 604 rental units (fig. 4 and table 5). The profit-type projects are located in 97 communities.

Until recently most rural rentals went to small communities with fewer than 1,000 people, apparently because these towns found it easier to

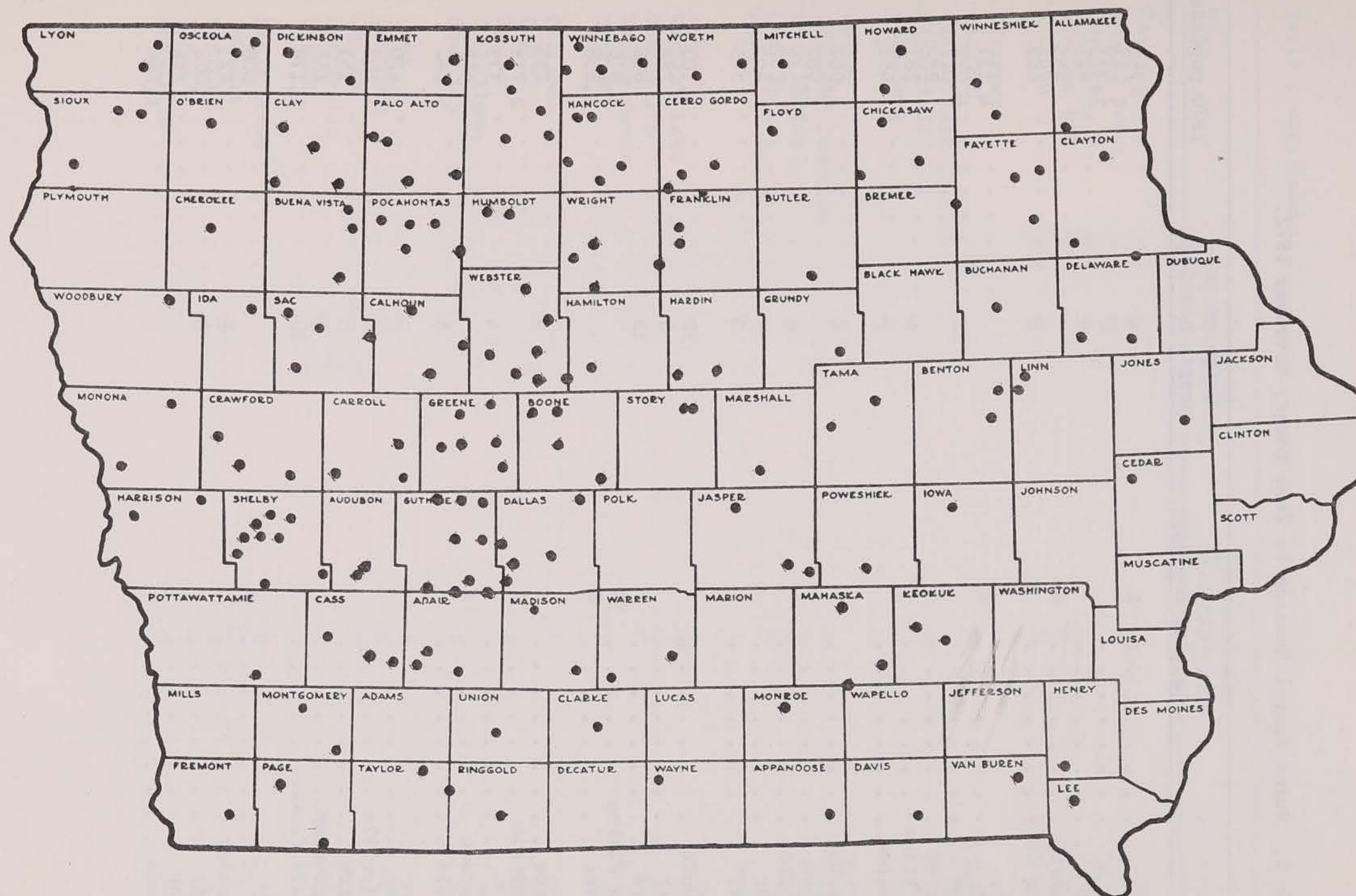


Fig. 3. Location of FmHA Non-Profit Rural Rental Housing
November 1972
Source: Iowa FmHA

Table 5. Rural Rental Housing in Iowa Towns, November 1972.

Town	Units of profit housing	Units of non- profit housing	1970 population
Adair	4	4	750
Adel		6	2,419
Afton		6	823
Ainsworth	4		455
Albert City		8	683
Albia	8		4,151
Algona		23	6,032
Allerton	4		643
Alta Vista		4	283
Arlington		6	481
Armstrong		6	1,061
Audubon	4		2,907
Ayrshire		9	243
Badger		4	465
Pagley		5	365
Bancroft		30	1,103
Baxter		8	788
Bayard		15	628
Belle Plaine	18		2,810
Belmond	4		2,358
Plencoe		4	255
Bloomfield	7		2,718
Bode		4	372
Bondurant	4		462
Boxholm		5	242
Boyden		5	670
Braddyville		4	207
Brayton		5	151
Bridgewater		6	188
Buffalo Center		10	1,118
Burt	3		608
Callender		8	421
Calmar		6	1,008
Carson	4		756
Cascade	4		1,744

Table 5 continued

Town	Units of profit housing	Units of non- profit housing	1970 population
Casey		5	561
Center Point		5	1,456
Chariton	5		5,009
Charter Oak		8	715
Churdan		5	598
Clarence	4		915
Clarion		6	2,972
Clarksville	4		1,360
Clearfield		4	430
Colesburg		4	379
Colfax	8		2,293
Columbus Junction	4		1,205
Coon Rapids		5	1,381
Corwith		5	407
Corydon	4		1,745
Coulter		4	262
Crystal Lake		5	276
Cumberland		6	385
Dallas Center	8		1,128
Dayton		26	909
Defiance		4	392
DeWitt	4		3,647
Dexter		9	652
Donnellson	4		798
Dow City		4	571
Dows		6	777
Duncombe		4	418
Dunlap	4	4	1,292
Dyersville	17		3,437
Dysart	2		1,251
Eagle Grove		8	4,489
Earlham		15	974
Earling		4	573
Early		8	727
Eddyville		5	970

Table 5 continued

Town	Units of profit housing	Units of non- profit housing	1970 population
Eldora	4		3,223
Elgin		5	613
Elkhart	8		269
Elk Horn		8	667
Elliott		4	423
Elma		5	601
Essex		5	770
Everly		4	699
Exira		10	966
Fairbank	6		810
Farragut		4	521
Fontanelle		8	752
Fredericksburg		6	912
Fremont		4	480
Galva		9	412
Garwin		5	563
George		4	1,194
Gilman	4		513
Gilmore City		5	766
Glenwood	24		4,421
Glidden		4	964
Gowrie	4		1,225
Grafton		5	254
Grand Junction	1	10	967
Grimes	8		834
Guthrie Center	4	8	1,834
Harcourt		4	305
Harris		8	195
Havelock		5	248
Hawarden	4		2,789
Hinton	9		488
Hopkinton		5	800
Houghton		4	119
Hubbard	4	6	846
Hull		4	1,523

Table 5 continued

Town	Units of profit housing	Units of non- profit housing	1970 population
Humboldt	2		4,665
Humeston		14	673
Independence		12	5,910
Ireton		4	582
Irwin		4	446
Jamaica		6	271
Jefferson		10	4,735
Jewell	4		1,152
Kanawha		12	808
Keota	4		1,112
Keswick	4		257
Kirkman		4	72
Klemme		8	533
Lake Mills		12	2,124
Lake Park		4	918
Lake View	8		1,249
Lamoni	11		2,540
LaPorte City	8		2,256
Larchwood	4		611
Latimer		5	393
Laurens	8	14	1,792
Le Grand	4		565
Lehigh		4	739
Lenox		8	1,215
Lewis		12	526
Lime Springs		4	497
Linden		4	278
Little Rock		5	531
Little Sioux		4	239
Livermore		4	510
Lohrville		4	553
Lone Rock	4		166
Lovilia		2	640
Lynnville		8	381
Lytton		9	378

Table 5 continued

Town	Units of profit housing	Units of non- profit housing	1970 population
McCallsburg		4	307
Macedonia		6	330
Madrid	8	22	2,448
Mallard		5	384
Malvern	4		1,158
Manchester	6		4,641
Manilla		5	943
Manly	4	6	1,294
Manning		4	1,656
Mapleton		20	1,647
Marathon		4	441
Marcus	3		1,272
Marengo	3	8	2,235
Martensdale	8		306
Massena		4	433
Maxwell	6		758
Mechanicsville	4	5	989
Melbourne		5	661
Menlo		5	391
Meriden		5	167
Meservey		4	354
Milo		4	561
Mitchellville	39		1,341
Monona	4	5	1,395
Monroe	2		1,389
Montezuma		5	1,353
Moulton		4	763
Mount Ayr		10	1,762
Nashua		5	1,712
Nevada	18		4,952
Newell		4	877
New Hampton	8		3,621
New London	1		1,900
New Sharon		15	744
New Virginia		12	452

Table 5 continued

Town	Units of profit housing	Units of non- profit housing	1970 population
Nora Springs	4	5	1,337
Oakland	16		1,603
Ocheyedan	2	5	545
Odebolt		4	1,323
Ogden		7	1,661
Orient		8	323
Osceola	8	20	3,124
Panama		4	221
Panora	4	9	982
Parkersburg	8	8	1,631
Paton		4	329
Peterson		2	469
Pierson		4	421
Pilot Mound		15	214
Pocahontas		4	2,338
Pomeroy		5	765
Portsmouth		4	239
Postville		5	1,546
Prairie City	8		1,141
Pulaski		8	255
Radcliffe		5	548
Rake		4	324
Redfield		5	921
Reinbeck		8	1,711
Remsen	4		1,367
Renwick	4		429
Ridgeway		5	218
Ringsted		5	509
Rippey		5	270
Riverside	4		758
Rock Valley	3		2,205
Rockwell		12	923
Roland		5	803
Rolfe		10	767
Royal		4	469

Table 5 continued

Town	Units of profit housing	Units of non- profit housing	1970 population
Runnels	8		354
Russell	6		591
Ruthven		4	708
Ryan		4	343
Sac City	22		3,268
St. Ansgar		5	994
Salem		5	458
Sanborn		5	1,465
Schaller		5	835
Schleswig	4		875
Scranton		8	751
Seymour	4		931
Sheffield		10	1,070
Shelby		8	868
Sheldon	5		4,535
Shellsburg		4	740
Sibley	4		2,749
Sigourney	4	6	2,319
Sloan	2		799
Somers		4	197
Stanhope		4	482
Stanton	4		574
Stanwood	4		642
Stockport		4	334
Story City	10		2,104
Stratford		4	710
Strawberry Point		5	1,281
Stuart		14	1,354
Sully		5	685
Sumner		4	2,174
Swea City		4	774
Tama	3		3,000
Terril		4	397
Thompson		4	600
Thornton		5	410
Titonka		18	599

Table 5 continued

Town	Units of profit housing	Units of non- profit housing	1970 population
Toledo	7		2,361
Traer		4	1,682
Treynor	4		472
Truro		4	359
Underwood	8		424
Urbana		6	562
Van Meter	4		464
Villisca		8	1,402
Walford	4		286
Walker		6	622
Wapello	5		1,873
Waukee	10		1,577
Webb		4	234
Wellman	4		1,068
Wesley		12	548
West Bend		5	865
Westphalia		4	121
West Point	4		1,045
West Union		6	2,624
What Cheer		4	868
Winthrop	6		750
Woden		4	265
Woodward		6	1,010
Woolstock		4	222
Wyoming		5	746
Yale	6		301

Source: Iowa FmHA

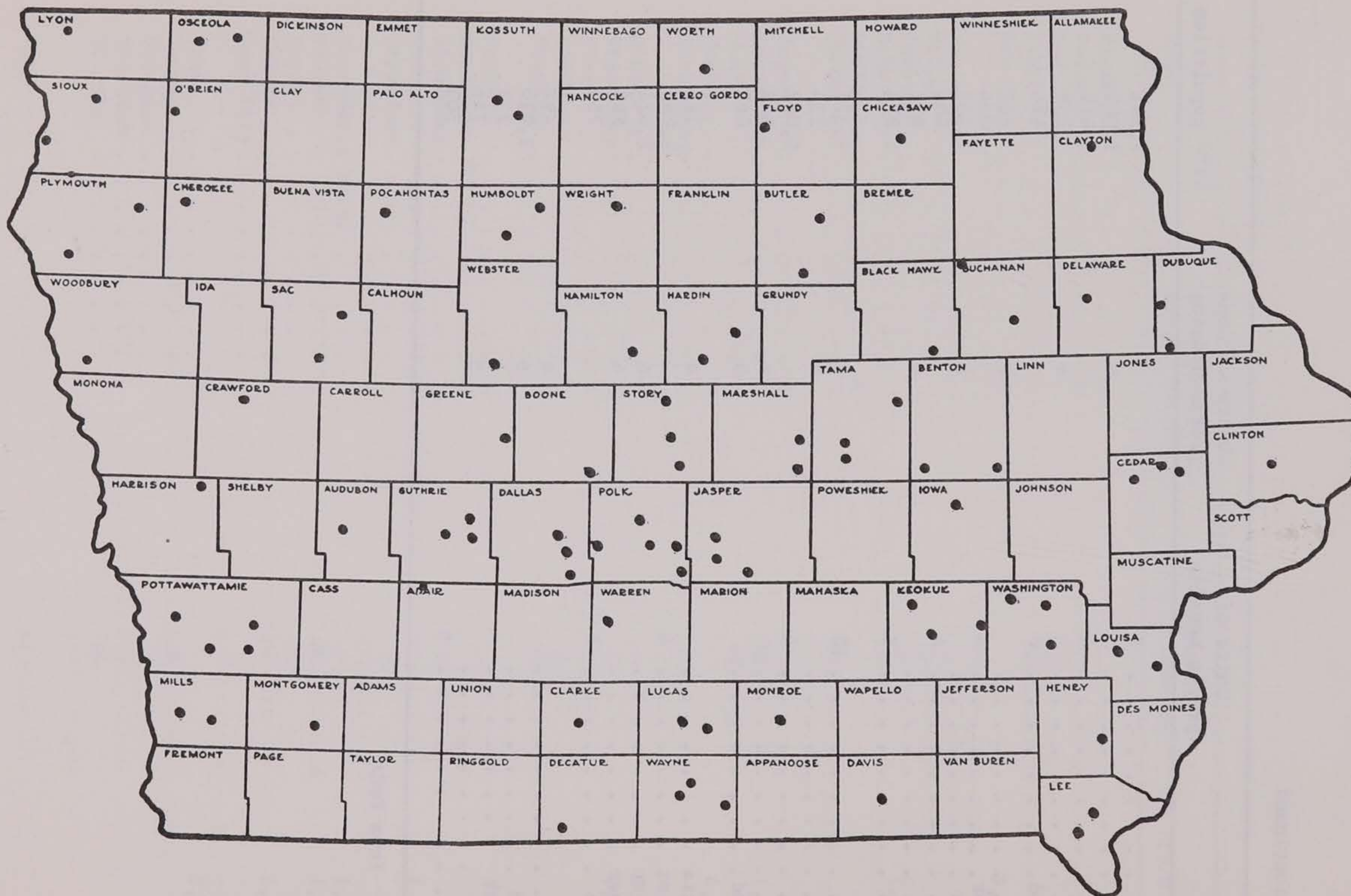


Figure 4. Location of FmHA Profit Rural Rental Housing
November 1972
Source: Iowa FmHA

form a cross-sectional group that would fit FmHA rules. Recently, non-profit housing has been approved in a few towns in the 5,000-10,000 population category.

Inflation in building costs, and the fact that some non-profit units are not being granted exemption from local property taxation, have caused rent increases to a point at which it may become difficult to attract tenants in small communities. Yet, as residences for elderly persons, these apartments have definite advantages over larger houses. Residents generally tell others of these advantages, resulting in gradual expansion of demand within the communities that have well-managed rural rental units.

Analysis and comments

Local groups undertake these non-profit rural rental projects for several reasons. Interviews with leaders of the non-profit projects organized between June and December of 1970 revealed that there were similar major objectives which were related to one another. One objective was to permit some elderly residents to move from large houses into smaller more convenient quarters. The second objective was to make these vacated larger homes available to families, since some towns have experienced a shortage of adequate large houses. These objectives were well served in Bayard, Iowa, for example, where 18 elderly individuals moved out of homes which subsequently housed 28 persons.

Another related objective is to maintain or increase the population of the town. Substantial, well-kept homes offered at a reasonable price

may retain residents or attract commuters. The rural rental project also attracts some elderly persons from outside the town. The towns of Bayard and Bancroft, which have experienced population increases, have attributed this in part to the establishment of a variety of housing for the elderly. Construction and maintenance of rural rental housing also provides markets for local business.

The FmHA rural rental and the HUD public housing programs would seem to work well together since each serves a different income level. A few Iowa towns have developed or are developing both FmHA and HUD programs. Bancroft, as one example, has 30 units of FmHA rural rental housing and 30 units of HUD public housing.

FHA Section 236 Rental Program

What is the program?

The Housing and Urban Development Act of 1968 encouraged businessmen and community groups to develop housing for low- and moderate-income families. "Section 236" of this law provided for the construction of rental housing, while Section 235 provided for home ownership. Much was done in Iowa under Section 236, as indicated in table 6.

Most Section 236 units serve a moderate-income group, providing excellent apartment housing at a price somewhat below the market value. Most rents, as of November 1973, ranged from \$115 to \$120 for one-bedroom apartments; for two bedroom apartments, \$140 to \$150; and for three-bedroom units, \$165 to \$175 (table 6 shows rents as of 1972). For one-tenth of the units in each project, rents are reduced by as much as 70 percent

Table 6. FHA Multifamily Rentals in Iowa, Including Sec. 236, October 1972

Program	Rental project	Number rental units	Estimated monthly rentals
Sec.207. . . .	.Martin Luther Home Sioux City	136 ^a	136 0-BR* from \$200
Sec.220. . . .	.Americana Apartments Des Moines	202	22 0-BR from \$135 82 1-BR from \$178 52 2-BR from \$216 46 3-BR from \$276
Sec.221(d)(3). BMIR	.Regency View Apartments Des Moines	44	4 1-BR \$ 98 26 2-BR \$111 14 3-BR \$129
Sec.221(d)(3). BMIR	.Cedar Valley Apartments Cedar Rapids	186	98 1-BR \$106 130 2-BR \$123 38 3-BR \$140
Sec.221(d)(3). BMIR	.River Heights Apartments Sioux City	108	8 1-BR \$100 50 2-BR from \$120 50 3-BR from \$140
Sec.221(d)(3). BMIR	.Wellington Park Evansdale	38	6 0-BR \$ 85.75 8 1-BR \$104 12 2-BR \$122.50 8 3-BR \$140.75 4 4-BR \$159
Sec.221(d)(3). BMIR	.Carter Plaza Dubuque	8	8 2-BR \$102
Sec.221(d)(3). BMIR	.Alabar Plaza Waterloo	12	1 1-BR from \$110 6 2-BR \$131 3 3-BR \$145
Sec.221(d)(3). BMIR	.Alabar Hills Plaza Waterloo	24	4 1-BR \$107 16 2-BR from \$117 4 3-BR \$138
Sec.221(d)(3). BMIR	.Northgate Apartments Council Bluffs	66	12 1-BR \$110 24 2-BR \$137 24 3-BR \$157 6 4-BR \$175.17

Table 6 Continued

Program	Rental project	Number rental units	Estimated monthly rentals
Sec.221(d)(3). BMIR	• Twin City Square Council Bluffs	60	8 1-BR* \$110 28 2-BR \$140 24 3-BR \$160.84
Sec.221(d)(4).	• Warden Plaza Fort Dodge	281	157 0-BR from \$ 85 122 1-BR from \$ 95 2 2-BR \$230
Sec.221(d)(4).	• Tallcorn Towers Marshalltown	65	26 0-BR from \$ 96 39 1-BR from \$115.50
Sec.221(d)(3).	• Hawthorne Hills Cedar Rapids	202	120 0-BR \$114.75 32 1-BR \$142 32 2-BR \$162.75 18 3-BR \$189
Sec.221(d)(3).	• Homes of Oakridge Des Moines	150	20 0-BR \$124 30 1-BR \$152.55 50 2-BR \$176 50 3-BR \$199
Sec.221(d)(3).	• Park Towers Waterloo	84 ^a	39 0-BR from \$ 95 45 1-BR from \$117
Sec.231 . . .	• Heather Manor Des Moines	147 ^a	81 0-BR from \$125 66 1-BR from \$160
Sec.202 . . . Conv.** to Sec.236	• Geneva Towers Cedar Rapids	192 ^a	132 0-BR from \$ 96 60 1-BR from \$110
Sec.202 . . . Conv. to Sec.236	• Golden Buckle Rockwell City	48 ^a	32 0-BR \$ 85 16 1-BR \$114
Sec.236 . . .	• Edgebrook Park Apartments Marshalltown	72	12 1-BR \$ 95.34 48 2-BR \$125 12 3-BR \$149.17
Sec.236 . . .	• Wahkonsa Village Fort Dodge	125	84 2-BR \$131 41 3-BR \$144.95

Table 6 Continued

Program	Rental project	Number rental units	Estimated monthly rentals
Sec.236	Cedar Hills Apartments Muscatine	72	12 1-BR* \$ 88.75 48 2-BR \$125.25 12 3-BR \$148.42
Sec.236	Bluffs Towers Council Bluffs	70 ^a	41 0-BR \$ 87.50 28 1-BR \$110.20 1 2-BR \$143.43
Sec.236	McBurney Apartments Belmond	32 ^a	8 0-BR \$ 82.88 24 1-BR \$103
Sec.236	Emeis Park Apartments Davenport	108	6 1-BR \$ 88.74 66 2-BR \$125 36 3-BR \$144.50
Sec.236	Horizon Homes Davenport	110	12 1-BR \$ 97.58 30 2-BR \$126.34 30 3-BR \$143.84 38 4-BR \$153.84
Sec.236	Mark IV Apartments Iowa City	248	80 1-BR \$108.75 80 2-BR \$130 80 3-BR \$153 8 4-BR \$177.25
Sec.236	Place Thirty-Five Council Bluffs	146	20 1-BR \$102.11 64 2-BR \$134.84 48 3-BR \$154.98 14 4-BR \$171.53
Sec.236	Homes of Oakridge Des Moines	150	10 0-BR \$ 87.50 20 1-BR \$108 50 2-BR \$123 70 3-BR \$142
Sec.236	Kennedy Manor Dubuque	73	21 1-BR from \$104.50 36 2-BR from \$132.50 16 3-BR from \$143
Sec.236	River Hills Apartments #1 Des Moines	259	56 0-BR \$ 92.50 35 1-BR \$117.50 126 2-BR \$139.50 30 3-BR \$149.50 12 4-BR \$153.55

Table 6 Continued

Program	Rental project	Number rental units	Estimated monthly rentals
Sec.236	Clarkview Apartments Charles City	48	12 1-BR* \$ 79 24 2-BR from \$ 96.10 12 3-BR \$125
Sec.236	Mid Town Gardens Burlington	60	12 1-BR \$105.25 36 2-BR \$134.25 12 3-BR \$156.85
Sec.236	War Eagle Village Sioux City	101	8 1-BR \$100 57 2-BR from \$122.50 30 3-BR \$137.50 6 4-BR \$158.78
Sec.236	Logandale Apartments Waterloo	126	10 1-BR \$ 93.75 50 2-BR \$112.75 54 3-BR \$129.75 12 4-BR \$149.94
Sec.236	Eastwood Apartments Ames	60	16 1-BR \$107.50 32 2-BR from \$132.50 12 3-BR \$160.59
Sec.236	Midtown Apartments Boone	72	14 0-BR from \$ 80 34 1-BR \$105 18 2-BR \$127.50 6 3-BR \$150
Sec.136	Pleasantview Manor Newton	48	18 1-BR \$112 24 2-BR \$138 6 3-BR \$159.99
Sec.236	Robin Manor Indianola	72	12 1-BR \$107.50 48 2-BR \$127.50 12 3-BR \$148.32
Sec.236	Four H Manor Red Oak	36	6 1-BR \$100 24 2-BR \$122.50 6 3-BR \$140.32
Sec. 236	Green Valley Manor Creston	48	16 0-BR \$102.75 14 1-BR \$177.75 15 2-BR \$133.25 3 3-BR \$156.84

Table 6 Continued

Program	Rental project	Number rental units	Estimated monthly rentals
Sec.236	Westside Manor Mason City	72	20 1-BR* \$110 40 2-BR \$132.50 12 3-BR \$150.77
Sec.236	River Hills Apartments #2 Des Moines	171	48 1-BR \$124.85 99 2-BR \$147.85 24 3-BR \$163.34
Sec.236	Country Manor Clarinda	48	18 1-BR \$112 27 2-BR \$133.25 3 3-BR \$151.12
Sec.236	Hillside Village Glenwood	36	14 1-BR \$112.50 18 2-BR \$136 4 3-BR \$153.25
Sec.236	Wieber Manor Camanche	50	12 1-BR \$112 32 2-BR \$135.50 6 3-BR \$152.32
Sec.236	Morning Hills Apartments Sioux City	96	32 1-BR from \$116.88 48 2-BR from \$142.50 16 3-BR from \$158.25
Sec.236	Hillcrest Apartments Dubuque	108	36 1-BR \$126.25 60 2-BR from \$145 12 3-BR from \$160
Sec.236	Riverview Apartments Algona	32	12 1-BR \$108 16 2-BR \$125 4 3-BR \$141.71
Sec.236	Chamber Apartments Waterloo	101	20 1-BR \$119 55 2-BR from \$137.50 26 3-BR from \$152.50
Sec.236	United Manor DeWitt	48	24 0-BR \$ 97.56 24 1-BR \$113.82

^a Exclusively for senior citizens.

Source: From report on equal housing opportunities information record multifamily (rental) and FHA-owned rental properties (Title VIII, Civil Rights Act of 1968/and Executive Order No. 11063.

*BR--Bedroom

**Conv.--Converted

under a rent supplement program (Section 101). This added subsidy makes it possible for at least some low-income residents to be admitted in each development. The upper limits of income eligibility for a family of four vary by county, based on cost of living, and range from an adjusted income of \$5,940 in one Iowa county, as of November 1973, up to \$7,830 in one other county. The asset limit is \$2,000.

A majority of the Iowa 236 units have more than one bedroom and are designed for families with children. Some of them house both elderly and younger couples, preferably separating elderly and young in different buildings within the same project. One indication of the total number of elderly is the number of units with less than two bedrooms--about 28 percent of all Iowa 236 units. Several developments are exclusively for the elderly.

Most 236 developments are located in larger cities. According to FHA officials, those situated in smaller communities have been successful as well, such as those in Belmond, Charles City, Boone, Indianola, Red Oak, Creston, Clarinda, Glenwood, Comanche, and Algona.

The subsidy for Section 236 comes mainly through federal interest payments on the mortgage loans. The builder of 236 rental units typically pays only 1 percent interest (plus any rent payments made above the "basic" rent), and the federal government pays the rest. Private developers also respond to tax incentives. The dollar amount of annual depreciation on the projects allowed for tax purposes usually exceeds the developer's total cash investment on the project. In addition the developer may profit from land

appreciation, from a 10% "risk allowance" granted the builder, and finally from a permitted 6% annual "limited dividend" on his investment.

More than two-thirds of Iowa 236 projects have been constructed by private developers. Developers are most likely to be local businessmen. The other type of Section 236 builder is a non-profit organization--usually a church or other community-based group. Non-profit organizations account for nearly one-third of all 236 units in Iowa and have constructed rental units under earlier HUD programs as well.

Application procedure

The Section 236 program is administered by FHA, whose state office is in Des Moines. In determining need, FHA is guided by professional housing market analyses. It investigates each application by interviewing a number of relevant local persons, evaluating population trends, checking the number of vacancies, learning the kind of housing that is available, and considering the "external pressures" favoring growth or decline of the community. More recently, FHA is also guided by the eight criteria discussed earlier as applied to low-rent public housing. But the test of need (demand) has apparently not been the overriding factor in determining where units would be located, simply because most Iowa communities of any size have eligible families which welcome the opportunity to rent apartments that benefit from federal subsidy.

The main reason developments are located where they are is that a local businessman or non-profit group was willing and able to put a project together at a time when funds were available under the program.

Status of the program

An Iowa inventory of Section 236 rental units as of 1972 is contained in table 6; fig. 5 locates Section 235 and 236 units by county. Both the Section 235 and Section 236 programs have been attractive to the housing industry, especially during slack times. Although builders and developers may hesitate to become involved in the red tape and the uncertainties associated with federal programs, the returns have been sufficient to attract them. In addition, the programs provide liberal fees for the professional services required to produce the housing.

Development by non-profit groups has been slower, more complicated, and problematical, partly because the non-profit groups usually strive for difficult social objectives, such as providing housing for minorities and rehabilitation of families. Iowa experience seems to have convinced HUD-FHA officials that non-profit groups are successful in increasing housing for the elderly but are less capable than private developers in creating and managing housing for families with children.

A large amount of housing has been produced under Sections 235 and 236, yet the future of these programs is now in question. The inadequacy of these programs is partly due to general inflation, which has eaten into the subsidies, and partly because units built under the programs are more expensive than comparable ones built for the regular or conventional market. In April of 1972 the federal government ruled that new 236 rental units must be capable of competing in the market place without subsidy, and this rule in effect brought a halt to new applications in Iowa. Iowa groups interested in building Section 236 housing seemed to

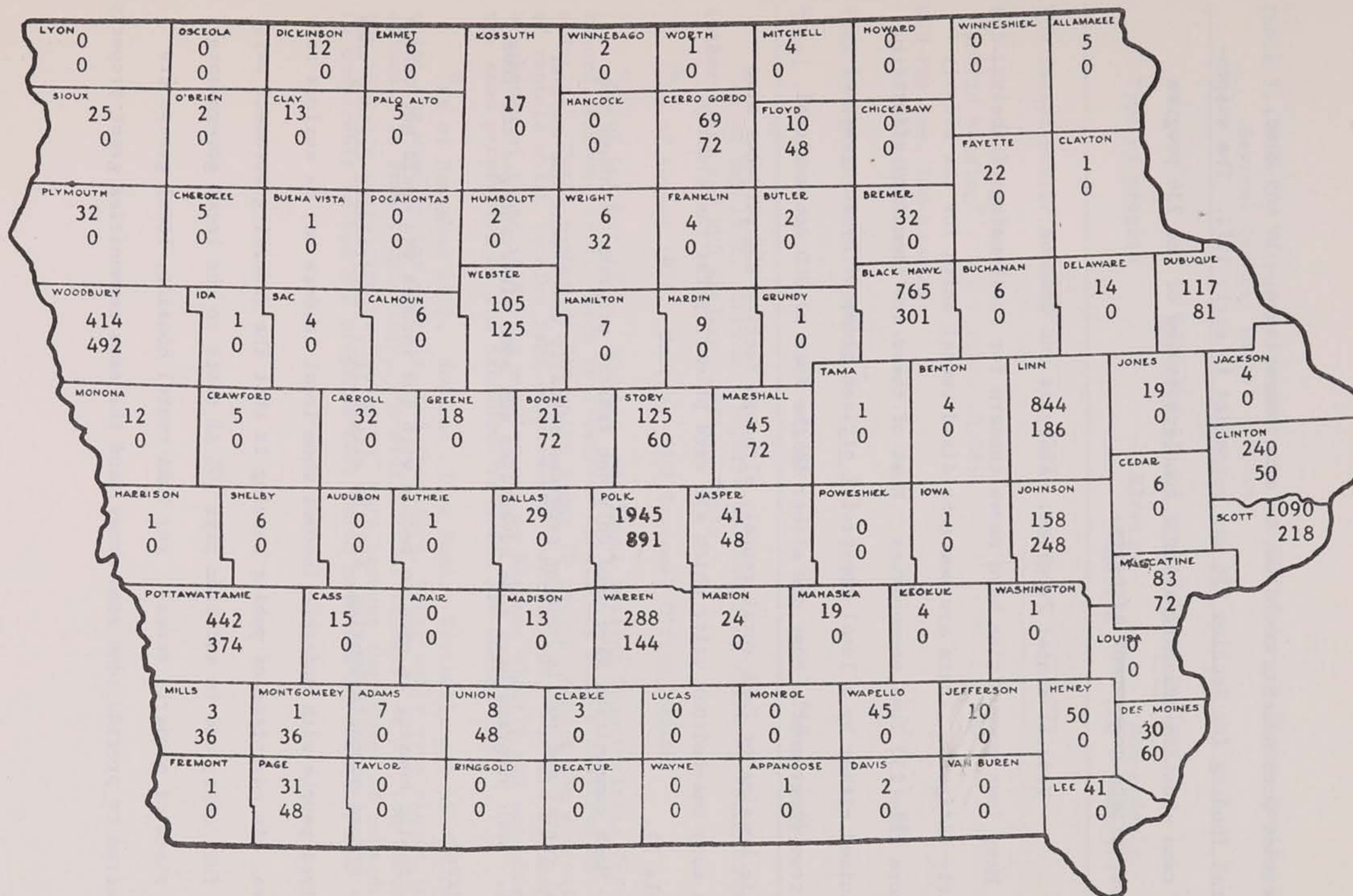


Fig. 5. FHA Subsidized Housing

Top line: Ownership (insured units under "Section 235" or "Section 221D2," June 30, 1972)

Bottom line: Rentals (insured units under "Section 236" or "Section 221BMR," December 31, 1971)

Source: U.S. Department of Housing and Urban Development

agree that such housing could not be made competitive. In any case, federal funding for Section 236 was suspended in early 1973. The suspension came about in order to allow a complete review of the 236 program by appropriate government agencies.

Federal Rental Programs: Analysis and Comment

Many Iowa communities have shown concern for the housing of their elderly citizens. There are now subsidized rental units for the elderly in more than 250 Iowa communities. Most of these are community efforts organized either by a local non-profit citizen group or by an agency of the town government. Most are either in the form of HUD conventional public housing or FmHA rural rental, although Section 236 projects also have many one-bedroom units which are used primarily for the elderly (table 7).

Most communities have used only one federal program, although the rural rental and public housing programs actually complement one another well. Both programs have some advantages and some disadvantages for Iowa citizens.

Public housing is open to people with low incomes who could not otherwise afford adequate housing, and the eligibility requirements exclude some retired people with moderate incomes whom local leaders may be anxious to serve. An advantage of public housing is that the federal government pays the full cost, and in addition pays 10% of rents to the local governments (in place of property taxes). For FmHA rental housing, local groups are expected to provide some seed money, and the same communities grant property

Table 7. Elderly Versus Non-elderly in Low-and Moderate-income Housing Under Several Federal Rental Programs

Distribution of Rental Units in Iowa					
Type of program	Elderly		Non-elderly		Total Units
	Low	Moderate	Low	Moderate	
HUD leased public housing ^a	257		1,077		1,334
HUD-LHA-owned conventional public housing ^b	2,269		160		2,429
HUD-FHA Sec. 236 housing with rent supplement ^c	163	654	416	1,665	2,898
FmHA non-profit rural rental ^d . .	_____	<u>1,266</u>	_____	_____	_____
Total	2,689	1,920	1,653	1,665	7,927

^aAs of May 1972. Source: Reports on Occupancy filed by local housing authorities, and HUD Regional Office, Omaha.

^bAs of August 1972. Source: HUD Regional Office, Omaha.

^cAs of October 1972. Source: FHA Equal Housing Opportunities Information Record, October 1972. Zero to 1-bedroom apartments were classified as "non-elderly." Total number of 236 units times 20 percent equals the approximate number of rentals which receive rent supplements (Section 101). It was assumed that the breakdown of those receiving supplements as between elderly and non-elderly was in the same proportion as the breakdown of total 236 units.

^dAs of November 1972. Source: Iowa FmHA. Virtually all of the rural rental units are used by the elderly, and therefore, total units were placed in that column. In FmHA terminology, non-profit rural rentals are of "low-income" tenants, but they are classified as "moderate" here because the amount of subsidy involved is comparable to the HUD programs that reach moderate-income citizens.

tax exemptions. Rentals for non-elderly have been provided mainly through the leased housing and Section 236 programs. More non-elderly units are for families with moderate rather than low incomes (table 7), and most are located in Iowa's larger cities (table 10).

IV. HOME OWNERSHIP PROGRAMS

Both FmHA and FHA have programs under which low- and moderate-income families can become homeowners. Under these programs families can purchase existing homes that are in good condition. These programs help buyers by allowing a small down payment and by providing a subsidy through reduction of interest rates paid on the mortgage. The subsidy is largest for the families with the lowest incomes.

Home ownership is highly valued by many families, but not every family can own a home even under programs in which the interest rate is highly subsidized. Families purchasing a home must have a dependable income and one that is adequate to support monthly payments--payments for principal and interest, insurance, and taxes, as well as maintenance on the house. Borrowers must have a good credit rating and the ability to pay off existing current debts. Families whose income cannot support an adequate level of living will probably not be able to qualify to purchase a house under a federal program, even though the subsidized house might cost them less than the one in which they presently reside.

FmHA Section 502 Home Ownership Program

What is the program?

FmHA's individual home loan program is Section 502, under which it makes a direct mortgage loan to the homeowner. In Iowa, about 30 percent of the 502 loans are for the purchase of new homes; the others are for

buying or rehabilitating older homes. The Section 502 loan can cover the entire cost of the home purchase or repair, although FmHA home purchasers typically make a \$200 initial payment. The interest rate as of December 1973 was $8\frac{1}{2}$ percent. Under an "interest credit" provision, the interest rates may be reduced to as low as 1 percent for low-income families. Houses purchased or rehabilitated under Section 502 must be adequate but also moderate in cost. The Section 502 loans are for 33 years.

Loans are made to families with incomes below \$10,000 as of November 1973 (with allowances upward of \$300 per child). Interest credit is given to families with \$7,000 or less in income. The amount of interest credit allowed depends on the level of family income. Low-income families may also receive rural housing loans under Section 504, which provides up to \$3,500 at 1% interest to be used for limited repairs, or for installing plumbing.

Application procedure

Persons wanting to buy a house, modernize a house, or acquire basic appliances for a house they already own, may fill out an application for a loan in the FmHA county office. (See Appendix B for addresses of county offices.) After the application has been filed, an interview is arranged with the supervisor, who explains all aspects of the program. The applicant must provide evidence that he is unable to secure private credit on terms that he can afford. The FmHA supervisor then verifies the information stated by the applicant, such as his source of income. Results of the supervisor's investigation are submitted for review to an advisory committee of three persons nominated by the FmHA supervisor.

Once the applicant is approved for a loan, he or she selects a house, or obtains a site and settles on building plans. The supervisor remains available to advise and assist.

Status of the program in Iowa

Until recently, most FmHA home ownership loans went to citizens whose incomes did not qualify them for interest credit. This is indicated in table 8, which is a national comparison of housing programs of FmHA clients with those of housing programs run by HUD-FHA. In Iowa, more than 90 percent of FmHA 502 and 504 loans made through fiscal 1971 were made to families above \$5,000 in income. During fiscal 1972, however, the Iowa FmHA worked to reach families with lower incomes who would qualify for interest credit.

There is wide variation in the number of FmHA loans by county, as indicated in table 9. On a per capita basis (counting only people living in communities 10,000 and under, or rural) the number of loans outstanding varies from 11 per 10,000 persons in Scott County to 285 per 10,000 persons in Davis County. The number of interest credit loans ranges from 45 per 10,000 in Lucas County to zero in a few counties.

Analysis and comments

Some of the largest differences in participation among counties are due to a rule that loan applicants must be unable to get a loan from a private institution. The purpose of this rule, it seems, is to protect and foster private lending institutions in rural America. In some rural Iowa counties, no private loans are available, and virtually all homes

Table 8. Who Gets U.S. Federal Housing Subsidies? (Estimates, in millions of dollars, for fiscal year 1971.)

Type of subsidy	Estimated FY 1971 subsidy	Income level		
		Under \$3,500	\$ 3,500 \$10,000	\$10,000 and above
Direct public housing subsidy (through local housing authorities)	646.0	413.4	232.6	--
Direct subsidy for FHA-assisted units (Sections 235 and 236 and rent supplements) . .	143.0	34.0	108.0	1.0
Indirect subsidy to FHA-assisted units (Sections 221 (d)(3) and 202) ^a	12.0	3.6	8.3	.1
Indirect subsidy to FmHA-assisted units ^b	36.0	1.8	18.0	16.2
Direct and indirect subsidy on HUD rehabilitation loans and grants (Sections 115 and 312) ^c	43.0	24.9	17.6	.4
Indirect subsidy via federal income tax deductions for mortgage interest, property taxes, and depreciation	5,800.0	58.0	2,552.0	3,190.0
Totals	6,680.0 (100%)	535.7 (8%)	2,936.5 (44%)	3,207.7 (48%)

^aEstimated not on basis of budgetary impact, but as difference between 3% interest paid by sponsor-borrower and 8% paid by GNMA (Government National Mortgage Association). Assume average mortgage of \$18,360 per unit.

^bEstimated on the basis of the difference between an average effective interest rate to borrowers of 5 1/4% and an 8% cost of money to FmHA. Assumes average loan of \$10,500.

^cAssumes one-third grant and two-thirds loan for average of \$5,350 per unit, allowing for amortization of loan portion with 3% interest.

Source: Adapted from U.S. Bureau of the Budget data. Table produced by Rural Housing Alliance, reproduced by permission.

Table 9. FmHA Rural Housing in Iowa--Number of Units in Caseload of Rural Housing Loans

County	Rural housing caseload ^a 1971	Rural housing caseload ^a 1972	Percentage increase rural housing caseload ^a	Interest credit ^b 1972	504 loans ^b 1972	Number RH units per 10,000 population 1972	Number interest credit per 10,000 population 1972
Adair	92	110	19.6	(9)	(0)	116	9
Adams	18	22	22.2	(4)	(0)	35	6
Allamakee	49	61	24.5	(4)	(4)	41	3
Appanoose	122	138	13.1	(22)	(12)	92	15
Audubon	31	40	29.0	(5)	(2)	41	5
Benton	76	95	25.0	(5)	(2)	42	2
Black Hawk	27	26	- 3.7	(0)	(0)	10	0
Boone	51	63	23.5	(4)	(5)	45	3
Bremer	79	81	2.5	(7)	(0)	36	3
Buchanan	162	188	16.0	(8)	(4)	87	4
Buena Vista	49	60	22.4	(6)	(0)	29	3
Butler	92	112	21.7	(8)	(0)	66	5
Calhoun	64	92	43.8	(10)	(0)	64	7
Carroll	73	95	30.1	(10)	(2)	42	4
Cass	73	71	- 2.7	(0)	(0)	42	0
Cedar	58	75	29.3	(8)	(0)	43	5
Cerro Gordo	57	73	28.1	(9)	(0)	39	5
Cherokee	43	59	37.2	(9)	(2)	34	5
Chickasaw	85	103	21.2	(14)	(0)	69	9
Clarke	62	68	9.7	(8)	(0)	89	10
Clay	24	23	- 4.2	(0)	(2)	28	0
Clayton	143	168	17.5	(15)	(3)	82	7
Clinton	32	35	9.4	(2)	(0)	16	1
Crawford	76	81	6.6	(4)	(0)	43	2
Dallas	118	135	14.4	(10)	(1)	52	4
Davis	202	232	14.9	(33)	(1)	285	41
Decatur	57	60	5.3	(7)	(3)	62	7
Delaware	137	160	16.8	(15)	(0)	86	8

Table 9 Continued

County	Rural housing caseload ^a 1971	Rural housing caseload ^a 1972	Percentage increase rural housing ^a caseload ^a	Interest credit ^b 1972	504 loans ^b 1972	Number RH units per 10,000 population 1972	Number interest credit per 10,000 population 1972
Des Moines	44	52	18.2	(2)	(0)	36	1
Dickinson	36	44	22.2	(3)	(0)	35	2
Dubuque	79	86	8.9	(3)	(0)	31	1
Emmet	10	18	80.0	(2)	(0)	13	1
Fayette	151	173	14.6	(12)	(0)	64	4
Floyd	32	44	37.5	(4)	(1)	22	2
Franklin	97	108	11.3	(13)	(0)	82	10
Fremont	71	82	15.5	(5)	(0)	88	5
Greene	65	78	20.0	(13)	(1)	61	10
Grundy	58	64	10.3	(2)	(4)	46	1
Guthrie	115	133	15.7	(9)	(0)	109	7
Hamilton	49	54	10.2	(5)	(0)	29	3
Hancock	93	119	28.0	(15)	(0)	90	11
Hardin	103	121	17.5	(10)	(0)	55	5
Harrison	72	75	4.2	(1)	(4)	47	1
Henry	100	122	22.0	(12)	(0)	67	7
Howard	80	86	7.5	(3)	(0)	75	3
Humboldt	32	58	81.3	(10)	(2)	47	8
Ida	71	77	8.5	(5)	(0)	84	5
Iowa	91	98	7.7	(7)	(0)	64	5
Jackson	49	56	14.3	(4)	(1)	27	2
Jasper	123	150	22.0	(18)	(1)	76	9
Jefferson	38	61	60.5	(12)	(1)	39	8
Johnson	46	53	15.2	(4)	(0)	21	2
Jones	38	58	52.6	(8)	(4)	29	4
Keokuk	53	67	26.4	(8)	(2)	48	6
Kossuth	60	77	28.3	(9)	(0)	34	4
Lee	49	60	22.4	(3)	(0)	42	2

Table 9 Continued

County	Rural housing caseload ^a 1971	Rural housing caseload ^a 1972	Percentage increase rural housing caseload ^a	Interest credit ^b 1972	504 loans ^b 1972	Number RH units per 10,000 population 1972	Number interest credit per 10,000 population 1972
Linn	118	117	- .8	(8)	(2)	37	3
Louisa	167	201	20.4	(10)	(1)	188	9
Lucas	192	230	19.8	(45)	(0)	228	45
Lyon	56	63	12.5	(5)	(1)	46	4
Madison	67	87	29.9	(10)	(0)	76	9
Mahaska	44	56	27.3	(4)	(4)	51	4
Marion	70	115	64.3	(20)	(4)	44	8
Marshall	60	66	10.0	(4)	(4)	44	3
Mills	79	94	19.0	(8)	(0)	80	7
Mitchell	41	48	17.1	(3)	(0)	37	2
Monona	33	44	33.3	(6)	(0)	36	5
Monroe	134	140	4.5	(17)	(14)	151	18
Montgomery	18	35	94.4	(4)	(0)	27	3
Muscatine	23	26	13.0	(0)	(2)	18	0
O'Brien	63	77	22.2	(7)	(1)	44	4
Osceola	43	51	18.6	(3)	(0)	59	3
Page	45	58	30.2	(3)	(0)	31	2
Palo Alto	52	56	7.7	(2)	(1)	42	2
Plymouth	63	63	0.0	(5)	(0)	26	2
Pocahontas	97	117	20.6	(6)	(1)	92	5
Polk	58	60	3.4	(2)	(1)	15	0.5
Pottawattamie	113	115	1.8	(6)	(0)	52	3
Poweshiek	31	63	103.2	(12)	(2)	34	6
Ringgold	40	41	2.5	(8)	(2)	64	13
Sac	135	145	7.4	(16)	(1)	94	10
Scott	16	20	25.0	(1)	(1)	11	0.5
Shelby	56	55	- 1.8	(4)	(0)	36	3
Sioux	156	176	12.8	(7)	(1)	64	3

Table 9 Continued

County	Rural housing caseload ^a 1971	Rural housing caseload ^a 1972	Percentage increase rural housing caseload ^a	Interest credit ^b 1972	504 loans ^b 1972	Number RH units per 10,000 population 1972	Number interest credit per 10,000 population 1972
Story	151	198	31.1	(22)	(4)	85	9
Tama	153	174	13.7	(17)	(0)	86	8
Taylor	47	51	8.5	(6)	(2)	58	7
Union	42	71	69.0	(15)	(2)	54	11
Van Buren	122	125	2.5	(4)	(4)	145	5
Wapello	63	74	17.5	(7)	(0)	59	6
Warren	79	109	38.0	(12)	(3)	43	5
Washington	47	98	108.5	(17)	(1)	52	9
Wayne	110	111	.9	(6)	(1)	132	7
Webster	46	61	32.6	(3)	(0)	36	2
Winnebago	48	55	14.6	(5)	(0)	43	4
Winneshiek	23	38	65.2	(4)	(0)	18	2
Woodbury	61	77	26.2	(9)	(0)	48	6
Worth	65	69	6.2	(5)	(0)	77	6
Wright	157	184	17.2	(20)	(0)	107	12

^aCaseload is the total number of active loans. This includes all housing loans except the negligible number which have been terminated or which have been paid off, and therefore this is a good representation of the cumulative number of loans made by FmHA in each county.

^bInterest credit loans and 504 loans are included in the rural housing caseload 1972. The number of these loans, in parentheses, is an indicator of how many rural housing loans are being made to lower-income families as compared with loans to moderate income families.

Source: U.S. Department of Agriculture, FmHA Finance Office, Report Code 705, Semiannual Case Load Reports, June 30, 1971, and June 30, 1972.

purchased are financed by FmHA. In other communities mortgage credit is available from an aggressive local banker or from metropolitan savings and loan companies. The savings and loan companies reach out to rural counties whenever they have extra money to lend. FmHA moves in to fill vacuums and moves out again whenever the private lenders reassert their intention to make loans.

FmHA is restricted as to the size of the community it can serve. First, no loans may be made nearby a metropolitan area. Because of this rule, the FmHA has been of limited help in the migration of jobs and people out of the big cities into nearby towns and developments. In Black Hawk County, containing Waterloo, for example, no FmHA home ownership loans were made during 1972, despite the fact that Black Hawk County has a rapidly growing rural and town population. Similarly in Polk County, containing Des Moines, only two FmHA loans were made in 1972. Since FmHA may not serve communities over 10,000 population, counties where all or most towns have less than 10,000 will usually have the larger case loads.

The number of loans each local office makes, and to whom, is partly a reflection of differences in the operation and motivation of local offices.

FHA Section 235 Home Ownership Program

What is the program?

Section 235 ownership program is a counterpart to the Section 236 rental program. Both are intended to stimulate the private market to provide housing for low- and moderate-income families. Under both programs the upper limits of income for a family of four vary by county

based on cost of living, ranging from an adjusted income of \$5,940 in one Iowa county up to \$7,830 in another county as of November 1973. The asset limit is \$2,000.

Under the Section 235 program the FHA insures mortgage loans so that the required down payment is only \$200. In addition FHA provides an interest subsidy for families whose payments would otherwise total more than 20% of their monthly income. The incomes of home buyers receiving interest subsidies are reviewed and recertified each year, and the subsidy may be reduced and finally terminated as the home owner's income rises.

Application procedure

A person who wishes to purchase a home under the Section 235 program should first locate a home that qualifies under the program. This home may be an existing house or new housing which is usually built to fulfill program requirements. Frequently, assistance in finding a house and processing a loan is available locally from a developer of Section 235 homes, from a citizen housing group, or from a real estate broker. The application for a Section 235 insured mortgage is made through the mortgage lender--the bank or savings and loan company that is being asked to make the home loan.

Status of the program

Although the terms of this program are comparable to those of the FmHA rural housing program, there are differences in the results of the programs. Virtually all Section 235 loans in Iowa have been made for new houses, whereas most FmHA rural housing loans have been for rehabilitation.

Section 235 houses are likely to be in or near a metropolitan area (table 10), and located in tract developments, sometimes mixed in with non-subsidized homes. In this metropolitan setting, Section 235 homes are likely to be conspicuously small and on small lots, as compared with the somewhat larger FmHA homes within a small-town setting.

Counties listed in table 10 are grouped according to a classification developed in the Economic Research Service--USDA. According to this classification, "Group 1 and 2 counties contain large cities and are densely settled. These counties tend to interact strongly with contiguous counties of the same or lower rank. Group 3 counties usually have smaller centers and are isolated to some degree from the activities of adjoining counties. Group 4 counties are also sparsely settled, are less urban internally, but tend to cluster around and interact strongly with the highly urban Group 1 and 2 counties. [There are no Group 4 counties in Iowa.] Group 5 counties have little internal urban activity and limited access to large urban centers. Group 6 counties are isolated rural places or residences."¹

Community welfare and community development are intertwined, and housing programs may therefore be justified on grounds both of development and of human welfare. In Iowa, as we have seen, housing programs for the elderly have been used to help maintain the size of small communities, and housing subsidy programs are used to supply new homes for families evacuated during slum clearance.

¹Focus for Area Development Analysis: Urban Orientation of Counties. ERS-USDA, Agricultural Economic Report No. 183, p. v.

Table 10. Location of Low- and Moderate-income Housing Units in Iowa, 1972

County	HUD public housing ^a Aug.1972	HUD low-, mod.-income rental/ownership ^b				FmHA ownership housing ^c 6/30/72		FmHA rental housing ^d Oct.1972		Totals ^e		Units per 10,000 population in 1970**	
		6/30/72		12/30/71				Non- profit Profit					
		235	221D2	236	221D3 BMIR*								
GROUP 1 (metropolitan)										<u>a</u>	<u>b</u>	<u>a</u>	<u>b</u>
Polk	960	1426	519	697	194	60	(3)	0	67	3923	3280	137	115
GROUP 2 (urban)													
Black Hawk	50	625	139	227	74	26	(0)	0	8	1149	976	86	73
Des Moines	201	26	4	60	0	52	(2)	0	0	343	289	73	62
Dubuque	0	109	8	73	8	86	(3)	0	21	305	193	34	21
Linn	220	811	33	0	186	117	(10)	11	0	1378	1238	84	76
Scott	0	875	215	218	0	20	(2)	0	0	1328	1095	93	77
Wapello	299	33	12	0	0	74	(7)	5	0	423	344	100	82
Woodbury	225	91	323	196	106	77	(9)	4	2	1024	631	99	61
GROUP 3 (semi-isolated urban)													
Cerro Gordo	0	37	32	72	0	73	(9)	21	0	235	139	48	28
Clinton	0	223	17	50	0	35	(2)	0	4	329	275	58	48
Emmet	0	3	3	0	0	18	(2)	16	0	40	21	29	15
Jefferson	0	8	2	0	0	61	(13)	0	0	71	21	45	13
Johnson	229	146	12	248	0	53	(4)	0	0	688	627	95	87
Lee	220	36	5	0	0	60	(3)	4	8	333	263	77	61
Marion	0	21	3	0	0	115	(24)	0	0	139	45	53	17
Marshall	0	36	9	72	0	66	(8)	5	8	196	121	48	29
Muscatine	0	77	6	72	0	26	(2)	0	0	181	151	49	41
Page	196	28	3	48	0	58	(3)	9	0	342	284	185	153
Pottawattamie	210	282	92	216	126	115	(6)	6	32	1363	846	157	97
Story	0	118	7	60	0	198	26	9	34	426	213	68	34

Table 10 Continued

County	HUD public housing ^a Aug.1972	HUD low-, mod.-income rental/ownership ^b				FmHA ownership housing ^c 6/30/72		FmHA rental housing ^d		Totals ^e	Units per 10,000 population in 1970**			
		6/30/72		12/30/71				Oct.1972						
		235	221D2	236	221D3 BMIR*			Non- profit	Profit					
											<u>a</u>	<u>b</u>	<u>a</u>	<u>b</u>
Union	30	7	1	48	0	71	(17)	6	0	163	108	120	80	
Webster	0	23	82	125	0	61	(3)	50	4	345	201	71	42	
Wright	0	1	5	32	0	184	(20)	24	4	250	77	145	45	
GROUP 5 (sparsely settled, rural, some urban)														
Allamakee	0	5	0	0	0	61	(8)	5	0	71	18	47	12	
Appanoose	100	0	1	0	0	138	(34)	4	0	243	138	162	92	
Audubon	0	0	0	0	0	40	(7)	15	4	59	22	63	23	
Benton	0	3	1	0	0	95	(7)	10	22	131	20	57	9	
Boone	0	11	10	72	0	63	(9)	49	8	213	141	80	53	
Bremer	60	30	2	0	0	81	(7)	4	0	171	101	78	44	
Buchanan	0	5	1	0	0	188	(12)	12	30	236	29	109	13	
Buena Vista	0	1	0	0	0	60	(6)	16	0	77	23	37	11	
Carroll	30	27	5	0	0	95	(12)	13	0	170	82	74	36	
Cass	0	14	1	0	0	71	0	22	0	108	36	64	21	
Cedar	0	6	0	0	0	75	(8)	5	12	98	19	56	11	
Cherokee	0	0	5	0	0	59	(11)	5	3	72	16	42	9	
Chickasaw	0	0	0	0	0	103	(14)	15	8	126	29	84	19	
Clarke	0	1	2	0	0	68	(8)	20	8	99	29	131	38	
Clay	0	11	2	0	0	23	(2)	14	0	50	27	27	15	
Crawford	0	4	1	0	0	81	(4)	17	4	107	25	56	13	
Dallas	0	20	9	0	0	135	(11)	30	22	216	61	83	23	
Davis	0	0	2	0	0	232	(34)	8	7	249	42	303	51	
Delaware	0	13	1	0	0	160	(15)	13	6	193	41	103	22	
Dickinson	0	9	3	0	0	44	(3)	8	0	64	20	51	16	

Table 10 Continued

County	HUD public housing ^a Aug.1972	HUD low-, mod.-income rental/ownership ^b				FmHA ownership housing ^c 6/30/72 ^c	FmHA rental housing ^d Oct.1972 ^d		Totals ^e	Units per 10,000 population in 1970 **			
		6/30/72		12/30/71			Non- profit Profit						
		235	221D2	236	221D3								
					BMIR*								
										<u>a</u>	<u>b</u>	<u>a</u>	<u>b</u>
Fayette	0	19	3	0	0	173	(12)	12	0	207	43	77	16
Floyd	86	4	6	48	0	44	(5)	5	4	197	148	99	75
Franklin	0	3	1	0	0	108	(13)	19	0	131	35	99	26
Greene	0	8	10	0	0	78	(14)	42	1	139	64	109	50
Hamilton	0	4	3	0	0	54	(5)	8	4	73	17	40	9
Hardin	0	5	4	0	0	121	(10)	11	8	149	26	67	12
Harrison	53	0	1	0	0	75	(5)	8	4	141	66	87	41
Henry	0	47	3	0	0	122	(12)	5	1	178	64	98	35
Howard	0	0	0	0	0	86	(3)	9	0	95	12	83	10
Humbolt	0	1	1	0	0	58	(12)	13	6	79	26	63	21
Jackson	0	4	0	0	0	56	(5)	0	0	60	9	29	4
Jasper	0	32	9	48	0	150	(19)	21	18	278	120	78	34
Jones	0	19	0	0	0	58	(12)	5	0	82	36	41	18
Kossuth	30	5	12	0	0	77	(9)	87	7	218	131	95	57
Lucas	80	0	0	0	0	230	(45)	0	11	321	125	316	123
Lyon	0	0	0	0	0	63	(6)	9	4	76	15	57	11
Madison	46	9	4	0	0	87	(10)	19	0	165	84	143	73
Mahaska	0	13	6	0	0	56	(8)	19	0	94	40	42	18
Mills	30	2	1	36	0	94	(8)	0	28	191	76	161	64
Mitchell	0	0	4	0	0	48	(3)	5	0	57	8	43	6
Monona	62	5	7	0	0	44	(6)	24	0	142	97	118	80
Monroe	0	0	0	0	0	140	(31)	2	8	158	33	169	35
Montgomery	119	1	0	36	0	35	(4)	12	4	207	172	162	135
O'Brien	0	0	2	0	0	77	(8)	5	5	89	13	51	7
Osceola	0	0	0	0	0	51	(3)	13	6	70	16	82	19
Palo Alto	0	0	5	0	0	56	(3)	23	0	84	26	63	20

Table 10 Continued

County	HUD public housing ^a Aug.1972	HUD low-, mod.-income rental/ownership ^b				FmHA ownership housing ^c 6/30/72		FmHA rental housing ^d Oct.1972		Totals ^e	Units per 10,000 population in 1970**		
		6/30/72		12/30/71				Non- profit	Profit				
		235	221D2	236	221D3 BMIR*								
										<u>a</u>	<u>b</u>	<u>a</u>	<u>b</u>
Plymouth	0	6	26	0	0	63	(5)	0	13	108	11	44	5
Poweshiek	0	0	0	0	0	63	(14)	5	0	68	19	36	10
Sac	0	2	2	0	0	145	(17)	26	30	205	45	132	29
Shelby	0	0	6	0	0	55	(4)	44	0	105	48	68	31
Sioux	40	20	5	0	0	176	(8)	13	7	261	81	93	29
Tama	0	1	0	0	0	174	(17)	9	12	196	27	97	13
Warren	0	266	22	72	72	109	(15)	16	8	565	441	206	161
Washington	0	1	0	0	0	98	(18)	0	12	111	19	59	10
Winnebago	0	0	2	0	0	55	(5)	30	0	87	35	67	27
Winneshiek	0	0	0	0	0	38	(4)	11	0	49	15	23	7
GROUP 6 (sparsely settled rural, no urban)													
Adair	0	0	0	0	0	110	(9)	26	4	140	35	148	37
Adams	50	6	1	0	0	22	(4)	0	0	79	10	125	16
Butler	0	1	1	0	0	112	(8)	8	12	134	17	79	10
Calhoun	0	1	5	0	0	92	(10)	13	0	111	24	78	17
Clayton	0	0	1	0	0	168	(18)	10	4	183	28	89	14
Decatur	42	0	0	0	0	60	(10)	0	11	113	52	116	53
Fremont	74	0	1	0	0	82	(5)	4	0	161	83	173	89
Grundy	0	1	0	0	0	64	(6)	8	0	73	15	52	11
Guthrie	0	0	1	0	0	133	(9)	67	14	215	76	176	62
Hancock	0	0	0	0	0	119	(15)	34	0	153	49	115	37
Ida	0	0	1	0	0	77	(5)	9	0	87	14	95	15
Iowa	0	1	0	0	0	98	(7)	8	3	110	16	71	10
Keokuk	0	4	0	0	0	67	(10)	10	12	93	24	67	17

Table 10 Continued

County	HUD public housing ^a Aug.1972	HUD low-, mod.-income rental/ownership ^b				FmHA ownership housing ^c 6/30/72 ^c		FmHA rental housing ^d Oct.1972 ^d		Totals ^e	Units per 10,000 population in 1970**		
		6/30/72		12/30/71				Non- profit Profit					
		235	221D2	236	221D3 BMIR*								
										<u>a</u>	<u>b</u>	<u>a</u>	<u>b</u>
Louisa	0	0	0	0	0	201	(11)	0	9	210	11	197	10
Pocahontas	0	0	0	0	0	117	(7)	33	8	158	40	124	31
Ringgold	26	0	0	0	0	41	(10)	10	0	77	46	121	72
Taylor	0	0	0	0	0	51	(8)	12	0	63	20	72	23
Van Buren	0	0	0	0	0	125	(8)	4	0	129	12	149	14
Wayne	0	0	0	0	0	111	(7)	14	12	137	21	163	25
Worth	0	1	0	0	0	69	(5)	11	4	85	17	95	19
Total	3768	5694	1734	2826	766	8714	(940)	1266	620		15210	9263	3791

Total Federally Assisted Low- and Moderate-income Housing in Iowa: 25,674

^a Units under management of low-rent housing, including leased housing.

^bUnits of HUD-FHA Sections 235 and 221D2 as of June 30, 1972, and 236 and 221D3, as of December 30, 1971.

^c Caseload of rural housing loans (home ownership and repair). Number in parentheses are loans (which are part of the larger number) which were granted interest credit, roughly indicating the number of loans made to families with incomes of \$7,000 or less

^dInterest on loans to profit-making projects is 7%+, while interest on non-profit projects is 3%, or adjusted to tenants' capacity to pay rent.

^eColumns a include all federally supported units. Columns b exclude those which do not provide a significant subsidy. Those excluded from column b are 221D2, FmHA profit rental, and FmHA non-interest credit ownership.

*(below market interest rate)

** (1970 U.S. Census)

Iowa is experiencing an increase in industrial jobs, particularly in the small towns, where these new jobs partly offset the loss of farms and farmers. In another trend, some jobs are moving to the outer edge of the larger cities. There appears to be a long-term movement of industry and trade centers from the inner city to the periphery of the city and into nearby communities. This decentralization of employment permits decentralization of population, and many workers prefer to follow their jobs out of the city, finding residence in surrounding communities. Government regulations and subsidies can aid this movement of workers nearer to their jobs, although government measures have been used also to prevent this movement, as for example through "exclusive" zoning regulations that discourage the development of housing for people with moderate or low incomes.

The success of 235 houses is often tied to the success of the neighborhoods in which they were built. Some 235 homes were built in deteriorating neighborhoods, as part of efforts to improve these areas. Where these neighborhoods have continued to deteriorate, the new homes have lost value.

Federal funding for Section 235 housing had been suspended as of November 1973, in a period during which Federal agencies were being ordered to reevaluate the program.

V. HOUSING POLICIES AND NEEDS

What Programs Have Done

More than 25,000 units in Iowa have now received federal assistance (table 10). Are real needs being met by federally assisted housing in Iowa? One way to test this question is to learn whether housing units are distributed in accordance with population characteristics that indicate need:

- where housing median value is low
- where land values are low
- where many families have household incomes below \$3,000
- where income per household is low
- where there exists a large percentage of houses lacking plumbing
- where there are relatively large numbers of older people, indicating declining opportunities and therefore greater risk for the private market.

Table 11 does indicate some strong correlations between some of these characteristics and the distribution of federally assisted units:

1. Distribution of federally assisted units is strongly related to the percentage of houses in each county which lack full plumbing. Looking closely at the county data, one can see that there are many federally aided homes (usually homes rehabilitated with FmHA loans) in the counties with poor housing.

Table 11. Relationship of Certain Characteristics to Distribution of Federally Assisted Housing in Iowa by County, Simple Correlations

Characteristics (independent variable)	Units of federally assisted housing per 10,000 people* using 1971 available data (dependent variable)
1970 population	-.10 _b
% urban	-.24 _b
% population increase (60-70), total	-.17 ^a
% population increase, urban	-.13
% population increase, rural	-.08 _c
% population over 65 years of age . . . . .	.33 _b
Median contract rent	-.25 ^b
Divorce rate . . . . .	.09 _c
Housing median value	-.36 _b
% farmland owned by operator . . . . .	.28 _c
Average value per acre, farmland	-.39 ^c
% Republican vote as a percentage of all votes for Governor, 1968	-.13
% household income below \$3,000 (1960 U.S. Census) . . . . .	.29 _b
% year-round houses lacking full plumbing . . . . .	.50 _c
Median age . . . . .	.40 _c
Income per household	-.34 ^a
% engaged manufacturing	-.18 ^a
Index of home equipment	-.15
% families with female head, children	-.16 _b
% persons living on farms . . . . .	.25 _b
% living in group quarters	-.16
% nonwhite	-.07 ^a
Fertility ratio	-.19 ^a
% foreign stock	-.41 ^c

^aSignificant at .05 level

^bSignificant at .01 level

^cSignificant at .001 level

* See Appendix D, Units per 10,000 population in 1970, column a.

2. There are significantly more federally aided houses per capita in areas where the median value of the houses is low, suggesting that where inadequate housing is concentrated the federal programs are active.

3. There also are significantly more federally aided houses in counties with low land values, suggesting that the poorer areas are the ones that receive the federal assistance.

4. Distribution of units is also highly related to the median age of the population. The higher the median age, the higher the number of federally assisted units. One possible interpretation is that the favored counties are those with declining economic opportunities and therefore have less incentive for private financing of home improvements. Another explanation is that many program units do go to the elderly.

5. Distribution of units, per capita, is higher in counties with large numbers of people over 65 years of age. (This supports the second interpretation given in 4 above.)

The correlations mentioned above are significant. The direction of the relationship seems clear, because the population characteristics are long standing while federal assistance for housing has been forthcoming mostly in the last few years.

Is Iowa making progress toward the goal of "decent housing for all"? Clearly it is, according to U.S. Census indicators. One such indicator is the percentage of houses lacking some or all plumbing facilities. This category seems to include most houses that are dilapidated or substandard. In the decade 1960-1970 the percentage of occupied units lacking full

plumbing decreased from 13.6% in 1960 to 6.1% in 1970, with improvement registered in every county. Furthermore, the percentage of occupied units with more than one person per room declined from 8.0% to 5.9%.¹

Just as Iowa has been able to achieve literacy for virtually every citizen, Iowa is now within reach of the goal of providing decent housing for all who want it. But there are many Iowans who still do not have adequate housing. Out of 954,801 year-round housing units in Iowa reported in the 1970 U.S. Census of Housing, 71,821 lacked some or all plumbing facilities. One USDA survey of the rural Midwest (which did not include Iowa) indicated that about two-thirds of the houses lacking plumbing are inhabited by "economically deprived" households.²

Some Iowa Housing Needs

The availability of housing makes it possible to move to new jobs; indeed, adequate housing helps make those jobs desirable. Eventually, the availability of good housing--and workers--in existing communities helps bring the jobs to where the people presumably prefer to live.

The future status of federal housing programs

Federal housing programs are now being re-evaluated. During 1973 many of the programs were suspended while the federal administration undertook a review of federal housing policy. The programs were later

¹1960 U.S. Census of Housing, Vol. 1, Part 4, Iowa tables 1 and 2; and Housing Characteristics for States, Cities, and Counties, 1970 U.S. Census of Housing, Vol. 1, Part 17, tables 1, 2, and 3.

²Open-County Poverty in a Relatively Affluent Area--The East North Central States. Agricultural Economic Report No. 208, (USDA-ERS). June 1971, pp. 1, 27.

ordered reinstated by the federal courts,¹ which ruled that these programs are authorized and funded under law and, therefore, their benefits must be made available to eligible citizens.

President Nixon, in reporting the results of the review of housing policy, stated that the federal programs had these shortcomings:

- Programs provide housing for some families and not for others equally qualified.
- It is often much more expensive to build federally assisted housing, and such housing may be more expensive to consumers than non-assisted housing.
- Some federally assisted housing is associated with slum environments.
- The program discourages self-reliance since recipients become ineligible for assistance when their income rises.
- Families receiving federal assistance lose the right to choose their own house and their own location.

The President's first criticism is particularly relevant to Iowa. Some Iowa communities have used rental programs very little if any, with the result that eligible citizens in these communities do not benefit from federal subsidies. Other criticisms are not so relevant to the state. For example, it cannot be said that subsidized housing in Iowa tends to be located in slum environments. Federal housing programs seem to have given Iowa citizens more, rather than fewer, options as to location. This is particularly true with respect to leased housing, which

¹As of February 1974 the court order had not yet gone into effect for Sections 235 and 236.

has expanded the geographic area available to poor families with children, and rental housing for the elderly, which has enabled older citizens to retire in comfort within their home communities.

Federal housing programs will be judged by experience in all the states including Iowa. The information in this manual on Iowa experience should help citizens determine whether they wish to seek federal programs in their own communities, and those judgments may in turn affect the future of these programs.

Appendix A. Regional and Metropolitan Planning Agencies in
Iowa and Participating Governments, 1972

Benton County Regional (Blairstown)

Bi-State Metropolitan Planning Commission (Davenport)

Black Hawk Metro (Cedar Falls, Elk Run Heights, Evensdale, Waterloo)

Calhoun County Regional (Farnhamville, Jolley, Knierim, Lake City,
Lohrville, Lytton, Manson, Pomeroy, Rinard, Rockwell City, Somers,
Yetter)

Carroll County Regional (Arcadia, Breda, Coon Rapids, Dedham, Glidden,
Halbur, Lanesboro, Lidderdale, Ralston, Templeton, Willey)

Central Iowa Regional (Ankeny, Bondurant, Boone, Carlisle, Clive, Des Moines,
Granger, Indianola, Madrid, Mitchellville, Norwalk, Pleasant Hill,
Sheldahl, Slater, Urbandale, Waukee, West Des Moines, Windsor
Heights, Woodward)

Cerro Gordo County Regional (Dougherty, Meservey, Plymouth, Rock Falls,
Rockwell, Swaledale, Thornton, Clear Lake)

Clayton County Regional (Clayton, Edgewood, Elkport, Farmersburg, Garber,
Garnavillo, Littleport, North Buena Vista, St. Olaf, Volga City,
Elkader)

Dickinson County Regional (Arnolds Park, Lake Park, Milford, Okoboji,
Oldtown, Orleands, Spirit Lake, Superior, Terril, Wahpeton, West
Okoboji)

Dubuque County Metro (Ashbury, Balltown, Bankston, Bernard, Cascade,
Centralia, Dubuque, Durango, Dyersville, Epworth, Farley, Graf,

Holy Cross, Luxemburg, New Vienna, Peosta, Richardsville, Sageville,
Sherrill, Worthington, Zwingale)

Emmet County Regional (Estherville)^a

Fayette County Regional (Stanley)

Floyd County Regional (Charles City, Floyd County)

Fremont County Regional (Farragut, Hamburg, Imogene, Randolph, Riverton,
Sidney, Tabor, Thurman)

Franklin County Regional (Alexander, Coulter, Hampton, Hansell, Pomeroy,
Sheffield)

Guthrie County Regional (Bagley, Bayard, Casey, Guthrie Center, Jamaica,
Panora, Stuart, Yale)

Harrison County Regional (Dunlap, Little Sioux, Logan, Magnolia, Missouri
Valley, Mondamin, Pisgah, Woodbine)

Iowa County Regional (Marengo, Millersburg, North English, Homestead)

Johnson County Regional (Coralville, Iowa City, Lone Tree, Salon,
University Heights)

Jones County Regional (Center Junction, Martelle, Monticello, Morley,
Olin, Onslow, Oxford Junction, Wyoming, Anamosa)

Kossuth County Regional (Lone Rock)

Linn County Regional (Cedar Rapids, Hiawatha, Marion, Robins)

Madison County Regional (Barney, Bevington, Earlham, East Peru, Harley,
Marksburg, Middle River, Patterson, St. Charles, Truro, Winterset)

Mitchell County Regional (Carperter, Staceyville, Osage)

Non-Metropolitan (multi-county) (Fort Dodge)

Northwest Iowa Regional (Lyon County-- Alvord, Doon, George, Inwood,
Larchwood, Lester, Little Rock; O'Brien County--Archer, Calumet,
Moneta, Paullina, Primghar, Sutherland; Osceola County--Ashton,
Harris, Melvin, Ocheyedon; Sioux County--Alton, Boyden, Chatsworth,
Granville, Hospers, Hull, Ireton, Matlock, Maurice, Rock Valley)

Omaha-Council Bluffs Metropolitan (Council Bluffs, Pottawattamie County,
Omaha, Nebraska)

Palo Alto County and Emmetsburg (Emmetsburg)

Rathbun Regional Planning Commission (Russell)

Ringgold County Regional (Beaconsfield, Benton, Delphos, Ellston,
Kellerton, Maloy, Mt. Ayr, Redding, Tingley)

Scott County Regional (Bi-State Metro) (Bettendorf, Davenport, Riverdale,
Iowa; Rock Island, Illinois)

Shelby County Regional (Defiance, Earling, Irwin, Westphalia, Kirkman,
Shelby, Portsmouth, Elk Horn, Harlan)

Siouxland Interstate Metropolitan Planning Commission (Dakota City, Nebraska;
North Sioux City, South Dakota; Sergeant Bluff, Iowa; South Sioux City,
Nebraska; Sioux City, Iowa)

Union County Regional (Creston)

Winnebago County Regional (Forrest City)^a

Woodbury County Regional (Anthon, Correctionville, Cushing, Hornick,
Lawton, Merville, Oto, Pierson, Salix, Smithland, Sioux City)

^aIn process of forming

Appendix B. Offices of Federal Housing Agencies

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Regional Office

300 Federal Office Bldg.
911 Walnut St.
Kansas City, Missouri 64106

Region Served

Iowa, Kansas, Missouri,
Nebraska

Area Office

Univac Bldg.
7100 W. Center Road
Omaha, Nebraska 68106

Area Served

Nebraska, Iowa

Insuring Office (FHA)

259 Federal Bldg.
210 Walnut St.
Des Moines, Iowa 50309

Area Served

Iowa

IOWA FARMERS' HOME ADMINISTRATION

State Office

873 Federal Bldg.
210 Walnut St.
Des Moines, Iowa 50309

Area Served

Iowa

Field Offices

ALBIA 52531
14 - 2nd Ave. W.
P.O. Box 386

Counties Served

Monroe

ALGONA 50511
USDA Bldg.
1306 Main St., N.
P.O. Box 655

Kossuth, Emmet

AMES 50010
P.O. Bldg.
P.O. Box 744

Story, Boone

Field OfficesCounties Served

ANKENY 50021
105 East 1st St.

Polk, Dallas

ATLANTIC 50022
1207 Sunnyside Lane
P.O. Box 460

Cass, Pottawattamie

BLOOMFIELD 52537
106-108 N. Dodge St.

Davis

CENTERVILLE 52544
Agri. Bldg.
12th & Washington
P.O. Box 361

Appanoose

CHARITON 50049
Lucas County Agri. Bldg.
P.O. Box 714

Lucas

CHARLES CITY 50616
619 Beck St.

Floyd, Mitchell

CLARION 50525
Evans-Kay Bldg.

Wright, Hamilton

CORNING 50841
601-7th St.
P.O. Box 186

Adams, Taylor

CORYDON 50060
P.O. Bldg.
P.O. Box 466

Wayne

CRESTON 50801
124 N. Elm St.

Union, Ringgold

DECORAH 52101
911 S. Mill
P.O. Box 169

Winneshiek, Allamakee

DENISON 51442
230 N. Main St.
P.O. Box 318

Crawford

DUBUQUE 52001
336 P.O. Bldg.
P.O. Box 1309

Dubuque, Jackson

Field OfficesCounties Served

ELKADER 52043
128 N. Main
P.O. Box 627

Clayton

FAIRFIELD 52556
RFD 4
P.O. Box 644

Jefferson, Wapello

GARNER 50438
130 E. 3rd St.

Hancock, Winnebago

GREENFIELD 50849
New Federal Bldg.
Hwy. 25

Adair

GUTHRIE CENTER 50115
USDA Bldg., Hwy. 44 E
P.O. Box 278

Guthrie, Audubon

HARLAN 51537
1114 Morningview Dr.
R. 4, P.O. Box 10

Shelby, Harrison

HUMBOLT 50548
USDA Bldg.
804-1st Ave. S.
P.O. Box 128

Humbolt, Webster

IDA GROVE 51445
608 W. 2nd St.

Ida, Cherokee

INDEPENDENCE 50644
Chatham Office Bldg.
207-2nd Ave., N.E.
P.O. Box 758

Buchanan, Linn

INDIANOLA 50125
1208 E. 2nd Ave.
P.O. Box 158

Warren, Madison

IOWA FALLS 50126
USDA Bldg., Hwy. 65 S.
P.O. Box 903

Hardin, Grundy

JEFFERSON 50129
1407 N. Elm St.
R.2, P.O. Box 141C

Greene, Carroll

Field OfficesCounties Served

KEOSAUQUA 52565
P.O. Bldg.
P.O. Box 514

Van Buren, Lee

LE MARS 51031
210 1st St., NE
1st Nat'l Bank Bldg.
P.O. Box 727

Plymouth, Sioux

MANCHESTER 52507
712 S. 5th St.
RFD 1, P.O. Box 38A

Delaware

MAPLETON 51034
414 Main St.
P.O. Box 195

Monona, Woodbury

MARENGO 52301
1101 Court Ave.
P.O. Box 184

Iowa, Benton

MASON CITY 50401
204 Federal Bldg.
211 N. Delaware

Cerro Gordo, Franklin,
Worth

MT. PLEASANT 52641
808 E. Monroe
P.O. Box 31

Henry, Des Moines,
Louisa

MUSCATINE 52761
114 Mulberry
P.O. Box 594

Muscatine, Johnson,
Scott

NEW HAMPTON 50659
101 N. Locust
P.O. Box 190

Chickasaw, Howard

NEWTON 50208
1501 1st Ave. E.
P.O. Box 745

Jasper, Marion

OSCEOLA 50213
USDA Bldg., 820 B N. Main
P.O. Box 426

Clarke, Decatur

Field OfficesCounties Served

OSKALOOSA 52577
New Livermore Bldg.
Old Hwy. 63 S
P.O. Box 518

Mahaska, Poweshiek

POCAHONTAS 50574
100-3rd Ave., N.W.

Pocahontas, Calhoun

RED OAK 51566
1405-2nd St.
P.O. Box 103

Montgomery, Mills

SHENANDOAH 51601
301 S. Maple
P.O. Box 278

Page, Fremont

SIBLEY 51249
USDA Bldg., 1015-4th Ave.
P.O. Box 70

Osceola, Lyon, O'Brien

SIGOURNEY 52591
USDA County Office Bldg.
Hwy. 92 E.
P.O. Box 228

Keokuk, Washington

SPENCER 51301
306-11th St., S.W.
P.O. Box 830

Clay, Dickinson,
Palo Alto

STORM LAKE 50588
802½ Lake Ave.
P.O. Box 1245

Buena Vista, Sac

TIPTON 52772
1201 N. Ave.

Cedar, Clinton, Jones

TOLEDO 52342
128½ E. High St.
P.O. Box 58

Tama, Marshall

WAVERLY 50677
911 E. Bremer
P.O. Box 691

Bremer, Black Hawk,
Butler

WEST UNION 52175
Farm Credit Bldg.
107 W. Elm St.
P.O. Box 433

Fayette

Appendix C. Bibliography of Program Descriptions

1. Farmers Home Administration--U.S. Department of Agriculture. Fact sheet: Home ownership. Washington, D.C. 20250. August 1973. (Section 502 loans).
2. _____. Fact sheet: Rural housing repair loans. Washington, D.C. 20250. June 1973. (Section 504 loans)
3. _____. Fact sheet: Rural rental housing. Washington, D.C. 20250. April 1973. (Section 515 loans)
4. League of Women Voters. Alternatives for providing low-income housing. L.W.V. of Waterloo-Cedar Falls. (For the publication of the Waterloo-Cedar Rapids League, c/o Iowa League of Women Voters, 420 N. Dubuque Street, Iowa City, Iowa 52240.)
5. National Urban Coalition. Guide to federal low- and moderate-income housing and community development programs. National Urban Coalition, 2100 "M" Street, N.W., Washington, D.C. 20037. (Brief description of all housing and community development programs sponsored by HUD-FHA)
6. Rural Housing Alliance. Farmers' Home Administration farm labor housing loans and grants. Rural housing program handbook #3. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. (Section 514 loans and 516 grants)
7. _____. Farmers' Home Administration home ownership loans. Rural housing program handbook #1. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. (Section 502 loans)
8. _____. Farmers' Home Administration home repair loans. Rural housing program handbook #2. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. (Section 504 loans)
9. _____. Farmers' Home Administration rental housing loans. Rural housing program handbook #4. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. (Section 515 loans)
10. _____. Farmers' Home Administration rural housing site loans. Rural housing program handbook #7. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. (Sections 523-524 loans)

11. _____. Farmers' Home Administration self-help technical assistance grants. Rural housing program handbook #6. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. (Section 523 grants)
12. _____. Farmers' Home Administration water and sewer loans and grants. Rural housing program handbook #8. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. (Loans and grants for construction of rural water and waste disposal systems)
13. _____. Farmers' Home Administration water and sewer planning grants. Rural housing program handbook #9. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036.
14. _____. Low-income housing programs for rural America. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. January 1971. (Brief description of FmHA and HUD programs)
15. _____. Public housing. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. (Deals with HUD public housing, conventional and leased)
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17. _____. Self-help housing handbook, Vol. I. Organizing a self-help housing program. Revised. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. March 1971.
18. _____. Self-help housing handbook, Vol. II. Operating a self-help housing program. Revised edition. RHA, Dupont Circle Building, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. February 1971.
19. U.S. Department of Housing and Urban Development. Rental and cooperative housing for lower-income families: HUD program guide for sponsors, builders, lenders. U.S. Department of Housing and Urban Development, 451 7th Street, S.W., Washington, D.C. 20410.
20. _____. Section 235 home ownership for lower-income families: HUD program guide for builders, sponsors, lenders, sellers. U.S. Department of Housing and Urban Development, 451 7th Street, S.W., Washington, D.C. 20410.

Appendix D. Location of Low- and Moderate-income Housing Units in Iowa, 1971

County	HUD public housing ^a 6/30/71	HUD low-, mod.-income rental/ownership ^b				FmHA ownership ^c housing 6/30/71		FmHA rental housing ^d 6/30/71		Totals ^e		Units per 10,000 population in 1970 **					
		6/30/71		12/30/70													
		235	221D2	236	221D3												
					BMIR*			Non- profit	Profit								
GROUP 1 (metropolitan)														<u>a</u>	<u>b</u>	<u>a</u>	<u>b</u>
Polk	560	805	483	526	194	59	(1)	0	55	2682	2086	94	73				
GROUP 2 (urban)																	
Black Hawk	0	399	137	126	74	31	(1)	0	4	771	600	58	45				
Des Moines	201	14	4	0	0	44	(0)	0	0	263	215	56	46				
Dubuque	0	63	6	72	8	88	(3)	0	17	254	146	28	16				
Linn	167	476	30	0	186	122	(1)	6	0	987	836	60	51				
Scott	0	532	201	218	0	17	(1)	0	0	968	751	68	53				
Wapello	200	19	10	0	0	65	(3)	0	0	294	222	70	53				
Woodbury	190	30	310	100	106	66	(2)	4	2	808	432	78	42				
GROUP 3 (semi-isolated urban)																	
Cerro Gordo	0	13	30	0	0	59	(0)	11	0	113	24	23	5				
Clinton	0	113	17	0	0	33	(1)	0	4	167	114	29	20				
Emmet	0	0	2	0	0	11	(0)	6	0	19	6	14	4				
Jefferson	0	3	2	0	0	48	(2)	0	0	53	5	34	3				
Johnson	327	82	8	248	0	47	(1)	0	0	712	658	99	91				
Lee	0	12	5	0	0	55	(0)	0	8	80	12	19	3				
Marion	0	11	3	0	0	73	(2)	0	0	87	13	33	5				
Marshall	0	19	9	72	0	61	(0)	0	8	169	91	41	22				
Muscatine	0	43	6	72	0	23	(0)	0	0	144	115	39	31				
Page	0	24	3	0	0	45	(0)	4	0	76	28	41	15				
Pottawattamie	0	201	85	216	126	115	(3)	0	24	767	546	88	63				
Story	0	63	6	60	0	153	(9)	9	24	315	141	50	22				

Appendix D. Continued

County	HUD public housing ^a 6/30/71	HUD low-, mod.-income rental/ownership ^b				FmHA ownership ^c housing 6/30/71		FmHA rental housing ^d 6/30/71		Totals ^e	Units per 10,000 population in 1970 **		
		6/30/71		12/30/70									
		235	221D2	236	221D3 BMIR*			Non- profit	Profit				
										<u>a</u>	<u>b</u>	<u>a</u>	<u>b</u>
Union	30	3	1	48	0	50	(0)	6	0	138	87	102	64
Webster	0	16	79	125	0	47	(0)	28	4	299	169	62	35
Wright	0	0	5	32	0	158	(10)	10	4	209	52	121	30
GROUP 5 (sparsely settled, rural, some urban)													
Allamakee	0	5	0	0	0	53	(2)	0	0	58	7	39	5
Appanoose	0	0	1	0	0	138	(11)	4	0	143	15	95	10
Audubon	0	0	0	0	0	40	(1)	5	4	49	6	51	6
Benton	0	0	1	0	0	78	(1)	0	22	101	1	44	.4
Boone	0	4	10	72	0	54	(0)	35	8	183	111	69	42
Bremer	59	11	2	0	0	82	(1)	0	0	154	71	68	31
Buchanan	0	4	1	0	0	177	(3)	0	12	194	7	89	3
Buena Vista	0	0	0	0	0	53	(1)	8	0	61	9	29	4
Carroll	27	16	4	0	0	76	(5)	9	0	132	57	58	25
Cass	0	6	0	0	0	79	(0)	18	0	103	24	61	14
Cedar	0	1	0	0	0	59	(0)	0	8	68	1	39	1
Cherokee	0	0	4	0	0	45	(4)	5	3	57	9	33	5
Chickasaw	0	0	0	0	0	90	(2)	0	8	98	2	65	1
Clarke	0	1	1	0	0	69	(3)	0	8	79	4	104	5
Clay	0	0	2	0	0	24	(0)	8	0	34	8	18	4
Crawford	0	0	1	0	0	79	(0)	13	4	97	13	51	7
Dallas	0	5	8	0	0	119	(2)	21	20	173	28	66	11
Davis	0	0	2	0	0	282	(19)	0	7	293	19	357	23
Delaware	0	2	1	0	0	156	(5)	4	6	169	11	90	6
Dickinson	0	2	3	0	0	36	(3)	0	0	41	5	33	4

Appendix D. Continued

County	HUD public housing ^a 6/30/71	HUD low-, mod.-income rental/ownership ^b				FmHA ownership ^c housing 6/30/71		FmHA rental housing ^d		Totals ^e	Units per 10,000 population in 1970 **		
		6/30/71		12/30/70				6/30/71					
		235	221D2	236	221D3 BMIR*			Non- profit	Profit				
										<u>a</u>	<u>b</u>	<u>a</u>	<u>b</u>
Fayette	0	13	3	0	0	165	(1)	6	0	187	20	70	7
Floyd	80	1	4	48	0	36	(0)	5	4	178	134	90	67
Franklin	0	2	1	0	0	98	(4)	5	0	106	11	80	8
Greene	0	5	9	0	0	69	(12)	28	1	112	45	88	35
Hamilton	0	0	3	0	0	50	(1)	4	4	61	5	33	3
Hardin	0	4	4	0	0	104	(6)	6	8	126	16	57	7
Harrison	0	0	1	0	0	86	(0)	0	4	91	0	56	0
Henry	0	29	3	0	0	103	(0)	0	1	136	29	75	16
Howard	0	0	0	0	0	85	(1)	0	0	85	1	74	1
Humbolt	0	0	1	0	0	36	(2)	0	6	43	2	34	2
Jackson	0	0	0	0	0	66	(2)	0	0	66	2	32	1
Jasper	0	21	9	0	0	125	(8)	4	18	177	33	50	9
Jones	0	11	0	0	0	40	(0)	0	4	55	11	28	6
Kossuth	0	4	12	0	0	64	(1)	44	7	131	49	57	21
Lucas	80	0	0	0	0	211	(21)	0	7	298	101	293	99
Lyon	0	0	0	0	0	58	(4)	0	4	62	4	46	3
Madison	0	3	4	0	0	70	(1)	14	0	91	18	79	16
Mahaska	0	1	3	0	0	46	(3)	5	0	55	9	25	4
Mills	20	2	1	0	0	79	(5)	0	28	130	27	110	23
Mitchell	0	0	4	0	0	45	(0)	0	0	49	0	37	0
Monona	62	1	6	0	0	36	(2)	20	0	125	85	104	70
Monroe	0	0	0	0	0	153	(13)	2	0	155	15	166	16
Montgomery	20	1	0	36	0	22	(0)	12	4	95	69	74	54
O'Brien	0	0	2	0	0	64	(6)	5	0	71	11	41	6
Osceola	0	0	0	0	0	43	(2)	13	6	62	15	72	18
Palo Alto	0	0	4	0	0	54	(1)	8	0	66	9	50	7
Plymouth	0	2	22	0	0	67	(2)	0	4	95	4	39	2

Appendix D. Continued

County	HUD public housing ^a 6/30/71	HUD low-, mod.-income rental/ownership				FmHA ownership housing ^c 6/30/71		FmHA rental housing ^d 6/30/71		Totals ^e		Units per 10,000 population in 1970 ^{**}	
		6/30/71		12/30/70									
		235	221D2	236	221D3								
					BMIR*			Non- profit	Profit				
										<u>a</u>	<u>b</u>	<u>a</u>	<u>b</u>
Poweshiek	0	0	0	0	0	34	(1)	5	0	39	6	21	3
Sac	0	0	2	0	0	135	(14)	9	30	176	23	113	15
Shelby	0	0	3	0	0	62	(2)	32	0	97	34	62	22
Sioux	0	1	3	0	0	159	(2)	9	8	180	12	64	4
Tama	0	1	0	0	0	161	(9)	0	12	174	10	86	5
Warren	0	165	18	72	72	85	(2)	8	8	428	319	156	116
Washington	0	0	0	0	0	52	(0)	0	12	64	0	34	0
Winnebago	0	0	0	0	0	49	(2)	6	0	57	8	44	6
Winneshiek	0	0	0	0	0	27	(0)	0	0	27	0	12	0
GROUP 6 (sparsely settled rural, no urban)													
Adair	0	0	0	0	0	102	(4)	14	4	120	18	126	19
Adams	50	5	1	0	0	22	(1)	0	0	78	56	123	8
Butler	0	0	1	0	0	93	(8)	4	8	106	12	63	7
Calhoun	0	0	5	0	0	64	(2)	4	0	73	6	51	4
Clayton	0	0	1	0	0	156	(1)	0	4	161	1	78	.4
Decatur	0	0	0	0	0	66	(5)	0	11	77	5	79	5
Fremont	84	0	1	0	0	73	(1)	0	0	158	85	170	92
Grundy	0	1	0	0	0	58	(1)	4	0	63	6	45	4
Guthrie	0	0	0	0	0	122	(2)	58	14	194	60	158	49
Hancock	0	0	0	0	0	93	(7)	15	0	108	22	81	17
Ida	0	0	1	0	0	72	(3)	9	0	82	12	89	13
Iowa	0	0	0	0	0	95	(3)	0	3	98	3	64	2
Keokuk	0	0	0	0	0	64	(2)	10	10	84	12	60	9
Louise	0	0	0	0	0	169	(1)	0	9	178	1	167	1
Pocahontas	0	0	0	0	0	101	(0)	18	8	127	18	100	14

Appendix D. Continued

County	HUD public housing ^a 6/30/71	HUD low-, mod.-income rental/ownership ^b				FmHA ownership ^c housing 6/30/71		FmHA rental housing ^d		Totals ^e	Units per 10,000 population in 1970 **		
		6/30/71		12/30/70				6/30/71 ^d					
		235	221D2	236	221D3			Non-	Profit				
					BMIR*								
										<u>a</u>	<u>b</u>	<u>a</u>	<u>b</u>
Ringgold	0	0	0	0	0	43	(6)	6	0	49	12	77	19
Taylor	0	0	0	0	0	53	(4)	12	0	65	16	74	18
Van Buren	0	0	0	0	0	144	(2)	4	0	148	6	171	7
Wayne	0	0	0	0	0	129	(5)	12	8	149	17	177	20
Worth	0	0	0	0	0	69	(3)	6	0	75	9	84	10

^aUnits under management of low-rent housing, including leased housing, June 30, 1971.

^bUnits of HUD-FHA Sections 235 and 221D2, as of June 30, 1971, and 236 and 221D3 BMIR as of December 30, 1970.

^cCaseload of rural housing loans (home ownership and repair), June 30, 1971. Number in parentheses are loans (which are part of the larger number) which were granted interest credit, roughly indicating the number of loans made to families with incomes of \$5,000 or less.

^dInterest on loans to profit-making projects of 7%+, while interest on non-profit projects is 3%, or adjusted to tenant capacity to pay rent.

^eColumns a include all federally supported units, columns b exclude those which do not provide a significant subsidy. Those excluded from column b are 221D2, FmHA profit rental, and all FmHA non-interest-credit-ownership.

*(below market interest rate)

** (1970 U.S. Census)

Appendix E. Glossary

The following terms used in this publication are defined below. Some definitions were obtained from a general glossary compiled by the Rural Housing Alliance.

Appraisal: An estimate of the real or market value of a property; i.e., what the owner could reasonably expect to get if he were to sell it. Appraisals are usually made by professional real estate appraisers, private or government.

Asset limit: Upper limits set on the total assets that can be owned by tenants under a federal rental program.

Basic rent: The minimum rent which must be charged to operate a FmHA rental project and repay the mortgage financing at 1% interest.

Building code: A set of standards governing the materials, assemblies, and practices used in the construction of buildings.

Condemnation: This term is used in two ways: Condemnation for public safety takes place when a property is in such condition that its continued use may be dangerous. Under this kind of condemnation proceeding, the owner is not compensated. Condemnation for public use, also called an "eminent domain" proceeding, takes place when a property is needed for public purposes such as school, highway construction, urban renewal, etc. In this case the courts determine the "fair market value" and the owner is paid for the property.

Contractor: An individual or corporation who agrees to provide certain services or goods under a contract. Housing contractors are responsible for the overall construction of a dwelling unit and for complying with the terms set forth in the contract.

Cooperative housing: A development of housing owned and managed by the residents.

Depreciation: Refers to decrease in value of property as a result of use. Income received from rental property can be offset by the estimated depreciation in the property's value. Estimating annual depreciation of rental or other income-producing property thus provides tax break for owner or investor.

Direct loan: A loan made by the government directly to the borrower.

Down payment: An initial amount of money paid by the purchaser to the seller of a house. Usually 10-20% of total price if purchased under conventional financing.

Equity: Refers to the value of an owner's interest in property in excess of outstanding claims or liens. For example, a homeowner's equity is the difference between the market value of the house and the amount of the unpaid mortgage.

Existing housing: Occupied or unoccupied housing units.

Federally assisted housing: Housing which has been financed with assistance provided by one of the federal housing agencies. The assistance may be through the provision of FHA mortgage insurance, reduction of interest to the borrower, the payment of capital and operating costs through public housing, etc.

FHA-Federal Housing Association: An agency of HUD which provides mortgage insurance for single and multifamily housing and can provide subsidies for low-income housing.

FHA loans: Loans made by private lenders and insured by FHA.

Financing costs: The amount of interest the builder of housing will pay on the money he borrows to purchase land, materials, and labor. These costs are generally absorbed by the buyer of the housing in the purchase price.

Fire and hazard insurance: Insurance covering loss or damage to property caused by fire and/or natural disasters, such as tornadoes and hurricanes.

FmHA-Farmers Home Administration: An agency of the U.S. Department of Agriculture which administers housing and other programs for rural areas and small towns.

FmHA loans: Loans made by FmHA to low- and moderate-income families in rural areas and small communities.

Housing code: An ordinance establishing minimum standards for occupied housing in a designated community.

Income eligibility: Some programs provide a method of calculating family income and require that family income must be within a range up to a specified maximum; sometimes there is also a required minimum income.

Insured loan: A loan made by a private lender and insured by the government.

Interest credit: The amount of interest the government will pay to make up the difference between the maximum allowable interest rate and what the borrower can afford to pay.

Interest rate: Interest is the "rent" paid for borrowed money. It is the percentage of the sum borrowed which the borrower must pay each year to the lender for the use of the borrowed money.

Lease: A contract for the possession of land or housing at stipulated compensation for a specified length of time.

Limited dividend corporation: A profit-motivated housing development sponsor which can earn up to six percent cash flow annually on its equity investment. Limited dividends provide a device for investors to make profits while benefiting from accelerated depreciation (tax write-offs).

Market rent: The rent necessary to operate a rental project and to repay the mortgage finance without any interest reduction.

Mortgage: A lien placed against real property to secure a loan agreement between borrower and lender.

Mortgage guarantees: Guarantees of repayment of part or all of the outstanding balance of a mortgage loan made by a federal agency or other institution.

Multi-unit development: A development of more than two dwellings, usually associated with garden apartments, townhouses, and highrises.

Non-profit housing: Any housing constructed or developed which is not intended to earn a profit from receipts.

Non-profit housing corporation: A legally incorporated non-profit organization which serves as a sponsor for housing development.

Principal: The outstanding balance of a loan. Mortgage payments are separated into two parts--one goes to pay interest on the loan and the other to reduce the principal.

Property tax: A sum of money collected legally by a government on real property and according to assessed value. Property taxes usually bear a major portion of financing public services, such as school systems, on the local level. Most federally subsidized rental units are exempt from (do not have to pay) property tax.

Public housing: A program through HUD which provides the deepest subsidies to low-income people. It pays the entire capital costs of housing and can pay some of the maintenance and management costs, allowing tenants to pay no more than 25% of their adjusted income in rents. Public housing can be established in an area only by the consent of a local unit of government.

Rehabilitation: The process by which dilapidated housing is made decent, safe, and sanitary by replacing the floors, roofs, bathrooms, kitchens, wiring, etc.

Seed money/front money: The amount of capital needed to get a project off the ground, usually recoverable in the mortgage loan. Items usually covered are: option agreement, partial payment of professional services, site surveys, FHA fees, and FmHA fees.

Self-help housing: A method of construction which allows low-income families to realize significant cost reductions and accumulation of equity through the pooling of their labor in groups of 6-15 families. Mortgage financing generally is through FmHA's Section 502 loan.

Site: The land or property to be developed for new construction or rehabilitation.

SMSA-Standard Metropolitan Statistical Area: A county or group of counties constituting an integrated economic and social unit, having at least one central city (or two adjoining cities which constitute a single community) with a population of 50,000 or more.

Sponsor: Usually refers to a public or private, profit or non-profit, organization which accepts responsibility to maintain, manage, and pay for housing developed under its auspices.

Sub-division: A large section of land that has been legally divided, usually by surveying and recording of plot at county offices, into smaller building sites.

Sub-contractor: Sub-contractors are generally responsible for only a portion of the dwelling unit (a sub-contractor might install only the plumbing) and are responsible to the general contractor.

Tax exemption: Property which pays no real estate taxes. When a property is improved, its valuation and hence its taxes are increased. Under certain rehabilitation programs, such improvements are tax-exempt.

Tax write-offs: An indirect subsidy to homeowners through which deductions can be made from taxable income for depreciation, taxes, and interest payments.

Turn-key programs: Procedures under which local housing authorities obtain housing developed by private developers.

Vacancy rate: The percentage of all rental houses in a town or other jurisdiction that are available for rent but not rented.

Appendix F. Housing Program Classifications

FmHA

Section 502	home ownership loan, interest credit
Special 502	rehabilitation loan, interest credit
Section 504	loan for minor repairs, 1%
Section 515	rental and cooperative housing loan, interest credit
Section 514	migrant labor housing loan, 1%
Section 516	migrant labor housing grant
Section 521	authority for interest credit
Section 523	self-help site development loan
Section 523	self-help housing technical assistance grant
Section 524	site development loan

HUD

Section 101	rent supplement
Section 106	technical assistance grant and loan
Section 115	rehabilitation grants
Section 203	unsubsidized rental mortgage insurance program
Section 207	unsubsidized home ownership mortgage insurance program
Section 221d3	insurance for BMIR (below market interest rate) rental and cooperative housing loan
Section 221h	insurance for BMIR (below market interest rate) rehabilitation loan
Section 235i	insurance for home ownership loan, new construction, interest credit

Section 235j	insurance for home ownership, rehabilitation, interest credit
Section 236	insurance for rental and cooperative housing loan, interest credit
Section 237	credit counseling
Section 312	3% rehabilitation loans
Turnkey I	purchase (rather than construction) of public housing
Turnkey II	private management in public housing
Turnkey III	public housing ownership program
Turnkey IV	ownership program through leasing arrangement
Section 23	public housing leasing program

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