ABSTRACT

PUBLIC ADMINISTRATION

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The Effectiveness of the Atlanta Housing Authority in filling
its vacant units

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This paper gives an analysis of the causes of the high
level of vacancies in the various housing projects of the
Atlanta Housing Authority. Problems related to overall
management, repairs, maintenance and leasing process are seen
as factors contributing to the vacancies.

Recommendations are offered to correct the problems.
Included among the recommendations is a complete revamping of
the process by which prospective tenants ascend to eligibility
for choosing or rejecting available units.
THE EFFECTIVENESS OF THE ATLANTA HOUSING AUTHORITY
IN FILLING ITS VACANT UNITS

A DEGREE PAPER

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I. INTRODUCTION

Shelter is a basic necessity for human survival. Housing on the other hand denotes an enormously complicated idea. It refers to a whole collection of things that come packaged together, not just four walls and a roof, but a specific location in relation to work and services, environments and emotional and or psychological symbols of support.¹

Since the Colonial period, politicians and landowners have been faced with the dilemma of housing the working class in an environment that is healthy and inexpensive. Unfortunately, these two requirements do not necessarily complement each other and as a result society continues to have substandard and unsanitary housing projects.

Many of the first buildings were constructed like military type barracks, built in every possible unoccupied space in the poorer neighborhoods, in sets or rows, one behind the other, side by side along narrow courts or alleys, or in the backyards of old buildings.² Many of these buildings were poorly constructed and lacked adequate lighting, ventilation and proper sanitary facilities. Some of the first government policies concerning housing in the United States were enacted on the local level in New York around 1867. These policies required that


housing meet certain conditions dealing with space, ventilation, sewage and so forth.

In 1937, the United States Housing Authority (USHA) was created. It was created as part of an effort to provide jobs for the United States citizens under the Public Works Act. This agency would serve a triple function. Not only would it provide jobs, it would also provide homes for families experiencing temporary financial setbacks resulting from the 1930's Depression and help to eliminate slum conditions. The USHA was succeeded by the Federal Public Housing Administration. It provided loans and annual contributions to local public housing authorities for low rent housing and slum clearance. Aid could only be provided to public bodies; therefore, local housing authorities were created under state enabling legislation for the purposes of building and operating these projects.

Housing authorities are funded through the Federal government under the Department of Housing and Urban Development (HUD) and from tenants rent payments. HUD funding of public housing is divided into three separate categories: development costs, operating subsidies and expenditures for modernization of aging projects.

The Atlanta Housing Authority (AHA), the fifth largest in the United States, was created by the City of Atlanta on June 11, 1938 under the provisions of the Housing Authority Act enacted on February 6, 1938. It is a non-profit, non-political corporation. The Authority is not a federal agency, nor is it directly controlled by the state or city

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3Ibid., p. 38.

governments. It is subject to federal laws and regulations to the same extent as any private corporation that borrows money from the federal government.

The Atlanta Housing Authority operates in accordance with the local, state and federal laws which created it. At the local level the mayor appoints a seven member board (five with voting privileges) that governs the Authority and appoints an executive director as its principal staff person. Title XX programs, which include day care and services for the elderly, are managed by the Authority and governed by the state's guidelines for administering the various housing programs; Homebuyers, Section 8 and conventional public housing.

The primary objectives of the Atlanta Housing Authority are (1) to provide comfortable, decent, safe and sanitary shelter and equally important, to provide the kind of living environment which will enrich the lives of both adults and children and encourage their upward mobility; and (2) to help eliminate slums and blight in certain designated areas of the city through re-development, re-habilitation and conservation.5

The AHA owns and manages forty-five properties within the City of Atlanta. Among those properties are eighteen highrises for the elderly and twenty-nine complexes for families. The Authority is responsible for 15,066 dwelling units located primarily in black neighborhoods. Highrises are dispersed throughout the city from the southwest section to the northeast section.

5The Atlanta Housing Authority, "Goals and Objectives" (Atlanta, Georgia: 1980), back page.
Of the 13,500 families living in public housing in Atlanta more than 85% are headed by black females. The average age for the black female head-of-household is 20 years of age. A tenant family pays an average rent of $74.22 monthly.\(^6\)

Carver Homes is the largest of these complexes with 994 units on a land area of 105 acres, however, Perry Homes with 944 units and Perry Annex with 128 units represent the largest continuous area which consists of 153 acres. Westminster and Martin Street Plaza are the smallest projects with 32 units for Westminster and 60 units for Martin Street. They sit on 1.1 and 6.5 acres, respectively.

The purpose of this study is to analyze the problems related to the high level of vacancies in projects owned by the Atlanta Housing Authority and to propose measures to correct the problems.

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\(^6\) "Statistical Report.\) Atlanta Housing Authority Data Center, June 1, 1983.
II. THE PROBLEM AND ITS SETTING

As an intern at the Atlanta Housing Authority, the writer served as an aide to the Housing Director. This internship assignment was designed to enable the student to understand the relationships that a non-profit, non-political autonomous agency has with the regulating governmental agency and with the citizens which it serves.

The duties of the student afforded the opportunity to review and analyze problems and to interpret and react to directives from HUD. In reviewing correspondence from HUD to AHA, it was evident that the Authority had problems in its efforts to reduce the number of vacant units.

In May of 1981 AHA was awarded $1,802,347 by HUD. These funds were to be used in the following manner:

(1) The funds could be used only to ready vacant units for occupancy. This should have been done by a third party contract to free the maintenance staff to address the current vacancies as they occurred.

(2) Funds could be used to purchase the necessary tools and equipment to properly outfit the maintenance work force as proposed by Facilities Management Consultants, Incorporated.

(3) Funds also could be used for major repairs identified by the Engineering Studies completed in 1981 after items (1) and (2) were completed.  

7Letter to Mr. Samuel Hider from Mr. William Hartman, HUD Area Manager (Atlanta, Georgia, May 12, 1982).
Statement of Problem

In fiscal year ending June 30, 1983 the Authority had a vacancy rate of 10% (1,558 vacant units). HUD has found this unacceptable and directed the Authority to reduce the vacancy rate to not more than 3% of the housing stock.

The Atlanta Housing Authority's vacancy reduction effort can be viewed as having a three-pronged objective:

1. Minimize dwelling rental income loss by repairing and leasing normal move-out vacancies within a 1 to 4 day period.

2. Lease the considerable number of vacant units that have been repaired, mostly one bedroom units in elderly highrises.

3. Repair the vacant units (many of which have been vacant for 2 to 10 years).

At the beginning of his appointment as Housing Director, Mr. Roy Norman sent a letter to his staff informing them of his concerns with regard to the vacant units in the projects.

In his letter he listed the responsibility of each staff member. The property managers along with the superintendents would assume the primary responsibilities for the preparation of vacant units and the control of vacancies. It would be their responsibility and duty to work out a schedule that would ensure the timely preparation of vacant units.

The project maintenance staff would be responsible for the routine maintenance and major repairs would either be contracted out to private contractors or handled by Support Services. Support Services would be redesigned to place more emphasis on vacancy preparation.
The letter further specified his intentions of restructuring the Application Department so that the selection and placement of tenants would proceed at a more rapid pace. He concluded by asking all members of the staff to give their input and their cooperation in attaining these objectives.
III. METHODOLOGY

The purpose of this study is to analyze the ability of the Atlanta Housing Authority to fill vacant units in a timely manner. This is an exploratory study of vacancy control focusing on the areas of programmatic planning and direction by the Authority's central office, vacancy preparation/coordination by project management and the application and leasing apparatus. This analysis is intended to show the interrelationship between vacancy preparation/coordination and application and leasing by explaining how programmatic deficiencies in either area have impacted on other areas and thereby caused the relatively poor vacancy reduction performance during fiscal year 1984.

This analysis will give detailed descriptions of problems project management has with central office directives and non-Authority personnel regarding the preparation of vacant units. This study will also discuss the deficiencies in the communication system used by the Authority.

Interviews were conducted with Support Services (maintenance) and Application Department heads, project managers and selected staff to get varying opinions on what they considered to be the problem related to vacancy control. Although many project managers and superintendents were interviewed, only three (Carver Homes, Capitol Homes and John Hope/University Homes) project maintenance and vacancy problems are
actually discussed. Most projects have vacant units; however, the reasons for their vacancies are different. Therefore, the questions asked during the interviews were altered to reflect the particular differences of each project. See appendix A for a schedule of questions.

Since the Application Department is a part of the Housing Division, the intern had full access to all records and documents. Time was spent going over applicants' files, tenant waiting lists and the placement procedures of tenants. Secondary information was obtained from books, federal documents and agency files.
IV. RELEVANT LITERATURE

Like many social programs in the United States, public housing is a product of the New Deal Era. The basic assumptions and procedures that guided its development and operations were hammered out in the 1930's - the National Recovery Act of 1933, the Housing Act of 1934, the George Healey Act of 1936 and others. The approach to public housing that emerged in the Housing Act of 1937, and reproduced in its essentials in the Housing Act of 1949, dominated the public housing program for the next four decades. 8

The basic modes of operations used to supply housing services to the low income families are the conventional public housing and a variant known as Turnkey housing. The former is characterized by the use of a public agency to develop, own and operate the housing facilities. The latter was developed by private interests, then sold to public agencies, usually a local housing authority.

The Housing Act of 1965 authorized an alternative approach to supply public housing to the poor based on privately owned facilities (Section 8). By the end of 1974 leasing accounted for more than 13% of

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the total supply of public housing, some 169,000 units of the total 1,316,000 units. 9

Developing housing programs under the United States Housing Act, a local authority promotes, develops and administers federally aided low rent programs within its jurisdiction. By state law the Authority ordinarily holds the power of eminent domain. This power enables the local authority to acquire sites which might not otherwise be available at reasonable outlays. 10

With few exceptions, the revenues of a local authority participating in these programs come solely from federal annual contributions and income derived from tenants' rent. These revenues are used to pay off the Authority's debts incurred to finance the projects.

The federal funding of public housing is divided into three categories: development costs, operating subsidies and expenditures to modernize aging projects. Not every public housing authority receives funding through all three categories. About 700 of the 2,900 authorities in the country can meet their operating expenses from rental receipts. 11

In addition to federal funding, authorities receive income from tenants' rents (30% of the family income) and in some cases from municipal funds for modernization.

The full development costs of public housing authorities are met by the federal government, through tax laws, funding mechanisms and other


11 Ibid., p. 78.
economic considerations. A public housing authority is advanced short-term period construction loans necessary to bring a project to a point at which it is ready for permanent financing.\textsuperscript{12} Near the end of construction, HUD enters into an "Annual Contribution Contract" (ACC) with the Authority which places an obligation on the federal government to pay both the interest and principal amortization on bonds which are sold by public housing authorities to obtain permanent financing. Normally, the ACC is for forty years. In short, HUD guarantees the loan.

The Authority then enters into an agreement with local, city and county officials. This agreement, known as the Cooperative Agreement, includes the following: (1) That the Authority will pay a fee in lieu of taxes. This fee (on an individual project basis) is determined at the end of each year by the following formula: total utility expenses equal shelter rent. Ten percent of this shelter rent is the actual payment made. (2) The city and county will furnish public services and facilities to the same extent as other dwellings and residents in the city or county. (3) The city or county provides water and sewer mains.\textsuperscript{13}

Although public housing was initially structured so that the only subsidy was for the development of projects, changes in the 1960s and early 1970s in tenant composition and restriction on public housing authorities as to the amount of rent it could charge made it impossible for many of them to meet expenses without further subsidies. HUD agreed to further subsidies to make up operating differences. In subsequent

\textsuperscript{12} Ibid., p. 78.

\textsuperscript{13} Atlanta Housing Authority Current Programs, FY 1981, p. 5.
years the amount was adjusted for inflation by a judgementally determined, single national inflation factor. The procedure resulted in continuing inequitable treatment of authorities.  

In 1972, facing exorbitant subsidy payments, the United States Office of Management and Budget was concerned that under this arrangement there was no incentive for public housing authorities to efficiently manage their operations and thus inequities would persist. The Office of Management and Budget demanded that HUD develop a system of disbursing subsidies that would be equitable and have strong incentives for good management.

In 1975 HUD derived a method of funding which is called Performance Funding System (PFS). This "formula" is a series of mathematical equations which arrive at what the Authority is "entitled" to, not what is actually needed. The formula considers dwelling rental and other income, an allowable level of utility and maintenance expenses, and the total number of units available for occupancy (whether occupied or vacant, unless the unit has been formally withdrawn from inventory by HUD or the Authority). Also included in the Performance Funding System is a set of rules and regulations for decision-making and administrative practices which have been equally important in determining the actual subsidy to be received by a particular housing authority. The public housing authorities' interpretation of the rules and regulations of the funding system gave them no incentive to fill their vacant units.

As stated by HUD in the Federal Register dated May 31, 1984:

"Under current rules, full Federal subsidies are paid for all units managed by PHAs unless HUD and the PHA have formally withdrawn the unit from inventory. This means that the PHAs have little incentive to minimize the duration of vacancies, since they can continue to receive full operating subsidies for vacant units. To the extent that rent payments are reduced, the Department's subsidy costs are raised. It has become apparent that some PHAs are deliberately vacating units because the cost of managing vacant units is lower and, under the current system, the vacant units can receive operating subsidy equal to the full operating cost of occupied units." 15

Since the leasing of vacant units was more or less discouraged - certainly not encouraged - and since filling units is the focus of any public housing authority's operation, the current rules had the net effect of de-emphasizing planning and efficiency in other aspects of the authority's housing management effort. Fundamental aspects - such as allocating resources, setting/communicating objectives, securing inventory, improving employee productivity, reducing maintenance costs and reducing the waiting list - all support and impact the vacancy reduction effort. Thus, laxity in these areas of management planning ensures that it would be even more difficult to reduce the vacancy rate from year to year without special funding assistance.

The Department of Housing and Urban Development realizes that "such a situation is contrary to the interest of tenants and HUD, and it is clearly a violation of the purpose of the U.S. Housing Act of 1937 ... which provides housing for lower-income families." 16 HUD, therefore, has proposed to amend the determination of operating subsidy eligibility


16 Ibid., p. 22664.
under the Performance Funding System to restrict the payment of full subsidies to only occupied units which fall within an allowable vacancy rate. The allowable vacancy rate would be the rate considering all dwelling units months\textsuperscript{17} available for occupancy equal to or the lesser of three percent of the public housing authority’s actual vacancy rate. Limited operating subsidy funding in differing amounts would be provided to public housing authorities for units in excess of the allowable vacancy rate. The allowable vacancy rate will become effective beginning the next fiscal year (January 1, 1985 or July 1, 1985).

The new policy would set up two classifications for vacant units above the three percent level which HUD defines as acceptable. Vacant units which have been approved for modernization funding would receive subsidies according to their actual operating costs but vacant units for which modernization has not been approved (whether it is requested or not) would get funds only to cover essential utilities and security costs.

Within the former category the largest subsidy reduction would affect buildings which are completely vacant. However, if vacant units are scattered throughout a mostly occupied project, the housing authority could probably maintain that operating cost just as high as the regularly occupied units. However, HUD would cut off subsidies for the units scheduled for modernization if they sit unrepaired for three years. For units approved for modernization before the effective date of the rule, the cut-off date would be five years after approval of the modernization application or three years after the rule goes into effect, whichever comes first.

\textsuperscript{17}Percent of total number of units to total number occupied.
The more stringent subsidy reduction for vacancies with no approved modernization also has a phase-out feature built in. Each public housing authority is expected to reduce the number of vacant units in this situation by 25% each year after 1985, or it will receive a proportionally reduced subsidy payment in any case. However, the bottom line of these proposed provisions "is to encourage public housing authorities, within a four year period to (a) take all necessary actions such as the securing of modernization funding or consolidation of vacancies or (b) consider demolition or disposition of the project."18 HUD "believes" that tighter management can reduce vacancy levels in many housing authority projects and that the use of the very high modernization funding levels provided by Congress in recent years will soon permit many units now vacant to be made available for occupancy. It is also expected that improved housing authority management will assure the retention of these units as occupied units.

As can be expected, many public housing authorities opposed these new proposals, especially some larger authorities which have entire projects vacant and/or awaiting modernization (Detroit, Philadelphia, Washington, D.C. and Boston). They can expect to lose a great deal of revenue. Public housing representatives also maintain that, "the rule would force them to demolish or sell off projects which would not be supportable under the restricted subsidy system."19

Under the present Administration, HUD did not have any choice but to reduce their overall spending budget. Since President Ronald Reagan's term began, the prime objective has been to cut federal costs and reduce federal responsibilities in domestic programs. despite the economic

impact on the low income family. The Reagan Administration has substantially reduced federal support for housing programs, insisting that the state and local governments and the private sector must carry the major responsibility for creating an adequate supply of decent, affordable housing.

The hardest area hit by the Administration's budget cuts have been in assisted housing (Section 8). In fact, this is probably the hardest hit area among all federally assisted domestic programs. The total budget authorized for activity in assisted housing, including both new and previously committed authorization, declined from $30.9 billion in fiscal year 1981 to $27.7 billion in fiscal year 1982 to $15.6 billion in 1983 to $12.4 billion in 1984 - a cut of 60% from the previous commitment, not reflecting any adjustment for inflation.20

If and when President Reagan is re-elected, it is expected that there will be additional cuts made to housing programs. With the new proposed Performance Funding System requirement, HUD believes their new budget will cover operating costs for fiscal year 1985. However, both HUD and public housing authorities know the administration's views on social programs, and fear that funding for the next four years is not likely to increase. Therefore, it is expected that the new proposal will be enforced with all its ramifications.

As a consequence of the new proposal, public housing authorities will have to keep accurate records, follow financial and managerial


procedures to the letter and see that reports are filed in the appropriate offices in a timely manner. For the Atlanta Housing Authority, it means that it will have to re-evaluate procedures and practices for attaining full tenant occupancy, since the new proposal stipulates occupancy as a requirement for funding.
V. ANALYSIS OF ATLANTA HOUSING AUTHORITY'S VACANCY REDUCTION EFFORT

The exact number of vacant units at AHA is never truly accurate on a daily basis, and any figure purported to be the actual count results from a computer process that tabulates the number of units from tenant information which is in the system and then classifies the remaining units as vacant. Inasmuch as individual projects are responsible for inputting tenant information into the computer system, any figure resulting from this computer count may be more or less than the actual number of vacant units, depending on how soon the projects identify vacant units and perform move-in and move-out transactions on the terminal.

Basically, the Authority's vacant units exist in and develop through four categorical occurrences:

1. Move-outs or routine vacancies are the result of a normal turnover of tenant population through eviction, skip-move, or economic progression/regression of tenants into alternative housing opportunities.

2. Standing vacancies generally are vacant units resulting from move-outs that were not immediately turned-over, this is, repaired and leased. As a result these units are apt to experience varying degrees of vandalism and are, in fact, referred to within the Authority as "vandalized" units. The peculiar feature of this category of vacant
units is that the longer these units remain vacant, the longer and more costly it will be to return them to occupancy status. In fact, these units are seldom returned to occupancy status without special (CDBG, modernization) funding since the estimates of costs to repair them can range from $1,500 to $20,000 compared to a normal move-out vacant unit repair cost of $300 to $750. In many cases these standing vacancies are the larger bedroom sized units (3 and 4 bedrooms) which have the larger percentage of applicants waiting for their availability.

3.**Transfer vacant** units result from a tenant moving from an occupied unit to a vacant unit. Tenant transfers are normally implemented to relieve the over-housing and under-housing of households (situations in which a family has more or less bedrooms than its family size requires) as well as for documented and verifiable medical and personal/domestic circumstances which can warrant the transfer of a household.

4. **Controlled**, or non-routine, vacancies are units which have been intentionally left vacant or vacated usually as a result of being identified to receive special repairs or disposition treatment, such as modernization or demolition, as the Authority's controlled vacant units.

Inasmuch as the Authority is "fighting a vacancy loss on three fronts", the effect of move-outs and transfers are particularly noticeable. Specifically, a move-out or transfer creates another vacancy, and if new applicants are not being housed at a greater rate than the total number of move-outs and transfers, the Authority's reduction effort is really "spinning its wheels" and in fact, standing vacancies are likely to increase. The significance of this is that at
some projects a unit left vacant for a mere few days runs the risk of being vandalized to some degree, and ultimately having its repair deferred at the expense of another unit which is less costly to make ready for occupancy. Consequently, the longer that repairs are deferred on a unit, the more likely that the unit will become a long-standing vacancy which will require special funding to repair. This occurrence speaks more to the timely identification of vacant units (particularly those resulting from skip-moves) and the turn-around or securing of vacant units before vandalism can occur.

AHA Central Housing Management Planning and Direction

There should be little doubt that the current HUD subsidy regulations were looked upon as a welcome "cushion" against the difficult task of management of large public housing authorities. This sentiment has been expressed by more than one official responsible for the Authority's vacancy reduction effort. It also was manifested by Central Housing Management's failure to establish specific objectives for reducing vacant units by all entities involved, and its failure to require the development of detailed workplans to accomplish the rather complex objective of reducing vacant units and relieving over-crowding, in addition to other managerial/maintenance activities.

As Table I indicates, the Authority has seven (7) projects with a total of 191 vandalized vacant units. Not surprisingly these projects also have a high vacancy rate. A review of transfer activity at these projects during fiscal year 1984 reveals that they accounted for approximately 25% of the total number of transfers during the fiscal year. It is evident that a lot of activity is taking place at these
TABLE I

TRANSFER ACTIVITY AND VANDALIZED UNITS

<table>
<thead>
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<th>Fiscal Year 1984</th>
<th>Transfer Activity</th>
<th>Vandalized Units</th>
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<td>Clark-Howell</td>
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<td>Kimberly</td>
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* Transfers as a result of relocation due to comprehensive modernization activity.
projects, which is why the absence of workplans based upon specific objectives was so conspicuous. Curiously, the Authority—as a HUD requirement to receiving modernization funding for Grady Homes during fiscal year 1984—projected carrying out 765 transfers to house tenants in properly sized units. However, there is no evidence that specific transfer objectives were communicated to individual projects. In fact, no one in Housing Management could explain on what basis the target projections were derived. It is as if things were just left up to the discretion of project managers and superintendents.

A good illustration of this point can be seen in the vacancy reduction efforts at three projects: Carver Homes, Capitol Homes and John Hope/University Homes. These projects had vacancy rates of between 7% to 13% in fiscal year 1983 and were selected sites at which small contractors would be assigned (contractor selection is centrally coordinated) to concentrate on turning over the vacant units for occupancy. Only Carver Homes was able to utilize this approach with success, and its vacant units were reduced to a level as low as 2% in December 1983.

It can only be assumed that management at Carver Homes was satisfied with the contractors that were assigned, since "dis-satisfaction with contractors"22, was purportedly cited as the reason Capitol Homes was not able to successfully utilize this arrangement. It was stated by a Housing Management official that the superintendent (in charge of

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22 Interview with the Superintendent of Capitol Homes of Atlanta Housing Authority, Atlanta, Georgia April 9, 1984.
maintenance at Capitol Homes) said if he "could not get the contractor of his choice, he would not use those assigned." Whether this was the sentiment or not, Capitol Homes had 79 vacancies in April 1983 and 85 at the end of December and by June 1984 it had 93 vacant units. Inasmuch as no results were shown, a question must be raised as to whether management was being held accountable for funds appropriated but not used for the purpose for which they were appropriated.

In the case of John Hope/University Homes, the general consensus is that the experiment did not produce significant results. In April 1983 there were 165 vacancies, at the end of December 122 vacancies and by June 30, 1984, there were 110 vacant units. Project management points out that this seemingly lack of progress is more so the result of an undercount in the number of vacant units in the first place and that it was actually poor management in terms of planning to reduce a considerable number of vacant units that were thought to be occupied but were in fact vacant all along. If this was in fact the case - despite having housing units and tenant information on the computer system - then it points to a deficiency by project management in the timely detection of vacant units. Further it is more of an indication of information requirement (or lack thereof) that Central Housing Management places on project management.

For instance, there is no ready source of data that, at a glance, lists the number of vacant units and which ones were repaired at each project site during a given period. Moreover, individual project sites

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23 Interview with Assistant Director of Housing Maintenance Department of Atlanta Housing Authority, Atlanta, Georgia April 9, 1984.
do not have this information readily available, and to obtain it is a time consuming, manual process that most often results in an inaccurate count that does not agree with other data sources. Similarly, there appears to be so little attention given to the average cost of repairing vacant units from project to project, it almost appears insignificant. Questions must again be raised however, when this information is not considered during budget development. The financial analysis invariably indicates high average costs of unit repairs and low rates of vacancy reduction.

Another ramification of required information deficiencies on the part of Central Management, in addition to budget development, is the effect they have on Housing Management's capability to establish realistic objectives, by which to measure management performance. Obviously, this capability is hampered by the absence of accurate cost data. Questions must be raised as to whether there is a desire on Central Housing Management's part to hold projects accountable for producing results with budget appropriations.

This question is more seriously raised in light of the Authority's fiscal year 1984 housing maintenance budget appropriations being largely the arbitrary "guesstimate" of one long-time maintenance official who distributes allocation among projects on a basis of other than uniformity and fundamental principles. Typifying the "old school" mentality still prevalent in the Authority's housing management/planning practices he explained the reason he allocated more money to repair vacant units at one project than at another, even though the projected number of units to be repaired was equal at both projects. Referring to
one project he said that "by the time project management discovers that units are vacant, they would already be vandalized to some degree and will require more money to repair". Rather than address this problem with improved methods of timely detection of vacant units, management inefficiency is covered up by increased budget appropriations - a classic case of mismanagement. Further pointing up the seeming disregard for fundamental management principles and practices in the Authority's vacancy reduction effort was the absence of systematic Central Office monitoring mechanisms. This, despite the existence of an abundance of regularly generated computer reports and other documents for effective monitoring. As a result, monitoring was woefully inadequate and insufficient to timely detect deficiencies in operating practices before substantial resources could be managed. This being so, the bottom line truth is that Central Housing Management was fully aware that little progress was being made in reducing vacant units, but did very little to address the problem areas. Particularly glaring are problems in its applications and leasing apparatus.

**Applications and Leasing**

The Atlanta Housing Authority's official vacant unit turn-around process consists of the following four elements:

1. Reporting of vacant units.

2. Reporting of vacant units to Applications and Assignment office (hereinafter Applications) by project management three to five days prior to unit being readied for occupancy.

\[^{24}\text{Ibid.}\]
3. Assignment of applicant to project site by Applications for leasing interview by project management.

4. Leasing of unit.

In reviewing the overall leasing process, the most notable observation was the projects' inconsistency (or outright disregard) in reporting the status of vacant units to Applications in a timely manner. More specifically, a standard transmittal form was developed for the purpose of reporting the new availability of vacant units to Applications; however, a review of records indicated that not a single manager used this form to report all vacant units that became available during fiscal year 1984 at his/her particular site. It was further noted that only 45% (19 of 43 sites) of the managers used this form to report at least 75% of the vacant units available during fiscal year 1984; 65% (27 of 43 sites) used the form to report at least 50% of vacant units; 80% (34 of 43 sites) used the form to report at least 25% of vacant units; and 10% (4 of 43 sites) did not use the form at all to report vacant units. It must be pointed out that although projects did not utilize this form to report all vacant units, other reporting means were employed, such as telephone and personal contact. However, the most obvious implication of this fact is that if projects are disregarding this official procedural element (and apparently getting away with it), then it is reasonable to conclude that they are disregarding other procedures in the vacancy preparation and leasing effort - thus contributing to an overall poor performance in vacancy reduction.

It was also noted that the inconsistency in which vacant units were being reported apparently prevented the Application office from effectively "lining up" prospective tenants by such criteria as urgency
of need, bedroom size, income and date of application. This situation assumes prominence when we consider that even though the Authority maintains a monthly waiting list of approximately 3,400 applicants, according to an Applications estimate, only about 50% are in a position to move-in or pay for housing (a requirement for admission) at any given time. Thus, it is necessary to "line up" applicants by the aforementioned criteria because it is likely that the unit offered may not be accepted by the first applicant to whom it is offered and so on down the line.

With a definite need to sort through and "line-up" (even with computer aid) applicants for prospective assignment, it appears that the practice of reporting the availability of vacant units to Applications three to five days before being ready is an insufficient period of time to line-up and notify applicants and allow them time to get in a position to sign a lease. When this is compounded by inconsistency and non-adherence by projects in complying with this practice, it is not hard to see that many days of dwelling rental income (referred to as vacancy loss) are being lost by the Authority. This is in addition to the vacancy loss that has been incurred as a result of untimely repair of the units. Specifically, reduced dwelling rental income means increased subsidy outlay from HUD to AHA. With the proposed Performance Funding System scheduled to become effective July 1, 1985 (with computation for funding based upon vacancy loss) the current requirement and practice of reporting the availability of vacant units must be reviewed with an eye toward providing more consistency in reporting the availability of vacant units by project management.
Applicant Waiting List

The most notable observation about the Authority's public housing applicant waiting list is that despite a monthly average of approximately 3,400 "eligible" applicants, the Authority still maintained during fiscal year 1984 a daily average of 250 to 300 vacant units ready to be occupied. Many of these units have been in a "ready-vacant" state for several months without being leased. While it is true that approximately 175 of these vacant units are in elderly highrises, with fewer than 300 applicants on the elderly waiting list at any time, it is apparent that the Authority's waiting list is not what it appears to be on the surface. More specifically, according to Applications, the Authority's waiting list is an artificial one that misrepresents the number of applicants who are truly in need of housing, as measured by the acceptance/rejection of housing that is offered and/or the inability of the applicants to pay for it.

One of the reasons expressed by Applications for the "high waiting list/ready vacancies" phenomenon is that most applicants have personal housing site preferences and, in fact, are allowed three (3) refusals before they are moved to the bottom of the waiting list, according to the Authority's Tenant Assignment Plan (see Appendix B). Once placed at the bottom of the list, however, applicants quickly make their way back to the top of the list to a good extent via the very reason they dropped to the bottom. In other words, with so many "ready-vacant" units to offer and applicants having preferences and choices, this means there are constant and continuous offerings and concomitant refusals - among those applicants meeting income criteria, that it is not too long before an
applicant's name finds it way back to the top. This situation points to either one or both of two general programmatic areas of consideration: (a) the units/locations being continuously passed are so undesirable as to warrant special marketing consideration, (b) the need for housing is not as pressing as the length of the waiting list would appear to indicate.

The former situation may speak of the need to establish "marketing" objectives as an ongoing function within the Applications operation (discussed later in this section). The latter situation appears to warrant a review and possibly modification of the Tenant Assignment Plan to correct an applicant assignment policy which may be viewed as "pampering" the applicants. Evidence shows that most of the Authority's housing stock - particularly the elderly highrise structures - are decent housing. The Authority's problems are largely due to negative connotations and perception based upon past problems in its housing management effort. Therefore, if applicants are constantly and continuously refusing offers of housing for preference or income reasons, somewhere a question must be raised about the true housing needs and desires of applicants.

Even dropping applicants to the bottom of the list still does not decrease the length of the waiting list. The effect of an artificially high waiting list may appear subliminal, but it is significant because of its potential to discourage prospective applicants from applying who truly need housing and can meet income eligibility criteria. Prospective applicants are routinely told that it may take 12 to 18 months before they can be housed, and having applicants on the waiting
list from as far back as 1978, as does the Authority, certainly can help
paint a picture of a hopeless housing opportunity situation. In reality,
however, the Authority has vacant units that they are practically
begging to be leased. In any event, it appears that the selection and
assignment policy needs to be reviewed with the possibility of an aim
toward providing for the removal of applicants from the waiting list and
restricting re-application for a specified period of time.

Marketing Effort

There was no evidence to indicate that the Authority undertook any
special "outreach" or marketing efforts to enhance its ability to lease
units, even though there appeared to be ample evidence that the
Authority's leasing problems were not ordinary problems. More
specifically, the facts indicate the following:

1. More than 250 units remained vacant and ready to be occupied as
of June 30, 1984, as well as on any given day during fiscal
year 1984.

2. The Authority has an average monthly waiting list of 3,400
applicants, yet cannot find enough applicants willing and able
to lease the "ready-vacant" units.

3. As of June 30, 1984 a total of 223 vacant units were located in
five (5) elderly highrises, with 140 of the vacancies ready
for occupancy.

4. The five highrises - Roosevelt, Palmer, East Lake, M. L. King,
Marietta - have been plagued with high vacancies for at least
three years.

Notwithstanding the existence of these chronic leasing problems, it
was evident that the Authority had no ongoing plans to initiate and
sustain a special "outreach" or marketing effort to lease units. This
was most conspicuously noted by the Authority's failure to:
1. Establish meaningful and ongoing contact with churches, community, civic and human services agencies for the purpose of providing public housing referrals, particularly among the elderly population dwelling in substandard housing in the city.

2. Take advantage of its status as a non-profit public organization and solicit the airing of public service announcements through the electronic media, as well as other opportunities for free or inexpensive promotional advertisement.

3. Conduct or plan any promotional activities, functions, or events having the purpose of publicizing the availability of "ready-vacant" units; promoting the positive aspects and amenities of its housing (particularly elderly highrises); and addressing the apparent negative perception and image of the Authority's management program.

While it can be argued that the Applications and Assignment office was deficient in failing to implement, advocate or recognize the need for special out-reach initiatives, the ultimate responsibility must fall upon the Authority's Central Housing Management. By allowing imperfections in the leasing process to continue unabated and by failing to address the problems associated with the artificial waiting list, it can also be reasonably argued that Central Housing Management apparently did not perceive the need to conduct special "outreach" activities to lease the vacant units.
VI. CONCLUSION AND RECOMMENDATIONS

During the course of this analysis, the following overall findings were most notable in terms of having impact on the vacancy reduction effort:

-- The Performance Funding System used by HUD to calculate subsidy funding levels to public housing authorities actually encouraged, or at least did not discourage, public housing authorities not to fill vacant units.

-- Specific objectives were not realistically set by Housing Management and were not communicated to individual project entities (that is, realistic objectives that considered the ratio of transfers to new leases each project should implement as it relates to achieving an overall objective in reducing vacancies and relieving overcrowding).

-- There is no fundamental requirement by Housing Management for project management to keep a record of the specific and total number of units that are repaired, and as a result there is really no accurate measure of the number of units that were repaired during fiscal year 1984, nor the actual average unit repair cost.

-- As currently practiced, the Authority's vacancy preparation procedure is very "loose" in terms of the flexibility exercised by individual projects in repairing vacant units, and the concomitant
disparity that is inexplicably permitted in the cost to repair a vacant unit from project to project.

-- The Authority's repair burden falls on the Maintenance Support Services component (which is insufficiently staffed and funded) to provide the level of maintenance assistance being requested by projects which includes activities that could easily be performed by on-site maintenance staff.

-- The process of reporting vacant units to the Applications and Assignment office is inadequate for the efforts necessarily expected from this office and even then, the process is inconsistently adhered to by most of the projects.

-- The Atlanta Housing Authority had more than 3,400 applicants waiting for public housing as of June 30, 1984, yet it had about 250 units vacant which were repaired and ready for occupancy.

-- The Authority has yet to implement any special "outreach" effort to lease vacant units even though for the past few years it has had a high number of vacant units ready for occupancy at five (5) highrises for the elderly, and has demonstrated a documented difficulty in leasing units at these sites.

While it cannot be held out as a valid reason for the Authority's poor performance in reducing its substantial number of vacant units, HUD's practice of providing full operating subsidy for vacant units to public housing authorities nonetheless served as a disincentive to reducing vacancies. However, inasmuch as the Authority, as well as any organization, has an obligation to pursue its organizational mission, culpability for insufficient performance must rest solely upon the
public housing authority. In this light, the evidence clearly indicates that Central Housing Management did not focus enough attention on the vacancy reduction effort toward its mission of providing decent, safe and sanitary housing to low-income persons. There should be no excuse for an organization not to commit every possible resource, whether it is man-power or financial, to execute its mission.

More specifically, by not requiring accurate records of the specific and total number of units repaired by projects as well as the actual average cost of repairs, Central Housing Management is unable to allocate and appropriate funds to the projects for greater accountability. This means that some projects receive more or less budget authority than they should. Consequently, the lack of attention to this fundamental accounting requirement can be construed as a lack of attention to other relevant management areas. Thus, as evidenced by the absence of a comprehensive vacancy reduction plan, it appeared that Central Housing Management left too much to the discretion of project management in reducing vacant units, where past performance in this area appears to indicate that this discretion was not justified.

Finally, it must be concluded that most of the findings noted in this analysis were deficiencies that could have been remedied at any time during the vacancy reduction effort. There was sufficient evidence and monitoring tools (computer reports, status reports, etc.) to give Central Housing Management a clear indication that the desired progress in reducing vacancies was not being achieved. For instance, it was common knowledge to Central Housing Management that projects were not consistently reporting the availability of vacant units, that Support
Services was carrying an inordinate share of the vacancy preparation burden, that projects were under-utilizing on-site maintenance staff, that the Tenant Assignment Plan was in need of review/revision, and that a special "outreach" effort was needed to find applicants to lease units in the five chronically high-vacancy highrises. Failure to initiate remedial actions to correct these deficient practices can only be considered a dereliction of responsibility by Central Housing Management. With a lack of performance from the top, it is reasonable to expect a less than wholehearted effort from the subordinate entities in the vacancy reduction effort.

In order to make a realistic attempt at reducing its vacancy rate to a 3% level by June 30, 1985, the following overall recommendations must be considered as they relate to the Authority's planning and practices toward achieving this objective:

-- The Authority must establish realistic objectives for the specific entities involved in the overall vacancy reduction process which considers available resources, project specific characteristics, repair factors, etc., and must clearly communicate these objectives - in consideration of feedback - to the individual entities.

-- There must be a systematic process established for requesting the assistance of Support Services, which, in turn, enables Support Services to schedule its assistance with respect to available resources and priorities. This process would also allow for projects to "time" the coordination of various activities.

-- The Authority must get more out of its maintenance dollar by getting more utilization out of its on-site maintenance staff. It should learn
to rely less on the more costly labor of outside contractors to perform activities which, in many cases, the maintenance staff can perform, such as painting and cleaning units.

-- The Authority must develop a new process of reporting the repair and "ready-vacant" status of every unit on an ongoing basis to its Applications and Assignment office which utilizes the computer system, with a capacity to be updated by projects as the status of a unit changes.

-- The Atlanta Housing Authority must discontinue what amounts to "pampering" applicants by considering a modification to its admissions policy to require applicants who refuse three offers of housing to wait a specified period of time before being allowed to re-apply for public housing.

-- It appears absolutely essential that a special "outreach" effort must be initiated in an effort to lease the vacant units at the five chronically high vacancy highrises. Further, special marketing activities should be an integral part of future planning and budgeting considerations relative to the Applications and Assignment office's functional objective of "facilitating the leasing of all vacant units ready for occupancy."

-- Central Housing Management must establish and exercise close monitoring of the overall vacancy reduction effort in order to timely detect deficiencies in operating practices before mismanagement of substantial resources occurs.
APPENDIX A

INTERVIEW QUESTIONS
INTERVIEW QUESTIONS

1. How long does it take your project to report the "ready-vacant" units to the applications office?

2. How many days does it take the applications office to send an applicant to see a unit after it has been reported ready?

3. Records show that you have 35 "ready-vacant" units and approximately 15 of those have been ready for the last 4 to 5 months. According to you, the applications office knows this. If this is the case why is it taking so long to fill the units?

4. Project managers have the right to refuse to lease a unit to a prospective tenant. Likewise a tenant has the right to refuse a unit. Have you ever refused to lease a unit to an applicant? If so, why?

5. Some applications officials feel that because your project received some adverse publicity a few years ago, people "just do not want to live in the same atmosphere". As a project manager what have you done to reverse the situation?

6. Since you and many others feel that the applications office is responsible for filling the vacancies, as an applications' officer, what would be your recommendation to achieve this end?

7. Your maintenance staff is made up of 8 people, is a staff of 8 adequate to do the vacancy preparation (painting, cleaning, etc.)?

8. Some years ago, Support Services coordinated all the vacancy preparations. Is that better than doing the work with the project staff?

9. You are one of the managers who objects to central office choosing the contractors who do work at your project. Why?

10. According to you, choosing contractors can be "political" but central office feels the same can be said about project managers and superintendents choosing contractors. How do you respond to this?
APPENDIX B

TENANT ASSIGNMENT PLAN
TENANT ASSIGNMENT PLAN

ATLANTA HOUSING AUTHORITY

Beginning this date the Atlanta Housing Authority will no longer be permitted to operate its tenant selection and tenant placement on a "freedom of choice" basis. The Department of Housing and Urban Development has disapproved the "freedom of choice" idea and now requires the use of a system which is referred to as "first come, first served".

Under this new system the applicant will be offered housing in the order in which he has applied, i.e., date of application. The applicant will first be offered a dwelling in the location having the largest number of vacancies in the size unit required by the tenant's family size. If the applicant does not accept this, he will be offered a unit in the project having the next largest number of vacancies of appropriate size. If he does not accept this, he will be given one more offer which will be in the project having the next largest number of vacancies of appropriate size. If the applicant turns down the third offer, his name is then moved to the bottom of the applicant waiting list of his appropriate size.

If any of the offers made would constitute a hardship on the applicant if accepted, it shall not count toward the three offers which are allowed. Likewise, his inability to move while the unit is still vacant will not count.

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If there are any points which are not clear to you, please feel free to request additional explanation from your interviewer.
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