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REPORT TO THE CONGRESS

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Enforcement Of Housing Codes:  
How It Can Help To Achieve  
Nation's Housing Goal B.118754

Department Of Housing And Urban Development

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BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES

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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D. C. 20548

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To the President of the Senate and the  
Speaker of the House of Representatives

This is our report on enforcement of housing codes by the  
Department of Housing and Urban Development and how it can  
help to achieve the Nation's housing goal.

Our review was made pursuant to the Budget and Accounting  
Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of  
1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office  
of Management and Budget, and to the Secretary of Housing and  
Urban Development.

Comptroller General  
of the United States

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C o n t e n t s

		<u>Page</u>
DIGEST		1
CHAPTER		
1	NATION'S HOUSING GOAL	5
	Scope of review	7
2	INEFFECTIVE LOCAL CODE ENFORCEMENT	9
	Housing code enforcement and Federal involvement needed	9
	Local housing codes not enforced	12
	Conclusions	20
	Recommendations	21
	Agency comments and our evaluation	21
3	FEDERAL CODE ENFORCEMENT MISUSED	25
	Code enforcement projects approved for inappropriate areas	27
	Conclusions	39
	Recommendations	40
	Agency comments and our evaluation	41
	Inefficient administration of code enforcement projects	45
	Conclusions	49
	Recommendations	49
	Agency comments and our evaluation	50
4	PUBLIC IMPROVEMENTS OVEREMPHASIZED	51
	Intent of the Congress to limit public improvements	52
	Criteria inadequate for approving public improvements	53
	Improvements questionable for stopping blight	55
	Conclusions	62
	Recommendations	62
	Agency comments and our evaluation	62

- |    |  |    |
|----|--|----|
| I  | Letter dated November 18, 1971, from the Assistant Secretary for Community Development, Department of Housing and Urban Development              | 65 |
| II | Principal officials of the Department of Housing and Urban Development responsible for the administration of activities discussed in this report | 76 |

ABBREVIATIONS

FHA	Federal Housing Administration
GAO	General Accounting Office
HUD	Department of Housing and Urban Development
NDP	Neighborhood Development Program

D I G E S T

WHY THE REVIEW WAS MADE

The Nation's housing goal--a decent home and a suitable living environment for every American family--remains unachieved. Recognizing this, the Congress directed that communities, to be eligible for Federal housing programs, adopt and enforce codes to prevent deterioration and decay of housing and stop the spread of blight.

To assist communities financially in enforcing housing codes, the Congress established the Code Enforcement Grant Program, administered by the Department of Housing and Urban Development (HUD).

Because of the increasing congressional and public concern about deterioration of existing housing and spread of urban blight, the General Accounting Office (GAO) examined into HUD's progress in

- stimulating communities to adopt and carry out local code enforcement programs and
- using Code Enforcement Grant Program funds to assist communities in combating housing deterioration.

FINDINGS AND CONCLUSIONS

Ineffective local code enforcement

Housing deterioration and decay have not been arrested because communities have not enforced housing codes effectively. HUD has not used its legislative authority to stop funds for other Federal housing programs until communities adopt effective local code enforcement programs. Of the 29 communities included in GAO's review, 28 did not have effective citywide local code enforcement. (See p. 9 and 12.)

Community resistance to adopting and carrying out local code enforcement is a difficult problem, causing HUD to emphasize construction of low- and moderate-income housing and to give a low priority to code enforcement. This means that HUD is continuing piecemeal, sporadic thrusts at a problem which must be attacked in all its aspects simultaneously. (See pp. 12 and 20.)

Because the shortage of low-income housing is a serious problem in the United States and because it is more difficult and expensive to cure than to

prevent slums, HUD should strive for the Nation's housing goal not only by increasing the supply of housing but also by insisting on the adoption of effective local code enforcement to preserve and upgrade existing housing.

A new procedure adopted by HUD's Detroit Area Office might improve local code enforcement. In Detroit HUD requires that a home be inspected and brought into compliance with housing codes as a condition to granting Federal Housing Administration (FHA) mortgage insurance. (See p. 17.)

#### Federal code enforcement misused

The Congress had authorized about \$173 million for 151 code enforcement projects as of June 30, 1970. The objectives of the program--preventing the spread of blight and preserving good neighborhoods--could have been enhanced if

- --HUD had approved projects only in areas where housing was basically sound and could have been restored by enforcing codes and
- 4 --HUD had administered the program more efficiently. (See p. 25.)

HUD's criteria for selecting code enforcement areas were inadequate. Although HUD had evidence that extensive deterioration existed in proposed project areas, it approved projects for inappropriate areas.

GAO's review of 10 projects in two HUD regions showed that three were in areas appropriate for code enforcement and seven were in areas obviously more appropriate for rehabilitation or redevelopment. These seven projects represented a cost to the Federal Government of \$13.5 million.

The extent of deterioration in some project areas selected by the communities and approved by HUD--coupled with the low incomes of the residents--precluded successful completion of the projects. (See p. 27.)

The objective of total code compliance within 3 years often was not achieved. At June 30, 1970, almost 5 years after approval of the first project, no projects had been completed although 51 had been in existence more than 3 years. A year later, 16 projects had been completed although 92 had been in existence more than 3 years. Delays in completing projects resulted, in part, GAO believes, because projects were not

- adequately staffed on the basis of adequate plans and
- adequately monitored by HUD. (See p. 45.)

#### Public improvements overemphasized

HUD attempted to improve housing by spending millions of dollars for public improvements (paving streets, repairing sidewalks, etc.) under the Code Enforcement Grant program. Much of this spending is questionable because the improvements had little effect in achieving the primary goals of code enforcement--stabilizing neighborhoods, preventing housing deterioration, and arresting blight.

In three HUD regions 35 code enforcement projects approved as of June 30, 1970, included \$23 million for street and alley improvements. It is questionable that such improvements are necessary to stabilize neighborhoods and arrest blight. Sizable areas of many communities lack paved streets and alleys, and their absence may not necessarily be a significant factor causing blight. Sound, as well as blighted, neighborhoods lack such improvements. (See p. 55.)

Although the emphasis of the Code Enforcement Grant Program was to be on improvement of housing and not on public improvements, HUD approved about \$131 million--about 54 percent of all code enforcement funds--for public improvements. (See p. 51.)

If public improvement spending had been limited to minimal amounts as intended by the Congress, most of the \$131 million could have been used for the primary purpose of code enforcement--improvement of housing. (See p. 51.)

#### RECOMMENDATIONS OR SUGGESTIONS

The Secretary of HUD should:

- Emphasize the need for effective local code enforcement and, in view of the lack of public acceptance, promote the positive aspects and the benefits to individual homeowners of effective code enforcement.
- Set minimum standards of accomplishment as prerequisites to approval of communities' plans to eliminate and prevent the spread of blight through local code enforcement programs.
- Apply, nationwide, the new requirement initiated by the HUD Detroit Area Office for code inspection and compliance as a condition for FHA mortgage insurance. (See p. 21.)

The Secretary should reemphasize the slum prevention objective of code enforcement; the program should be used only in those areas appropriate for preventing housing deterioration. To carry out this policy, the Secretary should have criteria established requiring that consideration be given to the degree of deterioration in structures estimated to have code violations and to the income levels of property owners in proposed code enforcement project areas. (See p. 40.)

The Secretary should also

- have work standards established so that staffing needs of communities may be realistically appraised and
- require close monitoring and reviewing of code enforcement projects by all HUD area offices. (See p. 49.)

Finally, the Secretary should have procedures established to provide for a more critical review of requests for public improvements. To do so, HUD

needs to revise its criteria to provide sufficient and adequate guidance for approving public improvements in code enforcement projects. (See p. 62.)

#### AGENCY ACTIONS AND UNRESOLVED ISSUES

On April 16, 1971, GAO furnished HUD with a draft of this report for review and comment. On November 18, 1971, GAO received HUD's comments which are included as appendix I to this report. GAO's evaluations of HUD's comments relating to the specific findings and conclusions are presented as part of the report.

In February and March 1972, GAO obtained comments from the cities identified and discussed in the report and considered them in finalizing the report.

HUD said that local code enforcement had a vital role in attempts to preserve housing throughout the cities and that local code enforcement programs had made real progress in meeting statutory objectives. More needs to be done, however, and HUD plans to work with the cities to develop their techniques and capacities for evaluating the adequacy and effectiveness of local code enforcement activities. (See pp. 21 and 23.)

In commenting on the Federal Code Enforcement Grant Program, HUD said that, although GAO's report and recommendations provided a useful analysis of the code enforcement program and identified several important areas needing improvement in program management, it tended to obscure the basic accomplishments of the program. HUD said that there were basic national problems and deficiencies at the community level in achieving local code enforcement. (See pp. 22, 23, and 41.)

In HUD's opinion, the code enforcement program has become a steadily more productive means of conserving the Nation's housing supply. To further improve the program, HUD stated that management improvements and administrative changes were planned. (See pp. 41 and 50.)

Replying to GAO's position that public improvements have been overemphasized in code enforcement projects, HUD said that public improvements were important to the success of the program and, in some cases, essential public improvements were a key to the success of the projects. HUD said also that it was reviewing its present policy and expected to provide clearer guidelines as part of its overall review of the program. (See pp. 63 and 64.)

#### MAITERS FOR CONSIDERATION BY THE CONGRESS

This report discusses opportunities for HUD to accelerate the progress of communities in attaining the national housing goal through local and Federal code enforcement programs.

## CHAPTER 1

### NATION'S HOUSING GOAL

A decent home and a suitable living environment for every American family--is the Nation's housing goal, set by the Congress in 1949. The goal remains unachieved.

The 1960 census report showed that, of the Nation's 58 million housing units, 11 million, or 19 percent, were deteriorated and dilapidated. The Bureau of the Census defines a deteriorated house as one having one or more non-structural defects, such as shaky porches, bad steps, or cracked walls, and a dilapidated house as one having serious structural damage requiring extensive repair. The Secretary of Housing and Urban Development described the Nation's present housing problem as very serious and stated, in July 1969, that existing housing was deteriorating faster than the Nation was building new units.

When the national housing goal was established, the central thrust of Federal effort was twofold, eliminating urban slums and increasing the supply of new housing. Although new construction is necessary to increase the supply of housing, it is vitally important to preserve existing housing to prevent slums. To do this, the Congress broadened Federal programs. Step-by-step Federal involvement began with the urban renewal program.

Urban renewal (first called the slum clearance and community development and redevelopment program) was established by the Housing Act of 1949 (42 U.S.C. 1441). It involves acquiring and clearing properties, rehabilitating existing structures, relocating residents displaced by program activities, and redeveloping cleared land by public or private developers. Urban renewal has been continued by various amendments of housing legislation as an important step in combating the Nation's housing problem.

The Congress also recognized that an important further step was the preventive approach--saving houses before they could deteriorate into a slum condition and promote neighborhood blight. Thus, under the Housing Act of 1954, the

Congress directed that Federal housing programs include not only slum clearance and redevelopment but also conservation and rehabilitation of blighted, salvageable areas. The act of 1954 called for communities to develop local plans of action to stop blight.

To further emphasize the preventive approach, the Congress approved two programs under the Housing Acts of 1964 and 1965. First, to be eligible for participation in certain HUD programs, communities must show progress in helping themselves by adopting and enforcing housing codes (local code enforcement) to reduce the rate of deterioration. Programs of local code enforcement are financed entirely by the cities. HUD does not provide Federal financial assistance for such efforts. Second, Federal financial assistance was authorized for communities to assist them in intensively enforcing housing codes in selected areas (Code Enforcement Grant Program).

At June 30, 1970, HUD had approved about \$173 million as the Federal Government's share of the cost of 151 code enforcement projects. (At June 30, 1971, HUD had approved about \$250 million for 197 projects.) In communities having a population over 50,000, HUD pays two thirds and the communities pay one third of project costs. Communities having a population of 50,000 or less pay 25 percent. Project costs include planning and administration, inspecting structures and ensuring that they are brought into compliance with housing codes, demolishing unsound structures, and improving public facilities.

In addition to awarding the above funds, HUD awards grants and makes loans directly to residents and businesses, as follows:

- Rehabilitation loans, at 3-percent interest, and rehabilitation grants are awarded to property owners under code enforcement projects to help them finance repairs needed to bring their properties into compliance with housing codes.
- Relocation grants are awarded to residents and businesses displaced by the demolition of unsound structures.

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The following table shows the amount of these grants and loans at June 30, 1970.

<u>Type of assistance</u>	<u>Obligations</u>	<u>Disbursements</u>
	(millions)	
Rehabilitation grants	\$ 64.5	\$20.7
"    loans	50.0	48.0 <sup>a</sup>
Relocation grants	<u>7.2</u>	<u>.6</u>
Total	<u>\$121.7</u>	<u>\$69.3</u>

<sup>a</sup>Includes amounts disbursed by HUD to communities but not yet paid to loan recipients.

We have examined into HUD's success in

- stimulating communities to help themselves by adopting and enforcing adequate housing codes and
- using Federal code enforcement funds to assist communities in combating housing deterioration and arresting blight.

## SCOPE OF REVIEW

Our review was performed at the HUD central office in Washington, D.C., HUD regional offices in Chicago, Illinois; Kansas City, Missouri; and Seattle, Washington, and HUD area offices within these regions.

We reviewed:

- Federal laws requiring local code enforcement and authorizing the Code Enforcement Grant Program.
- HUD's policies, procedures, and administrative regulations applicable to local code enforcement and the Code Enforcement Grant Program.
- HUD and local community correspondence, documents, statistical records, and other pertinent data.

We visited various communities within the jurisdiction of the HUD regional offices and interviewed HUD and city officials responsible for the administration of local code enforcement. We also accompanied HUD and city officials on an inspection of selected properties and public improvements.

Our review was limited to analyzing and evaluating 35 code enforcement projects in three of the 10 HUD regional offices. We also studied information on existing local code enforcement programs in 29 communities in these three regions. We reviewed HUD's internal reports and the studies of recognized housing experts on the nature and condition of code enforcement in other HUD regions.



About the same time the President's Advisory Committee on Government Housing Policies and Programs reported that there was no justification for Federal assistance unless cities challenged the whole process of urban decay. The Committee concluded that it was necessary to expand Federal housing programs, from piecemeal thrusts at scattered pockets of slums, to broad integrated campaigns stretching across the whole spread of urban blight from the earliest symptoms to the last stages of decay.

Acting on these conclusions, the Congress passed the Housing Act of 1954 to encourage cities to adopt locally financed programs of code enforcement directed toward preventing rapid deterioration in existing housing. Under the act HUD required that, as a prerequisite for participation in certain HUD programs, the cities obtain its approval of plans (called workable programs) outlining their attempts to eliminate and prevent the spread of blight. As an integral part of such plans, HUD required cities to adopt housing codes.

To strengthen and emphasize local code enforcement, the Congress passed the Housing Acts of 1964 and 1965 specifically requiring that cities, as a prerequisite for participation in certain HUD programs, adopt and enforce minimum housing codes as part of their workable programs. Federal financial assistance, however, is not provided for local code enforcement.

Recognizing that communities have to be prodded to adopt and enforce housing codes, HUD requires that each community seeking to participate in certain programs submit a workable program for HUD approval every 2 years. To evaluate communities' self-help efforts, HUD reviews their workable programs to determine whether they have made progress toward

- adopting comprehensive systems of housing codes and citywide enforcement programs to reduce the rate of deterioration taking place and

- developing programs to meet the needs of low- and moderate-income housing and the needs of persons displaced by governmental actions.

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HUD must be satisfied with communities' progress before approving and certifying their workable programs. These certifications are necessary if communities are to be eligible for other urban renewal programs.

## LOCAL HOUSING CODES NOT ENFORCED

Although communities nationwide have made impressive gains in adopting housing codes, HUD has not been successful in getting them to enforce local housing codes because:

- HUD has not emphasized the need or requirement for effective local code enforcement.
- HUD has accepted promises rather than action.
- Communities have resisted the enforcement of housing codes.

Of the 29 communities included in our review, 28 did not have effective, citywide code enforcement, and HUD officials said that few communities in the Nation had effective code enforcement. Why? We believe a primary reason for this inaction is that, for the past several years, HUD regional offices have been emphasizing the construction of low- and moderate-income housing and have given local code enforcement a low priority.

HUD is emphasizing construction apparently because certain prior HUD programs, intended to increase housing, have reduced housing. In October 1970 we reported to the Congress that, although HUD's housing programs had resulted in the building of 126,000 housing units in 324 cities, its urban renewal programs in these same cities had resulted in the demolition of 214,000 units, a loss to the Nation of 88,000 units.<sup>1</sup>

HUD officials said that code enforcement had not been deemphasized as a matter of policy but that, in practice, less emphasis had been placed on code enforcement than on construction of low- and moderate-income housing because

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<sup>1</sup>"Opportunity To Improve Allocation of Program Funds To Better Meet the National Housing Goal," B-118754, Oct. 2, 1970.

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communities resisted enforcing housing codes. This resistance is due to some very real obstacles:

- Lack of public acceptance.
- Lack of political leadership and support.
- Lack of resources.

In discussing code enforcement, officials of several cities told us that homeowners were not very receptive to code enforcement. Some officials said that property owners were greatly opposed to it. Others said that the public was not interested because it saw no benefit from the city's enforcement of housing codes.

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Examples of inadequate local code enforcement and HUD's lack of emphasis on code enforcement are found in Minneapolis, Minnesota, and Detroit, Michigan. The HUD area office in Detroit, however, is trying to obtain code enforcement by withholding mortgage insurance on housing units until assured that housing codes are met for those units.

#### Minneapolis

At the completion of our fieldwork in December 1970, Minneapolis had made little progress in establishing and carrying out a local code enforcement program. To summarize, the city had:

- Prepared a 20-year plan for enforcing codes throughout the city. (HUD reviewers considered this plan to be wholly inadequate because of the extensive time involved in completing an initial inspection of all properties in the city.)
- Furnished data that HUD found useless for evaluating the city's reported accomplishments.

Despite these deficiencies HUD continually approved the city's workable programs.

Prior to 1966 Minneapolis had concentrated on inspecting multiple-housing units and not owner-occupied, single-family

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housing even though Minneapolis is a city characterized by homeownership. In October 1966 Minneapolis submitted its workable program with a code enforcement plan calling for inspection of all properties within 20 years. Although the 20-year period was unacceptable by HUD standards, which required all properties to be inspected during a much shorter time, HUD approved the workable program without indicating any dissatisfaction.

Because the city submitted data which did not permit an evaluation of its inspection activity, HUD requested that the next workable program show where inspections had been made and violations had been cited and corrected. In September 1967 Minneapolis partially satisfied HUD's request by submitting a map of the areas scheduled for code enforcement from 1966 through 1971. The city also reported those neighborhoods where housing had been inspected but did not indicate the number of housing units inspected or brought into compliance. Therefore HUD could not determine the city's progress under the plan.

After reviewing the city's workable program, HUD, in November 1967, requested and subsequently received additional information on the city's inspections. At the time of its request for information, HUD also told the city that the duration of its plan was too long. However, HUD again approved the workable program.

When Minneapolis submitted its next workable program in February 1969, the data on housing code inspections and compliance progress could not be used to evaluate the city's code enforcement efforts because, according to a HUD official, the data was obviously erroneous. Although HUD requested and received additional data, it was no more useful than the original data. Nevertheless HUD approved the workable program with certain conditions because, according to one HUD official, time ran out and HUD did not wish to delay its approval any longer. In its next workable program, the city was to

- develop a communitywide systematic plan for housing code enforcement and
- report inspection data by housing units, showing the number inspected, those in violation, and those brought into compliance.

When we completed our field review in December 1970, HUD was reviewing Minneapolis' latest workable program. HUD's conditions had not been met. After subsequent inquiries HUD obtained additional data which showed that only 8 percent of the housing units had been inspected in the first 5 years of the 20-year plan. HUD concluded that, when completed, the city's program would cover only 30 percent of the city's housing units.

In June 1971 HUD recertified Minneapolis' workable program with the conditions that the city (1) provide 500 low-income housing units within the next 2 years, (2) establish a citizens advisory committee to assist in carrying out its housing programs, and (3) revise its housing codes. Shortly thereafter the city took action on the last two conditions.

In February 1972 we met with Minneapolis officials to discuss their local code enforcement program. They told us that the city had made progress in code enforcement and that its largest gains came after 1969. They expressed their belief that the city would inspect all its housing within 10 years but that it probably would take longer to obtain compliance. The city furnished us with information which showed that, in the 7 years prior to 1972, 32 percent of the city's housing units had been inspected, 8.4 percent being completed in 1971.

### Detroit

Through February 1971 Detroit had made little progress toward adopting and carrying out a code enforcement program that would even hold the line on housing deterioration, much less overcome the problem. The city had:

- Concentrated on inspecting rental units with little emphasis on owner-occupied units representing over 50 percent of the city's dwelling units.
- Failed to increase its inspection staff so that its inspection plan could be successfully implemented.
- Submitted inspection data that HUD could not use for evaluating the city's progress in enforcing housing codes.

HUD continued approving the city's workable programs because the city promised to take corrective action and to provide additional low- and moderate-income housing.

After a review of Detroit's code enforcement program in 1968, we reported to HUD that:

- At the rate it was carrying out inspections, Detroit would require over 20 years to inspect every residence and that, by the time enforcement reached many areas, blight would have worsened and numerous costly Federal urban renewal projects would be needed.
- HUD was in no position to determine whether the city was making progress because Detroit had not refined and broken down its reporting of inspections.

When we completed our review in 1968, HUD officials told us that, before approving Detroit's next workable program, they would require the city to establish and properly staff a citywide code enforcement program that would be completed in 10 years.

Our current review indicates that HUD has accepted promises without action. From August to December 1968, HUD personnel worked unsuccessfully with Detroit officials to increase the number of housing code inspectors employed by the city. HUD's Chicago Regional Office approved the workable program in December 1968 because Detroit promised to undertake an intensive recruiting program to hire 15 inspectors immediately and to provide for additional inspectors in the next city budget.

HUD Headquarters questioned whether Detroit was meeting basic statutory requirements for adopting and enforcing housing codes. Despite these doubts Headquarters endorsed regional approval of Detroit's program because it was uncertain whether the city had been properly notified that corrective action was necessary.

Although it endorsed the program, Headquarters required that Detroit provide the staff needed to achieve compliance with the codes. Detroit promised to take action, but, in December 1969, submitted its workable program again

without having increased its inspection staff. Moreover the city's report of its inspection progress showed that to inspect all properties would take 28 years, a period of time far in excess of HUD's standards for initial inspections. As a result HUD, waiting for Detroit to increase its inspection staff, did not approve Detroit's program for 4 months.

In May 1970 HUD approved Detroit's workable program without obtaining the required corrective action and without discussing the need for code enforcement. Instead, HUD approved the program on the basis of Detroit's promise to expand its supply of low- and moderate-income housing. We believe that this approval reflects HUD's emphasis on new housing, rather than on code enforcement, and its willingness to provide urban renewal assistance without requiring effective local code enforcement. The Director of HUD's Detroit Area Office in approving the program stated:

"The certification of Detroit's [Workable] Program \*\*\* was fundamental \*\*\* to moving ahead with critical Federally-assisted urban development programs in the city."

\* \* \* \* \*

"It was the city's commitment to expand the supply of low- and moderate-income housing by some 2,300 units by 1971 that allowed us to recertify Detroit's program and while we are pleased with the city's progress I would like to convey the urgency of continued efforts in this area \*\*\*."

In December 1970 the area office and the city of Detroit established a requirement to withhold approval of FHA mortgage insurance on a housing unit until both city and HUD inspectors certified that the housing unit met the city code. Previously, some FHA-insured homes were sold with numerous code deficiencies. In Detroit a HUD official told us that the new requirement could be expected to bring most housing up to code standards within 10 years, because the mortgages of about 90 percent of all homes sold in the city were insured by FHA.

In February 1972 we met with Detroit officials to discuss their code enforcement program and they agreed that

Detroit had made little progress until the beginning of 1971. An official said, however, that after about March 1971 Detroit had made significant and substantial progress in code enforcement. Also the city had trained about 35 inspectors and about 16,000 homes throughout the city had been inspected and brought into compliance with the code.

The officials indicated that the present inspection program satisfied the commitments made by the city for a systematic code enforcement program as part of the workable program. Inspections currently reach all areas of the city and approach HUD's goal of broad-based code enforcement throughout the city. The Detroit officials said that Detroit would still be struggling to achieve some progress in code enforcement had the newspapers not given wide coverage to the poor state of housing in Detroit and to the current deficiencies in HUD's low-income housing programs.

#### Other communities

We found similar conditions--HUD's lack of emphasis on local code enforcement and acceptance of promises without action--in other communities, as discussed below.

#### Seattle Region

In July 1969 HUD's Seattle Regional Office approved the Salem, Oregon, workable program even though it had accomplished very little in local code enforcement. City officials told HUD that code enforcement had been limited by planning problems, lack of manpower, and the use of manpower for federally assisted programs other than code enforcement. HUD approved Salem's workable program, however, because the city submitted a new code enforcement plan. One year later, the city had not implemented its latest plan but reassured HUD that it planned to do so.

In February 1972 we obtained the comments of Salem officials on their local code enforcement program. They concurred with the above facts but added that, after our field review, the city had increased its inspection staff and begun performing code inspections on a systematic basis. The officials also expressed the opinion that increased code enforcement would have a limited beneficial impact without some form of grant or loan assistance.

Kansas City Region

In the Kansas City Region, three cities (Wichita, Kansas; Joplin, Missouri; and St. Louis, Missouri) had not met HUD's requirement for citywide code enforcement, but HUD continued to approve their workable programs. HUD officials told us that failure to meet all plans and objectives of a particular workable program was not generally considered grounds for disapproval as long as reasonable progress was made. The officials described reasonable progress as a "judgmental thing."

In February 1972 we met with city officials of Wichita, Joplin, and St. Louis, and obtained the following comments on their local code enforcement programs.

- Wichita officials said that our findings incorrectly implied that the city did not attempt a citywide code enforcement program. They stated that the city enforced its code, citywide, both on a complaint basis and by initiating action on the worst housing in all areas of the city. In our opinion, such a program does not provide comprehensive and systematic enforcement, as required under the workable program.
- Joplin officials generally agreed with our statements and said that financially they could not afford to implement a citywide code enforcement program. They said also that their present code enforcement effort consisted of one full-time housing counselor who tried to ensure that dilapidated structures were demolished.
- St. Louis officials said that, because of the arbitrary guidelines set out by the Congress, it was necessary to put promises in the workable program to get HUD approval. They said that the city did not intend to carry out these promises and HUD did not intend to enforce them.

CONCLUSIONS

Housing deterioration has not been prevented because most communities have not adopted and carried out effective code enforcement. Contrary to the intent of Federal legislation, HUD has continued to approve workable programs without ensuring that the cities have effective code enforcement. Cities were certified as eligible for Federal assistance when, in our opinion, they were ineligible.

Communities have resisted the enforcement of housing codes because resources, political leadership, and public acceptance are lacking. Perhaps the greatest of these obstacles is public disinterest in, and unwillingness to accept, comprehensive inspection and forced compliance with housing codes. We believe HUD realizes that these factors critically limit effective local code enforcement. However, HUD has not given adequate consideration to overcoming these obstacles.

HUD has emphasized construction of low- and moderate-income housing and has given a low priority to code enforcement. Thus, in our opinion, HUD is continuing piecemeal, sporadic thrusts at a problem which must be attacked in all its aspects simultaneously.

The shortage of low-income housing is a serious problem in the United States, and we do not suggest that programs for increasing low-income housing be downgraded or deemphasized. Although code enforcement will not add to the supply of housing, it can prevent existing housing from rapid deterioration which, if not stopped, will result in more slums. Because it is more difficult and expensive to cure than to prevent slums, we believe that HUD should strive for the Nation's housing goal not only by increasing the supply of housing but also by insisting on the adoption of effective local code enforcement to preserve and upgrade existing housing.

For 17 years Federal legislation has directed HUD to ensure that communities undertake effective local code enforcement. HUD has not achieved this goal. We believe that HUD might be more successful if the procedure recently

initiated in Detroit--withholding of mortgage insurance until code violations are corrected--is applied nationwide.

RECOMMENDATIONS

We recommend that the Secretary of HUD:

- Emphasize the need for effective local code enforcement and, in view of the lack of public acceptance, promote the positive aspects and the benefits to individual homeowners of effective code enforcement.
- Set minimum standards of accomplishment as prerequisites to approval of communities' plans to eliminate and prevent the spread of blight through local code enforcement programs.
- Apply, nationwide, the new requirement initiated by the HUD Detroit Area Office for code inspection and compliance as a condition for FHA mortgage insurance.

AGENCY COMMENTS AND OUR EVALUATION

On April 16, 1971, we furnished HUD with a draft of this report for review and comment. On November 18, 1971, HUD replied that:

- Local code enforcement had a vital role in attempts to preserve housing throughout the cities.
- Local code enforcement programs had made real progress in meeting statutory objectives.
- Over 2,400 communities had certified workable programs as of December 31, 1970.
- Program activities had been responsible for the inspection of over 1 million housing units since 1965.
- Code enforcement programs and related HUD efforts have been effective partners in the effort to save blighted areas.

HUD noted that, in its recent reorganization and decentralization, it had brought together 12 community development programs. These programs, according to HUD, can now be more effectively coordinated and permit a supportive approach to the urgent problems of urban decay.

HUD said that our report seemed to substitute a highly idealized wish for a realistic evaluation of actions actually possible. Code enforcement legislation reflects congressional recognition of the operational limits inherent in traditional local code enforcement. HUD's workable program policy is designed to require compliance with statutory requirements and such improvements as can reasonably be expected. HUD said that our report made little reference to the broad national problems that beset central urban areas and that represent social and economic issues far beyond the resources available in HUD programs.

Local code enforcement is beset with serious problems which, HUD believes, are inadequately acknowledged by our report. Perhaps the most serious problem is the actual impact of regular local code enforcement in deteriorating areas in cities where it has been used. Often it simply aggravates the situation and leads to abandonment. HUD has studies showing that this has happened in Cleveland, St. Louis, Chicago, and several other cities. When an area is deteriorating, it is difficult or impossible to obtain commercial financing for extensive rehabilitation and investor-owners are unlikely to commit more capital to an already questionable investment. So, when a city enforces its codes in these areas, owners are unable to meet the costs and they either move out or terminate all operating expenses.

HUD concluded that:

- The day-to-day operation of a local code enforcement program is, for the most part, an exercise in frustration to city officials.
- Even the most highly motivated and efficient administrator must act with considerable restraint if enforcement of housing codes would cause harassment and eviction of families.

--The limited financial resources of owner-occupants and the low return to investor-owners are primary roadblocks to an efficient code enforcement program.

HUD acknowledged that it needed to do more, and it planned to work with the cities to develop local techniques and capacities for local evaluations of the adequacy and effectiveness of code enforcement activities.

- - - -

We recognize that communities have made impressive gains in adopting housing codes. However, of the 29 communities we reviewed, 28 were not effectively enforcing housing codes and HUD officials told us that few communities in the Nation enforced local codes effectively.

As evidence of progress in the workable program, HUD said that 2,424 communities had certified programs, as of December 31, 1970. This figure, however, includes 446 communities that applied for but had not received certification. Also over 1,400 communities have dropped out of the workable program and have allowed their certifications to expire.

HUD discussed at length the problems facing local code enforcement programs and stated that, in its opinion, our report failed to give sufficient recognition to these problems and to the actions actually possible. On page 13 we point out that there are some very real obstacles to achieving the goals of local code enforcement and that we do not intend to minimize these problems. We recognize the difficulty in developing answers for obtaining effective local code enforcement.

In our opinion, one of the major reasons for these problems is the attempt by communities to enforce housing codes in areas so deteriorated that it is neither economical nor feasible to improve housing through a code enforcement program. And this is one reason investor-owners abandon housing. The purpose of code enforcement is to prevent housing from deteriorating into slums. We believe that the purpose of the workable program is to stimulate cities to enforce housing codes in basically sound areas to the extent local

resources are available. Local enforcement of codes can be practicable if used as a preventive measure in basically sound areas.

## CHAPTER 3

### FEDERAL CODE ENFORCEMENT MISUSED

The Congress established the present Code Enforcement Grant Program in 1965 to assist communities financially in using code enforcement techniques to overcome housing problems. The Congress had authorized about \$173 million for code enforcement projects as of June 30, 1970. Achievement of the objectives of the program--preventing the spread of blight and preserving good neighborhoods--could have been enhanced if

--HUD had approved projects only in areas where housing was basically sound and could have been restored by enforcing codes and

--HUD had administered the program more efficiently.

The Congress intended that Federal aid be used in areas where basically sound housing, which was beginning to deteriorate, could be restored through enforcement of housing and related codes. The House Committee on Banking and Currency (H. Rept. 1703, 88th Cong., 2d sess.) viewed this program as one:

"\*\*\* consisting primarily of intensive code enforcement (which) could eliminate the first stages of slum and blight and prevent the need for subsequent clearance or rehabilitation activities \*\*\*. The committee expects that this type of project will be utilized in those areas which are basically sound \*\*\* but which, principally because of noncompliance with the housing codes and related codes of the community, have begun to show signs of deterioration or blight. If allowed to continue to deteriorate, such areas would ultimately require more extensive renewal treatment \*\*\*."

HUD policy statements reiterated this intent by requiring that code enforcement treatment be used only in basically sound areas.

Code enforcement can have its greatest impact in preventing the spread of blight and in upgrading housing quality in areas where deterioration has not reached serious proportions. In the worst areas of communities needing rehabilitation or redevelopment, code enforcement may be useful but, at best, only as a holding action.

While code enforcement, rehabilitation, and redevelopment all have the objective of combating housing deterioration, each is aimed at successively greater degrees of deterioration. They are different tools for dealing with different problems. Rehabilitation attempts to restore housing to standards more stringent than minimum housing standards. Redevelopment, the most drastic of all urban renewal treatments, is aimed at areas so deteriorated that the only practical solution is to clear and rebuild.

CODE ENFORCEMENT PROJECTS APPROVED  
FOR INAPPROPRIATE AREAS

HUD frequently approved projects in areas where housing was too deteriorated for code enforcement to work. Our review of 10 projects in two HUD regions showed that three were in areas appropriate for code enforcement and seven were in areas obviously more appropriate for rehabilitation or redevelopment. These seven represented a cost to the Federal Government of \$13.5 million.

Although HUD had evidence that extensive deterioration existed in proposed project areas, it approved projects for inappropriate areas because its criteria for selecting areas were inadequate. The extent of deterioration in some project areas selected by the cities and approved by HUD and the low incomes of the property owners precluded successful completion of the projects.

HUD officials told us that it was difficult to accept the concept of preventing housing deterioration by code enforcement when slum conditions were extensive and only limited funds were available for all HUD urban renewal programs. They said that insufficient resources had forced HUD to establish priorities and that those areas demonstrating more urgent needs--rehabilitation or redevelopment--had received top priority.

HUD officials told us also that there was a tendency on the part of cities to use code enforcement grants instead of more extensive urban renewal programs. One of the reasons for this was the adverse reaction of citizens toward rehabilitation and redevelopment. As a result, even when those programs were appropriate, area residents often rejected them. Code enforcement was more attractive to cities because it was less costly and required less red tape than rehabilitation or redevelopment.

Although these problems exist, we do not believe that they justify using code enforcement in inappropriate areas.

Projects approved despite evidence  
of extensive deterioration

HUD approved code enforcement projects for inappropriate areas even though it had ample evidence indicating that extensive deterioration existed. HUD did not carefully analyze available data before approving areas for treatment; for example, the project in Benton Harbor, Michigan.

A Benton Harbor official told us that rehabilitation was needed for the project area but that they had applied for a code enforcement project in September 1968 because the city could not afford a more expensive program. Although HUD officials visited the area, they did not adequately evaluate the characteristics of this neighborhood, in terms of the degree of deterioration, before approving the project in May 1969. We observed that the area was in such a general state of deterioration that code enforcement was not feasible. Officials of HUD's Chicago Regional Office accompanied us on inspection in July 1970 and agreed. As a result of our inquiry, HUD has deleted 39 percent of the buildings from the project.

We found that the city used incorrect information and that deterioration was greatly underestimated. In one city, 31 percent of the buildings in the project area were estimated to be in code violation. Actual violation based on city inspections was 69 percent. In another city the estimate was 33 percent while actual violation was closer to 74 percent. We believe that the data used was incorrect because of inadequate studies by the cities. Officials of one city agreed, saying that they had neither the time nor the funds necessary to survey the areas proposed for code enforcement projects.

HUD also used the incorrect data without making adequate independent inspections of proposed areas before approving code enforcement projects. In addition, we found instances in which HUD knew that estimates of deterioration were incorrect but still approved the projects. HUD regions that we reviewed limited themselves to desk reviews and "drive through" inspections. In these regions HUD did not fully evaluate the feasibility of arresting housing deterioration through code enforcement nor did HUD request the cities to do so.

Discussed below are four of the seven code enforcement projects that HUD approved for inappropriate areas. The table shows the funds authorized by HUD for these projects as of June 30, 1970.

<u>Project location</u>	<u>Amount authorized</u>
Mansfield, Ohio	\$ 936,000
Chicago, Illinois	7,188,000
Hamilton County, Ohio	782,000
St. Louis, Missouri	<u>2,258,000</u>
Total	<u>\$11,164,000</u>

### Mansfield

HUD closed out the Mansfield project in December 1971, realizing that it had failed. In March 1970, 3 years after this project was approved, field inspectors from HUD's Chicago Regional Office summed up the project, as follows:

"\*\*\* this area should never have been a concentrated code project. Of over 1,000 structures, 800 involve treatment of some degree -- the [city] states that \*\*\* 500 are still below minimum code and many need [to be] razed."

After inspecting 18 of 210 properties rehabilitated with Federal funds, the inspectors reported that 13 failed to meet minimum code standards. They said:

"\*\*\* a substantial number of these were deficient to either a point which would require clearance or to a point where occupancy is hazardous."

The inspectors made the following comments about one of the properties inspected:

"Structural violations are too numerous to mention. The greatest fault here is the owner is constantly pouring his funds into a structure that will not likely ever be up to minimum codes

\*\*\* The \$3,000 [Federal] grant was definitely inadequate to do the job to code requirements. My opinion, the unit should be demolished."

Mansfield's initial application of December 1965 was rejected by the Chicago Regional Office because, among other things, regional planners felt that the area was not suitable for code enforcement. A large portion of the project area was considered by the planners to require major rehabilitation and clearance because the buildings had deteriorated beyond the point where code enforcement alone could arrest the deterioration of the area.

Nevertheless, HUD Headquarters approved a second Mansfield application for the same area 7 months later, upon recommendation from the Chicago Regional Office. The regional office included with this recommendation a note indicating the planners' opinion that sections of the project area were too deteriorated for code enforcement to be effective. The note continued:

\*\*\* Although it is probable that part of this area might qualify for clearance, there is no reason to arrive at the conclusion that code enforcement properly exercised, would not arrest the decline."

The regional office's position differed not only from the comments of HUD planners but also from the finding, in a 1963 Mansfield housing study, that at least half the area required a program of rehabilitation involving some clearance. This study reported that part of the area contained a high percentage of substandard dwellings and that corrective measures must include the removal of many of the structures.

HUD's decision to approve this project was subsequently recognized as a mistake. HUD officials visiting Mansfield in September 1970 reported:

"The trip was a very disturbing experience. The project area was one which should have never

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been selected \*\*\*. This was an obvious Mansfield/HUD error. The errors have been compounded and perpetuated throughout the four years of the project."

\* \* \* \* \*

"[The city's] administration of the grant program has been dismal \*\*\*. An inspection of 14 [buildings] indicated that 13 of these still contained many serious code violations, and a number of them were unfit for human habitation."

\* \* \* \* \*

"The city's treatment appears to be limited to posting condemnation signs, all of which were weatherbeaten and appeared to have been there a long time."

\* \* \* \* \*

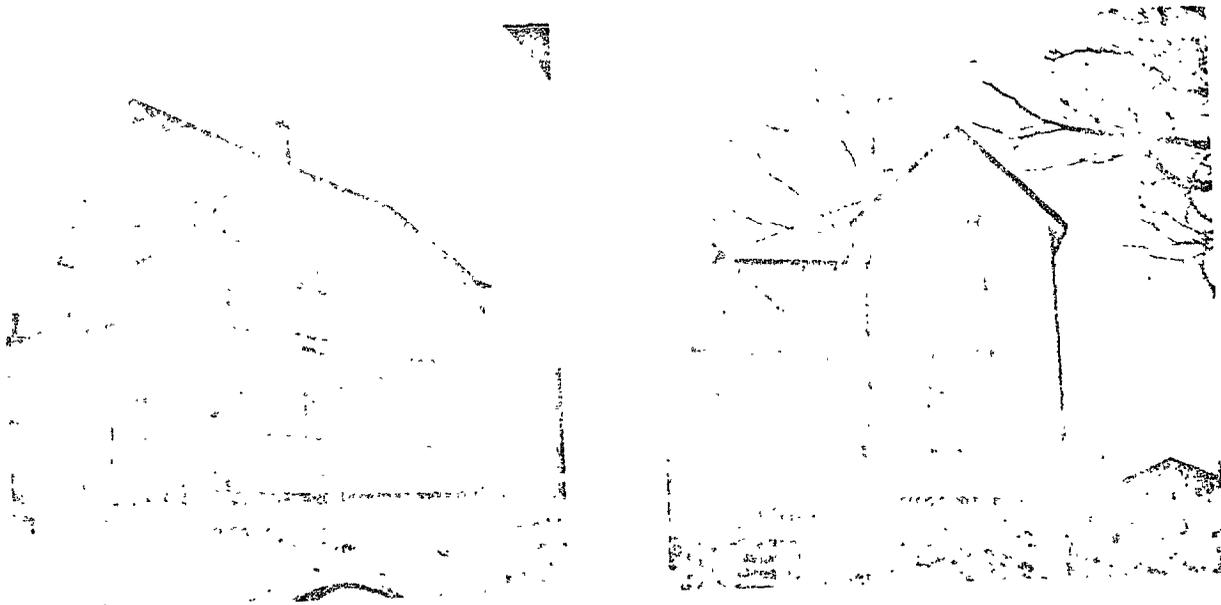
"It is recommended that we discontinue the Mansfield project and admit our joint failures."

The following pictures, taken in January 1971, are examples of the type of homes we found in the project area after 4 years of code enforcement treatment.

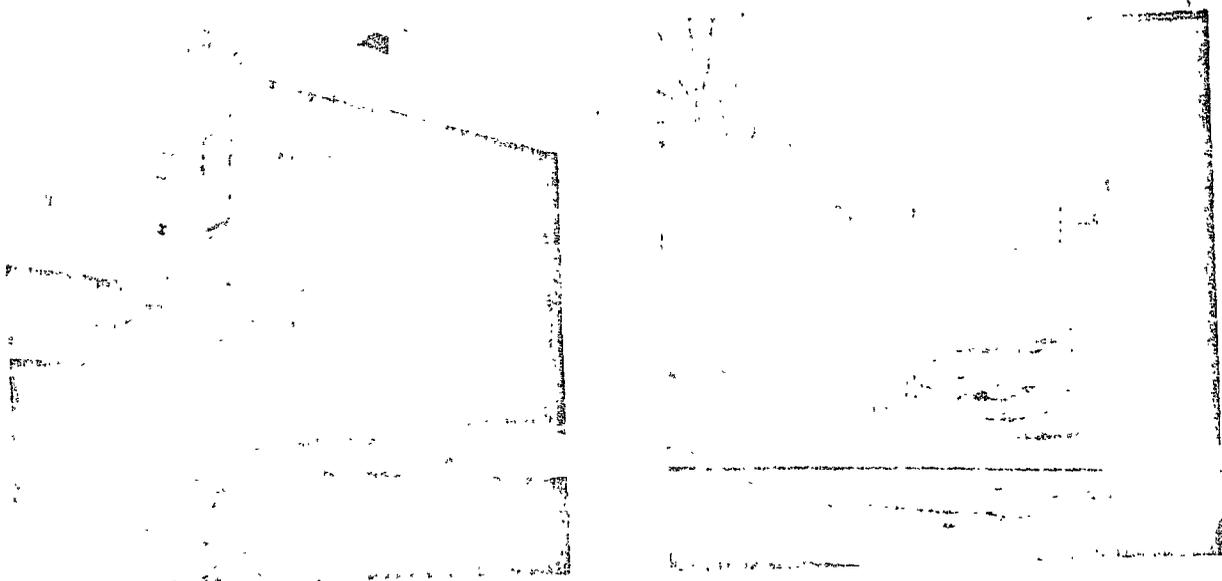
In March 1972 we met with city officials to discuss our report. The Mansfield officials agreed that the project area was inappropriate and should have been an urban renewal area. They said, however, that, although program objectives were not met, a great deal of good was accomplished for individual area residents. Their goal for the project was to do what they could to make living conditions better.

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MANSFIELD, OHIO



After 4 years of Code Enforcement Grant Program, substandard housing and poor living environment still exist.



Had Chicago officials adequately surveyed these areas, they would have found that some of the areas contained severe deterioration. Moreover, information indicating the seriousness of the problems in these areas was available to both HUD and Chicago. In a 1964 housing study, Chicago classified the areas of East Ravenswood, Lakeview, East Garfield, and West Lawndale as rehabilitation and improvement areas in which many buildings needed substantial renovation or demolition. Despite the city's classification, 2 years later these areas were deemed appropriate by HUD for code enforcement treatment.

Prior to approving the code enforcement project, HUD officials made "drive through" inspections of six of the 10 areas. Three areas were cited as completely or partially inappropriate because of extensive deterioration. HUD reported that sections of the East Garfield area had deteriorated to the point where code enforcement would not help. Parts of West Garfield were cited as appearing to qualify for clearance treatment. HUD officials stated that Chicago would have a tremendous task in undertaking code enforcement in Uptown, the third area cited. Nevertheless HUD approved the project in 1966.

By 1971 East Ravenswood had been deleted from the project and no code enforcement had been undertaken because of opposition by the residents of the area. The East Garfield, West Garfield, and West Lawndale areas were deleted and over 80 percent of the structures that were found in code violation had not been brought into compliance. Portions of the Uptown and Lakeview areas were later deleted and were included in a federally sponsored Neighborhood Development Program (NDP), which is a more extensive measure for dealing with housing problems. Chicago officials told us HUD requested that the Uptown area be included in NDP.

We discussed this project with HUD and Chicago officials, who agreed that the project included inappropriate areas that should not have been approved for code enforcement. The Chicago officials also said that code enforcement was a new program and that Chicago had no prior experience on which to base its selection of areas.

Chicago

Chicago's code enforcement project, encompassing 33,000 buildings in 10 separate areas, was aimed at bringing all buildings into compliance with housing codes within 3 years; i.e., by July 1969.

In January 1970, more than 3 years after the project was approved, three areas were eliminated from the project because they were too deteriorated for code enforcement objectives to be achieved. In these areas 82 percent of the buildings reported to have code violations were not brought into compliance with Chicago's housing code. A fourth area was eliminated because of opposition to the project by residents of the area. Parts of other areas were eliminated because of extensive deterioration. In the 10 areas, less than 44 percent of the structures having code violations had been brought into compliance at June 30, 1970, 4 years after the project was approved.

Chicago officials told us in February 1972 that the city had brought about 90 percent of the structures in the six completed areas into compliance. The officials also furnished us with data on the nine areas where code enforcement had been used. The data showed that, when the project was closed out in July 1971, only 66 percent of the structures had been brought into compliance.

In its application, Chicago had estimated that in the 10 areas 20 to 43 percent of the buildings violated housing codes. These estimates were greatly understated, as shown in the following table.

<u>Area</u>	<u>Percent of structures in violation</u>	
	<u>City estimate</u>	<u>Actual, based on city inspections</u>
Austin	20	50
East Garfield	39	93
West "	37	92
East Ravenswood	43	(a)
Lakeview	26	55
Lower West Side	39	57
South Shore	20	62
Uptown	29	63
West Lawndale	36	85
" Woodlawn	22	94

<sup>a</sup>Percentage for East Ravenswood not shown because Chicago did not inspect any properties in this area.

Hamilton County

This project was an attempt to upgrade a seriously deteriorated area. HUD officials told us that the area's qualifications for code enforcement were marginal. After 2 of the allotted 3 years of project activity, only 31 of the 229 structures estimated to violate codes had been certified by the county as meeting minimum code standards.

The project area contained 281 buildings, and 229, or 82 percent, were estimated to be in violation of minimum code standards. HUD guidelines provided that generally code enforcement projects were not to be approved in areas where the number of properties to be brought into compliance exceeded 50 percent of the total properties in the area.

Before the project was approved in May 1969, HUD officials visited Hamilton County and reported that:

"A code enforcement project in this area would be fraught with problems. There are approximately 50 structures [18 percent of the structures in the area] which are so dilapidated that they will have to be demolished which could be a hardship to at least some of the owner-occupants."

\* \* \* \* \*

"In our prior inspection \*\*\* we found 65 [23 percent of the structures in the area] or more severely substandard buildings \*\*\* . I concur in the former findings in that between sixty and seventy buildings are so dilapidated or substandard that code enforcement will not restore them to a condition which will arrest the decline of the area."

The finding that 18 to 23 percent of the structures needed to be demolished conflicted with HUD's criteria, which stated that code enforcement projects should not be approved if the properties to be demolished exceeded 2 to 5 percent of the total structures in the area.

A HUD official told us that, even with these shortcomings, the community was awarded the project because it needed some type of urban renewal treatment. He said that redevelopment and rehabilitation were ruled out because of adverse public opinion in the community. The official said, however, that there were certain favorable factors present in the area--a strong community organization and residents eager to improve their neighborhood.

During our inspection of the project area, we noted that extensive work had been done on some homes, some new houses had been constructed, but the area as a whole contained significant blight, such as large numbers of dilapidated houses and littered vacant lots.

HUD officials told us that minimum code standards would not be achieved throughout the area and that their immediate goal was to bring housing in marginal areas up to acceptable living standards. In our opinion, code enforcement for Hamilton County was inappropriate. More extensive urban renewal treatment was needed and would be required in the future.

In commenting on our report, the county project director said that he had developed a comprehensive plan for continued development of the project area. He said also that the code enforcement program generated local action toward stabilizing the area but that additional efforts were imperative to provide the nucleus for continued stability and growth. His plan, requiring both Federal and private funding, called for the development of privately owned apartments, a shopping mall, and a neighborhood facilities project to carry out a community program of health, recreation, and social services. The project director indicated that he needed additional tools, such as the subsidized housing programs authorized under sections 235 and 236 of the 1968 Housing Act, to provide more control of the relocation of areas residents and thus eliminate the mass removal inherent in too many renewal programs.

St. Louis

At June 30, 1970, when the St. Louis project was terminated, only 71 percent of the properties were reported to be in compliance with codes. St. Louis was not able to achieve the project objectives of bringing all properties into compliance within 3 years because the city had selected and HUD had approved inappropriate areas. In our opinion, an adequate study of the area had not been made.

City and HUD officials told us they did not make any interior inspections of dwelling units but limited themselves to drive-through inspections. City officials said they did not have the time or funds necessary to adequately survey the area before submitting their application. HUD records and our discussions with HUD officials showed that HUD's evaluation of the project generally was limited to a desk review.

Even with the limited information available, HUD should have been alerted to the inappropriateness of the area. In its application, St. Louis had estimated that 2,018, or 86 percent, of the buildings had code violations. Although these estimates were high, they were still understated. After inspecting 2,263 properties, the city reported that 94 percent had code violations.

City officials told us they had selected an area that was worse than those normally considered appropriate for code enforcement. Both the city and HUD believed, however, that success could be achieved.

City officials said that, had they realized the seriousness of deterioration in the area, they would not have selected it for a code enforcement project. Such information was available. All that was needed was adequate inspection of the area. But the city did not do this before submitting its application, and HUD did not request that it be done.

In February 1972 we met with St. Louis officials to obtain their comments. They agreed that the area was inappropriate but added that neither they nor HUD knew what an appropriate area was at the time the project was approved.

HUD criteria inadequate for  
determining appropriate areas

HUD internal auditors have reported on numerous projects approved for inappropriate areas in addition to the above examples. After HUD auditors began citing examples of projects approved for inappropriate areas, HUD issued criteria in February 1969 for the purpose of ensuring that projects would not be approved for such areas. These guidelines provided that HUD generally should not approve applications for areas not meeting the following benchmarks.

--The number of properties to be brought into code compliance should not ordinarily exceed 50 percent and rarely 75 percent.

--The number of properties to be demolished should not exceed 2 or 3 percent and rarely 5 percent.

These criteria are inadequate, however, and will not prevent HUD from continuing to approve projects in areas too deteriorated for code enforcement treatment. Projects approved by HUD in Benton Harbor and Hamilton County illustrate this. (See pp. 28 and 35.) In our opinion, the guidelines have two principal shortcomings; i.e., they fail to consider the (1) degree of deterioration in those structures estimated to have code violations and (2) income of the property owners.

Since code violations vary in significance, the number (incidence) of structures estimated to have code violations does not provide a reliable measure of deterioration. For example, areas of a project in one city in Michigan were similar to areas in a project in a city in Missouri, in that over 90 percent of the houses inspected had code violations. The degrees of deterioration in the two areas, however, were poles apart. Deterioration in the Michigan city, although of high incidence, was not so intensive as to thwart the program's objectives as was the case in the Missouri city. Thus, estimates of the number of structures having code violations are insufficient, by themselves, for determining whether an area can be effectively treated with a code enforcement project.

The second shortcoming in HUD's criteria is its failure to consider the incomes of property owners. Intensive housing deterioration, coupled with low incomes of area property owners, results in such owners' being unable to make the repairs necessary to bring their properties into compliance with housing codes. For instance, project officials who accompanied us through the Wichita project area said that they doubted if the area could ever be brought to code standards because of the low economic status of the residents. These officials said that their project was one of the first in the Nation and that sufficient guidelines on housing deterioration and income status were not available. They said also that they now recognized the problems associated with an area of this type and would never attempt another project in such an area.

In the Hamilton County project area, over half the owners of properties estimated to have code violations had annual incomes of less than \$3,000. The fact that these people could not qualify for loans necessitated a heavy reliance on rehabilitation grants. HUD officials told us, however, that often even rehabilitation grants would be insufficient to bring these homes up to minimum code standards because the grants were limited to \$3,500. Detroit officials made a similar comment and indicated that this limitation put an inspector in the position of either refusing to recommend a grant for needed repairs for poor families or overlooking some code violations and writing up only those that could be remedied with \$3,500.

### CONCLUSIONS

HUD repeatedly approved code enforcement projects in areas warranting more extensive treatment because it attempted to cure slums with whatever tools were available. We agree that the very real problem of slums cannot be ignored. But, if basically sound neighborhoods are allowed to continue deteriorating and only slums are dealt with, new slums will arise faster than the old ones can be cured. More importantly, code enforcement cannot effectively deal with housing deterioration approaching slum conditions. Its objective is to prevent slums.

We believe that, to combat the housing crisis, a better balance is needed between curative programs which are designed to deal with slums and preventive programs which are designed to stop the spread of slums. A preventive measure, such as code enforcement, cannot be used to treat problems calling for other, more drastic remedies. We believe that HUD and local officials must recognize and accept the objective and limitations of code enforcement.

#### RECOMMENDATIONS

We recommend that the Secretary of HUD reemphasize the slum prevention objective of code enforcement and that the program be used only in those areas appropriate for preventing housing deterioration. To carry out this policy, the Secretary should have criteria established requiring that consideration be given to the degree of deterioration in structures estimated to have code violations and to the income levels of property owners in proposed code enforcement project areas. We recommend also that the Secretary require strengthening of procedures to prevent the use of incorrect information in selecting areas for participation.

## AGENCY COMMENTS AND OUR EVALUATION

HUD said that our report and recommendations provided a useful analysis of the code enforcement program and identified several important areas of program management needing improvement but that, by concentrating on specific current problems and dwelling on the program's shortcomings, the report tended to obscure the basic accomplishments and distort the overall achievements of a relatively new and evolving program.

HUD said also that code enforcement was a sensitive operation which could not be carried out without technical problems, administrative complexities, and some citizen resistance. In HUD's opinion, the code enforcement program had become a steadily more productive means of conserving the Nation's housing supply.

HUD made the following specific comments. (Our evaluation follows each comment.)

1. The record shows that the federally assisted Code Enforcement Grant Program has conserved 163,536 housing units as of June 30, 1970, and that all except 10 percent were brought up to housing code standards without the use of Federal assistance. Area decline has been arrested, and many cities have been freed from the substantial disruptions which area decline breeds.

HUD's comment is based on the record, but we are not convinced that the record properly reflects the accomplishments of the code enforcement program. In fact, HUD acknowledged that experience clearly indicated that, in a number of instances, an urban renewal program would have been more appropriate for the areas selected.

2. A good indication that HUD's selection of project areas is within proper limits is that 1.7 percent of all dwelling units required demolition--well within its criteria of February 1969.

In our opinion, the number of units requiring demolition is not a good index by itself. The number of properties in

violation of code and the severity of the violations should be considered. HUD's reply showed that the average number of substandard properties in project areas exceeded 70 percent.

3. HUD believes that, with the publication of its guidelines of February 1969, site selection mistakes have been reduced. Most of the projects reviewed by GAO were approved prior to February 1969. HUD has investigated GAO's suggested additional site selection criteria--consideration of the degree of deterioration in structures having code violations and of the income levels of residents. HUD, however, remains unconvinced that the additional documentation these criteria would require is necessary for making judgments. Maryville, Tennessee, and Pittsburg, California, were both obvious renewal areas physically, but they became showcase code enforcement projects.

Although most of the projects we selected had been approved prior to February 1969, our report also discussed examples of site selection mistakes in projects approved after February 1969. HUD's internal auditors reported in September 1971 that they found 14 projects in the Chicago Region, including six approved after February 1969, that had high percentages of buildings in violation of codes. The HUD auditors said that they believed the Chicago Region, in most cases, was not justified in approving those projects.

HUD also said that it planned to implement several management changes in its criteria for site selection. One of the changes was:

"More sophisticated site selection criteria coupled with on-site pre-approval inspections to assure that [code enforcement] funds are applied to areas where there are good prospects of arresting decline."

This change reflects an attempt to correct the problems cited by us on pages 28 and 37, where we stated that HUD did not carefully analyze available data before approving areas for code enforcement treatment and used incorrect

data without making independent and adequate inspections of proposed areas before approving projects.

As for our suggestion that income levels be a part of the criteria, HUD said that the limited financial resources of property owners was a primary block to an efficient, high-production code enforcement program. This statement supports our view that adequate income levels of project area property owners should be a major criterion in site selection.

HUD also cited two projects as being showcase code enforcement projects, even though they were obvious renewal areas physically. In the Maryville project which cost about \$1 million, 88 percent of the structures had code violations but only 30, or 7 percent, of the structures had major code violations. A HUD official stated that the houses in general were good to very good. Although the percentage of structures with code violations, under HUD's criteria, indicated that the area was an obvious renewal area physically, this project simply reinforced our position that HUD's criteria were inadequate to determine whether an area was appropriate. Because the total costs of the other project were only about \$140,000, plus \$30,000 for rehabilitation grants, we did not determine the condition of the area.

4. The House Banking and Currency Committee stated that it was not the purpose of the Congress to limit the concentrated code enforcement program to basically sound areas.

The Committee reported that the code enforcement provision of the Housing and Urban Development Act of 1965 should be interpreted to permit the limited aid involved in code enforcement projects in blighted areas where eventual clearance appeared likely, even though such action might be some years away. We believe, however, the primary intent of the Congress was that code enforcement funds should be used in basically sound areas. The Committee comments presented on page 25, and HUD policy statements on page 26 support our position as to the primary intent.

HUD said that the 1965 act authorized the use of the code enforcement program in deteriorated or deteriorating

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areas. It made this comment not to argue that code enforcement was suitable for slum areas but to show that selection of proper code enforcement areas would remain difficult, whatever guidelines were devised.

INEFFICIENT ADMINISTRATION OF  
CODE ENFORCEMENT PROJECTS

HUD's guidelines require communities to complete projects within 3 years. At June 30, 1970--almost 5 years after the first project had been approved--no projects had been completed although 51 had been in existence more than 3 years. By June 30, 1971, only 16 of the 197 approved projects had been completed although 92 had been in existence more than 3 years. As a result of delays in completing projects, additional time and administrative costs were incurred. We believe that the delays in completing projects resulted, in part, because HUD did not

--ensure that projects were staffed adequately on the basis of adequate plans and

--monitor projects adequately.

HUD lacked criteria for determining staffing needs, and monitoring was impaired because of HUD's overcentralized organizational structure. However, HUD had made some efforts to overcome its monitoring problems by decentralizing its operations somewhat. Until recently HUD had managed projects out of seven regional offices located in major urban centers. Recognizing the need for greater field assistance, HUD restructured its organization to minimize mere desk reviews. In October 1970 HUD increased its regional offices from seven to 10 and for the first time established area offices (23 within the 10 regions).

Inadequate staffing and monitoring

Efficient management of code enforcement projects requires planning, evaluating, and reviewing. Communities applying for code enforcement grants are responsible for developing a project plan. After the plan is developed, HUD needs to evaluate the feasibility of the plan by measuring its reasonableness (including staffing) against acceptable criteria or work standards. Then, to ensure that a community's progress is in step with its plan, HUD should review, or monitor, the community's efforts.

Incomplete and incorrect community plans cause staffing problems because such plans, based on gross underestimations of the number of homes violating codes, do not permit proper evaluation of staffing needs. We found numerous cases of gross underestimations. For example, one city estimated that 24 percent of the structures violated housing codes--actually 74 percent of the structures violated housing codes. In another city the estimate was 34 percent while the actual number was 68 percent.

Even if it had received complete and accurate plans, HUD could not have measured the reasonableness of proposed staffing because it had not established criteria or work standards for staffing requirements. Because HUD did not have such standards, it approved code enforcement projects for communities not fully prepared to carry them out.

Despite the deficiencies both in project plans and in HUD's evaluation of them, projects might have been more successful if HUD's monitoring had been adequate and project deficiencies noted had been corrected. HUD did not adequately review the projects and was therefore unable to uncover planning and implementing deficiencies.

For example, Detroit's code enforcement project was closed out in February 1970 except for the processing of some rehabilitation loans and grants and final audit of costs. In May 1970, however, Detroit records showed that 13 percent of the structures originally found in code violation were still in violation. We found that other structures reported by Detroit as being in compliance were not.

Detroit's project director told us that the project was understaffed by at least two inspectors. The director attributed the underestimated staffing to a lack of HUD guidance. HUD's records showed that it had not questioned or commented on Detroit's proposed staffing. Also, HUD had not adequately monitored the operations of the project, particularly at the beginning when close review was crucial.

Even from the outset of the project, Detroit's semianual reports to HUD showed that progress was insufficient to complete the project on schedule. HUD took no action, however, until after Detroit's June 1968 report showing

that, with 1 year to go, the project was only half finished. This limited progress prompted HUD to request Detroit to accelerate its pace. Detroit subsequently increased its staff from five to eight inspectors, which enabled it to complete inspections. Inadequate staffing, however, had contributed to the city's inability to correct all violations and HUD had to grant a 7-month extension. Perhaps, if action had been taken earlier to increase staffing, results might have been different.

In February 1972 we discussed Detroit's administration of this project with city officials. The Detroit officials agreed that the project could have been better administered by both HUD and Detroit. They said, however, that the lessons learned on Detroit's first code project would enable them to be more effective in future projects although there were no plans for additional code projects in Detroit.

A similar situation existed in the University City, Missouri, project. The project was terminated after 3 years with less than half the work completed. Here, as in Detroit, staffing was a continuous problem. Although HUD's monitoring activities uncovered this staffing problem, city officials said that HUD offered no assistance in obtaining staff. The city hired additional inspectors 3 months before the project was scheduled to be completed and requested HUD to allow an additional year to complete the project. HUD did not grant an extension because the work remaining could not be completed within 1 year even with the additional inspectors.

In the Ferry Oaks project, Salem, Oregon, HUD did not determine through its evaluation of project plans or its monitoring that a significant staffing problem existed. A private consultant hired by the city found that initial inspections were performed by property improvement counselors who were not experienced in inspection procedures. As a result numerous reinspections were required, increasing administrative costs by about \$78,000.

We have previously reported on similar deficiencies, in addition to the above examples, in HUD's management of

other urban renewal programs.<sup>1</sup> HUD's internal audit reports also offer numerous examples of code enforcement projects suffering from inadequate staffing and monitoring. Typical of HUD's audit findings in the New York, Philadelphia, San Francisco, and Atlanta regions were HUD's failure to:

- Terminate projects promptly after completion. This failure caused additional interest and administrative costs to be incurred.
- Document conclusions reached regarding adequacy, feasibility, or appropriateness of proposed projects so that weaknesses could be determined and corrected in future projects.
- Effectively monitor project activities so that problems causing delays could be identified and corrective action taken.

However, the need for monitoring has not gone completely unrecognized. In September 1969 the Chicago Regional Office formed a special division--the Policy Conformance Division--with two men assigned to inspect and evaluate rehabilitated housing in code enforcement and urban renewal projects. HUD officials told us that the men had visited most of the code enforcement projects in the Chicago region and, from July 1970, had been reviewing areas proposed for code enforcement projects.

The division inspections demonstrated the need for HUD to monitor project activities. The inspections showed that program objectives were not being accomplished because many communities erroneously reported that buildings were in code compliance. As a result the Chicago Regional Office requested that the housing in code enforcement projects be reinspected and brought up to code standards. Because this

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<sup>1</sup>"More Effective Federal Action Needed to Meet Urban Renewal Rehabilitation Objectives in Cleveland, Ohio" B-118754, Jan. 9, 1968.

"Improvements Needed in the Management of the Urban Renewal Rehabilitation Program" B-118754, Apr. 25, 1969.

office was in the process of obtaining corrective action when we completed our audit, we could not evaluate the results of these efforts.

The Chicago Regional Office plans to dissolve the division, but the responsibility for monitoring will be assumed by the area offices. We believe it is essential that the area offices continue these monitoring efforts to ensure that the program objectives are met.

### CONCLUSIONS

Efficient use of resources in managing code enforcement projects requires careful initial planning--the responsibility of communities--and intensive evaluation of this planning to ensure its feasibility--the responsibility of HUD. Because of incomplete and incorrect community plans, projects were not completed in time, administrative costs were increased, and objectives were not achieved.

Efficient administration of projects also requires that the carrying out of plans be monitored to ensure that objectives are achieved timely and economically. HUD's monitoring process has often failed to either uncover problems causing delays or resolve the problems discovered. We believe that a main cause of this problem was HUD's centralized organizational structure which did not facilitate the frequent contact needed between HUD officials and local officials who implement the code enforcement projects. HUD's reorganization should help to improve HUD's monitoring.

### RECOMMENDATIONS

We recommend that the Secretary of HUD

--have work standards established so that staffing needs of communities may be realistically appraised and

--require close monitoring and reviewing of code enforcement projects by all HUD area offices.

AGENCY COMMENTS AND OUR EVALUATION

HUD agreed that there had been shortcomings in management of the code enforcement program by HUD and the cities. HUD said that it planned to implement administrative changes to improve its management. These changes include:

- Tightened monitoring and follow-through techniques to verify and ensure program progress.
- More careful review of the proposals for local staff and closer follow-up on the number and qualifications of staff actually employed.
- The review of local follow-through activities necessary for maintaining rehabilitation efforts.

HUD stated that, as HUD and the cities gained additional experience and the number and quality of local staff increased, HUD's record for completing and closing out projects had improved. HUD also said that it began to close out projects almost immediately after the cutoff date we used and that closeouts had increased rapidly after that.

We examined HUD's records in Washington, D.C., to obtain information on the number of projects completed and closed out. As of June 30, 1971, HUD had closed out 16 of the 197 projects.

CHAPTER 4PUBLIC IMPROVEMENTS OVEREMPHASIZED

HUD attempted to improve housing by spending millions of dollars for public improvements--paving of streets and alleys and repair of sidewalks and curbs--under the Code Enforcement Grant Program. We believe that much of this spending was questionable because the improvements had little effect in achieving the primary goals of code enforcement--stabilizing neighborhoods, preventing housing deterioration, and arresting blight. Also the use of funds for public improvements has diverted substantial funds from use in improving housing.

Although the emphasis of the Code Enforcement Grant Program was to be on improvement of housing and not on public improvements, as of June 30, 1970, HUD had approved over \$131 million--of which \$91.2 million was the Federal share--or about 54 percent of all code enforcement funds for public improvements. The remaining 46 percent of project funds were for: operations (inspections and code enforcement), 15 percent; administration, 10 percent; legal and advisory services, 8 percent; contingencies, 9 percent; and other services, 4 percent.

In our opinion, the primary causes of this overemphasis were HUD's

- lack of adequate criteria for determining whether the improvements were needed to achieve code enforcement goals and
- routine funding of public improvements.

If public improvement spending had been limited to minimal amounts, as intended by the law, most of the \$131 million could have been used for the primary purpose of code enforcement--improvement of housing through inspection and compliance with housing codes--within approved code enforcement projects or for financing additional projects. At June 30, 1970, HUD had not been able to fund requests for code enforcement projects of \$98 million.

INTENT OF THE CONGRESS  
TO LIMIT PUBLIC IMPROVEMENTS

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The primary objective of code enforcement is to improve housing and prevent housing deterioration. The program was not intended as a vehicle to enable a community to carry out a public improvement program. This seems to be indicated by the following comment of the House Banking and Currency Committee (H. Rept. 1703, 88th Cong., 2d sess.):

"\*\*\* in many neighborhoods a program consisting primarily of intensive code enforcement could eliminate the first stage of slum and blight and prevent the need for subsequent clearance or rehabilitation activities \*\*\* [a program] which could consist entirely or substantially of intensive code enforcement \*\*\*."  
(Underscoring supplied.)

The emphasis was on improvement of housing and prevention of further decline in areas having most essential public facilities and improvements. Communities, for the most part, were expected to provide any necessary public improvements. In the Housing Act of 1965, the Congress authorized HUD to make code enforcement grants available for areas:

"\*\*\* in which such enforcement, together with those public improvements to be provided by the locality, may be expected to arrest the decline of the area." (Underscoring supplied.)

Although the act provided that code enforcement grants could include the repair of necessary streets, curbs, sidewalks, and similar improvements, we do not believe the Congress intended to finance general or extensive upgrading of public facilities. Other Federal programs have been established for this purpose. For example, the Public Facility Loans Program is available to provide long-term loans to help communities finance needed public works.

After we requested HUD's comments on our report, HUD issued a policy in December 1971 requiring that, in approving code enforcement projects, priority should be given

to communities that make significant efforts to finance needed public improvements from local resources.

CRITERIA INADEQUATE FOR  
APPROVING PUBLIC IMPROVEMENTS

HUD recognized that only limited public improvement expenditures were to be made under the code enforcement program, but it established criteria that were too broad and too liberal to ensure that public improvement spending would be minimal. HUD defined necessary public improvements as those improvements "necessary to arrest the decline of the area" without determining how this criterion was to be applied in approving specific code enforcement projects. HUD approved public improvements on the basis of its judgment that the improvements were necessary without documenting the underlying factors considered in making its decision.

Recognizing that controls were needed to limit public improvements, HUD established a list of public improvements eligible for inclusion in code enforcement projects. HUD, for the most part, automatically approved such items when they were included in code enforcement applications. Although HUD did reduce the amount of funds for improvements in some projects, the purpose of its disapprovals was to limit total project costs rather than to eliminate improvements not necessary to arrest blight.

HUD further limited public improvement expenditures by requiring that they not exceed 70 percent of total project costs. HUD officials told us that the limitation, set in February 1969, was to prevent cities from turning code enforcement projects into public improvement projects. They said that the limit was based on amounts authorized for public improvements in projects approved prior to establishment of the guidelines. Because public improvement costs were a substantial part of the prior approved projects, HUD's action did not prevent such costs from continuing to be a large part of code enforcement projects. Projects approved after this limitation included \$25.9 million for public improvements, representing 62 percent of total project costs. In one project 86 percent of the total cost of \$765,576 was for public improvements.

In three HUD regions, Chicago, Kansas City, and Seattle, we found that:

- Chicago approved 28 projects, including public improvement costs of \$31 million representing over 58 percent of total project costs.
- Kansas City approved five projects, including public improvement costs of \$2.5 million representing over 55 percent of total project costs (one project included \$690,000, 83 percent of total costs for public improvements).
- Seattle approved two projects with public improvement costs of \$615,000, or 51 percent of total costs.

IMPROVEMENTS QUESTIONABLE FOR STOPPING BLIGHT

HUD authorized a significant part of public improvement expenditures for street and alley paving. It is questionable that such improvements are necessary to stabilize neighborhoods and arrest blight. Sizeable areas of many communities lack paved streets and alleys, and the absence of such improvements may not necessarily be a significant factor causing blight because sound, as well as blighted, neighborhoods lack such improvements. In some cities we found sound areas without paved streets and alleys and blighted areas with paved streets and alleys.

In the three HUD regions included in our review, 35 code enforcement projects approved as of June 30, 1970, included \$23 million for street and alley improvements. HUD's policy stated that the code enforcement program was not intended to enable a community to carry out a street improvement program. HUD's policy provided that areas needing extensive street improvement or lacking other essential public facilities be excluded from the code enforcement program.

We believe that HUD's inadequate criteria for approving public improvements has enabled some communities to obtain Federal funds to finance their ongoing programs of constructing and maintaining streets and alleys. Most States make their cities responsible for street maintenance. One State, for example, requires its cities to keep all streets within their jurisdictions in reasonable repair and authorizes them to make special assessments to cover the costs. In addition, the State transfers part of its gasoline taxes to the cities for street maintenance. Instead of using local funds for street and alley paving and code enforcement funds for preserving housing, some cities have used Federal funds to supplement their street maintenance programs.

Moreover, cities may be motivated to request that street and alley paving be included as public improvements in code enforcement projects because under HUD policy the cities' shares of such costs can be assessed against property owners. For example, a city in Ohio and one in Texas were allowed to assess 100 percent of public improvement costs against property owners. HUD allowed the entire amounts assessed for public improvements to count as part of the cities' share

of code enforcement project costs because the cities said that otherwise they could not afford the projects. We believe that, if cities had to completely finance their share of code enforcement project costs from city funds, they would give greater consideration to the need for public improvements.

Examples of code enforcement projects having questionable public improvements follow.

### Detroit

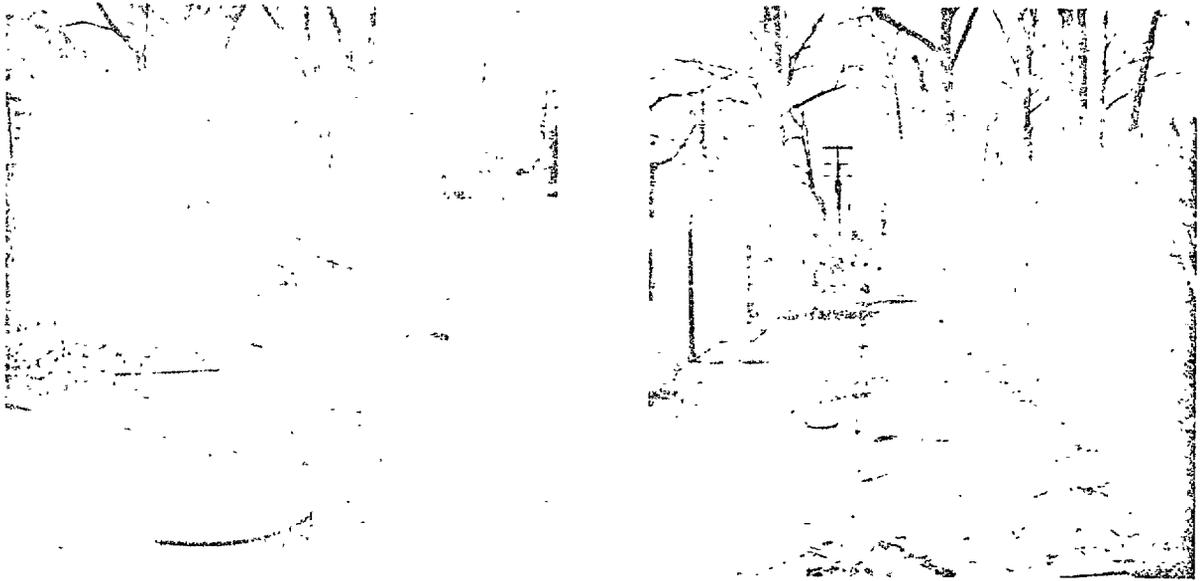
By February 1970 Detroit had installed 98 percent of the authorized public improvements at a cost of \$1,267,000, or 65 percent of the project funds. About \$740,000 was for paving alleys. Detroit officials justified paving alleys by stating that it would eliminate a major blighting influence--unpaved, overgrown, and unsightly alleys. At the close of the project, paved alleys in the area were littered and continued to be an eyesore in the neighborhood. The following pictures, taken in March 1971, show two paved alleys and two unpaved alleys in the project area.

Detroit public health officials said that alleys in the code enforcement project area were a health hazard and that improving refuse collection rather than pouring concrete would have gone much further toward correcting this condition.

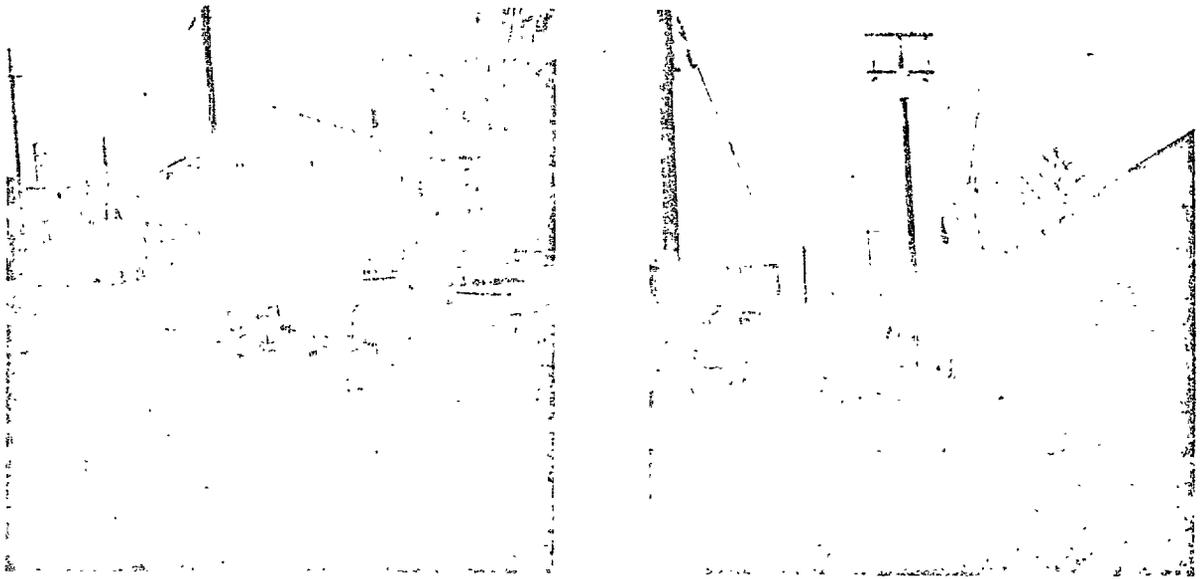
That unpaved alleys are not a major blighting influence is evidenced by the many unpaved alleys located in sound, thriving neighborhoods in Detroit. Conversely many of the more severely blighted sections of the city have paved alleys. In Detroit the entire cost of alley paving is normally assessed against property owners. Therefore the importance placed on alley paving by Detroit citizens can be measured by the fact that over 58 percent of Detroit's 1,500 miles of alleys are not paved. Since 1964, only 33 miles of unpaved alleys have been paved, and 7 of these miles were in the code enforcement project area.

Although it was HUD's policy to approve only those public improvements needed to ensure that the decline of the area was arrested, HUD, in its review of Detroit's application, did not question or comment on the need for Detroit's proposed public improvements.

DETROIT, MICHIGAN



Paved alleys do not contribute significantly toward arresting blight.



Dayton, Ohio

In its second code enforcement project, Dayton proposed to spend over \$4.1 million of which 63 percent, or \$2.6 million, was for public improvements--almost \$2 million was for alley paving. Dayton did not explain why these public improvements were needed nor how they would ensure that blight would be arrested in the project area. In its application Dayton stated that the adequacy of existing public facilities in the neighborhood had been reviewed in detail and that the proposed code enforcement project included only public improvements which fell within HUD's eligibility criteria. Although HUD officials reviewed Dayton's application and made several visits to the project area, they approved the proposed public improvements without commenting on their necessity, their high cost in relation to total cost, or Dayton's lack of justification.

To determine the condition of the streets and alleys and the need for the proposed repaving, we inspected the project area in July 1970. Most of the alleys and streets were in good condition and, in our opinion, did not need to be resurfaced although some were in need of minor repair or patching. After we questioned the need for resurfacing alleys and streets in Dayton, HUD agreed to review the need for paving the alleys and for reconstruction and resurfacing of Dayton's streets. In March 1971, however, HUD determined that the public improvements proposed by Dayton met its criteria for eligibility and decided that Dayton should proceed with the project, as proposed.

In March 1972 we discussed this project with officials of the city of Dayton. They told us that public improvements were needed to motivate property owners to repair their homes. They also said that the expenditures for public improvements were necessary because the costs of the improvements counted toward the city's share of the code enforcement project costs. They explained that the city had sufficient capital improvement funds for public improvements but not sufficient general-operating funds for inspection of housing. They said that without these public improvements Dayton could not have afforded the project.

Minneapolis

The estimated cost for Minneapolis' second code enforcement project was \$3.2 million, including \$2.5 million, or 79 percent, for public improvements. Over \$2.3 million was for street paving.

Minneapolis justified paving its oil-topped dirt streets, in part, by stating that the cost of street maintenance would be reduced and housing values stabilized. Although it is true that paved streets will influence property values in a neighborhood, the primary factor in eliminating blight is the condition of the structures in the neighborhood. Unpaved streets in a particular neighborhood have a lesser impact as a blighting influence when the majority of streets in the city are unpaved, as in Minneapolis.

HUD approved this project even though the following comments from HUD officials questioned the advisability of approving code enforcement projects in Minneapolis.

"In my opinion this [city] \*\*\* wants federal money to build streets, most of which are oil-topped dirt streets in Minneapolis' residential area. In my opinion, \*\*\* [the city wants] merely to enforce the code only to the extent necessary to obtain such assistance."

\* \* \* \* \*

"Minneapolis admittedly keys its urban renewal and code enforcement proposals to its twenty-year program of street paving and related public improvements \*\*\*. I think it would be wise to take a very close and critical look at the proposed public improvements in order to be certain that not only are they eligible for inclusion in the budget, but also that they are indeed necessary to arrest the decline of the area. I think this factor has often been neglected and I believe that this evaluation should be an essential part of the review of any code enforcement application."

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In February 1972 Minneapolis officials told us that Minneapolis tried to include as many public improvements in its project as possible, since the use of Federal money for such improvements allowed the city to spend more of its money for paving streets outside the project area. These officials were also of the opinion that public improvements were essential in obtaining support and cooperation from the project residents for code enforcement.

#### St. Paul, Minnesota

Total project costs in St. Paul were \$4.2 million, with over \$3.2 million, or 76 percent, representing public improvements. An estimated \$2.4 million was for street paving and repair of curbs and gutters. St. Paul's Bureau of Valuations determined that 20 to 33 percent of all public improvement costs incurred under the code enforcement project could be recovered by assessing property owners. Since the Federal share is 66 percent, the city will have to provide from 1 to 14 percent of the total cost after recovering the remaining 20 to 33 percent of its share from property assessments. As a result, St. Paul has been able to provide public improvements in the project area with little expense to the city.

In the application St. Paul officials stated that residential street paving would offer lasting benefits and act as an incentive for property owners to improve their homes. HUD did not question the need for the public improvements requested but did question the large amount of funds. HUD was not concerned as to whether the proposed public improvements were needed to arrest blight but was concerned about the high ratio of public improvement costs to other costs. Even after a HUD official pointed out that proposed public improvements were \$1 million above its criteria, HUD approved the full amount of \$3.2 million proposed for public improvements.

St. Paul officials said that alley improvements definitely inspired backyard cleanup, fence improvements, garage painting and repair, weed control, etc. On the basis of our review of the Detroit code enforcement project area, as discussed on page 56, we question whether the improvement of alleys necessarily motivates property owners to make home improvements. City officials told us that property owners

were greatly opposed to code enforcement and that public acceptance of code enforcement was obtained only because public improvements were included in the project area.

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CONCLUSIONS

We believe the Congress intended that the code enforcement program should concentrate on preventing housing deterioration and arresting blight. Public improvements were not to be the central thrust of the program, and spending for such improvements was to be minimal.

By spending over 50 percent of all code enforcement funds for public improvements, HUD has not complied with the intent of the Congress and has diverted resources from the more critical need of enforcing codes. Public improvements were overemphasized under the code enforcement program, primarily because of HUD's

--lack of adequate criteria for determining whether improvements were needed to achieve code enforcement goals and

--routine funding of public improvements.

If HUD's criteria had been adequate, public improvement spending could have been limited to minimal amounts and most of the \$131 million could have been used to improve housing and could have supported a greater number of projects.

RECOMMENDATIONS

We recommend that the Secretary of HUD have procedures established to provide for a more critical review of requests for public improvements. To do so, HUD needs to revise its criteria to provide sufficient and adequate guidance for approving public improvements in code enforcement projects.

AGENCY COMMENTS AND OUR EVALUATION

HUD's comments on our discussion of public improvements and our evaluations follow.

1. The total amount budgeted for public improvements amounts to about \$225 per project dwelling unit, a very modest figure. The remaining project costs, including administration, training, legal services, and operations, amount to \$200 per project dwelling

unit. No other program provides so much housing improvement for so little in Federal expenditures.

The \$425 total budgeted cost for each project dwelling unit cited by HUD breaks down to 53 percent for public improvements and 47 percent for other project costs. As stated on page 51, we found that \$131 million was approved for public improvements under a program intended primarily to intensify code enforcement on housing in areas beginning to show signs of deterioration. We found also that only 15 percent of total costs were for operations; i.e., inspection and code enforcement. The remaining 31 percent was consumed by administrative, legal, and advisory services and contingencies. HUD's comment therefore does not change our view that substantial additional housing improvements could have been effected if most of the \$131 million had been used for code enforcement.

2. The importance of public improvements to cities and to the success of the code enforcement program can be seen in the priority individual cities have placed on upgrading local community facilities. The 132 communities in the program, as of June 30, 1970, are spending \$209 million over and above the project budget amounts for public improvements in project areas.

The Congress did not intend that the emphasis of the code enforcement program be placed on public improvements and was concerned that the code enforcement program would become a vehicle enabling cities to carry out public improvement programs. HUD's auditors reported in September 1971 that they believed the total funds allocated by HUD's Chicago Regional Office for public improvements were excessive and contrary to congressional intent. In our opinion, some cities stressed public improvements because they wanted financing for them, not because they believed public improvements were essential to the success of code enforcement projects.

3. The psychological importance of public improvements should not be underestimated. A substantial amount of visible public improvements must often be achieved

to entice property owners into performing necessary improvements on their buildings. An owner is far more likely to make expensive changes to his home if he can see improvements that the city is paying for. A great many owners make improvements far above the basic code requirements.

We are not suggesting that public improvements are not needed. Our primary concern is that Code Enforcement Grant Program funds have been spent in a manner not contemplated by the legislation.

4. HUD issued its present guidelines in February 1969, and most of the projects reviewed by GAO were approved prior to those guidelines. Any revision in HUD's present flexible policy will need to allow individual treatment of projects.

Although most of the projects we reviewed were approved before HUD issued its guidelines in February 1969, we found, as stated on page 53, that the proportion of public improvement costs was greater in code enforcement projects approved after February 1969.

HUD commented that, although it believed public improvements were important to the success of the program and, in some cases, essential public improvements were keys to the success of the projects, it was reviewing its present policy and expected to provide clearer guidelines as part of its overall review of the program.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

OFFICE OF THE ASSISTANT SECRETARY  
FOR COMMUNITY DEVELOPMENT

IN REPLY REFER TO:

NOV 18 1971

Mr. B. E. Birkle  
Assistant Director  
General Accounting Office  
451 7th Street, S. W. - Room 4170  
Washington, D. C. 20410

Dear Mr. Birkle:

We have reviewed the draft report prepared by the General Accounting Office (GAO) entitled, "Nationwide Enforcement of Housing Codes: Is it Helping to Achieve the Nation's Housing Goal?" I wish to apologize for the delay in this reply. Responsibility for management of the Code Enforcement Program was in the process of being transferred to me as Assistant Secretary for a new organization for Community Development. The issues you posed were important and we wanted to study them carefully. We also wanted to consider policy issues in the Code Enforcement Program in relation to the several related programs with which it is now administratively combined.

The draft GAO audit report and recommendations provided a useful analysis of the Code Enforcement Program. I would like to respond to each of the major points in the report and provide a summary of actions now under way to strengthen the program. Before I respond to your specific recommendations, I feel it is important to provide an overview of the Code Enforcement Program and its important contributions. This will put our comments in a more useful perspective since the draft audit report in its necessary concentration on specific current problems, tends to obscure the basic accomplishments of the program.

Positive Accomplishments of the Code Enforcement Program

The Federally Aided Concentrated Code Enforcement Program came into being with the Housing and Urban Development Act of 1965, thru its addition of Section 117 to the Housing Act of 1949, as amended. The regulations developed to implement this program were designed to permit the communities to get quickly into execution. The basic goal of Section 117 contemplated that the program would arrest the decline of the area.

## APPENDIX I

We are gratified to find in this report a recognition of the importance of code enforcement. The report states: "Although new construction is necessary to increase the supply of housing, it is vitally important to preserve existing housing from becoming slums." The record shows that the Federally Assisted Code Enforcement Program is doing that. Authorized in 1965, the program conserved 19,500 housing units by June 30, 1967. This total rose to 61,855 on June 30, 1968, to 115,773 on June 30, 1969, and to 163,536 on June 30, 1970.

In this regard, some 163,500 families, that formerly lived in substandard buildings, are now living in decent, safe, and sanitary housing as a result of program code compliance. Through the financial assistance provided to property owners, many of these families are enjoying a modern bath and plumbing facilities, central heating, and adequate light and ventilation for the first time. Knowing their neighbors are subject to the same impartial requirements, a great many owners make improvements far and above the basic code requirements. Through the financial aid provided by the program for code enforcement projects, streets have been widened, repaired, paved, curbed, guttered and provided with traffic lights, thus eliminating dirt, dust, congestion and drainage problems and facilitating traffic flow and control.

In addition to the public improvements provided at project expense parks, playgrounds, schools and water and sewer systems have been provided in code enforcement projects by the localities at no expense to the project. In fact, the locality is spending more than two dollars for every Federal Code Enforcement Project dollar spent for public improvements. The extent to which the localities are willing to contribute to the project attests to their support for the program. Area decline has been arrested in over 150 areas, and many cities have been freed from the substantial disruption which area decline would otherwise breed. This record by itself does not indicate the full impact of the program because it does not disclose the part played by private initiative. Actually, Department data shows that all except 10 percent of the 163,536 housing units conserved by the program through June 30, 1970, were brought up to standard without the use of Federal assistance. The program stimulated this private action. This production record is a factor that should be evident in any examination of the code enforcement program.

### HUD Impact on Local Code Enforcement Activities

The report labels local code enforcement a delusion stating that communities have failed to enforce their housing codes and that HUD has contributed to the lack of progress by allowing an inordinately low level of local enforcement as adequate to meet prerequisite requirements for its programs of Federal financial assistance under the Workable Program. It seems to us that the GAO's report substitutes a highly idealized wish for

a realistic evaluation of actions which are actually possible. The very introduction of Code Enforcement legislation reflects the Congressional recognition of the operational limitations inherent in traditional day-to-day local code enforcement. Our Workable Program policy is designed at minimum to require compliance with statutory requirements and such improvement beyond such minimum as can reasonably be expected. Code enforcement grants are a recognition of a century of neglect at the local level; assistance must be provided to the cities to work toward building adequate capacity in codes systems and management to upgrade their efforts.

The GAO report makes little reference to the broad national problems that beset central urban areas that represent social and economic issues far beyond the present resources available in HUD programs. We have to help cities with present resources. A withholding of the present limited funds to press for a level of performance beyond the management or fiscal capacity of the cities throughout the country is not a practical approach.

The day-to-day operation of a non-assisted traditional program is for the most part an exercise in frustration to city officials. Even the most highly motivated and efficient code enforcement administrator must act with considerable restraint if an enforcement of housing codes would result in the harassment and eviction of families into the street. The limited financial resources of owner occupants and the low return to investor owners are primary roadblocks to an efficient high production code enforcement program. Any meaningful acceleration in code enforcement generally requires the kinds of assistance which the Federal program provides.

Local code enforcement is beset with serious problems, which are inadequately acknowledged by the GAO report (page 25). Perhaps most serious is the actual impact of regular local code enforcement in declining areas in those cities where it has been used. Often it simply aggravates the situation and leads to abandonment. We have studies showing that this happened in Cleveland, St. Louis, Chicago, and several other cities. When an area is declining, it is difficult or impossible to obtain commercial financing to do extensive rehabilitation work; also, investor-owners are unlikely to commit more capital to an already questionable investment. So when the city enforces its codes in these areas, owners are frequently unable to meet the costs (and either move out or terminate all operating expenses in order to retrieve some of their original investment before the city possesses their property).

A city-wide code enforcement program would be disastrous if it were implemented without adequate provision for low-cost financing, relocation housing, and monetary grants for hardship cases. Some cities have mounted successful partial programs. San Francisco is treating all of its hotels and apartment houses through a phased local effort. Atlanta is phasing a code enforcement program in conjunction with its street paving in better-off neighborhoods.

## APPENDIX I

We feel that the Workable program has made real progress in meeting its statutory objectives. 2,424 communities had certified Workable Programs as of December 31, 1970. Many of these communities adopted housing codes for the first time in order to qualify for Workable Program certification. Program activities have been responsible for the inspection of over one million housing units for code compliance since 1965. The Code Enforcement Program and related efforts by HUD in pressing for production of low and moderate income housing and in providing rehabilitation loans and grants have been effective partners in the effort to save blighted areas.

We need to do much more. The recent reorganization of HUD has brought together twelve Community Development programs that can now be more effectively coordinated. Workable Program activities have been joined with urban planning and management assistance efforts. Program activity has been decentralized to a new structure of Area Offices physically closer to the communities they serve and organized in an ecumenical way that will begin to let us work with the community to use all HUD programs in a coordinated and eventually supportive approach to the urgent problems of urban decay.

Beyond these specific efforts within present legislation, the President has proposed an important longer range approach to providing cities with greater authority to deal effectively with their own problems through general purpose and special purpose Revenue Sharing. Federal officials cannot solve the problems of the cities. They must do this themselves.

### Site Selection

The GAO report concluded that the many areas approved by HUD for the concentrated code enforcement program were in large part too deteriorated, and accordingly, inappropriate for code enforcement treatment.

Clear standards for selecting appropriate sites for code enforcement are difficult to set. The legislation and the record of debate during Congressional discussion of the program are not as precise as the GAO has implied. The 1965 statute authorizes the use of the Concentrated Code Enforcement Program in "deteriorated or deteriorating" areas. We stress this not to argue that code enforcement is suitable for slum clearance, but to show that the selection of proper Code Enforcement Program areas will remain difficult, whatever guidelines formulas are devised. The House Banking and Currency Committee Report on the Housing Act of 1966 was specific in stating that it is not the purpose of Congress to limit the Code Enforcement Program to basically sound areas.

The Concentrated Code Enforcement Program is relatively new and deals with dynamic and rapidly changing local conditions. In many communities the

impact of early Urban Renewal concentration on clearance activities has resulted in strong negative feelings on the part of important minority group areas. The Model Cities Program has felt this problem intensely. Often Code Enforcement is a more practical solution to the expressed needs of local citizens. This is not a sufficient reason by itself for selecting certain areas for code enforcement activity, but it does reflect local concerns to which we must respond.

There is a considerable degree of overlap between areas eligible for CCEP and those eligible for conventional renewal. Much of the appropriateness of an area for one or the other is not just the physical condition of the buildings; it depends also on the palatability of UR to the area residents, on the balance of pride in home ownership, on the area's physical proximity to more seriously blighted areas, on the capability of the city's code-enforcement staff, and on similar criteria. Maryville (Tenn.) and Pittsburg (Calif.) were both "obvious" renewal areas physically; but they have become showcase CCEP projects. During a recent HUD study of completed and near-completed CCEP projects, we visited several projects which had been successfully completed even though they had very high percentages of structures with code violations.

Although it is possible to identify areas of a city where housing conditions are so bad that code enforcement is not appropriate, it is difficult to define among areas of moderate to fairly heavy deterioration the point at which an area is "declining", but not "too far gone" for code enforcement. With so many uncontrollable variables, it is impossible to forecast the rate of decline for an area. Even if accurate information were available on the degree of blight in a proposed project, by the time the project was approved and into execution, the area might have plummeted physically (or it might have come up on its own). But such accurate information is costly to obtain, and gathering it would further extend the time-lapse between when an area is identified as declining and when the code enforcement could begin.

If CCEP is really to dig into declining neighborhoods (and not just bolster already sound areas), there will have to be a considerable amount of experimenting involved with finding suitable areas. Some proportion of the projects can be expected to fail. Too high a success rate might even indicate that CCEP is being wasted in the wrong types of areas. Until we learn more about the process of neighborhood decline and until accurate, up-to-date information about housing conditions is readily available to cities, HUD will have to rely heavily on the discretion of local officials in determining the feasibility of code enforcement projects.

Early evidence of problems relating to site selection resulted in revised HUD policy guidelines that were issued in February 1969. Examination of

APPENDIX I

experience with the federally assisted Concentrated Code Enforcement Program clearly indicated that in a number of instances, an Urban Renewal Program would have been a more appropriate treatment for the areas selected. The 1969 policy provided clarification by reiteration of the policy previously set forth and the provision of additional guidelines for better selection of project areas. Most of the projects selected by the GAO in their study had been approved under earlier guidelines. This was understandable since the GAO was checking on projects that had been in operation over a period of several years, but in a program as new as this, the changes in policy were not fairly reflected in the projects studied by the GAO.

On an overall basis, HUD is confident that the selection of project areas -- faulty in some instances--is nonetheless proceeding within proper limits. A good index of this is the record of dwelling units requiring demolition in project areas. The following table shows the number of structures and dwelling units in the project areas as of June 30, 1970, and the number of these classified as substandard or subject to demolition.

	<u>Structures</u>	<u>Dwelling Units</u>
Total in Areas	317,460	580,767
Substandard	221,317	413,516
To be Demolished	5,554	9,490

The HUD guideline, published February 17, 1969, states: "Ordinarily the estimated number of properties to be demolished should not exceed two or three percent, and rarely five percent." The number of structures marked for demolition in the above table is 1.7 percent of the total.

GAO suggests, as additional site-selection criteria, more intensive testing of the degree of deterioration in proposed project areas and the extent of poverty in the areas. For many months HUD has investigated these and other site-selection factors, but remains unconvinced that the additional documentation which these criteria would require--the results of interior housing inspections, for example--are necessary to make sound judgments. The Department has tried to avoid encumbering this program with extensive documentation, since it is felt that the basis for sound site-selection decisions should be available in community records and through on-site inspections by code specialists. With the publication of more explicit guidelines on February 17, 1969, the Department believes that site-selection mistakes have been reduced without subjecting communities to unnecessary documentation.

Problems of City and HUD Management of the Concentrated Code Enforcement Program

The GAO contends that cities have assigned inadequate numbers of staff to their approved Code Enforcement projects and that HUD has failed to carry out its management responsibility in assuring adequate staffing, effective local management and prompt completion of the local projects within three years. We certainly admit to shortcomings in this area. However, we are coping with a type of local government activity that has a history of ineffective codes, inadequate staff, few, if any, examples of effective local codes management, little or no professional tradition, and frequent record of local political interference. We are dealing with one of the traditionally weak areas of local public management. Faced with a practical choice of closing down vital projects and destroying the positive efforts by the city, we have often settled for less than we would like.

GAO mentions the lack of project close-outs as a result of poor program management. Although our record could be improved, the GAO was reviewing projects in a new program where only a few of the first projects had been in operation for three years. Projects began to be closed out almost immediately after the cut-off date GAO used, and project close-outs have been increasing rapidly since then. We should also point out that some projects are in fact completed but not officially "closed out" because of problems on such things as final accounting for the project. As we and the cities gain additional experience and the number and quality of local staff increase, our record has improved.

HUD has just completed a new review of the Concentrated Code Enforcement Program and administrative changes will be implemented during the balance of the fiscal year. Most of these are based on experience since the 1969 changes in program policy and management improvements developed in Chicago Region that are cited in the GAO report. These include:

- a. More sophisticated site selection criteria coupled with on-site pre-approval inspections to assure that CCEP funds are applied to areas where there are good prospects of arresting decline.
- b. Tightened monitoring and follow-through techniques to verify and insure program progress.
- c. More careful review of the proposals for local staff and more close follow-up on the number and qualifications of staff actually employed.
- d. The review of local follow-through activities necessary for maintaining rehabilitation efforts.

Action by the Department to decentralize responsibility to Area Offices and combine the several related HUD programs in support of local community development should provide more effective monitoring and coordination of the CCEP program. We also plan to work with the cities to develop local techniques and capacity for the local evaluation of the adequacy and effectiveness of their code enforcement activities.

#### Public Improvements

The draft GAO report states that HUD has allowed local governments to overemphasize the use of CCEP funds for public improvements. We are reviewing our present policy and expect to provide more clear guidelines as a part of our overall review of the program. After two years of operating experience, we issued the present guidelines in February 1969 based on problems which had developed. Most of the projects reviewed by the GAO were in the group approved prior to the new policy. Those guidelines were intended to provide a framework for decisions by HUD field staff, not serve as absolute ceilings, and there have been some individual projects approved since 1969 that exceed the guidelines. Each project must be reviewed on an individual basis and in some cases essential public improvements are a key to the success of the project.

Any revision in our present flexible policy will need to allow for this individual treatment of each project on its merits. The GAO report cites several examples of projects with a high ratio of public improvements. The picture nationally shows that about 50% of the funds from approved projects is used for this category of approved cost. As of June 30, 1970 there were 151 active projects with a total project cost of \$246,347,000 (\$173,759,000 of this was Federal funds). Public Improvement costs in the project budget totaled \$133,571,000 or 54% of the total project cost. It should be noted that the cost of public improvements involving construction activity is much higher than the staff and related "software" costs for other phases of local CCEP projects. (See GAO note below.)

The importance of public improvements to the locality and to the success of the CCEP program can be seen in the priority individual cities have placed in this type of upgrading of the local community facilities. The 132 communities in the program as of June 30, 1970, are spending \$209,180,000 for public improvements in 151 project areas over and above the eligible shared public improvement items in the project budgets. They also are spending \$42,371,000 as their share of the eligible public improvement items in the budgets. This means that the communities regard streets, alleys, and other public improvements as so vital to neighborhood conservation they they are outspending the Federal Government on these improvements by a margin of \$251,560,000 to \$91,200,000.

GAO note: The public improvement costs cited by the Assistant Secretary differ with the figure used in our report. We discussed this with HUD officials who said that the Secretary's figures were incorrect.

Project residents of both standard and substandard dwelling units benefit from the public improvements made. The total amount budgeted for public improvements amounts to about \$225 per project dwelling unit, a very modest figure when compared to site improvement costs ordinarily expended in connection with new construction. Actually, many residents outside the project area also benefit from the public improvements inside the project area. All the rest of project costs including administration, operations, training, legal services and advisory services to area residents and property owners amounts to some \$200 more per project dwelling unit. We know of no other program which provides so much housing improvement for so little in Federal expenditures. We know of no other renewal effort that has accomplished so much in so short a time.

A substantial amount of visible public improvement must often be done in order to entice property owners into performing the necessary improvements on their buildings. Much of the rehabilitation required under code enforcement is not readily visible or even functional on a day-to-day basis (e.g., electrical rewiring, provisions for fire exits, fire walls, plumbing deficiencies which people have gotten "use to" over time. When the inspector tries to convince the owner that it is to his benefit to make these kinds of (expensive) changes, he is far more likely to have some level of success if he can point to the improvements (very visible) which the city is paying for in his neighborhood. The psychological importance of public improvements should not be underestimated. Some cities have even learned that the improvements must be put in first before they can convince property owners into putting up their own money. The public improvements represent a visible pay-off for the owner who is required to pay a substantial cost for non-visible housing improvements required under the codes.

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In our introduction we have pointed to the overall accomplishments of the Concentrated Code Enforcement Program. Although the CAO draft report has identified several important areas of need for improvement in program management, dwelling on the shortcomings of the program can provide a distorted view of the overall achievements of a relatively new and evolving program. Local Code Enforcement has a vital role to play in attempts to preserve the housing stock throughout the cities. But local efforts by themselves are insufficient to create the conditions necessary to maintaining individual neighborhoods in viable and desirable conditions.

The Concentrated Code Enforcement Program combines local efforts with the public improvements, staff resources, relocation benefits, and individual financial assistance necessary to move Code Enforcement beyond an application of police power to a situation where pride in home and neighborhood can be generated and fulfilled.

The degree to which decline is arrested varies primarily according to the original condition of the area's structures, the generation of community pride through necessary public improvements and resident involvement, the extent of home-ownership and single-family dwellings, local staff effectiveness in combining enforcement with counseling, the concentrated availability of financial assistance, the thoroughness of federal monitoring, and the severity of unstabilizing influences. When the requisite mix of these key variables has been present (even in large cities where CCEP is most difficult), Concentrated Code Enforcement projects have resulted in substantial physical improvements, stable neighborhoods, prolonged economic life of structures, reduced abandonment, and the conditions necessary for these improvements to endure. The management of the Concentrated Code Enforcement program can be improved at both the Federal and local level. But the program is needed, has worked, and should be continued.

The GAO recommendations will be reviewed closely. We have indicated a few of the specific areas of review in the body of this letter. Several general changes in HUD management and policy will also have an important impact on the CCEP program. By bringing all community development programs under one umbrella we hope to coordinate each more effectively. The CCEP program should benefit considerably. The GAO draft audit has recognized another important development in HUD's decentralization of field operations to 40 Area Offices. This will bring HUD program staff closer to the local governments served by our programs and bring together housing, community development, and community planning resources. Working more closely through local general purpose government will be an important outgrowth of HUD decentralization. The impact of the several programs can be brought together and packaged more effectively. The Detroit experience, cited by the GAO, of coordinating FHA approvals and code enforcement planning is an example of the coordination possible through decentralization and realignment of HUD programs.

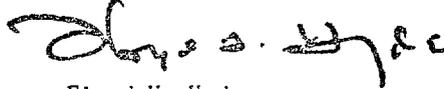
Improved evaluation and monitoring of each Community Development program, at the national level, at the Regional and Area Office level and, most important at the local level, is an important aspect of the HUD reorganization in the central office and the field. A special national study of CCEP was one of our first efforts in program evaluation under the new organization. The GAO draft audit has been a valuable input to this study.

Any current changes in policy or management of CCEP will need to consider the longer-range impact of HUD proposals for Community Development Special Revenue Sharing now being considered by the Congress. As presently proposed, CCEP and related programs like Urban Renewal, Neighborhood Development and Neighborhood Facilities will become the basic components of HUD Special Revenue Sharing. In effect each city would receive an allocation of funds

and have wide choice in using funds for CD activities of highest local priority. From the evidence of the last two or three years, CCEP type of activity is expected to use an increasingly large share of funds available based on local discretion. Programs like Model Cities have shown a high demand for preservation and rehabilitation of residential areas in preference to clearance and redevelopment.

The record shows that HUD recognized that the process of code enforcement, both in its unassisted forms under the Workable Program for Community Improvement and in its federally assisted form in the Concentrated Code Enforcement Program, is a sensitive operation which cannot possibly be carried out without encountering technical problems, administrative complexities and at least some citizen resistance. However, HUD also recognizes that the record clearly shows that Federal assistance to communities for code enforcement has become a steadily more productive means of conserving the nation's housing supply in the last five years. That record is worth defending. It is worth building on. HUD fully intends to do that, with the growing cooperation and understanding of community leaders and neighborhood residents throughout the country.

Sincerely,



Floyd H. Hyde

PRINCIPAL OFFICIALS OF  
THE DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT RESPONSIBLE FOR THE ADMINISTRATION  
OF ACTIVITIES DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF HOUSING AND URBAN DEVELOPMENT (formerly Administrator, Housing and Home Finance Agency):		
George W. Romney	Jan. 1969	Present
Robert C. Wood	Jan. 1969	Jan. 1969
Robert C. Weaver	Feb. 1961	Dec. 1968
ASSISTANT SECRETARY FOR HOUSING MANAGEMENT (formerly Assistant Secretary for Renewal and Housing Management) (note a):		
Norman V. Watson (acting)	July 1970	Mar. 1971
Lawrence M. Cox	Mar. 1969	July 1970
Howard J. Wharton (acting)	Feb. 1969	Mar. 1969
Don Hummel	July 1966	Feb. 1969
ASSISTANT SECRETARY FOR COMMUNITY DEVELOPMENT:		
Floyd H. Hyde	Mar. 1971	Present

<sup>a</sup>Effective March 1, 1971, the Code Enforcement Grant Program was placed under the Assistant Secretary for Community Development.