PUBLIC HOUSING
IN HAWAII --
THE EVOLUTION OF
HOUSING POLICY
Volume I: Description and Analysis

They turn the needy out of way; the poor of the earth hide themselves together ... and embrace the rock for want of a shelter.
Job 24: 4-8

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FOREWORD

This report on "Public Housing in Hawaii" appears in two volumes inasmuch as the scope of the subject matter results in a relatively lengthy description and analysis. The first volume describes the development of housing goals as a matter of public policy and sets forth an analysis of the problems these goals have tried to solve. Volume II consists of appendices A through D and is of essential value to the reader interested in the statutory, statistical, and bibliographic details of public housing.

These volumes are the Bureau's response to House Concurrent Resolution 56, S.D. 1 (General Session of 1965) which requested the University of Hawaii to study "...the social, economic and legal aspects of public housing in Hawaii today and to propose means for public housing to meet existing housing needs while insuring that those in need of help have improved opportunities for self-development and for participating in and contributing to society..." Quite clearly some significant value judgments are involved in deciding just which social, economic, and legal aspects are relevant or most important. Likewise, judgments are included in the terms "housing needs", "opportunities", "self-development", and "contributing to society". Legislators and administrators must make difficult decisions as to what these terms mean to the community and how public policy ought to deal with them. Such decisions really require the determination of what it is the community is trying to accomplish in its housing and social welfare policies and programs. Through description and analysis, this report attempts to assist decision-makers in coming to grips with the scope and depth of the public housing question in Hawaii.

This report would not have been possible without the assistance of many individuals and agencies, especially Mr. Yoshio Yanagawa, Director of the Hawaii Housing Authority and the Reverend Lawrence S. Jones, Chairman of the Ways and Means Committee of the Governor's State Housing Study Group. We gratefully recognize the contributions of those who assisted throughout the preparation of this report and particularly in its review: Mr. George Izuta of the Urban Renewal Administration, Mr. J. Stowell Wright of the Federal Housing Administration, Mr. Edward Brantz of the Hawaii Office of Economic Opportunity, Mr. Lee Maice and Mr. Kam Man Leong of the Honolulu Redevelopment Agency, Mr. Tom Dinell and Dr. Marshall Goldstein of the University of Hawaii, Dr. Kiyoshi Ikeda of Oberlin College, Mr. D. Richard Neill of the Hawaii Council for Housing Action, and Mr. Hiroshi Minami of the Honolulu Council of Social Agencies. We also wish to thank Mr. Marvin Ching, Legislative Intern, for his assistance in preparing the annotated bibliography, to Miss Hanako Kobayashi for ordering the footnotes, and to Mrs. May Tamura who ordered and checked the bibliography.

Herman S. Doi
Director

February 1967
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PART I

THE DESCRIPTION OF PUBLIC HOUSING IN HAWAII

Introduction

Chapter I. Chronology of Federal Housing Goals and Legislation

Chapter II. Current Management of Public Housing in Hawaii
PART I

INTRODUCTION

This Part on housing legislation and practices is intended to show (1) how federal housing policy has broadened and sometimes confused its objectives since its original inception in the 1930's and (2) what federal and state legislation have produced in the way of housing programs in Hawaii.

The impact of the depression resulted in the forging of a housing policy which was used as one of the major weapons to stimulate a lagging economy. The major problem facing the federal government during this era was that of unemployment, and the primary objective of federal housing legislation was to relieve unemployment by use of public works funds to undertake programs of slum clearance and emergency low-rent housing construction. The fact that the improvement of housing was merely a secondary objective resulted in a constant conflict between long-term plans for housing and the short-run goal of stimulating employment. The United States Housing Act of 1937 was perhaps the most significant piece of housing legislation during this period. It established the initial long-range program of public housing for low-income families.

The landmark in federal aid to housing during the 1940's was the Housing Act of 1949. This Act significantly broadened the federal role in housing through expanded slum clearance and public housing programs and established the goal of "a decent home and suitable living environment for every American family." More recently, federal housing policies have begun to shift their focus to the social problems of racial and economic minorities. This shift in focus is exemplified in the Model Cities program (Demonstration Cities and Metropolitan Development Act of 1966). This program
INTRODUCTION

is perhaps the first to embrace the concept that the problems of our urban areas are not only physical but are human as well. The program recognizes that these problems must be solved not one at a time, or one after the other, but simultaneously. Involved within this concept are new programs of rent supplements and leasing of low-rent housing in private accommodations which will result in social and economic mixing of low- and moderate-income families within neighborhoods, and programs to assist and stimulate local land and economic planning. The Model Cities program, which calls for concentrated and coordinated efforts of government and private activities, seeks to improve the physical environment and alleviate some of the more pressing social and economic problems of the poor living in slum areas. Public housing, and the characteristics of its management in Hawaii, is deeply involved with this process.
Chapter I

CHRONOLOGY OF FEDERAL HOUSING GOALS AND LEGISLATION

The foundation for federal housing legislation was laid on July 20, 1892, when Congress appropriated $20,000 to finance a survey by the Department of Labor of slums in large cities throughout the nation. Legislation enacted in the ensuing years greatly increased the scope of governmental intervention in the housing field. Such legislation may be divided into three major time periods: 1918 to 1940 (World War I and the Great Depression); 1940 to 1960 (World War II, Korean Conflict and Recession); and 1961 to 1966 (the present period).

1918 to 1940—World War I and the Great Depression

Housing for defense workers. Federal housing policy during this period was primarily concerned with serving the needs of the war and depression. The first significant federal legislation occurred in 1918 and provided loans to real estate companies to construct homes for shipyard defense workers and appropriations for the construction of additional housing for war workers during World War I. Most of these units were sold after the war to private owners.

President's Conference. The federal government's deep involvement in the housing field began with the Great Depression. It attempted to stimulate and stabilize the economy through construction of emergency housing and through federal guaranteed mortgages. The recommendations of the President's Conference on Home Building and Home Ownership, which met in December of 1931, served as the basis for the federal housing policy of the 1930's. Among the key recommendations were the following:

- Develop building programs in communities stressing single-family houses;
- Improve planning and zoning;
- Improve technology and develop housing research;
- Broaden home ownership;
- Provide long-term amortized mortgages and housing credit at lower interest costs;
Supplement private enterprise with governmental aid in solving the housing problems of low-income families in slums and blighted areas;
Facilitate large-scale housing operations;
Rehabilitate old homes;
Relieve homes of excessive taxation; and
Extend urban conveniences and protection to rural residents.  

The particular need to expand private home ownership was emphasized by President Hoover when he addressed the opening meeting of the conference and stated:

I am confident that the sentiment for home ownership is so embedded in the American heart that millions of people who dwell in tenements, apartments, and rented rows of solid brick have the aspiration for wider opportunity in ownership of their own homes. 

Emergency Housing. Some of the recommendations of the conference were quickly implemented into legislation in the following year. The Emergency Relief and Construction Act of 1932, PL 72-302, was intended to alleviate the severe problem of a housing shortage for low-income families. It authorized the Reconstruction Finance Corporation to make loans to state-regulated limited dividend corporations formed to provide housing for families of low income or for reconstruction of slum areas on a self-liquidating basis. Only two loans were made under this program -- to finance Knickerbocker Village in New York City and rural homes in Ford County, Kansas. The limited success of this program may have been due to the inadequate return on investment which failed to induce private corporations to invest their capital. The housing that was constructed was also beyond the financial means of the families for whom it was intended. 

Federal Home Loan Bank. The passage of the Federal Home Loan Bank Act in 1932, PL 72-304, was another attempt to use housing policy as a major weapon to combat the depression. The stock market crash in 1929-30 caused a sharp increase in foreclosures on farms and urban properties. Mortgage lending institutions were unable to cope with this problem. The Act provided a solution by the establishment of a federal Home Loan Bank System with a board which served as a central mortgage bank providing a credit reservoir to aid member mortgage lending institutions.
Home Owner's Loan Corporation. Additional efforts were made in the following year to arrest the foreclosure trend and strengthen mortgage lending institutions. In 1933 the Home Owner's Loan Corporation was organized to refinance mortgages and to grant new direct long-term mortgage loans at low interest rates to bail out hard pressed homeowners on the verge of mortgage foreclosures. Cities and towns also benefited from this Act which preserved their real property tax revenue base. The credit activities of the federal home loan banks were also broadened and federal savings and loan associations were authorized and chartered. The Home Owner's Loan Corporation was successful in providing relief to distressed homeowners by its policy of accepting poor-risk mortgages held by private financial institutions in exchange for Home Owner's Loan Corporation bonds. This refinancing arrangement resulted in the satisfaction of all obligations on the property including unpaid taxes and permitted homeowners a fresh start in their home owning efforts.

National Industrial Recovery Act. The National Industrial Recovery Act of 1933, PL 73-67, transferred the responsibility for housing from the Reconstruction Finance Corporation to the Public Works Administration. This administrative change reflected the need to increase employment by accelerating housing construction. As a result of this Act and subsequent amendments, 50 low-rent public housing projects containing 21,600 units were built in 37 cities and 15,000 units were provided in resettlement projects and greenbelt towns. The development of greenbelt towns reflected the influence of city planners who advocated that new towns and new communities be built in rural areas to provide living conditions better than those of the crowded and congested cities. These projects were the result of direct construction by the federal government as distinguished from earlier projects constructed by private corporations with federal loan assistance.

Legal difficulties were later encountered by the Public Works Administration in its attempt to use the power of eminent domain to acquire land for housing and other purposes. A number of adverse court decisions limited the authority of the federal government. The Courts held that the exercise of the power of eminent domain for the stated purposes was not for a "public use" and was therefore an improper application of its powers under the general welfare clause of the Constitution. The Courts also indicated that the use of the power of eminent domain for housing purposes was properly within the authority of the individual states. In order to solve the problem of land acquisition, responsibility for direct housing construction shifted from the federal government to established state housing authorities.
However, most of the new construction failed to meet the needs of low-income families by being priced beyond their means.\textsuperscript{12}

This view is supported by McDonnell for he states that:

Senator Walsh\textsuperscript{13} saw that the public housing constructed in Boston with PWA funds was not for the benefit of the poor working people living in the slums. After the construction of the new modern housing these workers continued to live in the slums, and middle-class people moved into the new PWA housing projects. The people in the middle class were the only class of people who could afford to pay the rents that were charged in the projects because of their high construction costs and small subsidy. Walsh was personally convinced that this PWA program was a misuse of government funds.\textsuperscript{14}

Federal Housing Administration. In 1934, the Federal Housing Administration was created by the National Housing Act. This agency was given authority to insure long-term mortgage loans made by private lending institutions on homes and to insure lenders against loss on loans financing home alterations, repairs, and improvements. FHA was organized to be a self-supporting insurance program to protect mortgage investors and homeowners through the use of fees and premiums. Homeowners were required to pay a small fee to purchase government mortgage insurance to guarantee the repayment of their loan in order to reduce the risk to the mortgage investor and to reduce the interest rate of borrowing. The purpose of this Act was "to improve nation-wide housing standards, provide employment and stimulate industry; to improve conditions with respect to home mortgage financing; to prevent speculative excesses in new mortgage investment; and to eliminate the necessity for costly second mortgage financing by creating a system of mutual mortgage insurance."\textsuperscript{15}

The Act also authorized national mortgage associations to be established, thus providing a secondary market for home mortgages. The Federal National Mortgage Association (FNMA), known as "Fanny Mae", was later created in 1938 by the Reconstruction Finance Corporation to buy mortgages, to release more capital into the mortgage market, and to sell its mortgages during periods when money was plentiful.

United States Housing Act of 1937. A statement of the national housing policy was first set forth by the 75th Congress by enactment of the United States Housing Act of 1937 (Wagner-Steagall Act), PL 75-412. The Act stated:
PUBLIC HOUSING IN HAWAII

It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this Act, to assist the several States and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and unsanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income, in rural or urban communities, that are injurious to the health, safety, and morals of the citizens of the Nation.

The Act created the United States Housing Authority to provide loans and contributions to local public housing agencies for low-rent housing and slum clearance projects. It became the major piece of federal legislation on housing and established the basic design for public housing that has survived to this day despite numerous amendments and attempts to redesign the program. Approximately half a million units for low-income families have been constructed under this Act and subsequent amendments.16

The responsibility for the construction, ownership, and operation of public housing was placed under the jurisdiction of local housing authorities with financing to be provided by the federal government. To enable these authorities to finance their projects, they were authorized to issue and sell their own obligations, exempt from federal taxation. Local housing authorities were to be assisted in the construction and operation of public housing facilities with federal loans and annual subsidy payments.

The history of housing legislation for the period 1918-1940 may lead one to the notion that the federal public housing program was established solely as a result of persuasion by the social reformers. Rather, it appears that the social and economic conditions in the slums merely provided the opportunity and the background for popular appeal and support of legislation which created new jobs in the building trades and primed the pumps of the private housing construction industry. It provided a means whereby the unemployed submerged by the depression and taken out of the labor market could be brought back to employment. Thus, the primary objective of housing construction was to stimulate employment and pull the economy out of the depression while relegating the improvement of housing to a secondary role.17

The political climate also had an important bearing on effectuating legislation designed to serve the people who were able to articulate and make known their needs to legislators.18 The "poor people"
of the depression era included many former members of the middle-class who had enjoyed prosperity but were temporarily unemployed or suffering economic deprivations. This class of "poor people" still retained their middle-class culture and outlook and the ability and habit of articulating their desires at elections. Public housing was thus supported by the millions of members of this submerged middle-class who either demanded or stood by ready to accept decent housing from the government as a matter of right and as something they deserved as members of the honorable poor. 19

Private industry failed to voice its usual opposition to socialized housing because the Act was structured to avoid direct government competition by building homes only for those who could not possibly afford to buy them on their own at the time. Nor did the manufacturers of building supplies and workers in the building trades raise any protest. The potential danger from over supply of units and opposition from landlords and the housing industry was overcome by the "equivalent elimination" provision. 20 This provision required the destruction of old dwellings substantially equal to the number of newly constructed dwellings. The tying-in of slum clearance to the law conveniently served to remove selected units from the housing supply and to appeal to the reformers who loathed the slums and slum conditions. 21

Our initial housing program was thus structured to meet the needs of the submerged middle-class and was not intended to support the class of the so-called problem poor. This fact is strikingly borne out by the comment of Senator Wagner, a long-standing advocate of public housing:

... These are some people whom we cannot possibly reach; I mean those who have no means to pay the rent minus the subsidy. This, after all, is a renting proposition, not a complete gift. 22

1940 to 1960--World War II, Korean Conflict and Recession

The United States involvement in World War II resulted in a suspension of public housing construction and increased federal efforts to construct housing for defense and war workers during this emergency period. The major developments in national housing policy initiated during this era can be listed as follows:

The National Housing Agency was created to consolidate functions of all federal housing agencies.
The federal government initiated a large-scale construction program of war housing.

National rent controls were enacted.

**Lanham Act.** The basic war-housing act was the National Defense Housing Act of 1940, PL 76-849, known as the Lanham Act. The Act authorized the War and Navy Departments and the Housing Authority to cooperate in providing public housing for servicemen and defense workers in areas of acute need. Approximately one million units of war, emergency and defense housing were completed under this Act and related statutes from 1940 to 1947. By the end of 1959, all but 5,376 of these units had been disposed of by sale, demolition or other means. As of June, 1959 there were 1,248 Lanham Act units remaining in Hawaii. (248 at Kalihi War Homes, 1,000 at Manoa War Homes.) It is not known whether any of the 1,248 units are included as part of the 5,376 units, inasmuch as these two projects were transferred from the Public Housing Administration to the Hawaii Housing Authority in 1953.

The entire economic conditions underlying the housing market were changed as a result of the war. The war had provided employment opportunities for workers and had enabled them to prosper and accumulate large sums of money. The return of nearly 15 million veterans added to create a tremendous demand for the construction of private housing which had been suspended during the war. The end of the war also required a shift in industrial activity to peacetime purposes which resulted in governmental efforts to expand housing construction as a means of maintaining the prosperity of the country's economy. These varied factors resulted in new federal programs of government insured mortgages which established broad scale housing programs intended to stimulate homebuilding. However, the major thrust of Congressional action was aimed at assisting veterans in purchasing homes and in giving them special preference in public housing and in veterans temporary and emergency housing projects.

**G. I. Bill of Rights.** The enactment of the Servicemen's Readjustment Act, PL 78-346, 1944 (G.I. Bill of Rights), authorized the Veterans Administration to guarantee loans to veterans to buy, build, or improve homes. It is important to note that the beneficiaries of the new postwar housing programs were not the poor but were the veterans and the middle-income groups who were eligible for the liberalized requirements of the VA and FHA mortgage insurance loans. They became willing participants in the suburban housing boom where the low land costs permitted mass developments outside the city.
The need for a comprehensive postwar housing program received official recognition and support in 1945 when President Truman addressed Congress to ask for the resumption of the public housing program and aid to communities for slum clearance. The President stated:

The largest single opportunity for the rapid postwar expansion of private investment and employment lies in the field of housing, both urban and rural....There is wide agreement that, over the next ten years, there should be built in the United States an average of from a million to a million and a half homes a year. Such a program would provide an opportunity for private capital to invest from six to seven billion dollars annually...could provide employment for several million workers each year....Housing is high on the list of matters calling for decisive Congressional action.24.

In response to the President's recommendations, a bipartisan bill (S 1592) was introduced in 1945 by Senators Wagner (D-N.Y.), Ellender (D-La.) and Taft (R-Ohio) which proposed:

(1) a liberalization of terms on FHA mortgages;
(2) a program of FHA "yield insurance" for investors in large-scale rental housing;
(3) 500,000 units of public housing over four years;
(4) loans and grants for farm housing;
(5) a program of housing research aimed particularly at bringing down housing costs;
(6) federal grants for urban development; and
(7) a permanent National Housing Agency.

This bill did not receive further action in 1945.

Attempts to gain passage of this long-range housing bill were re-activated in 1946 in the Republican controlled 79th Congress, but failed due to very potent private lobby groups whose opposition was directed particularly at the resumption of public housing.25

The failure to enact new postwar public housing legislation may be interpreted in part as an erosion of the pressures and political strength of a submerged middle-class residing in or potentially eligible for public housing. They were unable to exert their influence in securing an increase in the number of public housing units.
Furthermore a change in public housing policies to limit accommodations to poor low-income tenants and attempts to evict the somewhat better off groups compounded their difficulties. The existence of a severe housing shortage and the difficulty of obtaining adequate rental housing served to intensify the struggle of these tenants to remain in public housing. The Housing Act of 1947, PL 80-301, provided temporary aid by prohibiting the eviction of over-income tenants from low-rent public housing if it would result in undue hardship. However, the Housing Act of 1948, PL 80-901, authorized their eviction by eliminating this restriction. Fortunately the decision by the federal government to use a high level of construction to meet the need for peacetime economic expansion and continued prosperity also served to meet part of the housing needs of middle-income tenants faced with eviction.

Other provisions of the Housing Act of 1948, PL 80-901, provided for liberalized FHA requirements but omitted enacting the controversial public housing and urban redevelopment features.

Housing Act of 1949. ("A decent home and suitable living environment for every American family".) President Truman's State of the Union Message to Congress on January 5, 1949, called attention to the fact that "five million families were still living in slums and fire-traps" and "three million families shared their homes with others".26

The Housing Act of 1949,27 enacted by the Democratic controlled 81st Congress, finally provided for a broad slum clearance and public housing program after four years of debate and controversy. The Act set forth the national housing policy by stating:

The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and security of the Nation.28

The specific objectives to be attained were described as follows:
Private enterprise shall be encouraged to serve as large a part of the total need as it can.

Government assistance shall be utilized where feasible to enable private enterprise to serve more of the total needs.

Appropriate local bodies shall be encouraged and assisted to undertake positive programs of encouraging and assisting the development of well-planned, integrated residential neighborhoods, the development and redevelopment of communities, and the production, at lower costs, of housing of sound standards of design, construction, livability, and size for adequate family life.\textsuperscript{29}

The Housing Act was significant in that it recognized that slums were a national problem and authorized local agencies to carry out comprehensive slum clearance programs in conjunction with public housing programs. Thus, it provided large-scale direct federal and local government participation in federally subsidized public housing construction and the use of federal loans and capital grants for local slum clearance, redevelopment projects and farm housing.

Urban redevelopment aid under this Act was directed primarily toward the clearance of residential slums rather than toward the improvement of cities and urban life in general. This limitation resulted from the definition of "project area" to a slum or deteriorating area predominantly residential in character or to be developed or redeveloped for predominantly residential uses.\textsuperscript{30}

This was the first instance that the predominantly residential requirement concept of urban redevelopment was established by legislation. However, there still existed a wide variety of opinions as to how this requirement was to be interpreted. The better housing and social welfare groups interpreted this Act as a means to get rid of slums and provide everyone with a decent home and environment. However, the overriding objective of early advocates of federal urban redevelopment programs was to boost declining property values and otherwise enhance the economics in central areas by clearing slums without replacing them with public housing. These concerns were really reactions to suburbanization and the flight of the middle class. As a result, vested interests of the central business district are "...enthusiastic supporters of urban renewal projects that will displace low-income people...from close-in districts and replace them with higher-income customers."\textsuperscript{31} Planners conceived the program as a means for more rational and efficient organization of the central areas in
Public Housing in Hawaii

Conformity with some kind of plan for the area. The contention was also expressed that federal aid was justified since the deterioration of cities affects the national economy.

Legislative objection to this approach, which emphasized the improvement of physical structures and buildings to serve the local government and business community instead of housing, was exemplified by Senator Taft's belief that any urban redevelopment project should involve housing. He further felt that: (1) the social welfare purpose would be served by eliminating slums and constructing public housing, thereby relieving poverty; and (2) projects which went further merely improved the looks or financial status of local communities thus aiding the middle class but not the poor. The Taft subcommittee report, which originally recommended the predominantly residential requirement, stated:

The subcommittee is not convinced that the federal government should embark upon a general program of aid to cities looking to their rebuilding in more attractive and economical patterns.

Senate Report No. 84, February 25, 1949, accompanying S. 1979, PL 81-171, 1949, in referring to the predominantly residential requirement, stated:

This limitation is fully justified in view of the fact that the primary purpose of federal aid in this field is to help remove the impact of the slums on human lives rather than simply to assist in the redevelopment or rebuilding of cities.

Congressional intent in enacting the predominantly residential requirement provision thus generally viewed urban redevelopment projects as providing decent neighborhood oriented housing for the former slum dwellers rather than redevelopment of the city as a whole. This narrower direction was a reflection of concern for aiding the poor slum dweller rather than primarily stimulating the commercial character of the city core.

The Act also authorized the construction of 810,000 public housing units for low-income families to be expended over a six-year period. The solution to the problems of slum clearance and the provision of decent housing for low-income families presently living in the slums was recognized by the Senate Committee on Banking and Currency as being two independent but closely coordinated programs.
One of the greatest objections of private enterprise to a low-rent public housing program has been the fear of competition from the federal government. Accordingly, the Act made a concession to private enterprise and provided that contracts for loans or annual contributions were contingent upon proof by the local public housing agency that a 20 per cent gap existed between the rent to be charged for admission to the proposed low-rent housing and the lowest rent charged by private enterprise for decent housing.

The criticism that public housing had failed to provide shelter for the poorest people merely reflected the fact that the program was originally intended to provide temporary shelter at low-rentals to a group of middle-class tenants who were temporarily without their usual income due to the depression. However, these charges were effective in broadening the income ranges and classes of tenants to be served by public housing. The Housing Act of 1949 represented the initial legislative attempt to adapt the program to the needs of new tenants who had previously been rejected because they had not been a part of the working class residents of public housing. The Act liberalized the requirements for the selection of tenants by providing that:

The public housing agency shall not discriminate against families, otherwise eligible for admission to such housing, because their incomes are derived in whole or in part from public assistance. 34

The requirement for establishing maximum income limitations for admission and continued occupancy of families in such housing also contributed to restricting the units to lower income tenants.

The Act appropriated 250 million dollars to the Farmers Home Administration to assist farmers and other rural residents with 4 per cent interest, 33 year maximum repayment term loans. Such loans must be used to finance dwellings, building sites, and essential farm service buildings. Eligibility requirements limited applicants to persons without decent, safe, and sanitary housing or without farm service buildings essential to the success of farming operations and to those unable to finance the needed improvements with their own resources or with credit from private and cooperative lenders. Grants or a combination of a grant and loan for minor improvements were also provided for applicants with incomes insufficient to repay a loan within the amortization period. Preference was given to eligible veterans and families of deceased servicemen. 35
The year 1949 also marked the introduction of legislation entering the "no man's land of housing", to provide decent shelter for families whose incomes are too high for public housing occupancy but too low to acquire adequate housing in the private market. However, it was not until 1961 that moderate-income housing legislation was enacted.

Subsequent legislation of this era was concerned primarily with defense housing to meet the demands arising from the Korean conflict. The demands of the troubled international situation thus resulted in the use of defense controls establishing priorities in the use of materials and supplies and the limitation on public housing construction.

The controversy over public housing programs was particularly great during the early 1950's and prevented the development of any significant housing programs. However, the Eisenhower Administration's decision to press for a broadened housing program resulted in a renewed interest in housing legislation by the federal government.

President's Advisory Committee. Executive Order 10486 issued by President Eisenhower on September 12, 1953, established the Advisory Committee on Government Housing Policies and Programs and signified the Eisenhower Administration's initial support of housing legislation. The following recommendations of the Advisory Committee laid great emphasis on urban redevelopment and rehabilitation:

- Federal assistance to communities to help them attack the problem of slum spread;
- Long-term FHA mortgage insurance for designated older areas to assist building and rehabilitating housing for sale and rent;
- Establishment of an advisory service in Housing and Home Finance Agency to help cities keep posted on new techniques for urban renewal;
- Formation of a national citizens organization to help promote renewal of towns and cities;
- One-third of federal grants to be made available to communities with outstanding performance records in attacking urban blight;
Adapting FHA mortgage lending on new and existing homes to the special housing needs of low-income families;

Continuation of low-rent public housing program; with administrative changes to modify the institutional character of public housing, including the use of rehabilitated dwellings and smaller, lower-density projects on scattered sites;

Preference in admission to low-rent public housing to be given to low-income families displaced by slum clearance, rehabilitation and other public works;

Action by public and private officials to provide housing for minority families;

Establishment of a privately financed secondary market facility to level out peaks and valleys in flow of mortgage funds, particularly in smaller communities and areas of chronically short investment capital;

Group housing activities within a single agency, headed by an administrator with supervisory authority.36

Housing Act of 1954 ("Urban renewal and rehabilitation"). Most of these recommendations were accepted by President Eisenhower and were reflected in his Message to Congress on Housing on January 25, 1954, wherein he stated:

The development of conditions under which every American family can obtain good housing is a major objective of national policy. It is important for two reasons. First, good housing in good neighborhoods is necessary for good citizenship and good health among our people. Second, a high level of housing construction and vigorous community development are essential to the economic and social well-being of our country. It is, therefore, properly a concern of this Government to insure that opportunities are provided every American family to acquire a good home.

In working toward this goal, we must not be complacent. The Federal Government must provide aggressive and positive leadership. At the same time actions and programs must be avoided that would make our citizens increasingly dependent upon the Federal Government to supply their housing needs. We believe that needed progress can best be made by full and
effective utilization of our competitive economy with its vast resources for building and financing homes for our people.

The building of new homes provides only a partial solution to the housing problem. ... We must encourage the conservation and improvement of our existing supply of homes for the important contribution this can make to the raising of national housing standards. 37

The Housing Act of 1954 was the federal government's next major attempt to solve the problem of urban America's housing needs. This Act provided for a major broadening of the urban redevelopment program by renaming it urban renewal and carrying its objectives beyond slum clearance and initiating the concept of community development supposedly to be achieved by comprehensive federal-local and private cooperation. It stipulated that a "workable program" of codes and plans to prevent formation of slums be a requirement for participants in urban renewal.

The change in direction of the urban redevelopment program was intended to have private enterprise do a greater share of the total job of removing and preventing blight. This could be accomplished through rehabilitation of existing structures which could thus be conserved before demolition became necessary. The shift to rehabilitation was caused by a recognition that the elimination of slums could not be accomplished solely by expensive land acquisition, clearance and demolition.

Another significant feature of the Act was the requirement that additional housing units be built only where required for persons displaced by authorized slum clearance operations or other governmental programs. The public housing provision became so hedged with restrictions that only a small number were constructed. This requirement was repealed the following year 38 to make public housing available to other low-income families who had left the slums on their own initiative, were displaced by private enterprise in the clearing of slum sites or were displaced as a result of fire or other catastrophe.

The requirement that a community must have a workable program for the prevention and elimination of slums and blight in order to receive annual contributions for public housing projects was also eliminated.

Housing Act of 1959. The emphasis upon local responsibility and autonomy for the establishment of rents and eligibility requirements
for public housing, subject to the approval of the Public Housing Administration, was the distinguishing feature of the Housing Act of 1959. This Act officially added new policy objectives to those set forth in the Housing Act of 1937, by declaring that public housing was to make adequate provision for larger families and for families consisting of elderly persons, and to vest in local public housing authorities responsibility for the establishment of rents and eligibility requirements. The Act specified that local housing agencies were to take into consideration (a) the family size, composition, age, physical handicaps, and other factors which might affect the rent-paying ability of the family, and (b) the economic factors which affect the financial stability and solvency of the project.

The Present Period: 1961-1966

Moderate Income Housing. The Omnibus Housing Act of 1961 was the most comprehensive housing act since 1949. The primary thrust of this Act was directed at reducing urban blight and congestion, improving housing for low- and moderate-income families, stimulating building activity and revitalizing the home construction industry. It is important to note that the 1960-61 recession was a major factor in enactment of the bill, giving impetus to expanded long-range programs whose full impact upon the economy would not be felt for many years. The Public Housing Program was provided greater flexibility and responsibility to meet the housing needs of local communities by amending certain federal statutory requirements regulating eligibility and admission standards for public housing. The Act authorized local public housing agencies to adopt and promulgate regulations establishing admission policies which gave full consideration to its responsibility for rehousing persons displaced by urban renewal or other governmental action, to the applicant's status as a serviceman or veteran, or a relative or to a disabled serviceman or veteran, and to the applicant's age or disability, housing conditions, urgency of housing need, and source of income. Local housing authorities were authorized to allow over-income families who are unable to find decent housing they can afford to remain in a project by paying an increased rent during this period consistent with their income. This authorization is intended to relieve the hardship that may occur when a family's income exceeds the limits for continued occupancy but is still insufficient to obtain decent private housing. If such families were not allowed to continue their occupancy, the other alternatives would be either to move into a dwelling in the slums or to pay a disproportionate amount of their income for rent. The local public housing agency is thus faced with the more difficult
choice of permitting such a family which has already received the benefits of low-rent housing to remain, or to oust such tenant and allow another family waiting to be admitted for tenancy.

The Act provided additional support for the unmet housing needs of moderate-income families with incomes too high for public housing, but who cannot afford decent privately financed housing. Section 221 of the National Housing Act was amended to broaden the program to provide housing for low- and moderate-income families as well as for displaced families. This meant that moderate-income families would now become eligible to purchase individual homes or obtain decent rental housing at rates they could afford as provided by FHA insured mortgage programs.

Unfortunately, many families will still not be able to afford homeownership even if assisted by this FHA mortgage insurance program. This is particularly true in Hawaii where the high cost of land, materials and construction have raised the price of a home and the required downpayment beyond the reach of most moderate-income families. The needs of such moderate-income families are supposedly provided for by section 221(d) (3) of the National Housing Act.

**Housing for Senior Citizens.** The major housing legislation for 1962 was concerned with extending assistance for housing elderly senior citizens. The Senior Citizens Housing Act of 1962 declared that older citizens faced special problems in meeting their growing housing needs because of limited incomes, difficulty in obtaining liberal long-term mortgage credit, and need for housing to meet special safety and convenience needs. An additional $100 million was authorized for the direct loan program, enacted in 1959, to assist nonprofit groups with below-market interest rate loans for construction of rental or cooperative housing for low-income persons over 62 years old in urban areas. Rural and farm housing programs for the elderly also received increased appropriations as well as authorizing the elderly to purchase land as well as housing.

**Equal Opportunity in Housing.** Executive Order No. 11063, Equal Opportunity in Housing, issued by President Kennedy on November 24, 1962, was the most significant attempt to date, to prohibit racial discrimination in housing built, purchased or financed in part by the federal government. The President's action gave official recognition to the existence of discriminatory policies and practices which result in segregated patterns of housing which deprive many Americans of the equal opportunity to realize the goal of a decent home and a suitable living environment as declared in the Housing Act of 1949.
FEDERAL HOUSING GOALS AND LEGISLATION

Relocation Aid for Displacees. The Omnibus Housing Act of 1964 focused attention on two aspects of urban renewal and public housing which had been controversial in recent years: relocation of displacees and rehabilitation of existing housing.

This Act required for the first time that relocation payments and assistance be provided to families, individuals, businesses and nonprofit organizations displaced from low-rent housing project sites. However, relocation payments are only permitted where displacees have not received a relocation payment under an urban renewal program. Previously, such payments and assistance had only been available for displacees from an urban renewal project site.

A major expansion of the federal role in housing occurred in 1965, as Congress passed the most far-reaching housing and urban development legislation since the landmark Housing Act of 1949.

Housing and Urban Development. The Housing and Urban Development Act of 1965 introduced the objective of social and economic mixing within neighborhoods through the rent supplement and leasing of low-rent housing in private accommodations programs.

The philosophy of the Act is best exemplified by President Johnson's message on the Problems and Future of the Central City and its Suburbs, transmitted to the 89th Congress on March 2, 1965. The message proposed a broad program based on the need to reshape present approaches to the problems of growth and decay of our cities. It recognized that: (1) the core of the problem is people and the need to improve the quality of life that they lead; and (2) the federal government will only be able to do a small part of what is required and that most of the energy, resources and talent would have to come from state and local governments, private interests, and individual citizens. This new program is directed toward providing each individual with the security, sense of belonging and being a part of the community with others, and to give significance to each individual's dignity and self-respect.

The spirit of experimentation is reflected in the conclusion of the President's message wherein he stated:

We are still only groping toward solution. The next decade should be a time of experimentation. Our cities will not settle into a drab uniformity directed from a single center. Each will choose its own course of development—whether it is to unite communities or build entirely new metropolitan
PUBLIC HOUSING IN HAWAII

areas. We will seek new ways to structure our suburbs and our transportation; new techniques for introducing beauty and improving homes. This is an effort which must command the most talented and trained of our people, and call upon administrators and officials to act with generosity of vision and spaciousness of imagination. 45

The major thrust of the administration proposal was embodied in the introduction of the rent supplement program. The President referred to it as:

The most crucial new instrument in our effort to improve the American city is the rent supplement. 46

This program is designed to assist the housing of disadvantaged persons—the elderly, handicapped, and those displaced or occupying substandard housing. It permits a direct payment of a portion of the rent of needy individuals and families in housing built by private non-profit or limited dividend corporations, or by cooperatives, and financed with section 221(d)(3) market-interest-rate mortgages insured by FHA. His message requested: (1) assistance for homeowners in urban renewal areas by way of rehabilitation grants; (2) an FHA insurance program for land development; (3) a program for neighborhood facilities to help communities add dimensions to daily life and to family living; and (4) a broader program of open spaces and beautification of such land. The President recognized that the new program did not provide the answers to all the problems of the cities so he asked the continuation of existing programs on a modified basis until new and more flexible programs could be developed and found successful in meeting the needs of the people.

In the past, government programs to assist low-income families have been limited to direct financing of construction and to below-the-market rate loans to private builders. Section 101 of Title I, entitled Housing for Disadvantaged Persons, of the Housing and Urban Development Act of 1965, established a program of federal rent supplement payments for lower income families who are elderly (62 years of age or older) or handicapped, displaced or expected to be displaced from their homes by governmental action, occupants of substandard housing, or occupants of housing in an area affected by a natural disaster. This new instrument makes it possible for these persons to afford rentals in privately constructed housing units designed to meet the needs of low-income families.
This program has many potential advantages over the usual low interest loan program. The payments made are directly related to the income and need of the family. It would be larger for those of lower income and smaller for those of higher income. As the family income increases the amount of the payments made on its behalf is reduced accordingly.

The requirement that one-fourth of a tenant's income be apportioned to pay for housing is considered an equitable apportionment which would still leave sufficient funds for other family expenses. The intent of the program is to pay the difference between the rent charged and one-fourth of the tenant's income. Thus, if the family income increases sufficiently so it can pay the full market rent with 25 per cent of its income, then the payments on its behalf would cease to be made. However, the tenant could continue to live in the project and would not be required to pay more than the full economic rent. It enables those tenants whose income has risen above the point of need to continue their tenancy and thus provides a solution to one of the criticisms of our present low-rent public housing program which requires a tenant to be evicted if his income exceeds the maximum limits authorized.

The flexibility and variation in the amount of rent supplement payment, in accordance with income, will permit a mixture of income levels and age groups in projects under this program. This will make it unnecessary for the government to assist and require its tenants to be segregated from other income levels as occurs in its present programs. The volume of housing necessary to meet the needs of this group must be supplied through the resources and initiative of private enterprise. The active sponsorship of civic-minded lending institutions, labor and fraternal groups, church organizations, and business and community leaders is necessary for this program to succeed.

These rent supplement payments are also made available with respect to units rented under a lease with an option to purchase. This program will also involve cooperative housing projects, and sales-type projects where units such as row or semi-detached houses would be rented initially but are designed so they could be transferred to individual ownership when the tenant's income is sufficient to purchase the unit.

Funds to implement the rent supplement program were not appropriated during the 1965 session of Congress. In 1966, Congress provided the initial funding for the program by authorizing $12 million in contractual authority for fiscal 1966 and $20 million in contracts
for fiscal 1967. A local control rider attached to the appropriations bill provides that rent supplement funds will not be committed to projects not specifically approved by local officials or part of a "workable program." This restrictive provision allows local officials veto power over any rent supplement project not located in an urban renewal area.

Section 23 of the United States Housing Act of 1937, was amended by the Housing and Urban Development Act of 1965 to authorize annual contributions to be made available to local housing authorities to permit the leasing of existing private housing units for occupancy by low-income families at rents within their means. This program is designed to permit greater utilization of existing privately owned housing and constitutes a valuable supplement to the basic program of new construction. Annual contributions are payments made by the Housing Assistance Administration (previously known as the Public Housing Administration) to a local housing authority to pay the interest and carrying charges of all outstanding notes and bonds of the local housing authority.

A technical change in the annual contributions formula, referred to as the "flexible formula", provides an alternative method of determining the amount of fixed annual contributions to enable the use of older existing housing, with or without rehabilitation, for shorter periods than the present 40-year period under the existing annual contributions formula. The obstacle to use of existing housing has not been due to limitations of state statutes since Hawaii statutes and other states' laws generally permit local authorities to purchase and lease structures for low-rent use. The principal limitation arose from the federal annual contributions formula which established a maximum contribution in terms of a specified percentage of the development or acquisition cost of a project. This formula only permitted the use of housing with an economic life extending over a sufficient period to allow amortization of the capital cost at the statutory rate which was usually 40 years. This period was too long to permit utilization of most privately owned existing housing with a shorter economic life.

The leasing program can be advantageous when used in areas where substantial vacancies exist in private housing. Assistance could be provided to many low-income families in these areas who are now living in substandard housing because they are unable to pay the economic rent required by landlords of vacant units. Units may be made available more quickly than through new construction to meet immediate
needs presented by large numbers of low-income displacees. These provisions should provide local authorities greater flexibility in obtaining housing for different kinds of families, especially larger families for which existing public housing can provide only a limited number of units. Elderly families could also be assisted by obtaining units conveniently located to medical, recreational, commercial and public transportation facilities. A possible limitation on the use of the leasing program is that it cannot reduce the vacancy rate to less than three per cent of any unit size unless the Housing Assistance Administration (PHA) is satisfied that the program will not have a substantial inflationary effect on the private rental market or a critical need for housing can be shown.

The desirable achievement possible under the leasing program would be in permitting a mixture of socio-economic families in units scattered throughout the community. It expands the rent supplement payments concept of use of private accommodations to all low-income families within the limitations of its annual contribution authorizations.

The rent supplement payments and leased housing programs, together with other related programs of code enforcement, urban beautification and rehabilitation grants of the Housing and Urban Development Act of 1965, could become effective tools in encouraging the conservation, rehabilitation and improvement of residential properties in the "gray" areas which are on the verge of becoming neighborhoods of substandard and dilapidated housing. The owners of private housing which fail to meet the minimum standards set by the local authority may be encouraged to make the necessary repairs or improvements after considering the advantages of a fixed term lease and guarantee of annual contributions by the Housing Assistance Administration.

Leasing may also be used as an aid to home ownership by low-income families with the owner's consent by providing for an option to purchase to be exercised by or on behalf of the tenant. A local authority might also be given the right to purchase the unit in order to add it to their permanent program. Home ownership opportunities were further increased by the Housing and Urban Development Act of 1965, which authorized tenants to purchase a dwelling unit in a project that is detached, semi-detached, or of row-unit construction. The foregoing provisions provide a local public housing agency with even greater flexibility to adapt the public housing program to more fully meet the varied needs of a local community.
Rehabilitation in Urban Renewal Areas. Urban renewal programs have often been criticized for concentrating most of their efforts on the clearing of blighted and decayed areas and the construction of new units with the resultant dislocation of many people from their families, neighborhoods and friends. This rehabilitation grant program which provides direct grants to low-income individuals or families who own and occupy a dwelling in an urban renewal area, should make it possible to meet our housing objectives in urban renewal areas by improving, rebuilding and rehabilitating existing homes with less cost and less human dislocation. Although it is desirable to emphasize the construction of new units to stimulate the residential construction industry during periods when housing construction declines, it is equally important to encourage the rehabilitation of private property where possible, as another tool in effecting a successful urban renewal project which requires bringing all the property in the area up to standard.

Department of Housing and Urban Development. The increasing complexity of new housing and urban and metropolitan area development programs, and the necessity to achieve maximum coordination and administration of federal programs provided the major impetus for the establishment of the cabinet-level Department of Housing and Urban Development (HUD). This Department is administered by a Secretary of Housing and Urban Development (Robert C. Weaver), who was given the powers, functions and duties of the Housing and Home Finance Agency (HHFA) and its components.

Model Cities Program. Despite increased financial assistance for existing programs, establishment of comprehensive new programs provided by the Housing and Urban Development Act of 1965 and the creation of the Department of Housing and Urban Development, a critical need still exists to assist the poor and disadvantaged in the cities. An attempt to provide a new and sharper focusing of federal activities on the human resources of the nation's cities resulted in the enactment of the Demonstration Cities and Metropolitan Development Act of 1966 (Model Cities program). The Act is intended to provide comprehensive and coordinated demonstration programs for rebuilding slums and blighted areas, provide the public facilities and services necessary to improve the general welfare of the poor and disadvantaged who live in these areas, and to assist and encourage planned metropolitan development.
President Johnson's message to Congress recommending the demonstration cities program indicates the possible types of assistance that the program will provide. The President stated:

From the experience of three decades, it is clear to me that American cities require a program that will--

Concentrate our available resources--in planning tools, in housing construction, in job training, in health facilities, in recreation, in welfare programs, in education--to improve the conditions of life in urban areas.

Join together all available talent and skills in a coordinated effort.

Mobilize local leadership and private initiative, so that local citizens will determine the shape of their new city.

The general criteria for eligibility requires that the program is of sufficient magnitude to make a substantial impact on the physical and social problems by (1) removing or arresting blight and decay in entire sections or neighborhoods, (2) provide a substantial increase in the supply of standard housing of low and moderate cost, (3) make marked progress in serving the poor and disadvantaged people living in slum and blighted areas by reducing social and educational disadvantages, disease and underemployment, and provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, insure widespread citizen participation in the program, and (4) make a substantial impact on the development of the entire city.

The foregoing criteria indicates that prior housing and urban renewal programs were too fragmented, insufficient and were too narrowly construed to adequately meet the needs of the poor and disadvantaged in urban areas. It is hoped that the additional assistance and latitude for innovation provided by this Act and the effective coordination of activities under federal programs with other public and private programs will enable city demonstration agencies to make progress in improving the quality of urban life and upgrading deteriorated urban environments.

Summary. At the present time our public housing programs continue to serve a portion of the housing needs of low-income, elderly and
handicapped, and other individuals and families by providing them decent, safe and sanitary shelter at low rents that they can afford. Undoubtedly, a good portion of those in need would rather not enter public housing for various reasons. Rent supplement payments and leasing of private accommodations provide new opportunities for low-income families to acquire adequate shelter in private accommodations throughout the urban area. This program can be seen as meeting a new market, at least in part, for those not reached by institutional public housing. The needs of moderate-income families whose incomes exceed the maximum limits permitted for public housing are provided for, in theory, by federally insured mortgage insurance programs which assist non-public groups to construct and administer housing for low- and moderate-income families. The theory, however, may be off-set by the profit motive.

The problems of displacement and relocation of individuals, families, and businesses from urban renewal and public housing project sites have also been attended to by relocation-assistance programs which attempt to minimize the hardships of displacement. Relocation payments to displacees and also to assist the lowest of the low-income to obtain accommodations in public housing at rentals they can afford are further attempts to humanize the urban renewal program.

Despite the proliferation of housing and urban development programs, the federal government soon realized that these programs were too limited in scope, too fragmented and ineffectively coordinated to successfully solve the problems of the poor and disadvantaged in urban areas. The enactment of the Demonstration Cities and Metropolitan Development Act of 1966 is a new attempt to concentrate and coordinate a massive comprehensive program to stop both the growing physical deterioration and the social alienation of disadvantaged groups concentrated in the slums. It is precisely this need to focus more sharply on the social problems of the poor that has been ignored or misinterpreted in housing policies of the past that serves as the basis for this study.

The effectiveness of federal housing legislation can best be determined by reviewing their implementation and administration by local public housing authorities. The following chapter will deal with the administration of our present public housing programs in Hawaii by the Hawaii Housing Authority.
Chapter II

CURRENT MANAGEMENT OF
PUBLIC HOUSING IN HAWAII

There are three main public housing programs under the auspices of the Hawaii Housing Authority: federally subsidized low-rent projects; permanent non-subsidized state housing; and Navy leased housing.

Federally Subsidized Low-Rent Projects

There are 17 federally subsidized low-rent projects: 11 on Oahu housing 2,364 families; 2 on Maui housing 100 families; 1 in Hilo housing 230 families; and 3 on Kauai housing 106 families. Bedrooms range from one up to five, but rents are based on family income rather than the number of bedrooms.

Projects come into existence upon demonstration by the Hawaii Housing Authority to the federal Housing Assistance Administration (PHA) of need and economic feasibility of a project. Need is established by a field survey of the designated area to account for condition of existing dwellings such as dilapidation and overcrowding as well as occupant income, rent, and utility costs. A program reservation is then approved and a preliminary loan is granted by the Housing Assistance Administration for planning, further surveys, and site selection. Site must also be approved by the federal agency on the criteria that project site have appropriate cost and engineering economies, availability of public services and facilities such as utilities and schools. Final approval must then be granted by the Housing Assistance Administration for the total development program of the project primarily to ascertain that the project will remain within the cost limitations established by federal statute and by agency regulations. After approval of the program the Authority enters into the annual contributions contract with the Housing Assistance Administration which will provide the federal subsidy to cover the major portion of the financing amortization. The Authority then proceeds with arrangement of financing, land purchase, and construction.

Once under construction, the Authority negotiates short-term notes at a low rate of interest, and the federal government guarantees these notes. This temporary financing is retired by the Authority's issuance of revenue bonds as construction nears completion. Once the project is operative, the federal government pays an annual subsidy to cover the bond amortization and interest payments less any surplus funds.
from rentals not needed to cover operating and maintenance expenses of the project. The financing expenses account for about half of the total costs of running the project, and rentals cover little more than the operating and maintenance expenses, that is, the other half of total costs.

**Tenant Selection.** Tenant eligibility is defined to a very limited extent by federal or state statute and such definition is primarily delegated to the Hawaii Housing Authority's management discretion. Federal law demands only that tenancy be limited to "families of low income" but does not define "low income" (prior to 1958, federal statute had defined low income as that not in excess of five times the rental). However, there are provisions for the maintenance of the low-rent character of housing projects such as rentals must be at least 20 per cent below the going private rental rate.

Federal law does ask that the Authority give full consideration to: (1) its responsibility for rehousing displaced families; (2) the applicant's status as a serviceman or veteran or relationship to a serviceman or veteran or to a disabled serviceman or veteran; and (3) the applicant's age or disability, housing condition, urgency of housing need, and source of income.

State law is no more definitive on tenant selection standards than the federal statute other than authorizing exemptions on income determination for minors in the family, adjustment of maximum limits for cost of living, and inclusion of utility services as part of the rental. Until 1965, limits on income were set by state statute, viz., income could not exceed five times the rent.

Thus, it is the relatively unrestrained administrative rules and regulations of the Housing Assistance Administration and the Authority which define tenant selection. Yet the Authority's regulations, i.e., Master Management Resolution, deal primarily with income standards, living conditions prior to admission, and standards of occupancy by family size. Regulations do, however, have a priority system for tenant selection: first priority given to elderly families displaced by "...any low-rent housing project or by any public slum clearance, redevelopment or urban renewal project, or through action of a public body or court...;" second priority to non-displaced elderly families; third priority to displaced non-elderly families; fourth priority to families of veterans and servicemen not displaced; last priority is given to other families not displaced. These priorities might be waived in cases of extremely urgent housing need.
CURRENT MANAGEMENT

Maximum income limits for admission and continued occupancy, established by regulation subject to the Housing Assistance Administration approval, in federally subsidized low-rent housing are as follows:

### Annual Income Limits for Admission

<table>
<thead>
<tr>
<th>Number of Persons</th>
<th>Hawaii, Kauai and Maui</th>
<th>Oahu</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regular</td>
<td>Special(^a/)</td>
</tr>
<tr>
<td>1(^b/)</td>
<td>$3,500</td>
<td>$4,375</td>
</tr>
<tr>
<td>2</td>
<td>3,700</td>
<td>4,625</td>
</tr>
<tr>
<td>3 or 4</td>
<td>4,200</td>
<td>5,250</td>
</tr>
<tr>
<td>5 or 6</td>
<td>4,800</td>
<td>6,000</td>
</tr>
<tr>
<td>7 or more</td>
<td>5,000</td>
<td>6,250</td>
</tr>
</tbody>
</table>

\(^a/\)Applies to admission of governmental displaced families and individuals.

\(^b/\)Applies only to individual elderly persons at time of admission.

### Annual Income Limits for Continued Occupancy

<table>
<thead>
<tr>
<th>Number of Persons</th>
<th>Hawaii, Kauai and Maui</th>
<th>Oahu</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1(^a/)</td>
<td>$4,375</td>
<td>$5,000</td>
</tr>
<tr>
<td>2</td>
<td>4,625</td>
<td>5,250</td>
</tr>
<tr>
<td>3 or 4</td>
<td>5,250</td>
<td>5,875</td>
</tr>
<tr>
<td>5 or 6</td>
<td>6,000</td>
<td>6,625</td>
</tr>
<tr>
<td>7 or more</td>
<td>6,250</td>
<td>6,875</td>
</tr>
</tbody>
</table>

\(^a/\)Applies to individual elderly persons and one-person residual families.

These incomes are net family incomes which account for minor members by granting $100 exemptions for each one. Also, deductions are allowed for special occupational expenses not reimbursed, expenses legally or morally incurred to support persons not resident members of the family, uninsured medical expenses in excess of 3 per cent of aggregate income, up to $100 per month for educational expenses for veterans absent from home, $100 a month for absent servicemen who are
PUBLIC HOUSING IN HAWAII

household heads, and up to $400 of minors' income (excess amounts receive a charge of 20 per cent for rent). Aggregate income includes interest and dividends, retirement and disability benefits, social security and workmen's compensation payments, amounts for care of foster children, and so forth. Not counted as income are amounts for medical care, gifts, lump-sum payments, payments for veterans' education or other scholarships, Office of Economic Opportunity payments under certain restrictions, and so forth. Eligibility of the tenants is re-examined annually and the tenant is required to submit an application for continued occupancy.

The only other formally stated conditions which might limit the eligibility of prospective tenants are some provisions of the agreement on the dwelling lease which upon the tenant's reading, or explanation to the tenant by management, could cause the tenant to eliminate himself by not agreeing to sign the lease. Terms of the lease generally cover payment of rent, uses and non-uses permitted in dwelling units, adjustment of rentals, and conditions of occupancy. Conditions of occupancy range from neat and orderly maintenance of grounds to preventing tenant's children from playing in halls, parking spaces, and walk areas to prohibition of keeping pets. One term of the lease comes into question as to its constitutionality: that neither the tenant nor any member of his family be a member of an organization now or hereafter designated as subversive by the Attorney General of the United States. The "Gwinn amendment" had made this provision of tenancy a matter of federal law but was struck down as early as 1955.9

The lack of specific statutory standards of tenant selection is cause for some unease even though there is little reason to believe that the selection process has been used unfairly. The applicants and the tenants have no rights of tenancy and no recourse for meaningful review of the standards of eligibility and occupancy other than through the Administrative Procedure Act (Chapter 6C of the Revised Laws of Hawaii 1955). Management feels there are advantages to this sort of flexibility--tenants may feel otherwise. On the other hand, the tenants may have little knowledge of the rules and regulations, and this would not be surprising since the nature of the Master Management Resolution and the detail and length of the lease make their reading difficult.

Tenure and Eviction. Federal law is also silent on the right of tenure for tenants of public housing. The state statutes, however, are a little more definitive on the question but not much more:
CURRENT MANAGEMENT

...the authority may terminate any lease...of any dwelling unit...for any of the following reasons:

(a) Failure to pay rent within five days after it is due;
(b) Violation of any of the provisions of a lease;
(c) Violation of any of the rules and regulations of the authority;
(d) Gross immorality;
(e) Conviction of a crime involving moral turpitude;
(f) Habitual intemperance in the use of alcoholic beverages or addiction to the use of narcotic drugs;
(g) The existence of any other circumstances giving rise to an immediate right to possession in the authority.10

State law also provides for a full and fair hearing before a trial examiner or board in every case of eviction and the tenant has right of appeal to the Authority and to the Circuit Court thereafter under the Administrative Procedure Act. There exists some question as to whether such appeal has real meaning to tenants with resources, understanding, and patience that are limited. The lease provides for eviction in the case of written notices of three breaches of the terms or conditions of the lease. Procedures and standards to be used in an eviction hearing have not been incorporated within the rules and regulations of the Authority, but administrative practice has been to establish an evictions board which includes representatives of the community from outside of the Authority but does not include any tenant representation except that a member of the ministry sits "in behalf" of the tenants. However, formal evictions are relatively rare: in 1965, of 452 vacated tenants, only 29 were forced to move (10 because of non payment of rent, 17 because of other reasons, and 2 because of court action).11

The dwelling lease grants only a month-to-month tenure and may be terminated on ten days' notice. In case a tenant exceeds the income limits, however, the regulations allow a reprieve of six months to vacate.

Rents. Regulations provide for a minimum rental in all Housing Assistance Administration subsidized projects of $32 per month for
PUBLIC HOUSING IN HAWAII

elderly families not supported by public assistance and $37 for all other families. The rent schedule is scaled upward from these minimums on the basis of one-fifth of net income less $100 exemption for each minor. Thus, rentals are raised $1 per month for each $60 increase in annual net income. Utilities are included in the rental amount and the rental is based only on income--unit size as measured by number of bedrooms is adjusted to the family size. For those tenants on public assistance, the Department of Social Services includes a fixed amount for rental in the welfare allotment, and the schedule to determine that amount is as follows:

Rents for Welfare Families

<table>
<thead>
<tr>
<th>Bedroom Gross</th>
<th>Maximum Net Income by Number of Minors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>Rent 0 1 2 3 4 5 6 7 8 9 10 11</td>
</tr>
<tr>
<td>1 2</td>
<td>$37 2220 2320 2420</td>
</tr>
<tr>
<td>2 3</td>
<td>42 2520 2620 2720 2820 2920 3020</td>
</tr>
<tr>
<td>3 4</td>
<td>47 2820 2920 3020 3120 3220 3320 3420 3520</td>
</tr>
<tr>
<td>4 5</td>
<td>52 3120 3220 3320 3420 3520 3620 3720 3820 3920 4020</td>
</tr>
<tr>
<td>5</td>
<td>57 3420 3520 3620 3720 3820 3920 4020 4120 4220 4320 4420 4520</td>
</tr>
</tbody>
</table>

Tenants' income is re-examined every year, except that elderly families (including the disabled) are re-examined every two years, and any necessary adjustments in rent are made at that time. The same procedure applies to adjusting accommodations due to change in composition of the family size. No adjustments are made between dates of examination or re-examination except in the cases of special re-examination, error on computation of income, or misrepresentation (which can be grounds for eviction as well). These special re-examinations take place subsequent to regular re-examination whenever income cannot be reasonably predicted at regular examination time. Whenever such adjustments are the result of willful misrepresentation or fraud, rent adjustment is retroactive and backcharges are due within six months; failure to pay backcharges within six months is grounds for eviction for nonpayment of rent.

A security deposit of $25 is required of each family prior to admission to cover losses of removable property, damage to property above normal wear and tear, and possible nonpayment of rent. The sum, or balance thereof, is returned to the tenant upon vacancy without interest or income thereon. With 4,873 families in federally
CURRENT MANAGEMENT

subsidized housing, state permanent housing and Navy leased housing, the Authority is able to invest and draw on nearly $122,000 with all interest and income accrued reverting to the Authority.

Community Services. Public housing administrators at the federal level have been reluctant to detract from the economies of low-rent housing by providing personnel and facilities for community service to the tenants. Recently some changes have been made in this regard with the institution of the tenant relations program and provision of space for service organizations. The Tenant Services Coordinator, attached to the central headquarters, and the tenant relations advisors (first introduced in 1953), attached to each project manager, act as liaison to the tenant for management in advising, inspecting, and problem referral to appropriate service agencies. This program is a regular part of the Authority's administration and is financed out of tenant rentals. Federal thinking in regards to tenant relations programs weakens program utility and hampers the potential use of such resource persons for, say, community organization work. Official attitudes have seen public housing projects as primarily real estate operations and social perspective has been frowned upon. This sort of thinking has been historic in the federal bureaucracy but local initiative can undoubtedly have a significant impact in changing this attitude, especially in light of the apparent progressive orientation developing in the U.S. Department of Housing and Urban Development (cf., the Model Cities program).

The Authority also provides space in some but not all low-rent projects for available community and governmental social services. For instance, at Kuhio Park Terrace well-baby clinics and other health clinics are provided periodically by the Department of Health; Clergy Counseling Services provides some advising and referral services to problem families; the Susannah Wesley Community Center provides, through Economic Opportunity funds, a pre-school program for forty children; the Department of Social Services has a field office in one of the towers with five to seven social workers servicing the entire census tract (which includes close to 7,000 population); Catholic Social Service has offices and provides assistance; the University Extension Service maintains an aide and offers cooking and sewing classes; and commercial space is provided for laundry facilities on the ground floor of each of the 17-story buildings.

Some of these services are provided for at other projects but not to as great an extent. At only one project, Mayor Wright, is any form of organized self-help being initiated by the tenants, with the
aid of a Palama Settlement worker and some funds provided by the Office of Economic Opportunity.

Housing Aide Program. Initiated only recently, the housing aide program at Mayor Wright Homes is a part of a larger community service plan under the auspices of Palama Settlement. The larger plan is entitled Hale Kokua and its program is housed in a converted apartment under the head of a program coordinator. Hale Kokua was established to provide a means of bringing social services directly to Mayor Wright Homes based on the needs and interests of the tenants and to enhance social functioning. The plan has coordinated the activities of adult education classes, sewing and cooking classes, homemaker aids, library services, and informal social organizing. The function of the housing aide program is to get the tenants themselves involved in the definition of problems facing the residents and to enhance the potency of self-help. Nine tenants are paid on an hourly basis by Palama Settlement using Economic Opportunity funds to identify needs in the housing community through face-to-face contact and organized meetings amongst the aide and tenants. They inform problem families of the services appropriate and available to the family, and establish permanent tenant organizations to define and articulate tenant concerns.

Inasmuch as this creative program comes face-to-face with public housing policies and practices, management insists upon a strong evaluation device to judge the merits and results of the aide program. Accordingly, an evaluation committee was established composed of representatives of the Authority, Palama Settlement, Department of Social Services, and the Office of Economic Opportunity—no tenant representative was placed on the evaluation committee. The stated objective of the evaluation committee, from management's view, is to make sure that the program is "good" for both the project and the tenants.

Permanent Non-Subsidized State Housing

Four projects make up this group, three on Oahu house 480 families and Lokahi housing in Hilo for 30 families. Income limitations for admission and continued occupancy are about $1,000 higher than those for federally subsidized public housing, and rentals are based on flat rates by number of bedrooms.

The 1947 Legislature, in Part 2 of Joint Resolution 4, appropriated $3,500,000, primarily for the conversion of Navy enlisted barracks now being operated as three Navy-Leased Housing projects. The development of Palolo I, a permanent project for 82 families was
CURRENT MANAGEMENT

also financed from the three and one-half million dollar appropriation of JR4, Part 2. This three and one-half million dollar appropriation had to be repaid, out of operating receipts, to the Territorial General Fund. However, Act 338, Session Laws of Hawaii 1949, now Chapter 77 - Part II, appropriated the three and one-half million dollars, as repaid, for the construction of permanent housing, essentially to provide homes for families not eligible for the Housing Assistance Administration low-rent program. The repayments as appropriated by Act 338 financed the development of Palolo II, land purchase of the Kalihi War Homes site, and assisted in the financing of Puahealani Homes, and Hauiki. The three and one-half million dollars appropriated to the Authority in 1947 was entirely repaid to the General Fund by June 30, 1961.

To provide homes for some of the victims of the tidal wave of May 1960, the authority constructed Lokahi Homes on land donated by the State for 30 families at a cost of $478,000 which was financed by the legislative appropriation, Act 7, SSLH 1960. The Act requires the authority to repay the appropriation to the State General Fund out of residual receipts from the operation of the 30 units.

In summary, the development of permanent dwellings in this program has been accomplished from these five sources: (1) Housing Revolving Fund and residual receipts generated from management and operation of temporary housing which no longer exists, (2) use of $647,000 from the three and one-half million dollars of JR 4, Part 2, SLH 1947 for 82 units at Palolo I, (3) use of the three and one-half million dollars when repaid to the General Fund and appropriated the second time by Act 338, SLH 1949, (4) appropriation of Act 7, 1960 for Lokahi Homes and (5) use of residual receipts accruing from the operation of housing developed from the resources indicated in the foregoing items (1), (2) and (3).

The Authority is also authorized by Part IV of Chapter 77, Revised Laws of Hawaii 1955, to issue revenue bonds for the construction of permanent State housing. This provision was enacted in 1959 but has not been utilized.

Developments to date from the foregoing financing methods and sources account for capital assets of over $6,000,000. These assets, in addition to 510 permanent dwellings, are accounted for by donations for desirable improvements and amenities for projects of the Housing Assistance Administration low-rent program (the cost of which could not be approved by federal authorities) including donations to the City of Honolulu of such extensive public facilities as Recreation
PUBLIC HOUSING IN HAWAII

Director's building, swimming pool, and other recreational facilities all on an approximately six and one-half acre site. These assets also include the Authority Central Office and Maintenance facilities and capital equipment essential to operations.

Annual Income Limits for Admission

<table>
<thead>
<tr>
<th>Number of Persons</th>
<th>Hawaii and Maui</th>
<th>Oahu</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regular</td>
<td>Special&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>1</td>
<td>$ 4,375</td>
<td>$ 5,375</td>
</tr>
<tr>
<td>2</td>
<td>4,625</td>
<td>5,625</td>
</tr>
<tr>
<td>3 or 4</td>
<td>5,250</td>
<td>6,250</td>
</tr>
<tr>
<td>5 or 6</td>
<td>6,000</td>
<td>7,000</td>
</tr>
<tr>
<td>7 or more</td>
<td>6,250</td>
<td>7,250</td>
</tr>
</tbody>
</table>

<sup>a</sup>Applies to admission of governmental displaced families and individuals.

Annual Income Limits for Continued Occupancy

 Unless Participating in Downpayment Reserve Plan

<table>
<thead>
<tr>
<th>Number of Persons</th>
<th>Hawaii and Maui</th>
<th>Oahu</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$ 5,375</td>
<td>$ 6,000</td>
</tr>
<tr>
<td>2</td>
<td>5,625</td>
<td>6,250</td>
</tr>
<tr>
<td>3 or 4</td>
<td>6,250</td>
<td>6,875</td>
</tr>
<tr>
<td>5 or 6</td>
<td>7,000</td>
<td>7,625</td>
</tr>
<tr>
<td>7 or more</td>
<td>7,250</td>
<td>7,875</td>
</tr>
</tbody>
</table>

Rent Schedule

| All Permanent State-| 1 B/R | 2 B/R | 3 B/R | 4 B/R | 5 B/R |
| non-subsidized      |       |       |       |       |       |
| Housing on Oahu     | $71.00 | $78.00 | $85.00 | $92.00 | $99.00 |
| Lokahi              | --     | 58.00  | 65.00  |       |       |

State housing projects were initiated in 1947 with the establishment of a revolving fund and the appropriation of $5,000,000 in general funds (in 1949 this sum was reduced to $3,500,000, the other
CURRENT MANAGEMENT

$1,500,000 being used to initially finance two federally subsidized projects). Construction costs of these projects are retired from the revenues generated by rentals from any state project existing or from those constructed by revenue bond issue.

Tenant Selection, Tenure, and Eviction

State law provides that tenant selection be restricted to those most in need of housing. Preference is to be given to veterans, families of veterans, families of servicemen, and persons who cannot secure housing within their financial means. First priority is to be given to veterans with a permanent disability of ten per cent or more, the dependent parents of such a veteran, or the widow of a deceased veteran. Income limitations are not mentioned in the law specifically; regulations provide for $100 exemption for each minor member of the family.

The terms and conditions of occupancy for state housing are essentially the same as those for federally subsidized housing, except that the lease does not have the subversive activities clause. Terms of tenure and eviction are the same as well. Of 153 vacated tenants, only 4 were forced to move, two for non-payment of rent and two for other reasons.

Down-Payment Reserve Plan. Newly assigned tenants or tenants eligible for continued occupancy in state permanent non-subsidized housing (except in the case of Lokahi) can voluntarily join a savings plan in cooperation with the Authority with the intent of accumulating a down payment for purchase of a private home. Volunteers must be qualified for either admission or continued occupancy and have a "... current financial situation [which] when related to current real estate market conditions gives reasonable promise that, through participation in the plan, they will be able to purchase homes of their own within 4 years from the date of their admission to the plan".

The savings accumulate, without interest, on the basis that the tenant agrees to pay a rent equal to 20 per cent of his net income rather than the standard flat rental used normally in the state housing program. If the rent so computed is equal to or less than the amount paid by non-participants participation is terminated. The difference between the rate paid and the operating expense of the unit is credited to a reserve account. Operating expense of the unit includes segregated costs of administration, maintenance, utilities, equipment, capital improvements and additions, and provision
for operating reserves. The operating cost for any one unit will vary between locations and number of rooms, but in general can be assumed to be reflected by the set rate under normal conditions. The differential amount credited to the account will also depend upon the income of the family, for example, a two-member family might have an income range from $4,200 to $6,250 to remain in state housing and would rent a one-bedroom unit for $71 per month. If the family volunteered for the down-payment reserve plan their savings might variously accrue as follows:

<table>
<thead>
<tr>
<th>Income</th>
<th>Operating Rent</th>
<th>Down-Payment Plan Rent at 20% of Income</th>
<th>Savings Per Month</th>
<th>4-Year Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,200</td>
<td>$47</td>
<td>$70</td>
<td>$23</td>
<td>$1104</td>
</tr>
<tr>
<td>5,200</td>
<td>47</td>
<td>87</td>
<td>40</td>
<td>1920</td>
</tr>
<tr>
<td>6,250</td>
<td>47</td>
<td>104</td>
<td>57</td>
<td>2736</td>
</tr>
</tbody>
</table>

If the participant withdraws, either voluntarily or involuntarily, the account is charged for the difference there might have been between the operating cost per unit and the normal rental. Upon purchase of the home using the reserve account for the down payment, the amount is paid directly to the seller by the Authority. During participation in the plan, the income limitation for continued occupancy is removed.

The following table shows the difference between fixed rentals for various unit sizes and their operating rents:

<table>
<thead>
<tr>
<th></th>
<th>Fixed Rental</th>
<th>Operating Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>One bedroom</td>
<td>$71</td>
<td>$47</td>
</tr>
<tr>
<td>Two</td>
<td>78</td>
<td>52</td>
</tr>
<tr>
<td>Three</td>
<td>85</td>
<td>57</td>
</tr>
<tr>
<td>Four</td>
<td>92</td>
<td>61</td>
</tr>
<tr>
<td>Five</td>
<td>99</td>
<td>66</td>
</tr>
</tbody>
</table>

As of January 23, 1967, the history and status of the down-payment reserve plan was as follows:
CURRENT MANAGEMENT

<table>
<thead>
<tr>
<th></th>
<th>Hauiki</th>
<th>Puahala</th>
<th>Palolo</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Families enrolled at present</td>
<td>14</td>
<td>13</td>
<td>55</td>
<td>82</td>
</tr>
<tr>
<td>Families who plan to enroll later</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Families indicated disinterest</td>
<td>-</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Families who purchased</td>
<td>2</td>
<td>2</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Families who vacated</td>
<td>1</td>
<td>1</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Families who withdrew from plan</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Total found to be eligible:</td>
<td>18</td>
<td>25</td>
<td>87</td>
<td>130</td>
</tr>
<tr>
<td>Families with sufficient assets</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Overmaximum income</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Insufficient income</td>
<td>6</td>
<td>11</td>
<td>10</td>
<td>27</td>
</tr>
<tr>
<td>Vacated project</td>
<td>-</td>
<td>-</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Total found to be ineligible:</td>
<td>6</td>
<td>11</td>
<td>28</td>
<td>45</td>
</tr>
<tr>
<td>Total interviewed to date:</td>
<td>24</td>
<td>36</td>
<td>115</td>
<td>175</td>
</tr>
</tbody>
</table>

Note: Those who plan to enroll later generally expressed desire to wait until they reduce their current debts.

Those who indicated disinterest generally consider the additional payment requirement too burdensome.

Navy Leased Housing

There are three projects in this group and all are located on Oahu in the vicinity of Pearl Harbor. They house approximately 1,351 families, military or veteran for the most part. The housing was developed by converting surplus Navy structures into dwelling units to provide homes for veterans returning from World War II and was financed by federal and state funds and revenue bond issuances in 1947-1949. The Authority operates these units under a revocable permit with the Navy and revenues in excess of costs are returned to the Navy. All placements into Navy leased housing are controlled by the 14th Naval District Housing Office.
PART II

THE ANALYSIS OF PUBLIC HOUSING IN HAWAII

Introduction

Chapter III. The Social Approach to Public Housing in Hawaii

Chapter IV. The Direction of Alternatives in Public Housing

Chapter V. The Further Study of Public Housing
PART II

INTRODUCTION

In March and April of 1965, the newly completed 614 units of public housing at Kuhio Park Terrace were occupied. Five hundred seventy-two units are situated in twin, 17-story high-rise towers, and 42 four-bedroom units are situated in 14 two-story buildings—the total population at Kuhio Park, as of December 31, 1965, was 2,481 ranging in age from under six years to over 65 years old.1

On April 24, 1965, the Legislature of the State of Hawaii adopted House Concurrent Resolution 56 (attached in Appendix A) which called for the University of Hawaii to conduct:

...a study of the social, economic and legal aspects of public housing in Hawaii and to propose means for public housing to meet existing housing needs while insuring that those in need of help have improved opportunities for self-development and for participating in and contributing to society....

While the Resolution deals with public housing in general, it shows special concern over the effects that projects, due to their physical and social make-up, have on the social behavior of the tenants ("continuance of a socially disadvantaged subculture") and concern over some implicit idea of the most suitable urban and social environment for the general community ("suitable living environment for every family and individual"). These two concerns may be stated in a positive fashion as: (1) every member of society is entitled to safe, decent housing, even at public expense if need be; and (2) the means of providing housing to those of limited resources should enhance the benefit of the social well-being of both the individuals housed and the community at large.

Both of the two concerns are tied into the objective of providing individuals with equal opportunities to enjoy the fruits of our society. This objective assumes that the role of government is one of doing more than just maintaining a minimum level of order and security amongst the population; it is assumed that the major function of the government is to promote and strengthen the democratic character of our society. Accordingly, this paper accepts Lincoln's maxim that "...the legitimate object of government is to do for the people what needs to be done, but which they cannot, by individual effort, do at all, or do so well, for themselves".2 Americans do not think of their society as being democratic in the sense of all political,
economic, and social resources being divided equally amongst its mem-
bers; rather, they seek to provide a minimum living standard while
providing as many opportunities as possible for the individual to
move upward above that minimum level to the height he chooses. For
instance, in the United States we require a minimum level of school
attendance and also provide student financial assistance for those
without such resources to go as far beyond the minimum level as they
wish.

The basic elements of a democratic society, which we will call
the democratic creed, can hardly be outlined with any degree of fina-
lity for it is in democracy's nature to be open to conflict over what
its essential elements ought to include and how they ought to be ful-
filled. However, to provide this report with a sense of direction
and logic and to set the objectives to be attained, it is necessary
to assume what some of the essential elements of a democratic society
might be under ideal conditions. The following are assumptions with
which the reader might find some disagreement, and to the extent that
the assumptions define the direction and logic or objectives to be
attained, the reader may also find a corresponding disagreement with
the report's analysis. On the other hand, one may agree with the as-
sumptions and still disagree with the report's conclusions even while
recognizing the logic of the analysis.

The Democratic Creed

**Premise #1:** each individual is the best judge of his own
well-being$^3$ except in the cases of chronologi-
cal immaturity and serious mental incapacity.

**Corollary:** a liberal society is one where initiative and
choice are widespread; an authoritarian one
where coercion and conformity are characteris-
tic.

**Premise #2:** each individual must have as large a voice$^4$ as
possible in the decisions that affect his life.

**Corollary:** a free society is one which provides effective
opportunity for the individual to challenge so-
cial decisions; otherwise, it is at best arbi-
trary, at worst tyrannical.

**Premise #3:** each individual must have equal access to the
opportunities which distribute rewards afforded
INTRODUCTION

by society.

Corollary: a just society remains impartial to the extent access is evenly distributed; otherwise, it is exploitative.

Premise #4: equal access is necessary but not sufficient in a democratic society, for a liberal, free, just society distributes social, economic, and political rewards in a less than partial manner.

Corollary: a democratic society is a liberal, free, just society; the function of the democratic society is to come to terms with whether the pattern of reward distribution is to be more partial or less partial and to so distribute the rewards of society.

It is necessary to state definitively the above dicta in analyzing public housing programs and especially high-density projects inasmuch as the history and rhetoric of the subject give little clear guidance. Chapter I of Part I illustrated the diversity of goals entrusted to public housing from its inception to the present shape of things: assisting a submerged middle-class during the depression, expanding construction and labor markets, reviving the cities' central core, eliminating slums, and even providing safe, decent housing for the poor along with improving their social environment. Looking just at the latter objective we see further diffusion of goals:

Is it the duty of public housing to provide a subsidized, sheltered home for the respectable, unfortunate poor? Is it the duty of public housing to provide minimum facilities for the poor? Or is it the duty of public housing to rehabilitate the dependent poor, by providing them with a total new environment and a massive infusion of social services?

These three goals are to a degree incompatible. They certainly cannot coexist in one project; they imply different rules, strategies, and modes of management. [emphasis added]

Chapter II of Part I gave an accounting of current practices in the three public housing programs in the State of Hawaii: low-rent, federally subsidized housing; permanent, non-subsidized state housing; and Navy leased housing.
The heavy emphasis in the Resolution on concern for the nature of influence on the social behavior of tenants and the impact on the general social environment of the community as a result of the physical character of public housing projects and their distribution in the community leads to the analysis of the social aspects of these programs in Chapter III of this Part. What do we mean when we say that projects may in themselves create or perpetuate social problems or social disadvantage? What is meant by social rehabilitation and how does one go about it? What is a good social environment and how do you get it? Analysis of these questions form the substance of Chapter III.

Chapter IV of this Part discusses the possible utility of available state and federal programs in lower income housing in satisfying the intent of HCR 56; also discussed is the potential improvements through making minor changes in existing laws and programs.

The final and concluding Chapter V of this Part assesses the alternative assumptions one might make in regard to the usefulness of a comprehensive social and economic study in the area of public housing. The bases for making these assumptions include: re-examining our thinking on the subject of social problems, or coming to clearer conclusions on the goals of public housing in Hawaii in relation to the democratic creed, or making moderate social reform progress along the lines of current management thinking to maintain strict social control in projects and to socially rehabilitate within standard means with the inclusion of stringent evaluation designs.
Chapter III

THE SOCIAL APPROACH TO PUBLIC HOUSING IN HAWAII

The volume and variety of proposals sown to the wind of public housing, as well as the whirlwinds of controversy reaped from it, suggest the uncertain place housing and its related programs have in the flux of national social legislation. The exact goals of our housing programs have never become quite settled upon, even though people seem to be concerned about "decent housing" in general. Is housing legislation, including public housing, an end or a means? Is it trying to solve one problem or many? Answers to these questions are a matter of setting definite goals.

Chapter I has clearly shown the goal conflicts over housing and that the conflict has resulted from (1) lack of establishing deeply committed priorities between housing the poor and broader economic considerations and (2) clearly defining the means of satisfying the priorities however poorly drawn up. The problem which requires goal-setting in Hawaii can be indicated by the fact that in 1960, 17,900 Oahu families with less than $7,000 yearly income lived in either dilapidated or over-crowded housing or both.1 Of those 17,900 families, 57 per cent were renters, and of that percentage 3,000 families were paying from 20 to 40 per cent of their income on rent. Of the 24,500 families with under $7,000 income who lived in standard housing, only 40.4 per cent were renters, and of that percentage 3,600 families were paying from 20 to over 40 per cent of their income for rent.2 These figures show that there were, and undoubtedly still are, high rates of dilapidation and overcrowding in the below $7,000 income bracket and that in both standard and substandard housing amongst this income group high rates (in terms of percentage of income) are paid for rent. Therefore, the available data indicate that the choice of standard housing for those of modest or inadequate means is relatively restricted since half of the units likely to be available through vacancy are substandard and even substantial increases in the percentage of rent to income paid do not adequately open opportunities for standard housing.

It may be that broader economic considerations require looking at public housing and its related programs as economic tools for modifying or adjusting business cycles that occur over time and space (spatial cycles refer to suburbanization depleting the economic health of the central business district). The supplying of decent housing
PUBLIC HOUSING IN HAWAII

for those who cannot afford the going price for the proper quality unit, as defined, may be of secondary importance. For instance, post World War II fears for a time centered on the threat of another great depression and so concern for a vast program in housing developed in the form of the National Housing Act of 1949. However, when the depression did not materialize neither did the public housing.

If dedication to the idea of assuring every individual a safe, decent dwelling is agreed upon, it makes a significant difference why and how such assurance is made. Is it to give every person a decent home with all the privileges and rights of the philosophy "a man's house is his castle?" Or is it simply to assure that the economically and socially depressed are held in custody with at least a temporary roof over their heads and only the barest essentials of four walls, floor, and ceiling? Or is it to provide an environment which will have such a beneficial impact on the tenant so as to make him self-sufficient and a better citizen? These questions are important because each of them calls for a different type of answer with different implications for type of facility, method of management, selection standards for tenants, continued occupancy regulations, income limitations, and so on.

Not only is the type of facility in question, but who provides the facility is another matter of policy as are availability of units, costs, and social acceptability to housing the poor. If the problem is that certain persons do not have a large enough income to rent or buy standard housing, and substandard housing poses a threat to the public interest because of health dangers and fire hazards, then someone might raise the question: why not just increase the income of these persons so they can afford decent housing (such as through guaranteed income maintenance)? Or a question might be asked: why not just increase the level of the whole economy so that people with higher income move into better than average housing and let the housing they leave "filter" down to the lower income groups? Or: why not give these individuals job training so they can improve their own economic lot?

Concern Over Housing

House Concurrent Resolution No. 56 states:

...The nation and the state and the general community has acknowledged its obligation to provide a decent home and suitable living environment for every family and individual especially those with limited resources of their own....
Recognition of this obligation has indeed been articulated for many years and is a regular part of the social reform philosophy, but the acknowledgment has been honored more in the breach than in the practice. Such ambivalence is not unexpected in a pluralistic American society where consensus seems to follow crisis. Kariel puts it pointedly:

...We have not abandoned such phrases as "the great society," "public happiness," "gracious living," or "the good life," ...we vaguely feel that some things are wrong in American public life. Seeking to discover what is disconcerting however, we find ourselves at a loss....In the absence of crisis, there seem to be no usable criteria for judgment, no standards for assessing alternative public policies....Even when we succeed, however, in bluntly asserting our ideals, a problem remains: there is a manifest conflict between them. Because our ideals are as diverse as our interests, the task of making our world conform to them presents more than mere technical difficulties calling for skills in social engineering.

We lack what the economists call a social welfare function, that is, a clear statement of goals and priorities.

We cannot be insensitive to goal conflicts and lack of goal achievement if we are to analyze some of the social objectives and effects of public housing programs. It is necessary to examine closely the scope of our obligation and to analyze the methods of meeting that obligation if we are to be logical in assessing the steps necessary to meet the intent of the Resolution.

Scope of Obligation

Social or community obligations in the area of housing lie within the general philosophy of public action in America and in Hawaii, and although there may be no definitive consensus on that philosophy, we can see the general outline as articulated by public statements. Senator Robert Taft, who was a strong advocate of public housing, defined the function of public housing as:

...the furnishing of decent housing...to that group unable to provide housing by its own means....Most of them [slum dwellers] have families and we do have an interest, I think, in providing equal opportunity for all the children of the
families who are brought into being in the United States... particularly food, clothing, shelter, medical care and education....All of us acknowledge the duty of the community to take care of those who are unable to take care of themselves.8

House Concurrent Resolution No. 56 shows a somewhat deeper and broader concern within the outline of community housing obligations, for the Resolution is at once pointedly troubled by the social dynamics of housing practices and at the same time evidences interest in the broader problems of urban living as shown in the following passage:

...the concentration of large numbers of low income families in high density public housing units appears to have the effect of isolating these people from the rest of the community, limiting their opportunities to improve their own and their family's well-being, and contributing to the continuance of a socially disadvantaged subculture within our society....

Concern for the "socially disadvantaged subculture within our society" is intimately linked with "equal opportunities" in the sense that "disadvantage" is a barrier to "opportunity", since disadvantage essentially means the lack of certain social skills9 needed to take advantage of the opportunities available. Of course, accepted rationale for public programs to strengthen equal advantage of opportunities is the satisfaction of predominant American values of social and economic mobility, occupational advancement, individual self-fulfillment, and personal freedom as well as to guarantee a certain minimum opportunity for fulfillment of basic needs such as food, clothing, and shelter. Provision of minimal levels of fulfillment is determined primarily by an arbitrary definition of needs as being unfulfilled in some degree within a given opportunity structure or within a proposed new opportunity structure. For example, if it is agreed that there ought, as a matter of public policy, to be a certain structure for minimum wages within certain labor sectors, then fulfillment of need is a matter of agreeing on the appropriate level. But it is often necessary to agree upon a new opportunity structure, such as medical care for the aged, and this requires deciding that needs are not only not being met at a certain level but are also not being met within a certain scope. In either case, meeting the defined need is a matter of changing the level or scope of the external opportunity structure. No attempt is made to change the internal skill structure of the disadvantaged individual or group, as defined.
SOCIAL APPROACH

On the other hand, stated concern in the Resolution over "...contributing to the continuance of a socially disadvantaged subculture within our society..." is directed at the lack of fulfillment of the social skills needed to satisfy the value expectations of mobility, advancement, self-fulfillment, personal freedom, and so forth, and this is an internal matter. In essence, we are saying that those we identify as disadvantaged do not behave in such a way (or do not have the correct internalized values to behave in such a way) as to be able to satisfy predominant American value expectations. In this case we do not agree to change the nature of the external factors, that is, the structure of value expectations, rather we expect the disadvantaged to absorb proper values as we define them. It is in this way that we also define social problems, for it is those who lack the motivation to emulate proper values who are perceived, by those with "proper" values, as being problem-orientated, such as the juvenile delinquent, the drop-out, the divorced and so on.

What Are Social Problems, Who Defines Them?

Equally important to how we perceive social events as problems is how we conceive of their internal nature or their cause. Early literature of social reform quickly developed a social consciousness disposed to equating environment, poverty, and social problems to each other. With the eventual sophistication of social science behind them, reformers were able to define social problems as being rooted in the environment of slums and poor housing on the basis of data collected from sociological investigation.

The early days of social investigation were concerned with:

...the causes and cures of uniquely American problems--the pathologies associated with immigrant slums, such as family disorganization, juvenile delinquency, crime, suicide, bad housing, and so on. The immigrant and the city, both of which were disturbing to the traditional values of small-town Protestant Anglo-Saxon America, became the preoccupation of sociology....American sociology expressed deep concern with the reintegration of the society.12

Although the methods and concerns of social science as a study were to change radically, the earlier approach of sociology left behind a firm ground for a social philosophy of rational "do-goodism". Recognition of social problems as in part cultural rather than racial, biological, or intelligence problems gave expression to an approach
to solving specific social evils, namely, the bringing back (reintegration) of the "delinquent", "depressed", "disadvantaged", and "deviant" (that is, the slum dwellers) into society.\(^\text{13}\)

From the humanitarian point of view, then, social problems are essentially problems of definition; that is, they are those behavior patterns of group "A" which group "B" defines as a problem for group "B". Often the social philosopher will include in his definition, or theory, information that is revealed from studies based on assumptions somewhat different than those the philosopher is willing or likely to make. Lack of careful logic can lead to suggesting cause and effect relationships between events, say substandard housing and juvenile delinquency, which might not be substantiable. For example, in 1947, the then Commissioner of the Federal Public Housing Authority, Dillon S. Myer, stated before a Senate Committee that:

...decent housing instead of slums means less crime, less juvenile delinquency, lower costs for police and fire protection; it also means better health, lower death rates, and lower costs of medical care.\(^\text{14}\)

Bernard Larder's definitive sociological case study of juvenile delinquency in Baltimore is in essential agreement with Myer's observation that all these bad things do occur where there is bad housing, but Larder's analytical conclusion is that social stability associated with housing, not any physical or economic aspect of housing, prevents juvenile delinquency.\(^\text{15}\) Larder suggests that socioeconomic factors of an area are not fundamentally related to delinquency but that social alienation is. Alienation connotes a sense of being powerless in regard to the system, a feeling of being outside and not a part of the major community or perhaps any community, and alienation is related to instable community norms of behavior. He suggests that it is not known how stability is related to individual behavior.

"Instable community norms" simply is a way of describing the lack of uniform distribution of social skills or resources\(^\text{16}\) resulting in different behavior patterns. That is to say, to a larger extent in the lower classes than in the middle classes, a disproportionate number of individuals learn the "wrong" rules or realize that the "right" rules don't work for them. Juvenile gangs tend to be found more often in a slum environment because, perhaps, these adolescents find that following the proper rules (like holding a job) really doesn't bring status, but being the toughest kid on the block does. Furthermore, the mass media educates all of us in the belief that
driving a new, powerful automobile is the height of masculinity, but there are, for the most part, no rules the juvenile can follow to gain such a power symbol other than to "hot-wire" a car. In like manner, young men form pool hall gangs, young women perform legitimate acts leading to illegitimate results, older men are chronically on unemployment or welfare rolls, women head fatherless households, others drink too much beer, and so on. The majority society defines these forms of behavior as delinquent, deviant, disassociated, or even depressed. They desire that the sub-culture (slum dwellers), who have developed these forms of behavior from patterns which have become fixed or internalized, give up its habits and orientations by coming back (re-integrating) with the majority society.

The democratic creed gives us pause to think twice about the problem of social problems at this point, for the creed states that we are seeking a liberal society, not an authoritarian one. We want a free society not a tyrannical one. We seek a just society not an exploitative one. Apparently, the strength of our society is in its diversity not in its conformity. A truly democratic person might conclude that the differing values evidenced to a large extent in the lower classes ought to be deferred to by the majority society in an equal amount as are, say, middle class values. This extremely democratic person might even think that criminal acts of the lower classes ought to be deferred to in equal proportions as is granted to criminal acts of the middle classes. Such a pattern of deference would require the removal of any stigmas of dependency and control imposed by those who allocate community resources (such as purchasing-power and education) and that these resources be given more or less equally as a matter of right simply because the individual is a member of society and is, ipso facto, a contributing member at that. But this is a somewhat extreme position, and it is certainly not the predominant American way of thinking, for surely no man ought to be free to physically harm another. On the other hand, to what extent ought a man or group of men be allowed to seize another's property, an event that happens every day in our contemporary society sometimes as a criminal act and sometimes as an act of eminent domain? Or to what extent ought a man be restricted from moving into a neighborhood of his choice or denied a job because of his ethnic background?

Apparently, we must come to some uneasy balance between individual and community rights wherein each individual is provided with access to the basic necessities of life and to the amenities society offers while leaving it up to the individual to use his abilities to profit from the avenues opened to him. The major problem facing the
poor is that of situational or circumstantial dependence on others to provide social amenities because avenues have not been opened.

Public Housing and Social Problems

Public housing, however, has not had a reputation for success as a social program for "boot-strap"ing" the situationally dependent out of their plight for several reasons: (1) tenant selection has tended to limit the inclusion of "problem families" in projects, (2) income limitations have suppressed initiative and promoted dependency, and (3) housing officials have not viewed themselves as social reformers.

The first point is simply a matter of practicality in view of the limited number of units available and "...exclusions would doubtless diminish if there were more public housing...." Choosing between the desirable and the undesirable potential tenant is relatively easy when the economic solvency of a project is not threatened by high or even moderate vacancy rate. Also, the "social health" of a project might be better served if the ex-criminal, the ex-prostitute, the suspected subversive, the unmarried couple, the ardent pet-lover, and the families with seriously delinquent children are considered as ineligible for public housing, even if these people are likely to be the ones who need low-rent, safe, decent housing the most. And yet, if management defines social health as including only desirable tenants, then there is no one to boot-strap.

As to the second point:

Income limitations in public housing have brought no end of troubles. Some tenants have concealed their incomes, some have refused to work overtime, and some have even turned down better-paying jobs....Where the American family normally boasts of financial improvement, a public housing tenant may find it the prelude to an eviction notice. The more successful occupants who could give leadership to the community are usually those forced to go....Public housing was designed partly to help families do better, not to penalize a man for getting a raise. If incomes go beyond the limits, the rent should be increased proportionately. The subsidies would thereby be reduced, and many families would not be forced to go back to slums.

The somewhat higher limits for continued occupancy offset somewhat the above criticism but not in any appreciable degree. To make matters
worse, the tenant is on a month-to-month lease and can be evicted on ten days' notice; these are the terms of the signed lease even though the General Policies of the Hawaii Housing Authority provide for six-month periods of grace in cases of changes in income eligibility. Also, income limitations in non-state housing are basically a matter of federal policy.

The third point is substantiable to the extent that "the pages of the Journal of Housing are full of accounts of successful managers who achieved one hundred per cent rental payments--sometimes through the use of tough methods". The view of management has modified over time, however, at least to the extent of necessity caused by the changing character of the tenants, that is, the increasing tendency of the waiting list for public housing to include "problem" families regardless of how restricted the expanding supply of such units is. As the supply of low-rent public housing expands and as the opportunities to be upwardly mobile increase for those now in public housing, the low-rent project will become more and more the dumping ground for the "problem" family. Even if the intentions of housing management in providing services to the dependent "problem" family can be considered good, the question of whether such intentions are mere lip-service without institutionalized legal and social rights for the tenants remains. An easy, generalized answer to that question is not possible without further examining the nature of social problems and their correction.

"Problem" families that do enter public housing bring along their dependency agencies (that is, the public and private agencies which service and, in a sense, control the lives of the depressed). By moving into public housing, the depressed become depended on one more agency in addition to those depended upon for welfare, control of their children by law enforcement and family services, health, and so on. In that sense dependency becomes habit, tradition, fixed, or internalized and develops into a culture. It is a self-fulfilling prophecy, and the added increment of public housing undoubtedly contributes to that fulfillment, especially given the above mentioned conditions related to tenant selection, income limitations, and management practices. This judgment does not, of course, apply to every case since there are those who move up and out, but the relatively high incidence of school drop-outs, juvenile delinquency, social casework, alcoholism, illegitimacy, and tenant aloofness to social service programs, in general, in projects gives evidence to chronic dependency in public housing (the aloofness is sometimes referred to as being a "lack of motivation"). These tendencies, after all, are
simply the characteristics of flight by the dependent from dependency forces controlling their lives \(^{20}\) and into what appears to many as undesirable responses and patterns of behavior. To repeat, these patterns result from the lack of certain social skills and "...appropriate alternatives for solving problems arising from interpersonal relationships and the relation of self to the larger life arena". \(^{21}\)

Correcting Social Problems and Public Housing

At this point it becomes quite clear that public housing has a twofold function: to change the external opportunities of the housing market of the poor, and to somehow affect the internal condition of the disadvantaged and dependent. The latter function will be disputed by some, but the fact remains that statutory and administrative provisions do have the effect of maintaining social control at least within the housing project. \(^{22}\) Furthermore, the broader community has expressed itself, as evidenced by the Resolution, as concerned with the social effects of public housing.

Social problems can be seen in any number of ways: as simply non-normal behavior, lack of childhood training or socialization of a certain character, economic depression, chronic dependency, family instability, educational disachievement, epidemic mental illness, and any number of other descriptions and indicators of what we call social problems. The highest incidence of these problems is with the poor because of the manner of definition and the social situation of the poor. \(^{23}\) The adjustment of the problems therefore, amount to (1) redistribution of external opportunities (such as money, health services, and certain facets of education), or (2) provision of types of services which adjust internal skill patterns so as to achieve value expectations defined as desirable (these services include certain facets of education, social case work to reshape style of life, mental health "counseling", and other value shaping treatment), or (3) adjustment of the social, psychological, or political climate of the communities of the poor. Very often these three alternatives operate independently of each other [social security is an example of (1) operating independently, religious education of (2) operating independently and land use zoning of (3) operating independently], in combinations of two, or with a jumble of all three objectives in mind. Supplying "decent and safe" housing, "reintegrating" the disadvantaged into society, and providing a "good social environment" all in one package is a relevant example of the jumbled approach.

In each of these three approaches, the majority or the powerful are imposing their own values. This is true to the extent that the
majority feels a certain standard of living ought to be maintained by every member of society, or it feels that certain behavior patterns are not proper and ought to be changed, or it feels that environmental patterns are not conducive to the social benefit of the total community. It is important, then, to be especially careful in appraising the disadvantaged as socially sick or pathological, and in seeking to impose the majority choice of what ought to be, most concern should be taken with how one value system changes another, that is to say, how to implement what the majority "knows best for the poor".

Some people may doubt the "morality" of shaping or imposing upon the value systems of a minority, especially a powerless one. There seems to be some conflict between components of the democratic creed, namely, that each individual ought to have as large a voice as possible in the decisions that affect his life but that society must eliminate barriers which inhibit an individual's access to the social, political, and economic amenities of life even if a barrier involves a person's basic values. The conflict arises since the first proposition assumes the individual to be the best judge of his own welfare while the second assumes that some individuals are incompetent in social skills thus needing intervention not only in their decision-making but in the values used in judgment-making. We might resolve this difficulty of conscientiousness by holding that the middle-class can learn much from the lower-class as well as vice-versa, that the strength of our society is in its diversity not in its conformity and that each individual ought to be afforded a stable economic and social life as a matter of right.

Solving Social Problems

How then does public housing relate to contributing to economic and social stability so as to promote independence? How is public housing to be an effective vehicle to making the life of the poor better? We first have to look at the types or patterns public housing tenants fall into and then approach the question of their dependence. By using economic security/insecurity as one index (since income is one measure of dependence and housing need) and familial stability/instability as another index (since childhood training or socialization is one determinant of values and adult behavior leading to a culture of disadvantage) to measure types of low-income persons and their problems of dependency, Miller develops a typology of four classes of the poor:

(1) The stable poor having both economic security and familial stability;
(2) **The strained poor** having economic security but familial instability;

(3) **The coping poor** having familial stability but economic insecurity; and

(4) **The unstable poor** having both familial instability and economic insecurity.

These categories are viewed as dynamic, rather than as static patterns, with families moving up or down depending upon situation, life-cycle, and other factors. The **stable poor** can be considered as relatively independent in income-producing and family operations but still deprived or disadvantaged from enjoying the amenities of the American standard of life. Extension of external opportunities for income or housing would be enough to improve their lot. For the **strained poor**, case work, counseling, group therapy, proximity to higher class environments, and such could well restore the stability of self-potency. Income maintenance and adequate housing opportunities would meet the needs of the **coping poor**. However, the **unstable poor** may not be greatly affected in their behavior by raising income and may be too indisposed to motivation to reap any benefits of social service (even of those that are more than mere policing action).

The latter group has experienced a significant history of unpredictability, chaos, frustration, failure, and dependency. Those who are not screened out of public housing projects at the selection stage are quite worrisome to housing managers, neighbors, and other middle-classers, submerged or otherwise. Reassurance of their own self-dignity can come only through evidence of their own strengths and ability to control their own destiny such as through successful social action:

The involvement of the poor in successful and significant social action provides both immediate and compelling psychological returns and also the possibility of initiative to help the bureaucratic organizations related to the poor to fulfill their officially stated purposes.27

Successful social action has the beauty of both being indirect therapy, thus avoiding the stigma of proving one's incompetence (through filling out application forms or receiving a visit from the social worker),28 and being a direct application of the democratic creed.
Social and housing problems of the economically and socially depressed can be offset, to some extent at any rate, by broadening income and housing opportunities, providing strengthened social services, and enhancing dignity and motivation through social action. These three provisos are intimately related since they are all aimed at freeing the individual so that he might be a truly contributing member of society by making his own decisions and have access to society's amenities. There are, then, inhibitors which block opportunities such as low income, limited supply of adequate housing of varying types, or lack of a history of control over one's life.

**Income, Opportunities, Housing, and Social Action**

Earlier it was suggested that a likely question might arise in connection with expanding opportunities, namely, "why not just increase the income of these persons of low income so they can afford decent housing?" One answer might come back to the effect that such a scheme is self-defeating since it is likely that the price of housing, including rentals, would simply rise proportionately. This answer implies that the supply of available housing would remain unchanged and rentors would simply charge what the market could bear. Another answer might be that housing consumption is not related to income alone but to tastes as well and the poor will not seek better quality housing but would only spend the added income for some poor social end.

Analysis of these two answers requires, unfortunately, an analysis of income such as between short-term income at hand or long-term, expected, permanent (normal) income. Short-term or current income increases seem not to produce increases in the quality of housing consumed as indicated by the relatively low turnover of units on Oahu. In 1962 only 27 per cent of all occupied units turned over. Even renter-occupied units turned over at only 40.6 per cent and a significantly high proportion of those units were controlled by the military. In other words, it appears that short-term increases or decreases in income have little impact on the improvement of housing preferences.

If, however, the quality of housing consumed were affected by the consumer's long-term expected income, then an increase in that expectation (or a reduction of housing prices and rents) would cause the consumer to respond by buying or renting housing of higher quality. Conversely, a drop in expected income or a rise in expected prices would reduce the quality of housing consumed and would probably result in increasing housing density (by doubling up and overcrowding) or in the use of cheaper housing space (such as dilapidated housing).
Lengthy discussion could be given to means of reducing the price of housing, but it is questionable how effectively such a scheme would work to the advantage of the great number of the poor. Purchasing even a modestly priced home requires an unreachable down-payment for the poor, and rental unit construction costs would have to drop to almost the level of public housing. Of those 509 tenants "respectable" enough to be in state housing projects, only eleven have been able to profit from the down-payment reserve plan (Act 22, Session Laws of Hawaii 1964) and only 82 are now enrolled. Undoubtedly, price reduction in housing would benefit the total community but possible with what some might think disproportionate social costs as well, such as reduction of wages, profits, and public standards in the housing industry. One method of price reduction for rental units often advanced is that of rent control which has been used notably in time of war and in New York City. Rent control tends, however, to reduce renter mobility thus perpetuating substandard conditions, reducing vacancy rates, raising decontrolled rents for similar quality housing, and producing an inequitable pattern of rentals.

One economist advocates contributing to the elimination of poor housing through equalization of long-term expected income amongst consumers. Growth of long-term expected income would result from (1) a continuing rise of the national income, such a rise to be widely shared within the population; (2) greater equality in the distribution of social skills (see footnote 7) and greater access to social, economic, and political opportunities; and (3) a greater guaranteed shift downward of income distribution, such as through truly progressive taxation. Increase in income would produce an increase in demand for quality housing that could only be met by a smoothly geared market-produced supply. With a smooth market working, increased income would cause the middle-income person to purchase better housing; the middle-income housing thus vacated would be considered the needed improved housing to the moderate income person, and he would fill that vacancy; and the moderate-income housing so vacated would be occupied by the low-income family thus meeting their demand schedule for improved housing.

This process is called "filtration" and is often advanced as the automatic answer to the substandard housing problem. Those who propose filtration as a solution maintain that the natural growth of the economy will improve the stock of housing and that better housing will automatically filter down to the low-income groups. Thus this answer sees no real need for major programs of increasing the stock of housing or income for low-income groups. Unfortunately, the housing
market tends to be split into lower and higher priced dwelling units and these do not easily move from one to the other. Evidence of this comes from the fact that, at least nationally:

From 1950 to 1956 the oldest, cheapest, and presumably worst sections of the housing inventory appreciated more than did the higher quality units.34

In short, filtration simply does not work.35 Therefore, reduction of prices and rents or increase in income at the lower level would provide a "head-start" for the low-income housing consumer, but there would be no "follow-through" due to the lack of an expanded market at the moderate level. The lack of follow-through, that is, the absence of an adequate supply of moderately higher quality housing that would satisfy the elevated demands of lower income individuals as a result of increased income, might then indeed simply produce higher rents without improved quality. To give more than lip-service to equal opportunities requires an adequate supply of low-rent, low-income housing that fits the desires and aspirations of the poor and requires an adequate supply of housing just above the level of limits imposed on low-income housing. Currently, vertical housing opportunities for the tenant of public housing are restricted because of (1) the maximum income limitation for continued occupancy and (2) the ceiling on rentals for continued occupancy must be below the lowest going rate of market rentals. As has been stated, tenants adjust to the situation by either holding down on income producing or move back to sub-standard conditions if the income limit is exceeded. The specifics of establishing improvements in these sorts of horizontal and vertical housing opportunities for the poor will be discussed in the next chapter.

There may be one "social" drawback in broadening the choices and opportunities open to those public housing tenants who can increase their income on their own or who might qualify for publicly sponsored increases (it seems likely such devices as the rent supplement, authorized but unfunded in the 1965 Housing Act, would be given selectively to "desirable" eligibles). The drawback is that low-income projects would tend to lose "respectable" tenants. On the one hand, such a program would alleviate the sanctions on current and potential eligibles that are imposed because of increased income beyond allowable limits, that is, because, in reality, they have met the conventional middle-class criteria for success and self-help. On the other hand, such a scheme would deprive existing projects of their "leadership" (management's exemplars of middle-class behavior) inasmuch as one who thought he could "make it" would probably just as soon prove it by
moving out if he could. The question, however, is whether or not it is possible to broaden opportunities in one manner and close them at the same time in another way (such as restricting the supply of standard housing just above the level of public housing to somehow keep "leaders" from moving out) and still be consistent with the democratic creed.

Provision of standard housing at and just above the public housing ceiling would establish a functional escalator for those (notably the stable poor) who are able to achieve middle-class expectations. They would be able to move out of public housing without lowering the quality of housing consumed and without raising their rent-to-income ratio. To repeat, such achievement would depend upon an adequate supply of such housing to move into. In view of the rather large potential market for housing at the moderate income level (10,000 units on Oahu according to the Mid-America Report36) any public assistance for such housing would necessarily have to be qualified to allow the escalator to work. Priority would have to be given to tenants or former tenants of public housing.

If enhancing vertical opportunities in housing depends upon the achievement of middle-class expectations a good portion of the poor will not have an escalator to get on. If consumer decisions to consume higher quality housing are based on a measurement of long-term expected income, then the dependent poor are again caught in a vicious circle of unpredictability and dependency. Increasing one's expected income depends on all the factors contributing to social mobility in our society, namely, education, white-collar job, family background, manner of behavior, vocabulary, and so on. A seeming lack of success in controlling one's life can feed back upon itself and reduce motivation to succeed: "...a high level of achievement motivation is [undoubtedly] both a cause and a result of efficiency in... role performance".37 In such a case, publicly guaranteed housing or governmental income maintenance (with the aim of improving low-income housing conditions through strengthening purchasing power) would to some degree enable the dependent poor to become less dependent and to better cope with some of the frustrations of poverty. But in an affluent society, an increase in housing quality operated by the government or a flat increase in purchasing power grants only relative equalization of opportunities because of the continued dependency relationship in the case of housing and because the total level of purchasing power of the economy increases absolutely. The significant social factor here is the continuing social gap between the powerless (poor) individual and the majority society.
SOCIAL APPROACH

The opportunity for the dependent poor to convert to inter-dependent relationships requires an increase in many types of power, including that of purchase. Interdependence requires a measure of self-worth and a sense of self-help on the part of the dependent poor, and self-help depends upon one's own criteria of success in controlling the events of one's day-to-day life and in "improving one's lot in life". To the conventional criteria of success this would undoubtedly mean leaving the housing project and if leaving means moving into a standard unit, so much the better. Situational dependency, however, does not allow for the meeting of the conventional criteria inasmuch as typical policies aimed at correction of dependency reinforce proof of the dependent's inefficient "role performance". To spark motivation the opportunities offered to the dependent must be related to his own perception of his needs so that there will be efficient use of opportunities. Done on a group basis, definition of needs and provision of opportunities by the dependent poor can lead to a sense of community and commitment and thence to responsibility and motivation. The tenant poor, unstable or otherwise, must be helped, for we do know, in general, what the needs of the poor are. Meeting those needs must be appropriate, however, to the personal and social situation and characteristics of the tenant poor, and the tenants must have a significant part in defining those needs and in securing the opportunities to fulfill their aspirations. The tenant, too, must have as large a voice as possible in the decisions that affect day-to-day tenant life.

The social action of the tenant must have a fairly high probability of success, or it will simply reinforce perceptions of dependence, unpredictability, and frustration that have been historic to the life of the dependent poor. Insurance of success depends upon the receptiveness of project and Authority management as well as the larger community to tenant action. It also depends upon starting off "small" and working up to a significant level of decision-making in defining and meeting needs. All parties, too, must be prepared for and agreeable to the "cultural shock" that comes with an effective tenant voice, for the essence of social action is the replacement of dependency relations with inter- or non-dependent relations.38

Tenant Management of Housing?

How far might the social action of the tenant go, insofar as feasibility and desirability are concerned, depends for the most part upon our receptiveness to the idea and upon external restraints such as federal law. If one were to grant only lip-service to opening the
opportunities for the dependent tenant, then acceptance of tenant action would probably get no further than settling for (if not demanding) "...a combination of shuffling servility and childish zest for arts and crafts". Detraction of the feasibility of successful social action might be founded on the commonsensical notion that the lower class is not apt to participate in any sort of group action inasmuch as it is known that they don't vote, don't attend PTA meetings, don't join clubs, and in fact are little interested in any collective action outside of the family although collective entities such as the church and labor union often do offer something of meaning and it is these activities the lower classes do participate in at least to some degree. The lack of meaning, the lack of stake, may well be the key to the absence of motivation to be "community spirited", "a good citizen", or to otherwise exhibit middle-class organizational values. A history of dependency and failure on the part of the dependent poor gives the lie to there being a "ladder of success" by which one elevates his position in society. In fact, the idea of involving the tenant in responsible decision-making is one of providing stake and a sense of collective responsibility, that is, of community feeling towards the housing project. If management provides trash containers that are inconvenient and unmanageable by children going about their chores to the extent that trash must be deposited on the ground, then management, in the tenants' eyes, is at fault, and the trash becomes management's. But if tenants share a bit of responsibility in management, then the trash stays the tenants' trash.

If decent and safe public housing has only a marginal impact upon the social behavior of tenants, can it be said that the possibility of tenants developing an acceptable sense of responsibility towards the project are equally marginal? The evidence of definitive sociological studies does show little social impact of public housing projects, and has led some polemic critics to chasten that tenants are the "same bunch of bastards" they were before they moved in. All that this sort of evidence is saying, in reality, is that the tenant has no more control over his life after having entered the project than he had before he entered. Actually, the tenant loses more than he gains in terms of potential self-help by entering than by staying out. Outside there is at least a restricted market of housing, though making choices entails accepting substandard conditions and bearing substantial rental/income ratios. In public housing, however, there is no market and relatively few rights. For the submerged middle-class tenant (such as the elderly), projects could undoubtedly be run with the same expectations that govern the administration of private housing. The caveat is, however, that public housing is run not by profitmakers but by bureaucrats in a non-competitive market, and the
tenant is in a precarious position. Choice for the tenant must be as broad as possible and a full battery of legal rights should go along with the spectrum of choice. For those who choose, there ought to be available long-term leases instead of uncertain month-to-month leases, a strong tenant voice in management decision-making as a matter of right, and tenure protection against eviction based on tenant formulated rules.

Besides enhancing the dignity and self-respect of tenants and hence stabilizing the project community in behavioral and normative terms, the formalization of tenant prerogatives and rights would reassert the proposition that the projects are for the benefit of the tenants and not for the benefit of governmental management. These provisions would also modify the custodial nature of public housing projects by imbuing them with a sense of the democratic creed. But is the social situation of the dependent poor amenable to infusion of the democratic creed? Perhaps we should ask why such infusion should be denied. Is any right or prerogative vested in management likely to be usurped or harmed simply because management might be a little more difficult? The best things are generally the hardest to get. If we are willing to allow men to live in a libertarian, free, and just society we must allow him to make occasional mistakes, and it would be less than honest to clamp down on the potency of self-help simply because an ounce of unreasonableness may come from the tenants' voice. Denying a significant stake in deciding the circumstances affecting what is, after all, their home, temporarily or not, simply adds to the frustration and instability of dependent life.

High-Density Housing Projects

Broadening the scope of choice for tenants and eligible tenants can take many forms, including escalator-type programs of moderate-income housing, scattered housing projects, mixed-income projects, use of private housing through rent supplements and leasing, expanded state housing, flexible income limits, effective and subsidized down-payment-reserve plans, purchase of public housing units, and so on. (The details of these sorts of programs are dealt with in the next chapter.) Upon analysis, however, it is clear that such programs could benefit only those tenants and potential tenants who are every bit members of the middle-class except in income. The tenant selected for "mixing" into middle-class neighborhoods or mixed-income projects and the tenant capable of purchasing a unit in an existing unit will very likely be those who pass for middle-class to begin with. Not only is broadening the choices available not helping the dependent
poor, but it will very likely deplete existing projects of "good" tenants. Would an eligible who is on his way up (as evidenced by his ability to purchase the unit he has been living in) be apt to want to stay associated with the project, or would he want to get out?

It is easy to see, then, high-density projects becoming more and more enclaves of the dependent poor and the multiproblem family with "good" tenants moving out into the broader choices made available for them. Is this bad? It is certain to produce more difficulties for management, especially when viewed over time as project populations shift concentrations from under 13 years of age to over 13 years. There is also a pay-off due to concentration, if we are willing to buy the philosophy of social rehabilitation, for concentration provides a focal point for interaction amongst persons with similar problems and for aggressive, concerted social services. Proliferation and economic integration throughout the community can easily be agreed upon as desirable and within the meaning of the democratic creed, and the concept ought to be a basic part of any urban plan. But the idea is visionary, in the best sense of the word, and we are bound to have isolated enclaves of low-income, multi-problem housing projects with us for some time, barring a major shift in the political profile and structure of the community. Political articulation may indeed be a secondary pay-off from a social action program in high-density projects and so much the better--the dependent poor is no more on the dole and less worthy of a voice than is the homeowner who receives a home exemption from property taxes, or is subsidized by a guaranteed mortgage under FHA, or deducts mortgage interest from his income tax return. "...[I]n 1962 [,] Federal subsidies, via income tax deductions, to homeowners in the upper 20 per cent of income distribution amounted to $1.7 billion, compared to $820 million of Federal subsides [sic] for poor people." The well-to-do and politically articulate are every bit as much, and more, on the dole as the poor.

Moderate and high-density projects provide the opportunity of organizing concerted and meaningful tenant action programs. Scattered public housing projects, mixed-income projects, and integration of the poor into middle-class neighborhoods through rent subsidies might conceivably aid others than just those who pass for middle-class. And if such programs did apply to the rock-bottom poor they would, in effect, work as a means of keeping the poor in their place, voiceless and ignored, rather than working to their organizational advantage.
Chapter IV

THE DIRECTION OF ALTERNATIVES IN PUBLIC HOUSING

The drift of confounded goals in public housing legislation gives little basis for analyzing the direction the State of Hawaii might proceed towards in answering some of the questions raised in the Resolution and this study. If we admit concern over the satisfactory performance of public housing and yet have no concrete conception of what it was we really expected out of the program, then a certain amount of frustration can be expected in seeking a more satisfactory direction. It is probably more prudent to have one's flight plan well in mind prior to take-off.

The Democratic Creed and Public Housing

The basis for take-off in drawing conclusions as to the direction to be taken for evaluating alternatives in strengthening public housing in Hawaii are (1) the promotion of the democratic character of our society and (2) the provision by the public sector of the opportunities, goods, and services which individuals and the free market economy cannot provide for themselves. The application of the democratic creed to public housing programs produces the following set of objectives.

EACH INDIVIDUAL IS THE BEST JUDGE OF HIS OWN WELL-BEING:

(1) Public housing must contribute to the tenant's feeling of self-worth--public housing is servant to, not master of, the tenant.

(2) Choices open to individuals, whether in private or public housing, for standard housing must be as broad as possible--if the private market cannot provide housing at a standard level, at prices everyone can afford, then public provision must be made.

EACH INDIVIDUAL MUST HAVE A LARGE VOICE IN DECISIONS AFFECTING HIS LIFE:

(3) The public housing tenant must have security in housing and must have security in the expression of needs and rights.

(4) The tenant must be given a stake in his home and in his community whether provided for by private or public sectors.
EACH INDIVIDUAL MUST HAVE EQUAL ACCESS TO THE OPPORTUNITIES OF SOCIETY:

(5) Opportunities for improving the housing or social conditions of an individual must be developed in sensitive relation to the perception by the individual, poor or middle-class, of his own needs.

(6) Public provision of housing benefits the community by assisting the tenant not by assisting any other group.

A DEMOCRATIC SOCIETY DISTRIBUTES REWARDS IN A LESS THAN PARTIAL MANNER:

(7) In housing, opportunities must be adequate in both a horizontal and vertical sense, that is, must provide a sufficient supply in standard condition for each income level and must provide for movement upward.

(8) Investment in decent housing doubly benefits the community both by producing twice as much real economic and social return or benefit as is invested in capital and operating costs and by equalizing opportunities.

Specific Public Housing Goals

Application of general goals, mentioned above, to the question of the Resolution is really a matter of establishing objectives in housing the economically and socially disadvantaged in a total sense. Charles Abrams is the most definitive of the scholars on housing in setting forth the necessary specific objectives needed to better house the disadvantaged. He maintains that free enterprise cannot be considered a sacred cow if more than lip-service is to be paid to the objective of better housing which requires, in essence, low-interest financing and subsidies for all who require it. His objectives, which are applicable to both federal law and to local discretion, include the following:

(1) Home ownership for low-income families at costs they can afford using zero interest rate and direct subsidy if necessary.
DIRECTION OF ALTERNATIVES

(2) A sound home ownership structure reducing the risks of mortgage obligations through use of an equity insurance in the cases of unemployment, death, and the like.

(3) Revision of public housing through removal of income limits and set rentals once a tenant is admitted, land subsidies similar to urban renewal programs, permitting local authorities to qualify for 221(d)(3) projects, and other liberalizations.

(4) A housing inventory offering reasonable freedom of choice through use of rent subsidies, cooperative housing, 221(d)(3) projects sponsored by nonprofit groups subsidized by the government, loans to existing and owner-occupied housing, and liberalized admission to projects for the non-average individual or family.

(5) A realistic slum clearance program which considers not only buildings but the value of the neighborhood to the city and neighborhood residents as well.

(6) Freedom of movement through repeal of restrictive zoning practices and similar exclusionary devices.

(7) The preservation and improvement of existing housing through general neighborhood improvements such as schools and parks, sound financing, and creation of demand through income subsidy.

(8) A more effective building industry through updating building codes, technological research into new methods and materials, reduction of excessive lot requirements, and assistance in capitalizing large home builders.

(9) Planned new towns and epicentric cities in appropriate, underdeveloped areas to avoid the waste of scattered subdivisions catering only to the upper and middle-classes through the organized provision of low to upper housing in publicly aided and supervised developments.

Pursuit of many of these goals depends upon some change in federal legislation but not altogether. For instance, as has been indicated, no federal statute or state law defines income limitations for public housing and adjustment of limitation provisions in rules and regulations accordingly depends to some extent upon local salesmanship.
but also upon what the federal regional office will approve. Pursuit of these goals also depends upon agreement as to the severity of need in better housing.

In 1960, the gross need for better housing, defined as that occupying less than 1.01 persons per room and undilapidated, was 27,050 units. This figure includes all income groups as well as renters and owner-occupiers. Considering only renters with under $5,000 the figure was 6,500 units which did not include families housed by the Hawaii Housing Authority. The Authority has built almost 1,500 units since that time but it has also demolished units in so constructing others. Urban redevelopment has also taken many units off the market: census tract 13 (which is bounded by Nuuanu Avenue, School Street, Queen Emma Street, and Beretania Street) had a population of 4,093 in 1950; "...by 1960 it had dropped to 991, partly as a result of slum clearance activities then in progress." From the following table it can be seen that the Queen Emma, Aala, and Kukui projects alone have displaced 1,448 families. Highway and other construction have added their share of displacees. Hawaii Housing Authority does not conduct on-going community surveys to measure demand for public housing facilities as such but it may be planning such surveys for newer programs such as rent supplements and leasing. Data for persons dislocated by urban redevelopment projects indicates that 1/4 to 1/3 of those eligible for public housing are actually placed (displaced families and individuals have priority over the non-displaced).

Honolulu Redevelopment Agency figures for those displaced at renewal projects are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Queen Emma</th>
<th>Aala Triangle</th>
<th>Kukui</th>
</tr>
</thead>
<tbody>
<tr>
<td>Families displaced</td>
<td>514</td>
<td>31</td>
<td>903</td>
</tr>
<tr>
<td>Eligible for</td>
<td>126</td>
<td>13</td>
<td>310</td>
</tr>
<tr>
<td>Federally-aided</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>public housing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relocated in</td>
<td>37</td>
<td>3</td>
<td>96</td>
</tr>
<tr>
<td>Federally-aided</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>public housing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It must be remembered, however, that many of those eligible may not have applied for public housing, may have been considered "undesirable"
by HHA or that there may have been insufficient units of particular sizes available as needed. Coupled with the growing population and the continued depreciation of other units it is likely that the number of substandard units housing the lower income group has increased over the figures for 1960.

It can also be recalled that the Mid-America Report indicated a need and a demand for 10,000 units of moderately priced rental units to replace a portion of dilapidated and over crowded units in the moderate income market.

THE STATE HOUSING STUDY GROUP'S GOALS AND OBJECTIVES OF HOUSING IN HAWAII

I. RANGE OF HOUSING

To make available an adequate supply of housing to satisfy the needs of all people, regardless of age, size of family or income.

II. TYPE OF HOUSING

To obtain a broad diversification of housing types, permitting selection according to personal need and preference.

III. DIVERSITY OF HOUSING

To arrange housing for various age levels, family sizes and income groups into socially and visually well correlated neighborhoods.

IV. DISTRIBUTION OF HOUSING

To disperse housing for the socially or economically less advantaged throughout the community.

V. DENSITY OF HOUSING

To maintain a desirable balance between necessary community facilities and services, and an expanding population.
VI. SERVICES TO HOUSING

To locate housing within feasible proximity to educational, religious, cultural, recreational, commercial, as well as private and public service facilities.

VII. STANDARDS OF HOUSING

To achieve proper neighborhood appearance and to maintain private and public property value.

VIII. LIVABILITY OF HOUSING

To provide adequate means ensuring privacy for the family and its members, facilities to encourage neighborliness, exposure to light and air as well as access to the out-of-doors.

IX. SAFETY OF HOUSING

To insure the emotional and physical health and safety of young and old alike.

X. SCALE OF HOUSING

To strive for human scale and residential appearance of all housing, including apartment and highrise buildings.

XI. CHARACTER OF HOUSING

To reflect in all buildings and neighborhoods the traditions, the natural beauty and the sub-tropical character of Hawaii.

XII. UTILITIES FOR HOUSING

To provide for adequate utilities for orderly and concealed facilities, storage and installations of laundry lines, refuse cans, garden tools and household sundries, the parking of cars, piping and wiring, and other commodities.
DIRECTION OF ALTERNATIVES

XIII. REPLACEMENT OF HOUSING

To replace housing units to be demolished due to public improvements or obsolescence, satisfactory to and within financial reach of the displaced and before they are displaced.

XIV. COMMUNITY ASSISTANCE WITHIN HOUSING

To assist the less advantaged families to advance socially, economically and environmentally.

XV. OWNERSHIP OF HOUSING

To facilitate eventual home ownership.

XVI. ADJUSTMENT TO NEW HOUSING

To aid in adjustment to new and unaccustomed environment, neighborhoods, housing types or equipment.

Pursuit of Public Housing Goals

Full use of present programs in federally subsidized public housing, state housing, and other public programs aimed at helping the housing situation along with minor changes in law and regulation might, or might not, be exceptionally helpful in pursuing better housing and public housing goals. What follows is an evaluative analysis of current programs fulfilling the maxim of "decent housing for every family and individual, granting equal opportunities for access to social rewards, and inhibiting the perpetuation of disadvantaged sub-cultures".

An analysis of the historical formula for federal assistance in housing low-income families results in a fairly discernible dual-track program of annual contributions to local housing authorities enabling development and maintenance of low-rent public housing accommodations and a program emphasizing the development of housing by private enterprise through long-term, low-interest rate loans and insured mortgages. The latter approach and emphasis on private enterprise through section 221(d)(3) of the National Housing Act, rent supplement and leasing programs and Lavanburg and "turnkey" methods of mixing private and public housing units in projects are the most recent attempts to induce private investors to assume and share the responsibility for providing the low-income citizen with an equal
opportunity to obtain suitable housing in the general community. In theory, these programs permit the mixing and scattering of low-income families in private accommodations located throughout the community. These programs promise means of accomplishing the concerns of the Resolution with respect to presenting suitable alternatives to the present practice of public housing programs which concentrate large numbers of low-income families and supposedly perpetuate a socially disadvantaged sub-culture.

"Gap Group" Housing

A problem of primary concern is that of developing a sufficient number of section 221(d)(3) housing projects to provide for an expansion of the total private housing market for low- and moderate-income families. Despite the assistance provided by the federal government in the form of long-term mortgages with a maximum term of 40 years, 3 per cent below-market-interest-rate or at market-interest rate (currently 6%) loans insured by the government to cover 90 to 100 per cent of the loan and a maximum project cost of $12.5 million, Hawaii is still faced with a shortage of a sufficient number of units to serve the needs of the low- and moderate-income family.

Difficulties in implementing the program in Hawaii have arisen from the statutory limitations on the maximum amount of the mortgage covering each family unit that will be insured by the Federal Housing Administration. This requirement results in establishing maximum development costs per unit which prevent the development of projects in areas where the cost of land, materials and labor are much higher than the statutory limits despite the use of a special provision that permits the Federal Housing Commissioner, by regulation, to increase any of the dollar amount limitations in an amount not to exceed 45 per cent in any geographical area where high costs require such an increase. The high cost of land, labor and materials in Hawaii prevent the development of many projects because the total cost per family unit of the proposed project far exceeds the FHA statutory limits set-forth below for both market-rate and below-market-rate projects.
DIRECTION OF ALTERNATIVES

Maximum Limits Per Family Unit
for 221(d)(3) Projects

| Size Unit | Non-Elevator Maximum Increase for Elevator-Type Increase for |
|-----------|-----------------|----------------|-----------------|
|           | Type            | High-Cost Areas | Type            | High-Cost Areas |
| 0-bedroom | $8,000          | $13,200         | $9,500          | $14,200         |
| 1-bedroom | 11,250          | 18,850          | 13,500          | 20,300          |
| 2-bedrooms| 13,500          | 22,650          | 16,000          | 24,350          |
| 3-bedrooms| 17,000          | 28,300          | 20,000          | 30,450          |
| 4 or more | 19,250          | 32,050          | 22,750          | 34,500          |

The statute seems to provide the necessary flexibility to permit the development of many more 221(d)(3) projects than are currently being developed. Some of the difficulty may be attributed to costs which push the rentals out of the market and FHA policies and practices which restrict meeting the total need and market. However, three projects utilizing 221(d)(3) financing have been able to surmount these difficulties and will expand the low- and moderate-income housing supply on Oahu by approximately 1,530 units upon completion. The proposed rent schedules for the Kukui Redevelopment Project and Moanalua Terrace project are as follows:

Kukui Redevelopment Project

**Proposal 1**

<table>
<thead>
<tr>
<th>Size Units</th>
<th>Rent Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 bedroom flat</td>
<td>$100</td>
</tr>
<tr>
<td>2 bedroom flat</td>
<td>$120</td>
</tr>
<tr>
<td>3 bedroom flat</td>
<td>$140</td>
</tr>
<tr>
<td>3 bedroom duplex</td>
<td>$150</td>
</tr>
<tr>
<td>4 bedroom duplex</td>
<td>$165</td>
</tr>
</tbody>
</table>

**Proposal 2**

<table>
<thead>
<tr>
<th>Size Units</th>
<th>Rent Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 bedroom flat</td>
<td>$77 (flat)</td>
</tr>
<tr>
<td>2 bedroom flat</td>
<td>$104 (townhouse)</td>
</tr>
<tr>
<td>3 bedroom flat</td>
<td>$120 (flat)</td>
</tr>
<tr>
<td>3 bedroom duplex</td>
<td>$130 (townhouse)</td>
</tr>
<tr>
<td>4 bedroom duplex</td>
<td>$146 (flat)</td>
</tr>
</tbody>
</table>

Clarence Ching Foundation

75
Moanalua Terrace Associates

1 bedroom  $135
2 bedroom  $150

This increase falls far short of fulfilling the demand for such housing on Oahu as reported by the Mid-America survey in 1965 to be approximately 10,000 units. The increase in the supply of low- and moderate-income housing by private sponsors under existing federal programs has failed to meet the needs or demands for such housing and is unlikely to produce any substantial changes in the housing inventory in the future.

The concerns of the Resolution in presenting opportunities for low-income families to live in housing units located throughout the community with other families of diverse social and economic backgrounds could be well served by a successful 221(d)(3) housing program if it provided a sufficient number of units to house all the families that express the desire for and are eligible to participate in this program. The alternatives for implementing a successful low- and moderate-income program would be to provide a variety of state assistance programs to private developers as set-forth by the Governor's Housing Study Group or to have the State expand its state housing programs or create a new state agency to act as a sponsor for 221(d)(3) projects.

Rent Supplement Program

The rent supplement program was acclaimed by President Johnson as the most important attempt to date to provide suitable accommodations for the low-income family in private housing with governmental assistance that permits the tenant to maintain his dignity without the stigma of dependency that is often attributed to living in public housing projects. This program, which is administered by the Federal Housing Administration, was not funded by Congress during 1965 but received $12 million for fiscal 1966. Nearly $3 million was assigned to Federal Housing Administration offices in the Western states in December of 1966. These funds will be used for the current fiscal year and will provide rent supplement payments for about 5,000 units in the entire Western region of which 150 units have been proposed for Halawa. In addition, $20 million was appropriated to be contracted in fiscal 1967 with sponsors of housing projects who qualify as mortgagors under FHA section 221(d)(3) of the National Housing Act.
DIRECTION OF ALTERNATIVES

This Act provides for maximum 40-year market-interest-rate insured mortgages with maximum dollar limitations per family unit varying according to the number of bedrooms. Mortgages must also be purchased by FNMA in its secondary market operations which permits a financial institution to easily dispose of such mortgages, thereby providing for rapid turnover and availability of funds for new mortgages.

At the present time this latter program cannot be utilized in Hawaii because housing projects have yet to be constructed. However, three separate projects utilizing section 221(d)(3) financing are currently either under development, Kewalo Redevelopment Project, Oahu, Damon Terrace-Red Hill, Oahu, or are under consideration for development, Kukui Redevelopment Project, Oahu, and will provide initial support by private enterprise in Hawaii for developing housing for low- and moderate-income families and families displaced by governmental action. Hopefully, a portion of the $20 million appropriated for the rent supplement program will be available to permit a limited number of low-income families who meet the income qualifications for admission to public housing to reside in privately operated housing. Availability of such funds will allow these families to have the opportunity to share the same social and physical environment with moderate-income families. The possible utility of the rent supplement program to supply a solution to the concerns of the Resolution is thus dependent on the availability of federal funds and on the construction of sufficient 221(d)(3) housing units.

The Act requires that a tenant pay 25 per cent of his income for rent. This appears to be an excessive amount in comparison to the 20 per cent he would be required to pay for public housing. It is questionable whether such a premium should be extracted from a tenant who qualifies for public housing in order to enable him to enjoy the amenities of a middle-class project. If the possibilities for homeownership and tenure security were greater in such private housing than in public projects the difference could be considered offset by such incentives. The statute also provides that when the tenant's income increases to the point at which he can pay the economic rent charged for his dwelling unit, the supplemental payment on his behalf will cease. Presumably, this flexible amount of assistance will provide the incentive for a tenant to work and increase his income without fear of eviction until he achieves the self-satisfaction of being self-supporting and independent of any assistance. One of the reasons why tenants participating in the rent supplement program are required to pay an additional 5 per cent of income over public housing requirements may be related to the statutory requirement of using
market-interest rate for FHA section 221(d)(3) insured mortgages which results in a much higher cost for amortization of the mortgages which is passed on to the tenant in the form of higher rental charges. It may be possible to decrease the required percentage of a tenant's income that must be paid for rent from 25 per cent to 20 per cent by lowering the mortgage interest rate from market to below-market-interest-rate which would result in lower amortization costs with a possible decrease in rental charges. The Housing and Urban Development Act of 1965, did authorize 10 per cent of the rent supplement funds to be used for a restrictive experimental program in section 221(d)(3) below-market-interest-rate projects and sections 202 and 231 direct loan housing for elderly projects. Presumably such limitation was established because this combination results in a double benefit to the sponsor which permits him to charge a lower rental for the unit since his interest and amortization expenses are much lower and he is also permitted to receive a rent supplement payment. If the rental charges were decreased, the tenant would in effect be paying a greater percentage of the rent with payment of 25 per cent of his income for rent. The number of tenants in the lower income ranges participating in this program might also be increased due to the lowered rental charges. This situation would provide benefits for the tenants who otherwise may not be able to participate in this program. The maximum income limits for proposed 221(d)(3), below-market-interest-rate projects are as follows:

<table>
<thead>
<tr>
<th>Families of</th>
<th>1 person</th>
<th>2 persons</th>
<th>3 &amp; 4 persons</th>
<th>5 &amp; 6 persons</th>
<th>7 + persons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$6,250</td>
<td>$7,600</td>
<td>$8,950</td>
<td>$10,300</td>
<td>$11,650</td>
</tr>
</tbody>
</table>

There are no income or rental limits established for market-interest-rate housing projects serving moderate-income families.

The maximum limits on gross rentals at unit cost for units of different sizes constructed under 221(d)(3) market-interest-rate program for use in the rent supplement program are as follows:
DIRECTION OF ALTERNATIVES

<table>
<thead>
<tr>
<th>Size Unit</th>
<th>Maximum Gross Monthly Rental</th>
<th>High-Cost Area 25 Per Cent Increase</th>
<th>Hypothecated Maximum Per Unit Cost To Meet Rentals</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-bedroom</td>
<td>$85</td>
<td>$106</td>
<td>$11,000</td>
</tr>
<tr>
<td>1-bedroom</td>
<td>105</td>
<td>131</td>
<td>13,000</td>
</tr>
<tr>
<td>2-bedroom</td>
<td>120</td>
<td>150</td>
<td>14,500</td>
</tr>
<tr>
<td>3 or more</td>
<td>140</td>
<td>175</td>
<td>17,000</td>
</tr>
<tr>
<td>bedrooms</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

These maximum limits are established to assure that rent supplement units will serve tenants in the income range intended by Congress. These are maximum rentals and hopefully in areas where suitable housing can be produced at lower costs the corresponding rental charges will be less. In high cost areas, the maximum rentals may be increased up to 25 per cent over the basic rent limits by the FHA Commissioner. Column four sets forth projected maximum developmental cost per unit that must be conformed with in order to meet the rental restrictions and qualify for use as a rent supplement unit. Because of the high cost of land, labor and materials in Hawaii, it will be extremely difficult to develop a unit within such maximum cost limits using the 221(d)(3) market-interest-rate program. These same factors resulting in a high developmental cost per unit, similarly apply to restrict the development of both market and below-market rate projects under 221(d)(3) housing for moderate-income families:

Maximum Per Unit Costs--221(d)(3) Programs

<table>
<thead>
<tr>
<th>Non-Elevator Type</th>
<th>Elevator Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Increase for High-Cost Areas</td>
<td>Maximum Increase for High-Cost Areas</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Size Unit</th>
<th>Unit Cost</th>
<th>High-Cost Areas</th>
<th>Unit Cost</th>
<th>High-Cost Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-bedroom</td>
<td>$8,000</td>
<td>$13,200</td>
<td>$9,500</td>
<td>$14,200</td>
</tr>
<tr>
<td>1-bedroom</td>
<td>11,250</td>
<td>18,850</td>
<td>13,500</td>
<td>20,300</td>
</tr>
<tr>
<td>2-bedroom</td>
<td>13,500</td>
<td>22,650</td>
<td>16,000</td>
<td>24,350</td>
</tr>
<tr>
<td>3-bedroom</td>
<td>17,000</td>
<td>28,300</td>
<td>20,000</td>
<td>30,450</td>
</tr>
<tr>
<td>4 or more</td>
<td>19,250</td>
<td>32,050</td>
<td>22,750</td>
<td>34,500</td>
</tr>
<tr>
<td>bedrooms</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In high cost areas, the FHA Commissioner is authorized to increase any of the dollar amount limitations by 45 per cent over the basic amounts, plus further increases for Guam, Alaska, and Hawaii.
PUBLIC HOUSING IN HAWAII

Even with the increased limits, private developers in Hawaii are encountering difficulty in conforming to such requirements or in getting FHA approval undoubtedly because of high land costs, especially in the metropolitan area, which push rentals out of the low and moderate income market.

A hypothetical example of a rent supplement program that served practically all of the present tenant families now residing in federally subsidized housing on Oahu, would cost the federal government $1,500,000 per year if a $50 supplemental payment\(^{14}\) (the average monthly rent supplement requirement used for budget estimates) were made on behalf of the approximately 2,400 tenant families currently residing in federally assisted public housing. This figure can be compared to the amount of federal subsidy under present public housing of 2,400 tenants which amounts to a little over $1 million per year. The current charge for a one bedroom unit for a family of two adults supported by public assistance is $37 per month. Presumably a $50 supplemental payment in addition to the $37 for a total of $87 would be sufficient to provide suitable housing in a privately owned housing developed under section 221(d)(3). A more difficult problem appears in housing a large family under similar circumstances which is currently paying $57 for a five bedroom unit. A $50 supplement payment in this case would result in a total of only $107 that would be available for rental payments. It is highly improbable that a privately developed project could provide a suitable accommodation for $107. (See the following: The Proposals of the State Housing Study Group, pp.IV-43,44.) A much larger supplement payment would be required to adequately serve the needs of larger families with the lowest incomes. The cost of a rent supplement program would thus be directly related to the selection of tenants to participate in this program. Because of the limited resources that would be available for this program, it is questionable whether the needs of families of the lowest income and with the greatest need for assistance could be adequately served by this program at the present time. The present supply of large units with four to five bedrooms at reasonable rentals is severely limited and construction of additional units will be necessary to provide an adequate supply of such units for those truly in need.

The selection of eligible tenants will be extremely important in determining whether the program provided assistance to those with the greatest need or whether assistance will be provided to those whose rising incomes and personal characteristics more closely emulate the values and orientation of the middle-class with whom they are to be
housed. Hopefully, a rent supplement program will not result in a modern refinement of the public housing program developed by the Housing Act of 1937, which provided housing for the submerged middle-class and failed to assist the problem poor affected by multiple social, economic and educational difficulties that left them unemployed and without a means to secure assistance through political action. As the rent supplement program is now constituted, the housing project owner will be responsible for selecting tenants. It is highly unlikely that such an owner will select tenants with social and cultural values that may conflict with the operation of his housing project.

Leasing Program

The leasing of privately owned dwellings for occupancy by low-income families at rents within their means is another recent federal assistance program intended to encourage private enterprise to participate more directly in meeting the housing needs of such families. This program is designed to provide homes more rapidly than through construction of new housing, help localities make better use of their existing supply of housing and simultaneously encourage the physical upgrading of deteriorating residential properties to be utilized in this program.

The leasing program has several distinct advantages over new construction or acquisition of housing units by a local housing authority. Leased housing will be able to immediately serve the relocation needs of displaced low-income families without having to wait for new units to be constructed. The needs of large families will also be served by the leasing of large houses which will prevent them from being remodeled into smaller apartments decreasing further the supply of homes for large families. Many families who do not wish to live in large public housing projects will also have an opportunity to live in suitable housing in single family houses or small unit developments. A distinct advantage of the leasing program is that tenants whose incomes rise above low-rent eligibility limits may be permitted to remain and become regular tenants of the landlord by paying the private rental charge. The community will also benefit from the program because private landlords will continue to pay their regular real estate taxes.

The major difficulty in implementing the leasing program in Hawaii is the requirement that a proposed leasing program will not reduce the vacancy rate to less than 3 per cent for any size unit unless the local authority satisfies PHA requirements that such a
program will not have a substantial inflationary effect on the private rental market or that the program is justified by a particular situation, such as a critical immediate need for relocation housing. An FHA vacancy survey conducted in October 1965 showed an overall vacancy rate of 1.7 per cent. Assuming that the ratio is approximately the same for any unit size, it is highly unlikely that Hawaii will be able to implement the leasing program in the immediate future. Hawaii Housing Authority has retained a consultant to survey current vacancy rates within various unit sizes and to assist in the preparation of an application for this program.

In order to implement a leasing program in Hawaii it will be necessary to expand the supply of housing at rentals that low- and moderate-income families can afford. Even with federal assistance, high-rent housing cannot be brought within reach of low-income families since federal assistance in the amount of annual contributions to the local housing authority plus the approximately 20 per cent of the low-income family's net income must be sufficient to pay the private rental charge.

Social Action in Public Housing

Tenant rentals in federally subsidized public housing cover about half of the total operating and financing costs of running a housing project. To be more precise, the tenants pay for the operating expenses and the federal subsidy pays for the principle and interest charges on the costs of the physical structures. Operating expenses include the salaries of management, maintenance, utilities, and payments to the Counties in lieu of taxes, but the tenants have absolutely no voice in the daily operations of the project. The official reasoning here is that since the federal government is paying for the physical structure it must guarantee minimum standards of upkeep to preserve the structure over its amortized life. Projects are viewed as strictly real estate operations. Management reasoning also follows the line that private renters have no voice in their own occupancy since they cannot set standards, or express their needs, or make alterations on the dwelling unit, or in many cases obtain a long-term lease.

Insistence on running the public housing project as if it were a private residence has been historic in the collective mind of management, primarily for reason of convenience rather than logic. Public housing ought to be for the convenience of tenants, not of
DIRECTION OF ALTERNATIVES

management—it ought to contribute to the social climbing and security of the poor and not of public employees. Further, there is little logic in applying the severe standards of private housing to public projects for the privately housed tenant has the comparative freedom of choice in a competitive market. But public housing is by its nature closed and non-competitive: the tenant has no real choice, for his only choice is to return to the snake-pit of slum housing.

Little stands in the way of meaningful social action on the part of the tenants—either at a moderate level or at the extreme of management by the tenants. State law may require clarification for tenant power in management, although there is reason to believe that it is within the statutory power of the Housing Commission to incorporate tenant representation in decision-making and administration. However, statutory change would be required if tenant representatives were construed as being officers of the Authority and if they wished to acquire an interest in any part of public housing projects, such as through sales of the project units to tenants.\textsuperscript{15}

Minor attempts at involving the tenants in the community of the projects have generally had false starts primarily for two reasons: (1) the activities have been of minor importance in the daily lives of the residents and (2) those who most need social communication and identification, the deserted mothers, are too harassed and down-beaten to care. If the probability of success in acting were high enough and visible enough—for example, if it were obvious that tenant desires affected or overturned a management decision—then the value of a tenant becoming a strong, self-controlled and functioning social being would be self-perceptive.

There are undoubtedly very strong feelings on the part of management that such proposals be strongly evaluated for effectiveness. Even more moderate proposals such as the housing aide program at Mayor Wright Homes require management evaluation, although it is the view of management that such review is needed to judge how "good" the program might be so as to subsequently propose a permanent housing aide program to the State Legislature. The question of evaluation and research design unfailingly arises whenever authority is in danger of modification or whenever one is simply un receptive to the idea of change or innovation. This would be an entirely human reaction and somewhat rational as well for it is based on a sense of duty to superiors, the federal administrators, and the community at large; and to a lesser extent it is based on a sense of "what is best for the tenants". To an extent, however, this sort of sense of duty is
misdirected, for what is obviously best for the dependent tenant is to become independent both inwardly and outwardly. Perhaps the best that can be hoped for is a degree of interdependency between tenant and management. One possible evaluation design that might be used in this connection would be a continuous measurement of the social interaction among tenants and between tenants and management. It is to be expected that social problems will become more critical over time in existing housing projects because, as has been mentioned, it is possible that as the housing opportunities for those capable of moving out of low-rent projects increase the existing projects will become enclaves for the multiproblem family. Furthermore, as the balance of population in projects shifts from the very young to the adolescent, problems multiply. A possible measure of success of a social action program might be, then, the lack of worse problems developing over time. In any case, it is difficult to see how any evaluation can be of utility without tenant expression of what goals are or are not being met.

Gaining leadership for social action can be a problem in promoting tenant activity. Money is probably the best common denominator for stimulating initial interest, and success of action will perpetuate that interest. When federal anti-poverty programs are absorbed or become inoperative or when the private community is incapable of funding leadership, State provision might be made. Better yet, however, would be a program of using tenant rentals to finance housing aides and organizational support for social action at every public housing project. For example, 12 aides could easily organize 50 families each on a part-time basis, say 10 hours a week, at $2 per hour per aide for a cost of only $12,480 per year for a 600 family project. If all tenant families, numbering approximately 2,500, in federally subsidized projects were organized, the cost of some $52,000 would amount to a minor portion of management expenses. Federal administrators might or might not be receptive to using rentals for this purpose even though it would be the tenants' money. If receptive, a $2 raise in each tenants' rental per month could cover costs of such a program.

Social action is not a radical idea—it is a logical part of the social health of any community and especially a disadvantaged one. The need for tenant organizations in Hawaii to provide for "...more democratic policies within the project, to clarify and agree on changes, to hear complaints and seek satisfactory solutions of problems" was seen nearly ten years ago. The enthusiastic support HUD has given to the Model Cities (Demonstration Cities) program suggests
DIRECTION OF ALTERNATIVES

the development of more concern within the federal bureaucracies for the social aspects of housing policy. The federal administrators can now be expected to carry the ball for local proposals of innovative social programs in public housing.

State Housing

Section 77-71 Revised Laws of Hawaii 1955, provides for the issuance of bonds for the development of housing for those of moderate means. Act 31, Session Laws of Hawaii 1959, extended the life of permanent State housing indefinitely and declared the development of such housing to be a public emergency due to the growing number of persons who cannot profit from the ordinary operations of private enterprise for the provision of safe and sanitary housing at rentals they can afford. The law provides that such housing shall be financed and operated entirely from revenue bond issuances, such issuances to be retired from rentals of project units.

A question arises as to whether or not the necessary funding for the cost development of dwelling units by revenue bonding would produce acceptable units at rental levels sufficiently low enough to aid families near the $5,000 income level. A crucial cost item is the relative level of the amortization price, that is interest, and Hawaii Housing Authority has been selling its revenue bonds at a little over 3.0 per cent in the last several years. The last issue, in June, 1966, sold at 3 5/8 per cent during a period of tight money. One hundred per cent guarantee by the federal government lowers interest costs. Non-guaranteed bonds could cost 1/3 to 1/4 per cent more than guaranteed bonds. Another item to be considered is the length of amortization, and it can be assumed that 40 years is a respectable time-stream since it is fairly typical of FHA financing and of HHA experience. The following gives some samples of amortization and operating expenses (in other words, rentals) by per unit costs (it is assumed operating costs match financing costs):

<table>
<thead>
<tr>
<th>Per Unit Costs</th>
<th>40 years at 3 per cent</th>
<th>40 years at 5.5 per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11,000</td>
<td>$39.38 x 2= 78.76</td>
<td>$56.73 x 2=113.46</td>
</tr>
<tr>
<td>13,000</td>
<td>46.54 x 2= 93.08</td>
<td>67.02 x 2=134.04</td>
</tr>
<tr>
<td>16,000</td>
<td>57.28 x 2=114.56</td>
<td>82.52 x 2=165.04</td>
</tr>
<tr>
<td>19,000</td>
<td>68.02 x 2=136.04</td>
<td>98.00 x 2=196.00</td>
</tr>
</tbody>
</table>
The above per unit costs are hypothetical and might be realized only through subsidization of site development or land costs (or through use of State owned lands), tax relief on land or buildings, interest subsidy, and so forth. If per unit costs rises too high and the rental along with them, then to reach the necessary income level at a respectable income/rental ratio (say, of 20 per cent) a rent subsidy might be required.

The sorts of incomes these hypothetical rentals might service at a 20 per cent income/rental ratio is illustrated as follows:

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>Rental at 20 per cent</th>
<th>Rent Schedule (40 years @ 3 per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000- 4,000</td>
<td>$33.33- 66.66</td>
<td>[$79 to $136]</td>
</tr>
<tr>
<td>5,001- 7,000</td>
<td>83.33-116.67</td>
<td>[$79 to $136]</td>
</tr>
<tr>
<td>8,000-10,000</td>
<td>133.33-167.67</td>
<td>[$79 to $136]</td>
</tr>
</tbody>
</table>

a Assuming $100 deductions for minor members of the family.

There seems little reason why these costs and rentals could not be met although some form of other assistance might be necessary, such as general fund subsidy of the interest rate or direct supplementation of tenant rentals. The best use of state land would help provide the massive number of units (10,000) needed. Fair land exchanges might be necessary to gather together a large enough parcel to do effective innovative planning for clustering, mixed usage, and combinations of high and low density on any one site. Present State housing land could be put to higher and better use for an expanded program.

Homeownership is undoubtedly a pervasive ideal most families aspire to, and this was the guiding light and pressure for the thoughtful and progressive implementation of the down-payment reserve plan within the State housing program. Even though that plan helps only the fairly well off, it does provide a better means for ridding the projects of the "too respectable" thus opening a way for the more needy provided they are not screened out in the selection process. There seems little reason why this sort of plan could not be applied to the sales of existing or future State housing units except for the negative benefits of selling State land were it involved. Leasing State lands presents no great problem, but sales of the units would
DIRECTION OF ALTERNATIVES

require some change in the law to empower the Authority to engage in that activity. Sales should broaden the market of moderate income homeowners since State housing can be built at reasonable costs and no profit is involved (this would be an entirely new market and so would not compete with private enterprise).

Forcing the State housing tenant to seek homeownership in the private market not only restricts the opportunities to gain security in housing but also wraps a burdensome mill-stone of suburban mortgage around the necks of far too many struggling families. It would seem that innovations such as low-density condominiums, initially owned by the State and subsequently phased into tenant ownership, in cluster developments are easily within reach of the dynamic administration of an expanded State housing program.

Inasmuch as state housing rentals produce a funded reserve it would seem possible to include a portion of low-income families in State housing units at 20 per cent of the family's income. Such a plan would restrict, in a minor way, the opportunities of moderate-income families if sufficient units are not available. Supplemental funds from the State might also be required if reserves were drained.

The Proposals of the State Housing Study Group

The 1964 State Legislature requested the Governor to form a citizens committee to study ways of improving public housing programs (Senate Concurrent Resolution No. 1.), and the Governor's State Housing Study Group was subsequently assembled. The Group is composed of officials from federal, state, and local agencies; community associations; labor unions; the Chamber of Commerce; the ministry; and the academic community. In April, 1965, the Committee on Ways and Means was formed from the Group to develop specific recommendations regarding ways and means to implement portions of the Goals and Objectives of the Housing Study Group referred to earlier. To date the committee has dealt with "gap group" housing needs, that is, with the group of families with incomes just above the maximum income limits for federally subsidized public housing. The Committee believes that it is with this group that housing needs are most acute due to the substantial size of a substandard housing inventory in this group and to the group's inability to meet the prices of housing in the private market. The committee's recommendations fall into two groups: (1) indirect State assistance to developers of moderate income housing and (2) direct State aid and administration to improve the inventory
of housing for the moderate income group at prices they can afford. These recommendations include the following:

**Group I**

1. **Property tax abatement** for sponsors of low- and moderate-income housing taxing the land only at its value at the time of development and eliminating the tax on structures; both these abatements would apply only during the time the project is used for "gap group" housing.

2. The same sort of tax abatement as in 1., above, for **condominiums**.

3. The same sort of tax abatement as in 1., above, for **cooperatives**.

4. **State acquisition of land** that might become available at advantageous times to be later resold to moderate income housing developers.

5. **State subsidy for land acquisition** matching the difference in actual and useable land costs for development of "gap group" housing at specified low rentals, that is, between the fair market price and the hypothecated cost needed to maintain the low-rent character of the project.

6. **State interest subsidy** to absorb a portion, say 1 percent, of interest charges under FHA mortgage insurance for 221(d)(3) below market projects for moderate-income groups to make low rentals feasible.

**Group II**

7. **State leased housing** program to lease vacant private units for eligible low- or moderate-income families, such a program for low-income families to be worked in conjunction with and to supplement federal provisions in this same area or to be strictly a state program to aid moderate-income families.
8. State rent supplement for the "gap group" to meet low rentals in 221(d)(3) below-market rate projects or in other private projects.

9. State permanent housing expansion to build more units in small projects or detached units for eventual purchase by the tenant by means of the down-payment reserve plan.

10. Administrative recommendations including use of scattered projects, mixed-income projects, provision of community facilities in low-income projects, and so forth.

Definitive commentary on the utility and real impact of the Group's proposals would be conjectural at best, since in reality the true meaning of these ideas depends upon the specifics of a proposed project with all its attendant costs, size, location, and so forth. Making gross assumptions, however, might bring some light upon the public cost and utility of such aids in providing low rental housing at the needed level. One might assume that per unit construction (financed at 5 or 6 per cent over 40 years) could range from $10,000 to $25,000, the lower figure reflecting some sort of land subsidization such as through urban redevelopment, and that the entire goal of 10,000 moderate income units ought to be reached within the near future. With these assumptions, the proposals of the Housing Study Group can be partially analyzed both as to their mechanics and their economies. Without considering profit from operation of moderate-income housing and assuming operating costs and amortization expenses each account for half of the rental, the rent schedule for units in the $10,000 to $25,000 cost range would appear as follows:

Hypothetical Rent Schedule for Non-Profit, Moderate-Income Housing at Selected Costs per Unit Dwelling

<table>
<thead>
<tr>
<th>Per Unit Cost</th>
<th>Size</th>
<th>Probable Rental: Moderate-income Limits</th>
<th>Rentals @ 20% of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000</td>
<td>Studio or 1 bedroom</td>
<td>$103.32, $5200-6249</td>
<td>$87-104 (1 person)</td>
</tr>
<tr>
<td>$15,000</td>
<td>1 to 3 bedroom</td>
<td>$154.74, $5200-7599</td>
<td>$87-127 (2 persons)</td>
</tr>
</tbody>
</table>
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Probable Rental:

<table>
<thead>
<tr>
<th>Per Unit Cost</th>
<th>Size</th>
<th>(Amortization X 2)</th>
<th>Moderate-income Limits</th>
<th>Rentals @ 20% of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20,000</td>
<td>2 to 4 bedroom</td>
<td>$ 206.30</td>
<td>$ 5500-8949</td>
<td>$ 92-149</td>
</tr>
<tr>
<td>$25,000</td>
<td>3 and more bedrooms</td>
<td>$ 257.88</td>
<td>$ 6750-10,299</td>
<td>$113-172</td>
</tr>
</tbody>
</table>

Rental Schedule of New Privately-Owned Rental Housing

--Honolulu, 1965

<table>
<thead>
<tr>
<th>Size</th>
<th>Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$ 115</td>
</tr>
<tr>
<td>One-bedroom</td>
<td>130</td>
</tr>
<tr>
<td>Two-bedroom</td>
<td>145</td>
</tr>
<tr>
<td>Three-bedroom</td>
<td>160</td>
</tr>
</tbody>
</table>

Proposal I The tax abatement or exemption scheme would be administered entirely through the Tax Department and would simply require clerical or electronic verification of income eligibility as well as cut-off date of the abatement (if any). The effectiveness and cost (loss in tax base) can be illustrated as follows:

<table>
<thead>
<tr>
<th>Per Unit Cost</th>
<th>Moderate Income Rental at Full Taxation</th>
<th>Monthly Impact of Full Tax Exemption</th>
<th>Total Public Cost Per Year [impact X 10,000]b</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 10,000</td>
<td>$ 103.32</td>
<td>$ 10.83</td>
<td>$ 1,300,000</td>
</tr>
<tr>
<td>15,000</td>
<td>154.74</td>
<td>16.12</td>
<td>1,934,000</td>
</tr>
<tr>
<td>20,000</td>
<td>206.30</td>
<td>21.42</td>
<td>2,570,000</td>
</tr>
<tr>
<td>25,000</td>
<td>257.88</td>
<td>26.72</td>
<td>3,200,000</td>
</tr>
</tbody>
</table>

a Per month impact, i.e., rental savings, are based on 1966 Honolulu tax rate, property being assessed at 70 per cent of market value.
b Ten thousand units of moderate-income housing needed and demanded according to the Mid-America Report.

Property tax exemption would be a partially effective means of lowering per unit costs of moderate-income dwelling units, but only to the extent of reducing rents from $11 to $27 per unit per month.
whereas rentals projected from the selected housing costs shown on pages 89 and 90 would require a reduction of from $16 to over $50 per unit per month. A partial tax abatement would be less meaningful without further public aid to cost or rental reduction, something which would be necessary even under full tax exemption. The total public cost per year would be entirely justified if the investment-to-return ratio gave twice the social and economic benefit over investment costs, an assumption that might well be within the ball park as shown in the next chapter. Were the exemption to be indirectly absorbed through adjustments in the assessments of other properties any benefits derived from the exemption might be modified due to reasons of equity: All classes of properties would be affected since the entire tax base is reduced so that both the wealthy estate and the poor renter or homeowner would share the burden of the exemption. Because of the size of the total public cost per year, direct absorption of the tax exemption such as through state grants to the counties to account for tax revenues lost would probably produce a reduction in the fulfillment of total need for moderate-income housing of the type discussed here for practical reasons, not necessarily for social or economic reasons.

Proposal 4 State acquisition of land at advantageous times is an often cited goal amongst conservationists and those who are highly concerned for effective urban planning. The idea of land exchanges is also often advanced as a means of orderly preservation of the State's natural resources and development of its economy. The mechanics of this proposal is difficult to measure for lack of knowledge or prognosis as to when and how much land might become available at which price, and the constitutionality of certain transactions in the grey area of the question of whether the police power is truly being used for public purpose is unanswered. Economies under this proposal are likewise undefined inasmuch as definite quantities and prices of land involved are unknown. Even though land bought and later sold would involve minimal apparent costs if done through a revolving fund mechanism, a larger real cost of holding land off the market in a land bank might result, if it were banked for any length of time, in inflating the land market.

Unfortunately, there is too often a proclivity amongst practical decision-makers to avoid using land resources for certain social ends. The flexibility of potential use of even existing State holdings is often restricted by unclear goals in use of public lands. Release of State urban lands, such as through exchanges, especially hampers present and future possibilities for their use as a necessary component of a State housing policy.
PUBLIC HOUSING IN HAWAII

Proposal 5 State subsidy for land acquisition is a principle derived from federal experience in urban redevelopment such as grants of up to two-thirds of the cost of site purchase and clearance. The following gives some insight as to the impact of a state program in this area might have:

<table>
<thead>
<tr>
<th>Per Unit Land Cost</th>
<th>State Subsidy</th>
<th>Total Public Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1/4 cost</td>
<td>1/3 cost</td>
</tr>
<tr>
<td>$1,000</td>
<td>$250</td>
<td>$333</td>
</tr>
<tr>
<td>2,000</td>
<td>500</td>
<td>667</td>
</tr>
<tr>
<td>3,000</td>
<td>750</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Effect of Reduced Land Cost on Rentals (computed at 5.5% for 40 yrs.)

<table>
<thead>
<tr>
<th>Reduction per unit</th>
<th>Effect per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500</td>
<td>$2.13</td>
</tr>
<tr>
<td>1,000</td>
<td>5.16</td>
</tr>
<tr>
<td>2,000</td>
<td>10.32</td>
</tr>
<tr>
<td>4,000</td>
<td>20.64</td>
</tr>
</tbody>
</table>

How important the effect of reduced land costs on rentals is depends upon both the original cost per unit of the dwelling unit and the size of land cost reduction: the uneffected rental can range from $103.32 to $257.88 and the size of the reduction effectiveness can range from $2.13 to $20.64. It should also be pointed out that the total public cost can be spread out over, say, ten years thus reducing the cost in any one year to a range of $250,000 to $1.5 million. Costs would be further reduced if it were decided not to meet the entire defined need of 10,000 units.

Proposal 6 Administration of State subsidy of interest charges would involve somewhat more detail and complexity than other proposals, but in essence would entail agreements, within standards, between the administering government agency, say the director of finance, comptroller or director of planning, and FHA over the terms of the mortgage. The carrying financial institution would then bill the state agency and the state would make payment to the bank.
The effectiveness and public costs of this scheme would look something like the following:

<table>
<thead>
<tr>
<th>Per Unit Cost</th>
<th>State Subsidy of 1% per month [based on 40 yr. mortgage at 5.5%]</th>
<th>Total Public Cost Per Year [subsidy X 10,000]</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000</td>
<td>$23.00</td>
<td>$2,760,000</td>
</tr>
<tr>
<td>15,000</td>
<td>34.50</td>
<td>4,140,000</td>
</tr>
<tr>
<td>20,000</td>
<td>46.00</td>
<td>5,520,000</td>
</tr>
<tr>
<td>25,000</td>
<td>57.50</td>
<td>6,900,000</td>
</tr>
</tbody>
</table>

Again, it can be said that the total costs need not, and, practically speaking, would not, be realized all in any one year; the phasing in of 10,000 units would spread the costs over time except in the case of subsidizing that number of units at any time within the 40 year period.

Proposal 7 State leasing of private housing for eligible tenants is dealt with by the Group's recommendations in two parts: that for low-income families eligible for federal leasing aid, and that for moderate-income families to be aided by an entirely state operated program. Since the Committee's main concern is with moderate-income families, that is the "gap group", and since leasing under the federal program is discussed above, the following indicators of cost will apply only to the "gap group".

(1) (2) (3) (4)

| Average Advertized Moderate-Income Moderate-Income Supplement |
|---------------------|--------------------------|--------------------------|-----------------|
| Rentals on Oahu | Persons in a lim b | People b | Rentals (20% of income) | Per Unit |
| June-Nov., 1965 | Household | c | | (1) - (3) |
| Studio | $ 71-87 | 1 | $5,200 - $6,249 | 87-104 | (0) |
| One-bedroom | 97-105 | 2 | 5,200 - 7,599 | 87-127 | (0) - 18 |
| Two-bedroom | 120-135 | 3 & 4 | 5,500 - 8,949 | 92-149 | (0) - 97 |
### PUBLIC HOUSING IN HAWAI'I

<table>
<thead>
<tr>
<th>(1) Average Advertized Rentals on Oahu June-Nov., 1965</th>
<th>(2) Moderate-Income Limits Persons in Household</th>
<th>(3) Moderate-Income Rentals @ 20% of income</th>
<th>(4) Supplement Per Unit (1) - (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three-bedroom</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>159-179</td>
<td>5 &amp; 6 6,750 - 10,299</td>
<td>113-172</td>
<td>(0) - 80+</td>
</tr>
<tr>
<td></td>
<td>7 + 6,000 - 11,649</td>
<td>100-194</td>
<td>(0) - 80+</td>
</tr>
</tbody>
</table>

- **a** Income limit for continued occupancy in public housing
- **b** Maximum income limit for occupancy in FHA below-market rate housing
- **c** Ratio used for public housing

Column (2) in the above chart is defined as the income limits of the "gap group" serviced by State leasing; column (3) shows the level of rentals this group could afford to pay at a rate of 20 per cent of their income; column (4) shows the possible differentials between the going rental rate [column (1)] and what the moderate-income family could afford to pay (column (3) includes utilities whereas column (1) probably does not). In the event the differential materialized, a State rent supplement would be needed. Under the leasing program the State would contract for the lease of private dwellings to be occupied by moderate-income families (and/or low-income families) and the family would pay only 20 per cent of their income to the State for rent while the State paid the lesor the contractually agreed price (which might be somewhat lower than the going rate). Another way to run this program is to have the tenant pay his computed rent to the lesor and the State to pay a rental supplement to bridge the differential. The State might also use this program in conjunction with federally assisted leasing for low-income families in private dwellings, thus allowing any low-income tenant whose income exceeds the allowable limits to remain in the unit by transferring to the moderate-income program.

Costs of this program are indeterminate since prices of private dwellings fluctuate to the point of sometimes falling within the 20 per cent rental schedule at moderate-income and at times falling outside these limits. Further, the moderate-income State leasing program would undoubtedly have to be qualified according to the going vacancy rate to avoid inflating the rental market in a similar manner as the federal leasing program for low-income families is qualified. Finally, the sheer size of need, 10,000 units, and its relative size to the total inventory of housing indicates very little availability of standard housing to be used for leasing unless some becomes available through federal programs of rehabilitation.
Proposal 8 A State rent supplement program must be considered in two parts: that for low-income families participating under the federal low-income rent supplement program, and that for a new group of moderate-income families. Rent supplements for low-income families under the federal program are granted only if the family is willing to pay 25 per cent of its income for its share of the rental whereas it need pay only 20 per cent of its income for rent in the regular public housing program. The suggestion can be made implicitly for this Group proposal that the State pick up the difference between the 25 per cent figure and the 20 per cent figure:

State Rent Supplement for Low-Income Families Participating in Federal Rent Supplement Program

<table>
<thead>
<tr>
<th>Income</th>
<th>20% Rent per month (as in Public Housing)</th>
<th>25% Rent per month (as in Federal Supp. Plan)</th>
<th>State Supplement per month (5% difference)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000</td>
<td>$33.30</td>
<td>$41.66</td>
<td>$8.36</td>
</tr>
<tr>
<td>3,000</td>
<td>50.00</td>
<td>62.50</td>
<td>12.50</td>
</tr>
<tr>
<td>4,000</td>
<td>66.66</td>
<td>83.83</td>
<td>17.17</td>
</tr>
<tr>
<td>5,000</td>
<td>83.33</td>
<td>104.16</td>
<td>20.83</td>
</tr>
<tr>
<td>6,000</td>
<td>100.00</td>
<td>125.00</td>
<td>25.00</td>
</tr>
<tr>
<td>7,000</td>
<td>116.67</td>
<td>145.83</td>
<td>25.16</td>
</tr>
</tbody>
</table>

Total State Cost: Avg. Yearly Supplement X 6,500 (Maisel's $1,225,000 figure for low-income housing needs)

The total State cost must be interpreted as reflecting the attainment of the total goal of meeting the total need of 6,500 units for families under $5,000 income; phasing in of the total attainment would produce lower figures initially but the eventual total cost would be the higher figure. It must also be remembered that this particular rent supplement is in addition to federal supplement of rent and thus conditioned by federal authorizations as well as those by the State. Administration of the State portion of this sort of program would necessarily have to be closely coordinated with the involvement of the FHA side of rent supplement. If the Hawaii Housing Authority is designated as the administrative agency, general fund appropriations would be necessary for both the supplement and the costs of administration inasmuch as tenant rentals from other subsidized and non-subsidized projects should not be expected to absorb such costs.

A state rent supplement for moderate-income families in FHA 221(d)(3) market rate projects would be necessary if per unit
construction and operating costs created rentals above the 20 per cent ratio for the defined moderate-income limits:

<table>
<thead>
<tr>
<th>Per Unit Cost</th>
<th>Per Unit Rentals</th>
<th>Moderate-Income Rentals (@ 20% of income)</th>
<th>State Rent Supplement per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000</td>
<td>$103.32</td>
<td>$87-104</td>
<td>$(0)-16</td>
</tr>
<tr>
<td>$15,000</td>
<td>154.74</td>
<td>87-127</td>
<td>28-68</td>
</tr>
<tr>
<td>$20,000</td>
<td>206.30</td>
<td>92-149</td>
<td>57- +</td>
</tr>
<tr>
<td>$25,000</td>
<td>257.88</td>
<td>113-172</td>
<td>+ - +</td>
</tr>
</tbody>
</table>

Total State Costs: Avg. Supplement X 10,000 units
$3,000,000 - 6,000,000 per year

Of course, $300 per year per unit may mitigate against complete fulfillment of the goal of housing 10,000 moderate-income families. Again, if Hawaii Housing administers such a program adjustments would have to be made in the supplement or the rentals to account for administrative charges and costs.

Proposal 9 Expansion of permanent State housing has been discussed earlier on pages 85-87, and that analysis indicates an apparent efficient provision of housing at the desired rentals if revenue bonds could be floated at about 3 per cent with a 40 year amortization period:

<table>
<thead>
<tr>
<th>Per Unit Costs</th>
<th>Rentals to Cover Operating and Amortization Costs</th>
<th>Incomes Serviced with Rentals at 20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11,000-19,000</td>
<td>$79-136</td>
<td>$4,740-8,160</td>
</tr>
</tbody>
</table>

These income limits are well within the moderate-income group, and slight upward adjustments in costs of construction or financing would likely stay within the necessary limits on rentals. There is a question, however, as to whether or not development of detached or semi-detached would not require some substantial easement of per unit cost through assistance to meet the rental requirements. The sales of such units, as proposed, would require some change in State statute under Section 77-4 governing the powers of the Hawaii Housing Commission in the administration of State housing projects. Use of the
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down-payment reserve plan in the situation described above in relation to the economies of expanded State housing would seem to be unfavorable since the operating costs would not be significantly below the actual rental level and since the tenant would already be paying 20 per cent of his income for that rental. The down-payment plan calls for raising the participating tenant's rent (which is often far below the 20 per cent of income level) to the 20 per cent of income level and then crediting the difference between the rent so computed and the actual operating cost of the unit.

Evaluation of the Study Group Proposals

The bulk of the Housing Study Group's proposals would be useful mechanisms under special circumstances to aid in the development of standard housing for a portion of the 10,000 moderate-income families now living in dilapidated and overcrowded housing. Their true effectiveness, however, would come with significant combinations of these proposals. The most practical gain from use of these schemes is their surrogate appeal to the philosophy of strengthening private enterprise through developing a consensus between the public and private sectors.

As has been indicated in earlier portions of this report, public provision of housing has been a last resort, even under the most obvious cases of acute and urgent housing need. When private enterprise has been unable to afford the risk of providing a sizable segment of society with standard housing the government took a step towards spreading the risk throughout the economy by guaranteeing mortgages at moderate interest levels. However, it is apparent that even with public absorption of all interest charges on standard housing there still remains a large portion of moderate and lower income families unable to afford housing or unable to be accepted as good risks in the private market. To lower costs of housing other ideas were advanced, such as limited-dividend and non-profit corporations to assure low prices and rentals. The difficulty with these new ideas is that the possible return on capital is too low to be an incentive even in light of the relatively low risk (some of these proposals include guarantees of occupancy in non-profit housing by local housing authorities). For example, a private entrepreneur would be perfectly willing to compete with others in drawing up plans for a low- or moderate-income project and risk loss of any costs incurred in doing so if the potential return on winning the bid, say, were of a substantially profitable nature. It is suggested that one of the reasons that the limited-dividend and non-profit approaches have not produced a glut of projects is that, besides the lack of incentive,
the risk in losing any initial investment for planning a bid is not offset by any potential return. State housing has the advantage of spreading the risk throughout the community. The cost of this sort of housing program is not spread throughout the community inasmuch as the principle, interest, and operating costs are covered by rentals. It is only the risk of venturing into the project that is spread. In doing so, recognition is given to the benefits the whole community gains from improving a sector of housing conditions.

Elderly Housing

Hawaii's elderly population (those over 65 years of age) is expected to reach 41,000 by 1971 and 60,000 by 1980 and more than 50 per cent of these individuals and families may have incomes below $6,000 (in 1960, 60 per cent were below $5,000). According to the 1960 Census, 4,700 of the 13,200 elderly occupied housing units were dilapidated or deteriorating.

Low-rent public housing gives first priority to the elderly in its admission policies and one project houses the elderly exclusively: Punchbowl Homes with 156 units. Four other specific projects for the State are planned to be completed by 1968 or 1969: Makua Alii (on Kalakaua Avenue in Honolulu) with 210 units; 151 units at a Kukui project in downtown Honolulu; Hilo with 20 units, and 40 units for the Hamakua coast on the Island of Hawaii.

There are no special elderly housing projects in Hawaii at the present time aimed at the low-moderate income market under the Senior Citizens Direct Loan Program (Section 202 of the National Housing Act). Even though this is a low interest, long term program debt service is still too high to meet the rentals in this market. However, two projects are planned for completion sometime in 1968: 100 units at the Hongwanji Buddhist Mission on Pali Highway in Honolulu and 150 units at Kahului, Maui. Also available will be some units at the Damon Terrace and Kukui Projects discussed under the section on Gap Group Housing of this Chapter. No projects, apparently, are being planned for the middle income market under Section 231 mortgage insurance with the FHA or under Farm Home Administration programs. However, some groups, such as the Hawaii Council for Housing Action, are highly interested in proposals along these lines.

University Public Housing

The University of Hawaii, Manoa campus, has been severely pressed to solve the growing problem of housing for its student population.
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Within the next few years it will need to find several thousands of available units to house students of various economic means, amongst whom are, and will continue to be in growing numbers, families who could easily qualify for federally subsidized low-rent housing. The progressive administrator of the Authority has recognized this, and has a program developing, in concert with University officials, to construct low-rent public housing on lands near the University for low-income student families. Realization of this program depends, of course, upon the salesmanship of the University and the authority in approaching the federal administrators as well as the community. Economic feasibility often depends upon a large enough and a geographically stable eligible population, and one possible remedy would be to include within the project other low-income eligible families as well as students. The social and intellectual mix of tenants would instill a modicum of motivation in the "other" type of family and would give the students a lesson in life and social dynamics never found in the classroom.

Some pressures might be felt to avoid the inclusion of non-student, low-income families in near campus housing and so there may be encouragement to keep the potential project on a smaller scale to mitigate against the need of possibly including them if the immediate supply of student families dwindled. However, this would surely be short-sighted in view of the certain doubling or tripling of the graduate population at the University over the next several years.

Non-profit housing under federal 221(d)(3) programs for moderate-income student families would have as many difficulties as those mentioned above. Furthermore, use of special college housing organizations for College Housing loans is frowned upon by the federal administrators who prefer to work through the institution.

Flexible Income Limits

On November 15, 1966, the Hawaii Housing Authority's amended maximum income limits for admission and continued occupancy for federally subsidized projects went into effect. The amendments provided for a broadening of the income range of tenants to be served by public housing. The new maximum income limits provide for a corresponding increase or decrease in the maximum income limits for admission and continued occupancy in the following amounts:
#### Annual Income Limits for Admission

<table>
<thead>
<tr>
<th>Number of Persons</th>
<th>Hawaii, Kauai and Maui</th>
<th>Oahu</th>
<th>Percentage change from prior limits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regular</td>
<td>Special</td>
<td>Regular</td>
</tr>
<tr>
<td>1</td>
<td>$3,500</td>
<td>$4,375</td>
<td>$4,000</td>
</tr>
<tr>
<td>2</td>
<td>3,700</td>
<td>4,625</td>
<td>4,200</td>
</tr>
<tr>
<td>3 or 4</td>
<td>4,200</td>
<td>5,250</td>
<td>4,700</td>
</tr>
<tr>
<td>5 or 6</td>
<td>4,800</td>
<td>6,000</td>
<td>5,300</td>
</tr>
<tr>
<td>7 or more</td>
<td>5,000</td>
<td>6,250</td>
<td>5,500</td>
</tr>
</tbody>
</table>

*a* Applies to admission of governmental displaced families and individuals.  
*b* Applies only to individual elderly persons at time of admission.

#### Annual Income Limits for Continued Occupancy

<table>
<thead>
<tr>
<th>Number of Persons</th>
<th>Hawaii, Maui and Kauai</th>
<th>Oahu</th>
<th>Percentage change from prior limits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>$4,375</td>
<td>$5,000</td>
<td>- 5%</td>
</tr>
<tr>
<td>2</td>
<td>4,625</td>
<td>5,250</td>
<td>0%</td>
</tr>
<tr>
<td>3 or 4</td>
<td>5,250</td>
<td>5,875</td>
<td>+ 7%</td>
</tr>
<tr>
<td>5 or 6</td>
<td>6,000</td>
<td>6,625</td>
<td>+ 15%</td>
</tr>
<tr>
<td>7 or more</td>
<td>6,250</td>
<td>6,875</td>
<td>+ 15%</td>
</tr>
</tbody>
</table>

*a* Applies to individual elderly persons and one-person residual families.

This was the first substantial change since 1962 and was intended to represent adjustments for the increased cost of living. Inasmuch as such increased costs affect the general economy, a relatively large gap still remains.

The lowering of the maximum income limits for admission was achieved by segregating the individual elderly persons at the time of admission and also for continued occupancy to form a new category at a 5 per cent decrease in the maximum income limit from the prior $4,200 regular income limit for Oahu to $4,000 for admission and from $5,250 to $5,000 for continued occupancy. The decrease for the
elderly may in some part be attributed to the potential opening of 362 units of elderly housing at Makua Alii and Kukui although it should be pointed out that only a few people were immediately affected. Some difficulty may arise in lowering the admission limits since a smaller number of families will be able to qualify because of this decrease in the future.

A further examination of the new income limits shows no change for two-person families. The income limits are increased for admission and continued occupancy for 3 or 4 persons by 7 per cent, for 5 or 6 persons by 15 per cent, and for 7 or more persons by 15 per cent. The increase in maximum income limits for admission results in permitting families with higher incomes to qualify for public housing. This should greatly increase the demand and need for additional public housing units. The continued occupancy limits should present some relief and security for tenants who have the initiative to increase their incomes beyond the prior maximum limits without the fear of being evicted for exceeding the prior limits. But if sufficient units are not available to accommodate everyone, then the persons with the lowest incomes (i.e., "the less respectable") may be deprived of housing assistance unless some sort of priority in admission is granted to tenants of the lowest income group.

The retention of tenants who display initiative and successful behavior in increasing their incomes will hopefully provide the examples and serve as leaders for other tenants to emulate and bootstrap themselves to become self-supporting. Such tenants might well function as community organizers. Further increases in the maximum limits for continued occupancy to the point where the tenant could pay the economic rent for the public housing unit with one-fifth or less of his income without fear of eviction would provide the greatest security and incentive to a tenant to increase his income to the limits of his ability. Changing the public housing continued occupancy income limits to permit this possibility would result in actual mixing of moderate-income families in a public housing project. Changes in admission policies might also provide for a specified number of moderate-income families to become tenants in a public housing project and pay the economic rent to provide for further mixing of moderate-income families thus reducing federal contributions at one project and making the difference available for new projects. A secondary effect of these proposed changes would be to increase the demand and need for more public housing mixed with low- and moderate-income families. The successful implementation of a program providing
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for retention of tenants whose incomes increase beyond the maximum limits requires that sufficient units be constructed to house all the low-income families to assure that persons truly in need of assistance will not be deprived of adequate housing.

Any substantial departure from current public housing programs would require approval of the Housing Assistance Administration but the foregoing proposals are mentioned to indicate the possibilities for mixing low- and moderate-income families in the present public housing facilities. Such changes really mean changing the strictly "real-estate" orientation of public housing policy.

Lavanburg Foundation Concept

Another method of integrating low- and middle-income families to promote the general objectives of economic, and perhaps social, mix is illustrated by the Lavanburg Foundation in New York. Under this concept the Foundation would establish a non-profit corporation to develop and administer a housing project, including common recreational and community facilities and commercial facilities, to be shared by all the tenants in the neighborhood. The financing for this arrangement is to be provided jointly by the FHA 221(d)(3) program and the Housing Assistance Administration program. Upon completion of the project, the local housing authority with the Housing Assistance Administration financial assistance will purchase an undivided interest in the project consisting of a given number of units, as well as an undivided interest in the "commons" facilities and to include the financing of the commercial facilities if they qualify as necessary appurtenances.

The advantage of the undivided ownership arrangement is that it permits the low-income family maximum mobility to move up or down the income scale without penalty of eviction if their income exceeds the public housing maximum income limitations and also permits such families to remain anonymous without being identified as a public housing tenant. Tenants whose incomes rise and exceed the public housing limits are permitted to remain in their apartment and be transferred to the account of the 221(d)(3) project. This arrangement is intended to provide encouragement and the opportunity for low-income families to better themselves financially and yet enjoy the security of continuing to live in the same physical environment without fear of eviction.
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Middle-income tenants could also be assisted by being transferred to the public housing account if their income goes down.

The major advantage being advanced by some to the operation of the whole housing project by a non-profit organization is that it minimizes the "government" or "public" aspect of current low-income housing. This arrangement ostensibly provides the maximum opportunities to create an environment which would promote the greatest acceptability by both low- and middle-income groups of each other. Implementation of this concept would require a management agreement between the local housing authority and the non-profit corporation as to selection of tenants and other requirements related to public housing eligibility. The non-profit corporation could also be designated as the operating agent of the local housing authority and administer the entire project.

The Lavanburg approach of combining public and private non-profit interests through an undivided ownership arrangement offers one of the more innovative approaches that could be utilized to meet the concerns of the Resolution. Experimentation with this approach could also provide a means of testing and evaluating the differences that exist between public and private development and desirability of administration and management by a non-profit corporation as compared to a governmental agency.

A further possibility also exists in the area of incorporating ownership incentives for low-income tenants by transposing the Lavanburg approach to a cooperative or condominium development. The purchase of units by the public housing authority for sub-rental to low-income tenants for later purchase of individual units might be complicated by the undivided interest nature of Lavanburg projects.

The implementation of the Lavanburg approach would require seeking out interested communities and organizations to participate in this plan. It could serve as an interesting experiment and alternative to our present forms of public housing or as a supplement directed toward increasing the housing market for low- and moderate-income families. It will be difficult to find a benevolent non-profit organization with sufficient funds to assist the Hawaii Housing Authority which is currently seeking to implement this concept in Hawaii.
"Turnkey" Method

The "turnkey" method is a new technique for the provision of public housing which permits a private developer or builder who has a site or an option, or can obtain one, to approach the local housing authority with a proposal to build in accordance with plans and specifications prepared by his own architect for later acquisition by the housing authority.

A letter of intent is issued by the housing authority to the developer to provide assurance that the Authority will enter into a contract of sale upon completion of the project. This project will also be eligible for financial assistance under the annual contributions contract between the Housing Assistance Administration (P.H.A.) and the local housing authority. Additional security is provided to the developer and lending institution providing the construction funds by the Housing Assistance Administration (P.H.A.) guarantee of the local housing authority's responsibilities set forth in the letter of intent and sales contract.

The financing arrangement should prove advantageous to the private developer and the private lending institution since a "take-out", that is, a guaranteed return on investment, is authorized upon completion of the project similar to the FNMA purchase of an FHA mortgage when a development is completed. Under this arrangement, the developer and the lending institution are paid off upon completion and acceptance of the project by the local housing authority. This method decreases the time that private capital will be tied up and guarantees an ultimate "take-out" payment of the amounts set forth in the contract.

The purchase of privately owned and developed projects would probably result in a more random scattering of smaller projects throughout the general community. This approach will enable low-income families to live in the same environment with families of higher income with less possibility of being specifically identified as public housing tenants. Combined private and public developments on a large site could also be arranged to provide for mixed ownership. This arrangement also provides that housing owned exclusively by the housing authority or under mixed ownership, may be managed either by a private management organization or by the local housing authority. This flexibility presents an excellent opportunity to experiment with using private management as the agent of the housing authority to
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administer public housing projects located throughout the community. The divestment of obvious physical characteristics generally associated with public housing projects such as polished bronzed plaques dedicating the project to a humanitarian sponsor is also essential to facilitate anonymity in public housing projects and tenants.

The "turnkey" method offers an alternative to our present public housing projects as far as providing a scattered number of sites that prevent large concentrations of low-income families. However, tenants residing in projects constructed under this method may still remain subject to the administrative rules, regulations and stringent practices of public housing management and in this sense are not given the complete opportunity to be fully integrated into the community. Private management of projects acquired by the housing authority through the "turnkey" method will presumably offer the low-income tenant the opportunity to be treated as an ordinary tenant in the community. Difficulty in implementing this method may arise from the fact that private developers may be able to receive a greater return on their investment by sale to a private person or corporation and by the reluctance to sell to a public housing agency because of the fear that such a project would depreciate the value of the property in the surrounding neighborhood and result in objections by the residents of the area.

The ultimate success of this program will depend on whether the annual contributions and the tenant's rent will be sufficient to pay the cost of administration, maintenance, operating expenses and debt service charges to enable the project to be self-supporting. Despite the apparent latitude granted the developer to build according to his own plans, it will be necessary for him to maintain approximately the same cost limitations per unit as required by the Housing Assistance Administration so that the annual contributions will be sufficient to pay for the amortization and interest charges for the bonds issued and sold to pay for the project. The economic feasibility of a proposed project will probably be the most important factor in determining whether the Housing Assistance Administration will approve of the arrangement. The "turnkey" method shows great promise for answering the needs of the Resolution in providing the smaller vest pocket public housing projects for "good" tenants scattered throughout the community. Hopefully, private and public interests will be able to cooperate and develop such a project.

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Sales of Public Housing Units

As a practical matter, it is generally agreed that a low-income family will not be able to purchase a suitable dwelling in the private market at a price it can afford. Governmental assistance programs in the form of FHA insured mortgages and direct loans to the elderly are intended to provide assistance to middle-income groups who fit the financial profile of having a stable and adequate income and sufficient assets to make the required down payment. Such programs must operate within the confines of our free enterprise system which is not organized to provide housing assistance to low-income families.

It was perhaps due to the realization that the private market cannot or will not provide assistance to the low-income family that prompted the federal government, in the Housing and Urban Development Act of 1965, to initiate a new program in conjunction with its public housing projects that permits the sale of a detached or semi-detached public housing unit to a tenant family. The terms of a proposed sale have been tailored to meet the specific needs of a low-income family and provide for the following:

1) The purchaser is required to pay a pro rata share of the cost of any services furnished by the local housing authority including administration, maintenance, repairs, utilities, insurance, reserves, local taxes and amortization of the sales price in not more than 40 years at a monthly payment equal to the greater of the unamortized debt or the appraised value of the unit. The local housing authority is also authorized to permit a purchaser to apply as a down payment on the unit an amount equal to the net rent paid for his dwelling unit up to three years prior to the contract of sale. (This federal provision closely resembles the down-payment reserve plan currently administered by the Hawaii Housing Authority in the operation of its State subsidized housing program.)

2) The interest rate is fixed at not less than the average interest cost of loans outstanding on the project and in the case of projects without bonds outstanding, the interest rate is fixed at not less than the going federal rate applicable for such project;
3) The minimum amount for principal payments is set at one-half of 1 per cent per annum of the sales price for the first five years after purchase, 1 per cent per annum for the next five years, 1 1/2 per cent per annum for the third five years, and thereafter an amount not less than the principal payments resulting from a level debt service of interest and principal over the balance of the payment period;

4) In case of default by the tenant-purchaser, the public housing agency is given an option to acquire the purchaser's interest upon payment of an amount equal to his aggregate principal payments plus improvements, less an amount equal to 2 1/2 per cent of the sales price.

The assistance provided by the sales program could provide a real opportunity for homeownership to low-income families residing in public housing. Although the number of detached or semi-detached units are quite limited and would therefore be able to serve only a limited number of tenants, a sales program is a significant development in providing equal opportunities to the poor who wish to achieve home ownership on terms that are meaningful to their situation.

New York State Assistance Programs

The housing programs of the State of New York offer an example of aggressive state action in providing a socially directed program aimed at integrating low- and moderate-income families within the same projects and neighborhoods. The enactment of the Limited Profit Housing Companies Act in 1961, was the most significant development in encouraging and assisting private enterprise to invest in housing companies regulated by law as to rents, profits and dividends. It recognized the necessity for participation by the state, municipalities and agencies in financing such housing to accomplish these public purposes.

The New York State Housing Finance Agency provides the loans to finance the housing projects. The Agency is authorized to issue and sell tax exempt negotiable bonds and notes, to make mortgage loans and to sell any mortgage or obligations securing a mortgage at either private or public sale. Bonds of the Agency are secured by pledging the mortgages the Agency receives as security for the loans made to each housing company. Such bonds are not directly guaranteed by the State and are not considered a state debt. These bonds and notes are
declared to be legal investments and all public or private bodies are authorized to invest in them. However, the Agency is required to establish a capital reserve fund of an amount not less than the maximum amount of principal and interest becoming due in any calendar year on its outstanding bonds. The State indirectly guarantees the Agency bonds by making annual appropriations to the capital reserve fund sufficient to pay the charges on outstanding bonds of the Agency. The State thus assumes a contingent liability by its guarantee against default of the bond payments.

There are three types of projects authorized under this Act, each differing in the amount of financing provided by the mortgage loan. Limited profit housing companies are eligible to receive a maximum mortgage loan of 90 per cent of the total project cost. Mutual companies (non-profit corporations and cooperative associations) and community development corporations (non-profit corporations constructing facilities in urban renewal areas) are eligible for a 95 per cent mortgage loan for the construction of either rental or cooperative projects on a nonprofit basis to house hospital staffs, college faculty, employees and student families of educational institutions. Non-profit companies providing housing for low-income aged persons are eligible for 100 per cent mortgage loans equal to the total project cost. The return on investment is limited to dividend payments of 6 per cent per annum for holders of stocks and debentures of the housing company.

The State of New York pioneered the development of the first state rental assistance program that enabled low-income families to live in privately-owned, middle-income housing. Under this program, the New York State Housing Finance Agency leases dwelling accommodations in limited profit housing company projects for persons and families of low-income who meet the eligibility requirements for low-rent public housing. The low-rent-assistance program thus utilizes the privately-owned, middle-income developments built with Housing Finance Agency loans as a source of apartments for low-income families. This guarantees that the program is not underwriting inflated rentals on substandard housing.

A capital grant of one million dollars was appropriated to the Housing Finance Agency in 1964 to provide low-rental-assistance for approximately 600 families for three years. An additional five million dollars was subsequently appropriated in 1965 to enlarge the program.
The Finance Agency is authorized to lease a maximum of 20 percent of the apartments in a project. Such apartments are then sublet to eligible occupants at a rental rate equal to one-fifth of their adjusted family income (deductions are allowed for secondary wage-earners and working minors). The difference between the tenant's payments and the middle-income rentals is made up from the capital-grant funds plus the amount saved because of abatement of city real estate taxes proportional to the number of rent-assisted apartments in the project. If the income of an occupant family participating in this program rises, such family continues to pay one-fifth of their income for rent, and the state aid decreases. This continues until the family pays the same rent charged middle-income tenants at which point the assistance ends and the family may continue as regular tenants subject to the regulations of the project.

Additional assistance is provided by authorizing the governing body of any municipality in which a project is to be located to exempt the real property in a project from local and municipal taxes other than assessments for local improvements to a maximum of 50 percent of the value of the property for a maximum period of 30 years. Bonds, mortgages, notes, income debentures and obligations of a company and interest thereon are defined as public instrumentalities and exempt from taxation. These provisions are intended to lower the developmental cost of projects so lower rents can be established that will still be sufficient to pay the costs of operation, maintenance, fixed charges and operating and depreciation reserves.

New York's programs have been successful in expanding the total housing supply for middle-income families and in providing low-income families with the opportunity to increase their incomes and move into suitable rental or cooperative housing scattered throughout the community. However, many of these programs are similar to and duplicate existing federal programs. It is questionable whether state aid programs should pre-empt existing federal programs. A more desirable and less costly solution to state housing problems would be to develop a state housing program that fully utilizes federal programs and authorizes supplementary programs of financial aid or tax exemptions only where federal aid is inadequate and the needs are so pressing that state assistance is essential. Recent experience indicates that federal aid is slow in coming and a dollar short when it arrives. Furthermore, the general condition of housing and land economics in Hawaii indicates a need for concomitant Federal and State aid.
New State Agency

In order to increase the development of housing units under the 221(d)(3)34 below-market-interest-rate program, the federal government authorized a public body or agency to qualify as a mortgagor-sponsor of a project if such agency certified it was not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937. This requirement would disqualify the Hawaii Housing Authority but would permit a new state agency (or an existing one) to act as a sponsor for low- and moderate-income housing projects. It will be possible for this new agency to serve as a sponsor for rental housing as well as to act as an investor-sponsor for a cooperative project and develop such project for sale upon completion to a cooperative group of qualified tenants.

Financial resources would have to be made available to this agency either through direct appropriations or by authorizing such agency to issue and sell revenue bonds that are not to be considered as a liability of the State. The mortgage or revenues from the specific projects could also be pledged to secure the repayment of the bonds. This agency would be able to lease or sell some of its units to the Hawaii Housing Authority to permit a social and economic mixing of low- and moderate-income tenants in its projects. The use of this alternative requires a careful consideration of the question of whether a public or private sponsor can best serve the needs and demands of the low- and moderate-income families. Although the stated intent of enacting 221(d)(3) was to encourage private enterprise to provide housing for low- and moderate-income families, the statute also provided that a public agency could qualify as a mortgagor-sponsor. This provision implies that in a healthy economy, private enterprise will not invest its resources in programs that offer limited returns on investments when profit making opportunities are much greater in other ventures. Interested groups may also encounter difficulties that prevent them from qualifying as sponsors. Private non-profit corporations motivated by humanitarian reasons may find it difficult to meet the financial requirements of sufficient capital and resources to adequately support a project. Under these circumstances it may be advisable and economically advantageous to provide state financial assistance in the form of "seed capital" or subsidies to supplement the funds of such groups to enable them to qualify as sponsors.

The creation of a state agency to develop and administer a housing program would have the advantage of assuring that the less
DIRECTION OF ALTERNATIVES

desirable hard-core problem families would receive assistance.

The fact that greater control could be exercised over a public agency in selection of tenants and administration and management of projects may be extremely important in making a decision on the creation of such an agency. However, if it is decided to create a new agency, then clearly defined goals and objectives must be established prior to creation of such an agency to enable it to function with a minimum of confusion as to its intended purpose.

Some guidelines for the administrative organization of a proposed public agency are set forth as follows:

1. This agency should be fully independent and separate from the Hawaii Housing Authority.

2. It should coordinate its programs with the Honolulu Redevelopment Agency, Hawaii Housing Authority and private developers to provide the maximum housing opportunities for all low- and moderate-income families.

3. An executive director with experience in housing and concern for the social and economic problems of the low- and moderate-income families should be selected to administer the program.

4. A Housing Council should be created as the public body or agency to administer this program through its executive director. A minimum of half the membership of this Council should be composed of persons currently residing in federally subsidized public housing or in state subsidized housing. The other members may be composed of persons representing religious groups, private citizens, business, financial institutions, private charitable trusts and educational and social welfare agencies. Members of the Council shall not receive compensation for their services but will be entitled to receive necessary travel expenses.

5. The projects should be self-supporting with the revenues from the rents used to pay the costs of administration, maintenance, operational and debt service charges.
6. The Agency should be authorized to issue and sell bonds and notes and assume the sole responsibility and liability for such notes and bonds which may be secured by the revenues and mortgage from a specific project.

7. Projects developed by this Agency shall be granted a real property tax exemption but shall make payments in lieu of such taxes to the county in which the project is located and in an amount to be designated by the Legislature.

8. Projects should give priority in the selection of tenants to those currently residing in federally subsidized public housing but whose incomes have increased beyond the continued occupancy limits and are about to be evicted. These tenants would be provided the opportunity to acquire suitable housing and the incentive to increase their income and become self-supporting.

Sweden's Example

The historical development of Swedish housing policy discloses a different approach to the housing problems that initiated governmental assistance in the United States and in Europe during the depression years of the 1930's.

The Swedish government first adopted a "social approach" housing policy in its attempts to raise dwelling standards, reduce overcrowding and reduce the rent-income ratio to enable families to live in accommodations with adequate space at rentals they could afford. The primary concern was to provide suitable housing accommodations for low-income families, pensioners and farm workers. Special assistance was provided for these groups in the form of state loans to stimulate housing production and partial subsidization of rents. These programs resulted in a slight improvement in the general housing market but the outbreak of World War II brought a halt to such programs.

Sweden's postwar housing policy changed from the "social approach" to one of general applicability for all its citizens. The objectives of a "general approach" emphasized stability of housing production and costs, the raising of space and equipment standards, the reduction of family housing expenditures, control of rents and
the activation of the role of local authorities. It is important to note that Sweden's postwar housing policies were fully integrated with the broad social welfare programs adopted by the government. The principal features of the housing policy were low-interest-rate (4 per cent) third mortgage loans by the government, with preference in terms given to municipalities and non-profit builders; supplementary loans without interest or amortization charges provided by the government to equalize the gap between the level of controlled rents and building costs; comprehensive family income subsidies; and rent controls. The emphasis upon rent controls was a major factor in achieving the reduction of the percentage of income spent for housing. However, one of the consequences of restricting private builders for profit from participating in housing production has been to virtually nullify the use of the market mechanism as a means of allocating the community's productive resources.37

Sweden has made significant progress in achieving the objective of improving the quality of housing. The success of this housing policy has been attributed largely to the efficient public control over housing construction and financing, combined with adequate state subsidies and effective administration by competent government housing officials.

Swedish housing policies have not escaped without criticism. It is the contention of some critics that the institutionalization of housing has resulted in a sameness of housing without an appreciation for esthetic beauty in the architectural design of projects. The cost of Sweden's housing programs as a percentage of national and local government expenditures was also greater than most countries during the postwar period until 1957, when subsidies were reduced. Furthermore, some evidence has been set forth linking the rise in building costs and in the cost of living generally to the housing subsidies program. Other critics have maintained that direct state loans for housing have restricted the availability of funds for other forms of investment and have resulted in an inflationary trend. They state that governmental allocation of funds have destroyed the effectiveness of the market mechanism as a means of allocating investments in accordance with individual profitability.38

Supporters of the government programs regard the improvement of housing standards as having a greater return, socially and economically, than alternative investments or the factor of individual profitability from such investments. Swedish housing policies reflect
this greater degree of government control by not providing for tax inducements or insured loans to encourage private construction.

An evaluation of Swedish housing policies reveals a significant difference in objectives and programs in comparison to United States housing policies. Sweden's directed housing economy is in sharp contrast to the free market forces and reliance on private enterprise that dominates the United States housing policies. In America, the concern for providing adequate housing for low-income groups has resulted in attempting a new approach and alternative to present federal public housing programs by the development of a rent supplement program that is similar to the Swedish family housing subsidy program. It is hoped that this new program will provide a solution to the shortcomings of the present public housing program which has had its difficulties in basic technique and administration magnified by a failure to establish clear-cut goals and objectives. It is possible that further experimentation in the rent supplement program may lead to the administration of such subsidies through federal or state negative income tax claims and deductions that will enable families receiving such subsidies to obtain suitable rental or ownership housing in the private market.
FURTHER STUDY OF PUBLIC HOUSING

House Concurrent Resolution No. 56 requests that the University of Hawaii "...undertake a study of the social, economic, and legal aspects of public housing in Hawaii today and to propose means for public housing to meet existing housing needs while insuring that those in need of help have improved opportunities for self-development and for participating in and contributing to society...". To meaningfully study the true complexities of the social and economic difficulties found in the development and operation of public housing depends upon asking the right questions about the public housing "problem".

The framework of the "problem" of public housing can be defined in three alternative perspectives: (A) total concern that the social aspects of public housing need to be redefined to better meet the principles of the democratic creed; or (B) that only moderate strengthening of the social rehabilitation aspects of public housing is needed; or (C) the most prudent approach is simply modest improvement of current public housing programs. The question confronted in this chapter will be that of how best to meet the analysis presented earlier, as that analysis relates to the three alternative perspectives (A), (B), (C), viz., (1) asking if we have adequately defined the "problem" of public housing according to the perspective, and (2) if we have adequately defined the problem, what means must be used to meet the goals or solutions of the problem, and (3) how can these means be evaluated or measured as to their success or utility? Each of these latter three steps or questions must be applied to each of the three major perspectives to logically consider further study of public housing in Hawaii.

Perspective A: Total Concern that the Social Aspects of Public Housing Need to be Redefined to Better Meet the Principles of the Democratic Creed.

Grass Roots Revolution

The trend of public housing philosophy has clearly been one based on the question "what's good for me" rather than on "what's good for them". Original concern for public housing was a result of the articulation of the "me" in Washington by the kith and kin of the submerged middle-class. The definition of social problems surrounding public housing has been one of raising assertions of the problems the tenants cause "me" rather than raising assertions of what the
needs of the tenants are or how the tenants perceive the defined problem. Undoubtedly it is this perspective that has perpetuated a "disadvantaged sub-culture" in public housing (as well as outside of public housing) by ignoring the basic ingredient of dependency, the lack of ever really gaining control over one's life and environment. High-density public housing, per se, has relatively little to do with the vicious circle of situational dependency or disadvantage except to the extent that such an environment does not meet the needs or aspirations of the tenants.

Redefining the Problem

This definition assumes that an effective solution of social and economic problems associated with poverty and its housing would be for "...the major community...to change its relationship to neighborhoods of poverty in such fashion that families in the neighborhoods have a greater stake in the broader society and can more successfully participate in the decision-making process of the surrounding community". The quantitative and qualitative housing needs of lower income citizens can best be defined by their own organized voice.

Tenant Management and the Demise of Public Housing

The eventual development of effective social action in public housing would include no barriers to the maximum participation of the tenant in decisions that effect his day-to-day life. Relatively little stands in the way of the tenants themselves managing public housing as far as the relevant statutes stand today, but it could be expected that as opportunities for the poor open, opportunities for the vested interests close. That is to say, a new cross-pressure will come into play and this pressure may require a different distribution of housing goods (this factor can be seen in current controversy over "open-housing" proposals). Overcoming such potential opposition would require a massive uplifting of the economic power of the tenants given the present distribution of social power. Furthermore, such an uplift through the implementation of a sufficiently high and secure guaranteed income, as has been suggested by some, ought to have the effect of increasing the higher quality of housing purchased by the formerly low-income family. Thus, the need for formalized and institutionalized public housing could disappear. Until that time, provision of housing need would require greater use of public treasuries to satisfy the tenant and potential tenant voice.
Evaluation of the Grass Roots Revolution

Taking a second-best, practical approach to the revolution, that is, an approach short of total social and political commitment, would involve using an evaluation or research design to measure the degree of progressing towards goal fulfillment. Establishment of experimental and control groups and specific accounting for all variables would be necessary to effectively evaluate the quantitative fulfillment of the revolution's aims. Political articulation on the part of the control group might, however, detract from the design since loud protest might be heard from a group (the control group) that seemed to be getting less preferential treatment than another. Of course, if such articulation were effective it could be considered a clear pay-off in strengthening social functioning for the control group.

Perspective B: Only Moderate Strengthening of the Rehabilitation Aspects of Public Housing is Needed.

Strengthening Social Rehabilitation Through Public Housing

It might be agreed that the revolution is a fine idea, but just a little far out to meet the critical short-term solutions needed in the provision and management of housing for those of limited economic means. Furthermore, there is the danger that such a revolution might only help everyone but the rock-bottom poor who are really in need of significant help in dealing with their environment and themselves. The truly dependent should not be abandoned.

Once it is agreed that a certain amount of rule and order is necessary in public housing for the poor, address can be given to the difficult task of finding a level of order and rule as consistent as possible with administrative requirements, the rehabilitative goal, and the wishes and needs of the tenants. Analysis in Chapter III indicates that without granting the tenant more stake in the public housing community, rehabilitation is a meaningless term.

The Rehabilitation Definition

This definition assumes that a good portion of those eligible for public housing are severely lacking in the essential social skills to be effective and resourceful members of society. The goal is not necessarily that of conformity, but rather of overcoming situational factors which prevent full control and social functioning of the dependent poor tenant's life. Rehabilitation includes intellectual
development and verbal ability at least to the level of some benchmark national median, economic independence, and stable family life. Quantitative definition of housing needs is approximated by some benchmark median national standards and solution includes total satisfaction of need.

Tenant Services and Tenant Strength

Provision of social skills through education, leadership, rewards and sanctions, and providing an adequate environment so that tenants are receptive to social services must be built on a dual track. The one track is "what we know the tenant needs" and the second is "what the tenant recognizes is missing from his life". The first track is sure to fail in rehabilitating if the second is ignored. Educational, health, and social services needed by the tenants could very well be ascertained by asking the tenants of their needs and how they might best be provided.

Very often provision of services needed by the tenant population may exceed ordinary agency resources or receptiveness, and so innovations may be needed. "...Generally speaking, services have not been available—frequently not sought and, when sought, only sometimes provided. The principle of community provision of services [as opposed to public housing provision of services] offers only a temporary resting place and appearance of consensus [between public housing and community services]."3 If social workers cannot be hired, for instance, use of the tenants themselves paid at a minimal level could function in an approximate capacity as highly trained workers would, in a similar manner as the housing aide program at Mayor Wright. Training and funds might be provided through State or federal anti-poverty programs or Title I work-study programs. Needed facilities can be constructed from two-thirds grants from the federal government under the Neighborhood Facilities program for programs carrying out health, recreation, social or similar necessary community services primarily for low- and moderate-income families.

Public housing problems are changing more rapidly than the professions and agencies that supposedly cope with educational, welfare, and health problems. Centralization, professionalization, and bureaucratization mean that community services become removed from the neighborhood of the public housing tenant. Programmatic, social, and psychic distance develop between agent and client when the community service agent tries to provide service "for" or "to" rather than "with" the tenant. Fragmented provision of services which has reduced
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the receptiveness of the client or tenant has led some to propose the use of "urban generalists" much as the agricultural extension agent has been used with rural problems. This is somewhat the position of the present tenant relations advisors, but the need for true professional flexibility and true service appropriateness to the public housing community calls for a change in the structure of service provision. What is needed to effectively promote rehabilitation of the dependent tenant is organizational unity of services and self-involvement of the tenant to promote accessibility of services. A task force of service agents ought to be established to provide aggressive and flexible focus for working with multiple problems and rallying points for the public housing tenant and community to get more value out of existing services.

Self-help must be viewed as an essential ingredient of social rehabilitation. The rehabilitation must be based on the opening of opportunities for the client to better live life within his own perspective, and the opportunities must be real ones. The tenant can best be served if he is listened to within an organized system that makes the tenant a part of the public housing community. To give the tenant a greater voice and stake in decisions that affect his life is the means of granting the framework for strengthening social functioning and rehabilitation. Using a representative Tenant Congress to formulate and express tenant needs and attitudes would necessarily need some degree of formalization through law to assure a substantial degree of success:

Undoubtedly, we could do with less "management" and less rules. It would be good to see more debate on issues of policy—and on smaller questions, too. Is there really no way to let tenants have pets? It is so easy to forbid pets—a stroke of the pen will do it. It is not quite so easy to calculate the costs and the benefits of cats and dogs and to try to devise some method of letting tenants have their pets without harming the project.

There may be unavoidable difficulties in implementing meaningful self-help such as the Tenant Congress, especially in getting harassed women who head fatherless households to see any meaning in tenant activity. If tenant voice were linked to the welfare of children meaningfulness would be heightened. Provision of State nurseries and day schools has often been advocated to overcome inhibitors to "conventional" learning ability found in disadvantaged homes; if provided
in public housing as part of rehabilitation programs such nurseries could serve the dual purpose of overcoming inhibitors and of freeing harassed mothers to become interested in tenant action.

Satisfaction of total need would require a greater public/private cooperation as well as greater use of public investment in housing as an ingredient in economic and social development and progress.

Evaluating Rehabilitation

True evaluation of rehabilitative services depends upon a system of accounting for the real social costs and benefits from investing or not investing in such services and for measuring possible alternatives to reaching desired benefits. Economists speak of "opportunity costs" which allow calculation of not only direct costs but the gains foregone from the use of those resources if they had been employed elsewhere. "Social opportunity costs" may allow us to reckon the possible gains in the utilization of unused human resources, and to weigh, in terms of social costs and social benefits, alternative social policies."6 Establishing a system of "social accounts" would be no mean task, for social science has produced relatively few consistent formulae which show cause and effect relationships between social functioning and dysfunctioning other than the general principles set forth above: self-help and real opportunities. Yet these stated relationships are difficult to define in quantitative and measurable terms.

Once social accounts are established, however, logical and measurable techniques would need to be applied to the resources allocated to the service (inputs) and the returns gained (outputs), such as through "cost-utility analysis".7 This sort of analysis allows the measurement of the returns from small changes in expenditures for selected and alternative programs. Also needed would be an extended time-horizon in funding various programs (i.e., looking further into the future), both those in rehabilitation and its alternatives, to measure not only the down-payment but also the future costs. Evaluation would also require examination of "...arrangements for enforcing the allocative decisions through appropriate implementation provisions. Such arrangements might, for example, include institutional reorganization to bring relevant administrative functions under the jurisdiction of the authority making the final program decisions".8 What McKean and Anshen are saying, in essence, is that if a decision were made to appropriate a new sum of public money to combat, say, juvenile delinquency the conventional approach would be to give educational,
police, and economic and social welfare agencies each an incremental increase in funds to combat the problem. However, the organizational diversity of such agencies prevents the efficient, and even effective, attack on the problem, and what may be needed is one unified organ to implement each of the educational, law enforcement, economic and social aspects of the decision.

Using the rehabilitation definition, a set of social accounts and cost-utility analysis of particular inputs could develop a "systems approach" which would provide (1) the best mix of ingredients to approach solution of the problem and (2) a comprehensive plan or model to measure the progression towards definitive solution with any particular set of choices and decisions in relation to other decisions that have been or might be made. More will be said below on cost-utility analysis. But at this point it can be seen why the tenants' perspective and the task force approach are essential ingredients to rehabilitation: tenant problems are bound to be multiple and require a unified approach; and tenant perspective would be essential in any index of social accounts.

Perspective C: Modest Improvement of Current Public Housing Programs.

Modest Improvement of Current Programs

Conceived as primarily a real estate operation, public housing might progress along modest lines at partial fulfillment of the need for standard housing for those who cannot afford market prices. The most that might be done in a social sense would be the provision of space to community agencies and employment of staff members to direct tenants to appropriate community services. Distaste for even the idea of excessive management responsibility has been supported by both social welfare and housing organizations:

Public housing management is not equipped either by training, personnel, structure, or financing to assume full responsibility and direction of the social aspects of the program—nor would it be desirable to supplant the traditional reliance of management on public and voluntary organizations sustained by citizen support.
A Modest Definition

This definition includes support for development of private or non-profit housing to satisfy the bulk of standard housing need and a receptiveness on the part of management to the mixing of private and public housing, use of leasing of private facilities to lessen management responsibility, rent supplements to remove the physical and financial responsibility for low-income tenants from traditional public housing administration, and through the multifarious other proposals discussed in the last chapter. Thus, this approach grants a partial commitment to meeting the total housing need, and a minor commitment to become involved in social rehabilitation. Greater emphasis is given to broadening the involvement of the non-governmental sector in housing those of poor economic means and to work as a somewhat co-partner.

Greater Public Subsidy to Non-Government Housing as an Economic Investment

The means of answering this third definition of the public housing problem are thoroughly covered in the previous chapter but can be summarized as follows: rental supplements to place low-income families in private [221(d)(3)] housing; use of the federal and a state leasing program of private facilities; purchase of public housing facilities from private developers through the "turnkey" methods; use of the Lavanburg approach of mixing low-income tenants with others in private facilities; "gap group" housing to provide upward mobility; property tax abatements and exemptions; public acquisition of land for private development; subsidization of land purchases for low- and moderate-income housing facilities; subsidization of interest charges on development of housing; and other moderate innovations.

Evaluation of Housing Investment: the Cost-Utility Approach

Provision of housing, public or private, has traditionally been viewed as a secondary social adjunct to industrial development—a sort of necessary evil rather than a primary contributor to economic growth.10 This is undoubtedly one of the contributing reasons for lack of complete goal fulfillment in providing every family with decent housing. As has been mentioned, greater public expenses are borne for housing the upper 20 per cent of the income distribution than is spent on public housing. Housing for the moderate-income group is forced to be self-supporting with the minor exception of some land write-downs. There is every reason to suspect that most of the new proposals to house low- and moderate-income groups, such
as set forth by the State Housing Study Group, will meet with small receptiveness by those responsible for the public treasury because those proposals have price tags on them. Public expenditures, if rational, are always weighed against alternative proposals on an incremental basis, such as choosing between teacher pay raises and increased welfare payments. It is then natural to base decisions on alternate expenditures upon the marginal return (economic, social or political) to be gained from one decision over another. Housing has not been seen in the past as a favorable economic investment, and as only a marginal social investment.

An objective and analytical approach to what quantitative returns might be gotten out of housing investment might then be in order to assess the viability of this traditional view:

As in the case of any other problem of choice, the first and most important thing to do, before anyone need bother with quantitative estimates, is to think about the problem in the right way...to examine the full range of activities and to choose appropriate scales is usually regarded as the main purpose of budgeting, other tools being used to help economize within each activity....

Thinking about the problem correctly also means asking, not "Do we 'need' or 'require' one million units of low-rent housing?" but rather, "What are the gains and costs of having an increase (or decrease) in each activity?" Then, when the right alternatives are considered and the right questions are asked about them, it becomes possible to take a further step and use quantitative aids to advantage. Also it becomes clear that present budgetary forms are probably not the most useful quantitative aids that can be devised. A modification which is often urged is the adoption of some form of "performance budget", which would entail, at a minimum, a revised breakdown of proposed expenditures according to activities. Beyond this revised breakdown of outlays, performance budgeting might involve the estimation of the achievement that could be bought with the indicated outlay for each activity.

Because social values and human beings are involved in analysis of governmental programs quantitative measurement is often claimed to be too intangible to be of use: "while quantitative methods of
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analysis should be used as much as possible...purely quantitative
work must often be heavily supplemented by qualitative analysis [be­
cause the programs extend into the future causing uncertainties and
because the analysis takes place in a very complex environment and
context]. In fact, we stress the importance of good qualitative
work and of using an appropriate combination of quantitative and
qualitative methods".12 There are, however, many quantitative indi­
cators of true costs and benefits by performance that are available,
particularly in the area of housing and urban development. In clear­
ance programs of urban development McKean shows that present value
sacrificed would be a quantitative guide to advanced planning, loan
activities, temporary loan activities, and capital grants to local
public agencies activities.13 For community development and loans to
local authorities for low-rent housing activities, the indicator is
somewhat different: "the present value of such development programs
could reflect saleable values created but could not reflect all of
the accomplishments which are aimed at in these programs".14 That is,
there are some purely social benefits.

Leland Burns has produced perhaps the most perceptive evaluation
of the utility of governmental investment in housing. His method of
analysis was that of a case study involving two groups of similar in­
dividuals, one receiving new housing and the other not. He measured
the effects of the new housing on the educational, employment, and
medical factors of the families newly housed by comparing these fac­
tors, using proper experimental design, over time with the similar
group not newly housed. His results showed a 35 per cent return on
the capital investment (that is, a cost-benefit ratio of 1.35) in
new housing: "...it is apparent that housing is an attractive invest­
ment alternative in development schemes. The findings further suggest
that the customary measure of evaluating only direct returns—which
in this case accounts for a small share of the total stock of bene­
fits—seriously underestimates the 'output' of housing by excluding
important social and economic externalities".15

Burns' method of analysis is instructive: sum all of the capi­
tal costs plus the capitalized present value of each year's operating
costs; divide this figure into the capitalized present value of each
year's direct and indirect benefits—the result was a benefit to cost
ratio of 1:1.35. The direct benefit was actually the gross rental
from each unit. Indirect benefits included annual wage benefits due
to increased productivity upon rehousing as compared to the non-re­
housed workers; annual educational benefits for children due to
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reduced absenteeism (the benefit being measured as the marginal capital value of an additional year of education and life-income); and annual health benefits due to reduced medical services. Employment productivity was found to increase 6 per cent with better housing, school absenteeism was reduced by 1/3 day per child, and health care visits decreased by 1/2 visit per person rehoused.

Burns' study is instructive only and by no means completely adequate.16 Furthermore, his study must be considered insular and any cross-study comparisons must be examined only hesitantly. Burns was dealing with a relatively small group of people in an isolated community whereas the studies of Wilner, et al., and Morris and Mozey, see footnote 41 to Chapter III, were dealing with relatively large sub-communities within even larger general communities. However, there are no real discrepancies between Burns' study and the others, even though the latter were somewhat disappointing in the social sense, for each of these studies did find incremental improvements in health patterns, school attendance, and other factors. Burns' has shown through quantified analysis of these small improvements that housing is a profitable community investment.

Conclusion

This report refrains from recommending the extent to which decision-makers ought to embrace the social analysis presented above because that is essentially a policy decision. However, it seems clear that much can be done to make public housing policy truly beneficial to the community as a whole and to the economically and socially disadvantaged. Immediate improvements in the quantitative nature of Hawaii's housing situation can be acted upon, if desired, by giving thoughtful consideration to the various proposals within the body of this report, particularly Chapter IV. Concern for doing the best job in decision-making, however, will involve a considerably more lengthy process devoted to thinking the housing problem through all its ramifications. This will mean the setting up of clear-cut long range and incremental goals to be achieved on the basis of a confident decision of what exact problem is wished to be solved. Deciding what the exact problem is can be extremely difficult for any of several reasons: (1) a decision-maker is not really sure of what he is concerned about, or (2) he is sure of his concern but has no clear picture or profile of the components making up the problem as he defines it, or (3) he has a clear profile of the problem but he is unsure of the real interrelationships between components of the profile.
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Modifying the difficulty of deciding what one is concerned about sometimes involves lengthy analysis and thought and sometimes simply requires asking the people who compose the defined problem what the problem is. Development of a profile of a problem might mean seeking information and data previously unavailable or it might mean pulling together existing data and information systems in a more central and unified manner for more complete analysis or it might mean both. Understanding and using connecting factors of a problem might mean weeding out spurious relationships and development of an approach to problems which recognizes the total system in which a problem and its components lie.

Accomplishing these difficulty-modifiers would be no easy task and would give only a better way of approaching problem solutions rather than giving solutions themselves. The fact that the best way of dealing with the housing problem involves a system both of facilities and a social milieu means that approaches to solutions have to field many intangibles and complexities. But the task can be done and several noble attempts have been made to develop a means of approaching these inherent difficulties, notably in the field of public welfare systems.17

Following through on the above requires the making of a more objective recommendation than is involved in suggesting the adoption of ideological positions. To adequately deal with the need and utility of particular kinds of public housing and social policy-making requires a more complete and rational mechanism of measuring the costs and benefits of following or not following certain policy courses. If such a mechanism is desired, the State of Hawaii could adopt a program consisting of the following:

1. A unified information reporting system to gather available data of social significance for purposes of a comprehensive social index: to include data on crime, health, dependent children, unemployment, housing conditions, income distribution and so forth.

2. Continuous in-depth community analysis for construction of community social profiles: economic, educational, health, crime and delinquency, welfare, school attendance and achievement.

3. Programs in social research and experimentation in the social sciences to heighten understanding of social
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factors and application of systems analysis, computer simulation, and cost-utility\textsuperscript{18} analysis to the solution of defined social problems.

4. Utilizing 1., 2., and 3. above, construction of a system of social accounts for the State of Hawaii to measure true economic and social costs and net returns in housing and urban affairs.

Achieving these four steps would, of course, require considerable time and resources. Coordination with existing or potential economic input/output matrices for the State's economy would be necessary as well as tie-ins with possible comprehensive economic data banks. Some resources for initially constructing a system of social accounts are presently available both within the community and the government. Among these resources are:

1) University of Hawaii
   a) Economic Research Center
   b) Education Research and Development Center
   c) Juvenile Delinquency and Youth Development Center
   d) Social Science Research Institute

2) Community Action groups of various neighborhoods

3) Department of Planning and Economic Development, State of Hawaii

4) Department of Social Services, State of Hawaii

5) Hawaii Office of Economic Opportunity

6) Legal Aid Society of Hawaii

7) Liliuokalani Trust Child Welfare Department

8) Palama Settlement

9) Susannah Wesley Community Center

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There are, as well, many consultants available for detailed programs such as have been proposed. The space industries (such as Lockheed and Space-General) have become greatly interested in applying systems analysis to social questions.
FOOTNOTES

Part I
Introduction


4. Ibid.


Chapter I

1. 27 Stat. 399 (1892).

2. 40 Stat. 438 (1918).


13. Senator Walsh was a member of the Senate Committee on Education and Labor which held hearings on and reported out the bill that resulted in the Housing Act of 1937. He was deeply concerned with the fact that public housing had failed to serve the needs of the poor in the slums and was instrumental in establishing the requirement in the Housing Act of 1937, that the elimination or repair of slum dwellings be substantially equal to the number of new low-rent units constructed.


17. Wendt, p. 151.

18. The following appears as a footnote in McDonnell, p. 333.

An exchange of remarks between Senator Walsh and Stewart McDonald, Federal Housing administrator, during the hearings in 1937 well illustrates the thinking of Senator Walsh on this problem. One brief statement of Walsh from this exchange will summarize his personal philosophy:

"I believe Senator Wagner feels deeply on that subject [slum clearance for people in the low-income group], and I do also. I do want some safeguard so we will not get into the situation where we will be dealing with influential low-income groups who have votes, and the poor widow, wash woman, orphans and others who have to live in these slums are forgotten" (Hearings on S. 1685, p. 79).


28. Ibid.

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Chapter II


6. "'Elderly family' means a family, the head of which (or his spouse), has attained the age of 62, or a single individual who has attained the age of 62 or who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long, continued and indefinite duration." "Master Management Resolution for All Projects Administered by the Hawaii Housing Authority" (as amended October 5, 1961), Part I, Section III G, p. 6. (Mimeographed).

9. See, for example, Lawson v. Housing Authority, 270 Wis. 269, 70 N.W. 2d 605 (1955).

Part II

Introduction

1. See Table 8, Appendix C.
3. Cogency requires exclusion of too many caveats in the area of individual judgment-making, and so even the question of psychic or emotional stability is not part of the first premise. Undoubtedly, many so-called "disturbed" persons have difficulty in making judgments and in controlling their lives and their relationships with other people, but in almost every case improvement of such difficulties is based upon self-improvement not upon an external operator reshaping the personality. Too often alleged "psychological" factors are confused with "social" factors whenever interpersonal conflicts arise. Describing behavior as "deviant" is more a matter of conflicting values than it is of disorganized mental processes. Persons who deviate sharply with
governmental policies are often labeled "crackpots", "cranks", "misguided", or with some other attribute having clear implications of aberrant "mental health" when the problem is explicitly political. Juvenile delinquency is often described as a major mental health issue facing the community, and yet delinquency is a perfectly logical response by youngsters to gaining social status and goal satisfaction when following the proper rules provides little or no such satisfaction. Furthermore, the most notable successes in rehabilitating the delinquent have been through social mechanisms such as group therapy in half-way houses and interestingly, in Harlem, delinquent behavior has remarkably declined in neighborhoods organized by the Black Muslims.

4. Americans recognize this premise by granting each citizen the right to cast his vote in elections and by maintaining a system of law and a judicial mechanism to handle feedback on the law to avoid arbitrariness. In social life feedback is usually actualized by verbal ability or symbols of social status such as in the case of dressing well and speaking well at a job interview or in knowing when to seek a policeman's help and when not to. That is, social votes are cast on the basis of social skills as defined by a particular decision-maker, and effective challenge of a purely social decision often depends more on available alternatives for which to cast votes than upon an institutionalized mechanism to handle feedback. Ostensibly, the provision of an adequate level of social skills through education and childhood socialization would equalize the distribution of the social franchise.

5. Equal access might, for example, rest on a basis of casting lots for the rewards available. Or the rewards of education and food, for example, might be allotted on the basis of income where zero self-produced income brings zero reward. These would be partial distributions, whereas, a less partial distribution would be realized by guaranteeing some food and education to every member of society whether or not he has self-produced income.


Chapter III

1. Sherman J. Maisel, Housing Needs in Hawaii (Honolulu: University of Hawaii, Economic Research Center, 1961), p. 20. Dilapidated is defined as "(1) badly run down or (2) poorly built or (3) unsafe..." p. 17. Overcrowding is defined as "1.01 or more persons per room in a dwelling unit", p. 18. These definitions are taken as arbitrary with the understanding that little generalization can be made from the figures. They are chosen as ideal standards.

2. Ibid., p. 59.

3. The 1949 Housing Act authorized 135,000 units a year (810,000 units over a six-year period), but the 1954 Act cut this back to 35,000-45,000 units annually (see Charles Abrams, The City Is the Frontier (New York: Harper and Row, 1965), footnote 4, p. 80). By 1965 there were less than 600,000 units constructed whereas the 1949 Act foresaw 810,000 being built by 1955 (see Robert C. Weaver, Dilemmas of Urban America (Cambridge, Mass.: Harvard University Press, 1965), p. 100). The one qualification that has to be made as to the successful implementation of housing legislation is housing for the middle-income groups. Subsidization for this group worked so successfully that it created another problem: suburbanization and urban sprawl. The FHA and VA guaranteed mortgage programs were not aimed at those who needed safe, standard housing. Urban redevelopment was the program aimed at modifying the FHA-VA created problem of urban sprawl. Urban sprawl depopulated the city core of the respectable, tax-paying middle-class, and urban redevelopment was, and is a program directed towards solving business cycles that occur over space rather than time--the respectable commercial and social environment had moved from the city to the suburb. Public housing could have improved the physical environment of the city's core by clearing the slums and giving those who lived there better dwellings within the same neighborhood. Or urban redevelopment could have solved central city decay by building new office buildings, middle and upper income apartment houses, and open space parks--none of which benefits the former slum dweller who is forced to move on into more crowded slums or new addresses of misery. This latter course has taken precedent.

4. The guaranteed income concept is sometimes seen unidimensionally as in Milton Friedman, Capitalism and Freedom (Chicago: University of Chicago Press, 1962); Robert Theobald, Free Men and Free Markets (New York: Doubleday and Co., 1963); The Ad Hoc Committee on the Triple Revolution (Santa Barbara, Calif.: 1964); and Robert Theobald, The Guaranteed Income (New York: Doubleday and Co., 1966). Others view guaranteed income as part of a multidimensional approach to poverty and social justice as in Helen O. Nicol, "Guaranteed Income Maintenance, a Public Welfare Systems Model," Welfare in Review, 4 (9) (November, 1966), 1-12; or in Harry C. Bredemeyer, Suggestions to Communities for Participation in the War on Poverty (New Brunswick, N.J.: Rutgers University, Urban Studies Center, 1964). For instance, Bredemeyer suggests three parts to the attack on poverty: "Increasing the demand for productive skills; increasing the ability of people to acquire those skills; and recognizing that, insofar as those two steps can not be taken, that urban owners [he is referring to slum dwellers here] of potential productivity are at least as worthy of support as the rural owners of [say] potential wheat acreage." (p. 5).
5. See, for example, Jacob A. Riis, How the Other Half Lives (New York: C. Scribner’s, 1903); Nathan Straus, The Seven Myths of Housing (New York: Alfred A. Knopf, 1944); the works of Lincoln Steffens; and others cited below.

6. A number of critical works on public housing and related urban renewal policies and practices are pertinent: Abrams claims that the failure to properly house the nation is the result of social welfare for “business” and free enterprise for the poor; FHA Investigation, Hearings Before the Senate Committee on Banking and Currency Pursuant to S. Res. 229, 83rd Cong., 2d Sess., 1954, brings out the concern of some public officials, especially Senator Paul Douglas, over the apparent perversion of urban renewal programs from the intended purpose of rehousing the slum dweller to purposes of business and upper-income housing; Alvin L. Schorr in Slums and Social Insecurity (London: Thomas Nelson and Sons, 1964) describes the ambivalence of direction that has plagued public housing over the years; Martin Anderson in The Federal Bulldozer (Cambridge, Mass.: M.I.T. Press, 1964) concludes that the supply of low-rent housing has decreased and high-rent housing increased, due primarily to urban renewal programs, and rather cavalierly calls for repeal of urban renewal.


8. Abrams, pp. 81-82.

9. Social skills is taken to mean traits as well as talents, e.g., purchasing power, verbal ability, educational achievement, technical know-how, personality maturity, and, in some cases, skin tone in its socially significant sense. Experts may disagree with this somewhat arbitrary definition.

10. See footnote 5.


13. Interestingly, sociology as a study changed in outlook and method during the 1930's from evaluating social "deviancy" towards functional analysis of differences in values and behavior of sub-groups without judging or defining who within the total social structure was the "deviant". See Lipset and Smelser, p. 3. Parallel to this change in social science has been a change, or at least a new voice, in the social reform movement that is concerned with the value orientation of defining social problems, especially those associated with the poor. Warren C. Hagstrom, "The Power of the Poor," Mental Health of the Poor, ed. Frank Riessman, Jerome Cohen and Arthur Pearl (New York: Free Press, 1964), pp. 203-206, states that concern as follows:

Since the United States is a middle class society, those who emphasize the bad reputations of the poor are regarded as hard-headed realists, while those who stress the problems of the middle classes are considered rather extreme and overly suspicious. When a social worker reports that the lower classes tend in the direction of schizophrenia and character disorders, he is viewed as having made a sober report of the existing state of affairs. Or when a social scientist discovers that the poor are unsocialized, childlike, occupy an early category in his system of degrees of socialization, his discovery is treated as an important basis for further scientific work. But suppose that a leader of the poor announces that social workers tend to be "phonies" and "half-queer" as well, or suggests in his own language that social scientists are usually fuzzy-minded and socially irrelevant. This invidious description is not seen as a suitable hypothesis for investigation and research; it is rather said (without benefit of evidence) to be a symptom of the ignorance or of the personal or political needs of the person making the statement.


20. See Hagstrom, p. 216.


22. The Hawaii Housing Authority shows some pride in its social control programs such as in the following statement: "for most families the many-faceted rehabilitation program is successful. The average family lives in an HHA project 32 months. We believe most of them leave as stronger, better citizens." Hawaii, Housing Authority, Annual Report for Fiscal Year Ending June 30, 1966 (Honolulu: 1966) [p. 12].


24. Contemporary thinking has come far enough to even think of mental illness as a matter of social role and conduct rather than as a "disease". At least one psychiatrist feels this way and for persuasive reasons. See Thomas S. Szasz, "Mental Illness Is a Myth," The New York Times Magazine, June 12, 1966, p. 30ff.

25. See Hagstrom, p. 221.


27. Hagstrom, p. 220. Hagstrom places more importance upon social action than upon sheer income accrual. Others disagree and contend that a chronically bad employment history is most significant in defining the dependency relationship and that economic incentive (presumably long-term incentives) are necessary to improve social functioning--see, for an example relative to Hawaii, Kiyoshi Ikeda, Harry V. Ball and Douglas S. Yamamura, "Legal Interventions, Social Mobility, and Dependency -- A Study of Public Assistance in Housing for Low Income Families," Paper read before the American Sociological Association meetings, Montreal, Canada, September 1, 1964. See also Margaret G. Reid, Housing and Income (Chicago: University of Chicago Press, 1962) and pages to of this report.

28. The utility of such visits might also be questioned: "According to an official publication of the U. S. Department of Health, Education and Welfare: ...Public assistance fails to help many families; ...it merely perpetuates their poverty.... In some States, ...welfare workers must spend virtually all of their time verifying proofs that each family meets many eligibility requirements.... Elaborate budgets, which must be frequently recomputed, also create paperwork that keeps the welfare worker from his real job of providing helpful service...." Cited in S. M. Miller, "Programs in Aid of the Poor," Adjusting to Change, Appendix Vol. III of Technology and the American Economy, Report of the National Commission on Technology, Automation, and Economic Progress (Washington: U.S. Government Printing Office, 1968), p. 111-12.

29. Honolulu (City and County), Redevelopment Agency, Redevelopment and Housing Research, No. 23, July, 1963, p. 21. Such a rate is considered low because of the otherwise high rate of population mobility evident in contemporary times and also because most changes in residence occur among the young at time of marriage. See Reid, p. 12.

30. Such a relationship between income and housing would be described by economists as a "marked positive income elasticity of demand for housing," or as a "marked negative price elasticity of demand for housing." See Reid, p. 394.

31. Hawaii, Housing Authority, Annual Report... 1966 [p. 27]. Management feels that for such a comparatively new program as this, a great deal of progress has been made.

32. Reid, pp. 388-397.

33. The statutory rates of federal income taxation give the appearance of a highly progressive rate structure ranging from 20 per cent of total income to 91 per cent of income as of 1960. However, the truly progressive nature of these rates are modified by the various provisions for exemptions, deductions, capital gains, and income splitting to the extent that the effective tax rate on total income did not exceed 33.3 per cent in any income class. Even discounting realized capital gains and using adjusted gross income rather than total income shows that the marginal rate never exceeds 69 per cent in any Adjusted Gross Income class and even declines above $500,000. (See Richard Coode, The Individual Income Tax (Washington: Brookings Institution, 1964), pp. 234-240.) One would not expect state income tax provisions to greatly alter the overall relative steepness of progressive taxation, in fact the known regressivity of sales and property taxes might lead one to think quite the contrary.

35. A point on the urban plight might be relevant here. Urban renewal has been in the position of removing a significant supply of low-cost housing from the city's core and replacing it with moderate and middle income units (an exception is the provision of elderly low-rent housing). The process of cutting the cost of funds, minimizing citizen unrest, and enhancing moderate income housing. It also enhances the rental and sales value of the unit and prevents it from filtering down into the low-income market. The process by which existing housing units gradually depreciate in value as they are consumed and are exchanged in the market for units of relative equivalence to those used prior to consumption is called "filtration". Theoretically, it becomes possible for families of low and moderate income to improve their housing condition by purchasing these older units at prices they can afford. Oftentimes the housing units that have filtered down have become substandard units, and the process works only imperfectly or not at all in a market characterized by a limited supply. Philadelphia has reported an effective rate of filtration where many deficient units of stone construction were repaired and rehabilitated, undoubtedly taking them out of the low-income market. Urban renewal and redevelopment might be viewed as the process wherein substandard housing at the bottom of the ladder is removed from the supply, or upgraded in the case of rehabilitation, at the same time that new housing is being added to the supply higher up the price ladder. Such removal could be effective in accelerating and assisting the filtration process assuming the existence of a substantial production of new housing in the middle-income market and a consequent reduction of existing house values both in the middle- and lower-income market. The possibility that filtration will create a competitive element prevents the creation of new housing at the moderate level by the private sector; without overproduction of new housing the filter-down mechanism remains a vicious circle of depreciation and slum formation.


37. Lloyd A. Fallers, "A Note on the 'Trickle Effect,'" Lipset and Smelser, p. 504.

38. Parties involved might receive sensitivity training to prepare themselves for a change in the dependency structure in a similar manner as participants in group therapy and group dynamics. See, for instance, Lloyd W. McCorkle, Albert Elias and F. Lovell Bixby, The Highfields Story (New York: Holt, Rinehart and Winston, 1938), for a program description of group therapy in the treatment of juvenile delinquency. That program shows the specific utility of recognizing the very human strengths of the so-called "socially deviant", namely, mutual help and peer group interaction, to develop acceptable behavior.

39. Lawrence M. Friedman, p. 663.


41. Daniel M. Wilner and others, The Housing Environment and Family Life (Baltimore: Johns Hopkins Press, 1962) and R. N. Morris and John Novey, The Sociology of Housing (London: Routledge and Kegan Paul, 1963), are the classics in this field. Generally, the conclusions are that other than some marginal psychic satisfaction (particularly towards having more closet space and safer areas for children to play) tenants were little affected in their social behavior, psychological disposition, or state of health by being placed in public housing projects.


43. "High density" is a relative term inasmuch as many middle-class high-rise apartment buildings have twice the number of units per acre as do public housing projects in Hawaii.

44. Kuhio Park Terrace has exhibited a youthful tendency compared with other low-rent projects in the State: in 1965, 52.8 per cent of the population of KPT was under the age of 13 whereas for other low-rent projects the figure was 49.8 per cent. Regardless of what else happens, it is reasonable to expect a higher degree of problems developing over the next few years at this project. "1965 Hawaii Housing Authority Composite Report" (February 8, 1966). ( Mimeographed). See also Tables 2-4, Appendix C.

45. "As far as the public has been concerned, public housing projects (like mental hospitals and prisons) are warehouses where the poor can be stored and ignored." Lawrence M. Friedman, p. 663.
Chapter IV


2. These sorts of proposed goals, such as provided by Abrams, are not entirely new or even alien to Hawaii. The Governor's State Housing Study Group has developed statements relating to similar goals and objectives in publicly provided or assisted housing as shown on the following pages. Also, the Mayor's Advisory Committee on Community Renewal Program has issued various resolutions dealing with prior replacement housing (i.e., constructing more units than are demolished), mass transit, satellite communities, open space and greenbelting, model cities, and so forth.

Many questions are raised by these goals, but unfortunately their answers go beyond the scope of this study. For instance, zoning restrictions play a great part in the economics and sociology of housing policy in the sense that unidimensional zoning amounts to economic and social segregation of functions and people. Flexibility is possible in zoning, however, such as can be provided by Planned Unit Development and Land Unit Intensity provisions of the Comprehensive Zoning Ordinance of the City and County of Honolulu.

The goal of homeownership might also be questioned. Does the apparent American ideal of homeownership have real meaning or is it simply a mystique? In a highly consumption-oriented society such as ours the psychological worth or meaning of work, leisure, and property accumulation probably ought to be measured against standards somewhat different from traditional ethics. The use of massive advertising techniques, the changing nature of our technology, increasing patterns of deferred payment for goods, and the relatively short period of time we possess particular material goods (either because of changing preferences, changing technology, or deterioration of the goods) raise serious questions as to the reality or meaning of "personal ownership" of the products of our society.


6. Ibid.


11. Ibid.


16. "No commissioner, officer or employee of the authority shall voluntarily acquire any interest, direct or indirect, in any project or in any property included or planned to be included in any project, or in any contract or proposed contract relating to any project." Rev. Laws of Hawaii, sec. 74-8 (1955).


22. See p. 70.


Chapter V


4. Ibid., p. 60.


15. Burns, p. 23.

16. Burns recognizes that the imperfect state of cost-benefit analysis admits of his study that "Several disclaimers are appropriate at the outset. First, the technique is beset with a variety of imperfections. Alternative methods of expressing the ratio lead to alternate solutions. It may be charged that the technician has often been guilty of tinkering with the technique or the values estimated for the numerator or denominator until an express answer emerges. The choice of the appropriate interest rate or rates for discounting the benefit stream is similarly suspect. Happily, I abstract from these difficulties by disclaiming any direct association or primary concern with the technical state of the economic arts. Finally, though the estimation of costs is a relatively simple matter, not all direct and indirect benefits have been explicitly quantified in this paper." Ibid., p. 2.


18. For a typology of benefits to be derived and measured from improved housing, see Table 11, Appendix C.

19. For example, see Lockheed Missiles and Space Company, California Statewide Information System Study (Sunnyvale, Calif.: 1965) and Space-General Corporation, Prevention and Control of Crime and Delinquency, Prepared for Youth and Adult Corrections Agency, State of California (El Monte, Calif.: 1965).