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MANAGEMENT REPORTS ON GRADED RENTS

Rental Problems and Income Limitations is one of the six major subjects assigned for round table discussion at each of the series of regional conferences which NAHO is conducting this winter. At the Region IV conference in Macon, Georgia, November 18-20, William R. Geddings, one of the leadoff speakers for the session and Supervising Manager for the Housing Authority of Columbia, South Carolina, made a particularly comprehensive report of the experience of his Authority in this respect. He first summarized the general problem, saying: "If rents are set too high, they will not be within the reach of low-income families. If they are set too low, the annual subsidy from the United States government must be greater, with a correspondingly greater drain on the treasury. We all agree that it is highly important that the government subsidies, which represent the actual cost of our program to the taxpayer, must be kept at a minimum."

The Columbia Plan *

The method recommended by Mr. Geddings to meet this problem is, first, the making of a city survey to determine the income range to be served by a housing program and from these facts to establish income limits as required by the United States Housing Act. With these data at hand, Mr. Geddings then recommends the setting up, as in Columbia, of a system of graded rents. The Columbia plan has been to establish three rent schedules and assign income limits to each schedule, as follows:

	Unit Size	Rental per Month	Yearly Income
I	3-room	$ 7.65	Not to exceed $410
	5-room	10.90	
II	3-room	11.10	Between $410-$715
	5-room	13.85	
III	3-room	14.00	Not to exceed $715
	5-room	16.75	

One of the special features of the Columbia plan is that it has not limited income to five times the rent but to four times the rent and, in addition, as a means of encouraging tenant initiative for income improvement, allows income increases before eviction to go up to 20 per cent. Another means of keeping families on the project who are actually in the low-income bracket but whose incomes have increased, is to shift them from the lower rental scales into the higher.

The Pittsburgh Plan

In Pittsburgh a four grade rent system is used, following the same general pattern as the Columbia schedule. The Pittsburgh plan, however, has one unique feature; no dwelling unit is specifically placed in any one rent grade in advance of leasing. The Manager is free to establish the rent grade for each dwelling unit on the basis of the particular family size and income. The only restriction upon the Manager in this respect lies in the fact that a proper number of dwelling units is designated as belonging in each rent grade and the Manager may not exceed or fall below that particular number without consent from the central office. Such consent will almost never been given for the reason that the number of dwelling units renting in each grade is determined by the budget which is prepared in advance and which necessitates a certain amount of income from rents.

The advantages of this system, the Pittsburgh Authority feels, are first, that the Manager has a great deal of flexibility in renting his project; second, the entirely false system of renting subsidized dwelling units on a theory of differences in amenities or locations is avoided. It has been found that a tenant is much more easily satisfied this way than if he is arbitrarily forced to take a dwelling unit, the rent of which has been established in advance.