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A CASE STUDY: THE KNOXVILLE HOUSING AUTHORITY'S TRANSITION INTO KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

A Thesis

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ABSTRACT

This thesis is an examination of the Knoxville Housing Authority's (KHA) transition into Knoxville's Community Development Corporation (KCDC). The focus of the study is directed towards the changes that occurred in the authority and the underlying reasons for those changes.

To achieve this end, an examination of pertinent federal, state, and local legislation is conducted. Included is an overview of KHA's evolution. This overview is intended to give insight concerning KHA activities prior to the Authority's transition to the KCDC.

A discussion of issues, policies, and programs relevant to KHA's transition into the KCDC is also presented. Additionally, an examination of organizational change and community development are included to facilitate understanding of the transition as it relates to this study.

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CHAPTER I

INTRODUCTION

Background Material

Public housing and public housing authorities came into existance in the United States during the days of Great Depression. The major legislation dealing with public housing was the Wagner-Steagall Act of 1937.[1] Although numerous amendments have been added to the original legislation, the basic provisions of the Act remains unchanged.

According to the authors of the Act, Senators Wagner and Steagall, the intention of the legislation was to provide short term relief to the nation's housing shortage. Nevertheless, public housing has become a familiar part of the urban scene in the thirty-nine years since the enactment of the Wagner-Steagall Act. As of 1972, every state in the Union had some form of public housing unit in either the planning stage or in operation. In New York City, more than a half million people lived in public housing units built with the aid of federal, state, or local programs.[2] The

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[1] Housing Act of 1937, Statutes at Large 49, Sec. 7, 8826 (1937).

[2] John Burts, "Public Housing Revisited," Journal of Housing Vol. 29 (February 1972): 103.

overwhelming majority of these units were produced by federal programs. New York City has more public housing units than any other city: however, every large city and a host of small cities have substantial public housing programs.[3]

Although the Wagner-Steagall Act established the pattern of federal-local relationships regarding low-income housing, the Housing Act of 1949 was a landmark in federal funding. The Act established the federal rate in urban renewal projects. The preamble to the Housing Act of 1949 called for the realization of a decent home and suitable living environment for every American family.[4] The emphasis of this Act was placed on better housing for low-income families. The Act specifically called for the application of eminent domain powers in cities to assemble and acquire large tracts of land in deteriorating areas. This land could then be sold to private enterprise or held in public ownership. The major impact of this Act, however, was to encourage many cities to set up Housing and Redevelopment Authorities to acquire and make use of federal urban renewal funds.

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[3]Burts, p. 104

[4]Housing Act of 1949, Statutes at Large 61, Sec. 7, 4756 (1949).

As a result of massive urban growth that had engulfed the metropolitan areas of the country, Congress passed an amended revision of the 1949 Housing Act in 1954.[5] This amendment is important because it made more money available to cities for urban renewal and in addition, Section 701 made funds available for cities to establish planning agencies.

In August of 1974, President Gerald Ford signed into law the Housing and Community Development Act.[6] The eight titles of the bill encompass subject matter ranging from a comprehensive community development program and major reforms in federally-assisted housing and comprehensive planning to new standards for mobile home construction. The Housing and Community Development Act of 1974 provides a new framework to allocate federal housing assistance to the local community's comprehensive planning and community development programs. Cities must submit a community development application annually to the Department of Housing and Urban Development to qualify for community development funds. The funds are dispersed directly to the municipality to be expended on programs that are specified and approved in the application.

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[5] Jean Adams, "Housing Act of 1954," Journal of Housing Vol. 11 (August-September 1954): 261.

[6] Housing and Community Development Act of 1974, Statutes at Large 88, Sec. 8, 9367, (1974).

Knoxville Housing Authority Overview (KHA)

The KHA has been an important part of the Knoxville community over the past forty years. The creation of an independent housing authority in the city of Knoxville offered great potential for the development of low-cost federally-subsidized housing. In 1940 the KHA opened its first public housing units.[7] These units, known as Western Heights, provided some four-hundred new apartments for low-income families. Over the past thirty-six years the KHA has built an additional three thousand public housing units in the city of Knoxville. KHA has also developed and built five housing complexes exclusively for the elderly.

The KHA also administers the urban renewal program for the city of Knoxville. Among the urban renewal projects developed by this program are: The Riverfront-Willow Street Project; the Yale Avenue Project; the Mountain View Project; and the Morning Side Project. The versatility and utility of the urban renewal program was demonstrated when KHA aided the University of Tennessee in expansion of its campus. Urban renewal was also used to construct two hundred single-family residences which were sold to low-income residents and financed at reduced interest rates.

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[7]Knoxville Housing Authority, Annual Report of the Knoxville Housing Authority 1940, Knoxville (Knoxville Housing Authority Printing Office, 1940), p. 1.

As an implementing agent of city government, the KHA has also been the initiator of many social service programs within the city of Knoxville. Among the social services that have been provided are a recreation program, day-care program, food service program, and a program providing transportation for the elderly and handicapped. The addition of social service programs expended the operating base of KHA. Originally KHA administered only the public housing and urban renewal programs. The expansion of KHA into the area of social services marked the beginning of KHA's transition into the Knoxville Community Development Corporation (KCDC). In March of 1973 KHA became Knoxville Community Development Corporation. This period of expansion marked the end of one era and the beginning of another era as the transition of the KHA into the KCDC was accomplished. As a quasi-independent agent of Knoxville's city government, the KCDC has played a major role in shaping the physical and social service delivery systems of Knoxville. The need for knowledge and understanding about the agents of change is a continuing concern of the planner. This study was undertaken in order to gain an understanding of how and why changes occurred in the KHA and the resulting effects these changes had on the agency.

Although KCDC is not a planning agency performing specific planning activities as does the Knoxville Metropolitan Planning Commission, the KCDC does address planning issues and perform planning functions. Additionally, KCDC performs the vital task of implementing plans and programs as a part of the community development process in the city of Knoxville and, therfore, is a major factor in the implementation of plans.

The Case Study

This thesis is a case study of the development of Knoxville's Community Development Corporation (KCDC) as it has evolved from the Knoxville Housing Authority (KHA). The thesis presents an overview of the KHA from its inception, through its transition into the present KCDC. Special attention is given to the three years prior to transition (1970-1972) and the three years after transition (1973-1975). The study focuses on two basic research questions relative to KHA's transition into KCDC:

1. What changes have occurred since the KHA became the KCDC?
2. Why did these changes occur?

Methodology

As a case study, this thesis relies primarily on public records and interviews as data sources. Journal articles, books, and research publications relevant to the study were used as secondary source material, to establish a theory base. Newspaper accounts of public meetings were utilized when there were no official public records available or as validity and reliability checks.

A search of legislative changes was conducted to assimilate information on federal, state, and local legislation which impacted municipal housing authorities and development agencies. Also, the legislation was analyzed to determine what constraints, roles, and functions were specifically mandated. In view of the constraints, roles, and functions mandated by the legislation, an examination of how KHA and KCDC operated under the legislation is presented.

To determine why change occurred in the agency, public records were reviewed, and interviews were conducted. The first level of interviews consisted of interviews with the present and past mayors, i.e., the mayor in office prior to transition, Leonard Rogers; the mayor in office during transition, Kyle Testerman; and the present mayor, Randy Tyree. In addition, the executive directors and the chief planners who served during these administrations were interviewed. The second level of interviews consisted of interviews with members of the KHA's Executive Board of Commissioners during the Roger's and Testerman's administrations. Also included in the second level of interviews were administrative personnel of KHA and KCDC. This group consisted of department heads and program managers. Originally, there was to have been a third level of interviews consisting of lower level staff members. Unfortunately, none of the present lower level staff was employed by KHA prior to the beginning of the transition of KHA into KCDC.

Interviews were used to supplement the public records and to attain information on three basic questions: (1) What were the major issues or problems that KHA and KCDC addressed and what were the reasons for their inception as issues or problems? (2) What were the policies of KHA and what were the policies of KCDC? To determine what differences existed in policies. (3) Why was change in the agency desirable or necessary? A table was developed from these interviews which depicts issues and problems, policies, and programs of KHA and changes implemented by KCDC.

To further understand KHA's transition into KCDC, a search of the literature was conducted to determine how the change process occurs within organizations. In addition, a search of the literature was used to define the term community development.

Organization of Study

Chapter II presents an overview of events and legislation that affected local housing authorities and community development agencies such as Knoxville's Community Development Corporation. The public housing program which was one of the federal government's first attempts at alleviating the problem of inadequate housing, is reviewed from a legislative view point. The major housing and community development legislations are also examined. Among the federal legislative acts examined are the Housing Acts of 1937, 1949, 1954, 1961, 1965, and the Housing and Community Development Act of 1974. Also included in the chapter is a summary of state enabling legislation which authorized the establishment of the Knoxville Housing Authority.

Chapter III presents an overview of the Knoxville Housing Authority from its inception through its transition into Knoxville's Community Development Corporation. Included are events that tie the KHA with the federal legislation that was presented in Chapter II.

Chapter IV presents the results of the interviews with administration and staff on issues, policies, and programs of KHA and KCDC.

The interviews were conducted individually; however, the respondents were chosen according to their level of involvement in KHA and KCDC operations. The level I interviews consisted of the present and two preceding mayors of Knoxville. The level II interviews consisted of the present Executive Director of KCDC and the former Executive Director of KHA. Also included in the level II interviews are the chairman and members of the KHA and KCDC Board of Commissioners. In addition, the program directors are included in the level II interviews. All issues, policies, and programs as well as changes were derived from a cumulative ranking of responses to questions on the interview schedule.

Chapter V presents a theoretical framework of how change occurs in organizations. In addition, this chapter defines the term community development and examines community development as it occurs in Knoxville. Also included in this chapter are case studies of San Jose, California, and Baltimore, Maryland, as illustrations of how other cities have adapted to community development needs.

Chapter VI is a presentation of conclusions which were derived from this case study. In addition, predictions for future changes in KCDC are presented.

CHAPTER II

HOUSING AND COMMUNITY DEVELOPMENT LEGISLATION

The state of Tennessee had anticipated federal action in the area of housing and was prepared for the implementation of the legislation. Tennessee had enacted "The Housing Authorities Law" in 1935.[1] This law established housing authorities as entities of the state and subject to state control.

The city of Knoxville established its housing authority in 1936.[2] The authority was without funds during its first year of existance. Although the agency was non-functional due to the lack of money and staff, Knoxvillians were enthusiastic about the passage of the Housing Act of 1937.[3]

The Housing Act of 1937

The Housing Act of 1937 was written to reflect the needs of the country in the area of housing:

> to provide financial assistance to the States and political subdivisions thereof for the elemination

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[1]Tennessee, The Housing Authorities Law, Tennessee Code Annotated (1935) 13: 801-1206.

[2]Knoxville, Tennessee, Housing Authority Resolution. City Code (1936), Sec. 36-2.6.

[3]Interview with William Hunter, Tudor Inc., Knoxville, Tennessee, 9 March, 1976.

> of unsafe and unsanitary housing conditions, for the eradication of slums, for the provision of decent, safe, and sanitary dwellings for families of low-income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes.[4]

The Act not only served as a guideline for the public housing program, but also set policy for the United States in the area of housing. Section 1 of the 1937 Act is, in essence, a declaration of United States housing policy.

> 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 unsafe and unsanitary housing conditions and the accute 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.[5]

The 1937 Housing Act is divided into 30 sections which cover general housing policy as well as the specific policies of the public housing program.

Major accomplishments of the 1937 Housing Act were:

1. The establishment of the first permanent federal agency for low-rent subsidized housing (the United States Housing Authority - USHA).

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[4]Housing Act of 1937, Statutes at Large 49, Sec. 7, 8826 (1937).

[5]Housing Act of 1937, Sec. 7, 8826.

2. The establishment of the principle of federal loans to local housing authorities to finance projects; authorization was given to USHA to issue bonds up to the amount of 500 million dollars, for terms up to 60 years, to enable it to lend the local housing authorities up to 90 percent of the cost of approved projects.

3. The establishment of slum clearance as a public function; for every public housing unit built, a slum unit must be removed.

4. The establishment of the principle of charging rent in relation to the income of the tenant, which meant using the tenant's income as the basis for eligibility for occupancy.

5. The establishment of the principle of annual federal subsidies to make up the difference between the amount a low-income tenant pays in rent and the cost to provide the dwelling unit.

6. The establishment of the policy of local tax exemption as a local means of subsidizing the low-income family.

7. The establishment of the principles of local responsibility for planning, building, and managing federally subsidized housing.

Local housing officials and public housing proponents on the national scene admitted that the 1937 law had its shortcomings. Proponents such as Nathan Straus stated, however, that the basic principles of the Act were sound and that the time to seek amendments to the Act was after an honest attempt to administer the Act and not before.[6]

According to editorials written in newspapers by journalists across the nation, most notabley the New York Times and Washington Post, there was a need for separation of the public housing program from the redevelopment and slum clearance program. The argument presented by the newspapers was that a slum site cleared was not necessarily a good site for public housing. Public housing proponents and opponents agreed that new directions should be developed for public housing. Groups, such as the Chamber of Commerce of the United States and the National Small Business Association indicated that there was a large role for private investment using slum cleared land for development other than public housing. A few states and cities adopted this philosophy as their own. Some passed laws and appropriated funds in pioneering what today is known as redevelopment. New York and Illinois were the first states to pass redevelopment legislation.[7] Unfortunately, Tennessee did not enact legislation dealing with the redevelopment problem. KHA was powerless to initiate a redevelopment program until the

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[6]Marie C. McGuire, "25 Years of Public Housing," Journal of Housing, Vol. 19 (October 15, 1962): 436.

[7]"Slum Clearance and Redevelopment," New York Times, 21 October 1947, Sec. 8, p. E9.

state and federal government provided the legal basis. The KHA during the 1940's had concentrated its efforts primarily on providing low-income housing to the citizens of Knoxville. However, with the passage of the 1949 Act, the KHA turned its attention toward urban renewal as well as the provision of public housing.

The Housing Act of 1949

The Housing Act of 1949 was the first major housing legislation in the country to be passed since the original 1937 Housing Act.[8] This law placed great emphasis on urban renewal. Its provisions were:

1. An authorization for the construction of 210,000 units of public housing over a six year period.

2. The establishment of a new form of subsidy for the clearance of slums, with the land to be used for redevelopment by either private or public housing.

3. A changed method of limiting cost on public housing construction from the former per unit cost limitation to a per room cost limitation of $1750 ($2500 in special circumstances).

4. The removal of restriction on disposition of remaining war and veterans' housing.

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[8] Housing Act of 1949, Statutes at Large 61, Sec. 7, 4756 (1949).

5. The authorization for local authority bonds and notes, as a replacement for federal loans to underwrite public housing cost.

The 1949 Housing Act placed a great deal of emphasis on urban renewal and redevelopment. The Act provided money through loans and capital grants to local municipalities for urban renewal projects. Although the 1949 Act was endorsed by the National Organization of Local Housing Authorities, there was organized opposition to public monies being used by local housing authorities to build public housing. The opponents were the same groups that lobbied against the legislation, i.e., the National Association of Home Builders, the National Realtors Board, and the National Savings and Loan Association. The public housing program became a center of controversy in local communities throughout the nation.[9] Although there was controversy in Knoxville about public housing, there was no organized effort to stop public housing projects.

In 1953 President Eisenhower proposed that the public housing program continue as it was operating but without plans for any more units until after the situation could be examined. In mid-September of 1953, the President appointed a 21-man housing advisory committee to study the entire national housing program and make recommendations on how and

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[9] McGuire, p. 441.

if the program should continue. The HHFA administrator, Albert Cole, was appointed chairman of the President's Advisory Committee. The final report of the committee called for a continuation of public housing, expansion of the urban renewal program, and improvements in public housing—such as use of existing buildings, rehabilitation if necessary; use of scattered sites for new dwelling; lower densities; designs conforming to local patterns; and more attention to the low-income aged.[10]

Although the advisory commissions report received favorable publicity by the news media, the Congress was hesitant to support public housing on a broader basis than was authorized in the 1949 Act. There was even debate in the House of Representatives as to whether the new bill should include public housing. The House Committee on Banking and Currency, where most of the debate took place, advocated urban renewal as the major emphasis for housing legislation. Authorization for an additional 35,000 units of public housing was given, but with the restriction that public housing units could be built only where slum clearance and redevelopment and/or urban renewal projects were being carried out. Additionally the local government had to certify that public housing was needed to relocate families

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[10]Jean Adams, "Housing Act of 1954," Journal of Housing, 11, (August-September 1954): 261.

displaced by one or more of the other programs. President Eisenhower signed the bill known as the Housing Act of 1954 on August 2, 1954. The Housing Act of 1954 included public housing as a part of urban renewal. This meant that public housing as well as redevelopment, neighborhood rehabilitation and conservation were essential elements of urban renewal. President Eisenhower expressed hope that the 1954 legislation would help relieve housing problems of many American cities. Unfortunately, the 1954 Act did not provide enough money to build public housing in the smaller urban centers such as Knoxville.

The rapid population shift which has been occuring during the late 1940s was reaching critical levels in the mid 1950s.[11] The incorporation of public housing into the urban renewal program did little to meet the needs of an expanding urban population. According to Mayor Joseph Clark of Philadelphia, there were several inadequacies in the 1954 Act.

> The mortgage insurance terms offer no encouragement to the ten million households living in substandard dwellings; authorization of 35,111 new public housing units for the entire nation means that many communities will get no public housing and the problem of assuring housing for minority groups is not met.[12]

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[11]U.S. Department of Commerce, Bureau of the Census, Eighteenth Census of the United States, 1960 Population, 5: 98.

[12]Adams, p. 278.

In response to public criticism of the 1954 Housing Act, President Eisenhower signed a bill which amended certain provisions of the 1954 Act. The amendments authorized 45,000 more units of public housing for 1955 and 1956, and removed the requirement that restricted public housing to communities with urban renewal projects in progress. Another important provision of the 1956 law was the redefinition of low-income family to include elderly persons, and the raising of the per room cost limits for specially designed housing for the aged. Prior to the 1956 legislation, single low-income elderly had been ineligible for public housing tenancy.[13] Although the 1956 legislation allowed elderly persons to move into Knoxville's public housing, the KHA did not construct specially designed units for the elderly until 1966.

Federal legislation in the area of housing remained relatively dormant for the next six years. Not until 1961, during the Kennedy Administration, was the next major legislation passed. The Act known as the Housing Act of 1961 passed both the Senate and the House with ease in comparison to the previous housing laws passed by Congress.[14] The law authorized the PHA to spend the balance of the funds

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[13] Adams, p. 264.

[14] Housing Act of 1961, Statutes at Large 75, Sec. 8, 8713, (1961).

authorized in 1949—an amount that in effect meant 100,000 new units of public housing. The Act also allowed:

1. An additional federal subsidy of $120 a year per unit in cases where rentals of units occupied by the elderly would have to be set so low that they would threaten the solvency of a low rent project. Construction cost limits for elderly also were raised by $500.

2. A 5 million dollar authorization for demonstration projects to test out new ideas in low cost housing.

3. New responsibility to local authorities to determine admission policies and authorization to allow over-income families to remain in occupancy if they are unable to locate adequate private housing and if they pay a rent related to income.

Further the 1961 Act contained demonstration provisions under which new innovations were put into operation. Among these innovations were leasing and rehabilitation of large old houses for sublease to large low income families. Overall, the 1961 Act had three major objectives: to reduce urban blight and congestion, to improve housing for low and moderate income families, and to stimulate building activity to counter the 1960-61 business recession. While most of the programs created or continued by the Housing Act of 1961 contributed to all three objectives, the chief devices intended to combat urban blight and congestion were authorization of 2 billion in new funds for the urban renewal program, 55 million for urban planning and special grant and loan funds for the development of mass transportation facilities and open spaces for cities.[15]

Knoxville took advantage of the additional funding provided by the 1961 Act. The KHA applied for two federal loans and grants totaling over 18.6 million dollars to be used for the Yale Avenue and Mountain View urban renewal projects. Both projects were approved: Yale Avenue in June of 1963, and Mountain View in December of 1964.

The next major housing legislation to be enacted by the federal government was the Housing and Urban Development Act of 1965.[16] The bill authorized the reorganization of the House Home Finance Agency into the Department of Housing and Urban Development. "Senator Jonn Sparkman, chairman of the Housing Subcommittee of the Senate Committee on Banking and Currency, called the bill one of the most comprehensive housing bills ever written by a Congress."[17] According to Senator Sparkman, the bill provided a four-year extension for the Federal Housing Administration, urban renewal, college housing, housing for the elderly, public housing, urban planning, and rural housing. New programs provided by

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[15]McGuire, p. 436.

[16]Housing and Urban Development of 1965, Statutes at Large 79, Sec. 10, 1279 (1965).

[17]James King, "Housing and Urban Development Act of 1965," Journal of Housing, 22, (July 1965): 345.

the bill were divided into three different categories. The first was a program of financial assistance for the construction and rehabilitation of housing for elderly and for low-income families who resided in slums or blighted neighborhoods. The principle provision was the new rent supplement program under Title I of the Act. The second category was a program of federal assistance to the cities and communities of the United States to help pay the cost of essential public works. The third category involved an approach to improve the environment of communities through acquisition of open spaces, the development of parks, the construction of neighborhood facilities for recreational and cultural purposes and a provision for beautification of urban areas. The Housing and Urban Development Act of 1965 proved to be inadequate in meeting the total housing and redevelopment needs as evidenced by the passage of new legislation in 1968.

On August 1, 1968, President Lyndon B. Johnson signed the Housing and Community Development Act of 1968.[18] The 1968 legislation was large, both in terms of volume (17 titles, over 300 pages) and authorizations (about 5.4 million dollars). The range of coverages ran from housing, urban renewal, model cities, urban planning to riot and flood

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[18] Housing and Community Development Act of 1968, Statutes at Large 82, Sec. 7, 8261, (1968).

insurance. The Housing and Urban Development Act of 1968 has several major points of interest:

1. Reaffirmation of the housing goals of a decent home and suitable living environment for every American family and establishment of a ten-year program to move toward this goal.

2. Improvement of federal administration and management in urban assistance programs.

3. Recognition in the concept of "interim assistance" the need for urban development actions that can have an immediate impact on the livability of blighted urban areas.

4. Recasting and expansion of the urban renewal programs and reaffirmation of the emphasis on housing for low and moderate income families.

5. Continuation of support for the model cities program.

6. Extension of urban planning assistance to cover all urban and urbanizing areas and recognition of housing as an integral part of comprehensive planning.

7. A step toward a new communities program and policy.

8. Establishment of new vehicles for bringing more private enterprise into urban development.

In terms of the total 1968 Act, the housing influence is emphatic. Titles I and II confirmed the place of housing as the major component in urban development. Authorized were two new housing assistance methods (section 235 home ownership program and section 236 rental housing program). Titles I and II also strengthened and expanded existing housing programs, including public housing, rent supplements, and the section 221-d rent supplement program. The act added even more emphasis to housing in Title XVI. The goal of the latter Title was 26.2 million units of total housing production by 1978, with 6 million of these units to be for low and moderate income housing. Authorizations to achieve the housing goal were made for three years and comprised $1.2 billion of the total authorizations in the act. Also the housing emphasis was carried in other provision of the legislation—it was affirmed in urban renewal and added as a component of comprehensive planning. In recognition that expanding housing production will not be possible without greatly increased investment funds, the 1968 act gave private enterprise new ways to participate. The law created (under Title IX) national housing partnerships to encourage the greater use of private financial resources. Such partnerships are eligible for benefits under federal income tax law not available to private housing investors.

Additional emphasis was placed on housing through changes in the public housing program to provide subsidies for large and very low-income families. The additional subsidies were aimed at reaching the lowest income families as designated by Congress. The authorization of social management funds in public housing for the first time in the 30-year history of the program was an indication of the 1968 housing effort. Finally, the Act created the National

Advisory Commission on Low Income Housing (Title I) to undertake a comprehensive study and investigation of the resources and capabilities in the public and private sectors of the economy which may be used to fulfill the national housing objectives.

The authorization of social management funds for public housing had greater impact on KHA than any other segment of the Housing and Community Development Act of 1968.[19] The KHA prior to the passage of the 1968 Act had no social service program. KHA subsequently instituted a social management program consisting of family planning, day/care, and recreation.

In 1969 the most important legislation affecting KHA was the Workable Program.[20] The original Workable Program was an amendment to the Housing Act of 1954; however, the 1969 legislation was the first restructuring of the Workable Program since its inception. The major changes in the Workable Program were:

1. Extension of the certification period from one to two years.

2. Reduction of the number of elements from seven to four, i.e., (1) code enforcement, (2) planning and

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[19]Interview with Rodney Lawler, Wood Agency, Knoxville, Tenn., 6 April 1976.

[20]Housing Act of 1969, Statutes at Large 83, Sec. 8, 7463 (1969).

programming, (3) housing and relocation, and (4) citizen involvement.

3. Requirement of the adoption of up-to-date housing and building codes and the enforcement of the program.

4. Placement of greater emphasis on the development of a local planning and programming process.

5. Call for local efforts to expand the supply of housing for low and moderate income families.

6. Requirement of the development of specific plans for achieving effective citizen involvement.

Since KHA had previously formulated the Workable Program for Knoxville, only minor changes were necessary. The major change was in the increased citizen participation requirement. KHA prepared a plan for increased citizen participation which was implemented and required community involvement in all KHA projects.

On January 2, 1971, President Nixon signed the Uniform Relocation Act of 1970 (Public Law 91-646).[21] The provisions of this act applied to all federally-aided programs under which families or businesses were displaced from their homes, or businesses, by federal and federally assisted programs.

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[21] Uniform Relocation Act of 1970, Statutes at Large 84, Sec. 6, 5134, (1970).

The Uniform Relocation Act of 1970 affected KHA in both its public housing and urban renewal programs.[22] KHA was required to pay the following benefits to any person displaced due to the acquisition of real property due to urban renewal or public housing:

1. Payments for moving and related costs,
2. Replacement housing for home owners,
3. Replacement housing for tenants and other,
4. Relocation Assistance Advisory Service.

Prior to the Uniform Relocation Act of 1970 KHA paid only the fair market cost of property and a maximum of two hundred dollars for relocation. The new law required KHA to make higher relocation payments. The 1970 law was only the beginning of federal legislative actions in the Nixon and Ford administrations that would affect the KHA.

During 1972-73 the country was in a recession. President Nixon imposed wage price controls and impounded funds appropriated by Congress for federal programs. Further, during this time, revenue sharing was instituted. Revenue sharing was an attempt by the federal government to return to the local government a share of the national wealth. The revenue sharing program was the beginning of federal changes in funding procedures. Prior to revenue sharing, the majority of federal funds were dispersed in the form of categorical

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[22] Interview with Lawler, 6 April 1976.

block grants or low interest loans. The revenue sharing program returned the money directly to the city for dispersment. Although revenue sharing did not directly effect KHA, the change in federal funding format and the passage of the Housing and Community Development Act of 1974 gave the city of Knoxville greater control over KHA funds.

The Housing and Community Development Act of 1974

On August 22, 1974, President Gerald R. Ford signed the Housing and Community Development Act of 1974.[23] The Act was an eight title omnibus bill of about 120 pages. The bill encompassed subject matter ranging from a comprehensive community development program and major reforms in federally-assisted housing and comprehensive planning to new standards for mobile home construction and new flexibility in housing credit. The dollar authorizations under the act totaled 11.9 billion dollars. In brief the Act had the following titles and provisions:

Title I—Community Development: Authorized and established a new program of federal assistance for community development purposes.

Title II—Assisted Housing: Extended and reformed the public housing program under the United States Housing Act of 1937, including a new program of Housing Assistance

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[23]Housing and Community Development Act of 1974, Statutes at Large 88, Sec. 8, 9367, (1974).

Payments (HAP). Title VIII of this act extended and reformed the Section 202 Direct Loan Program for Elderly and Handicapped, and the Federal Housing Administration section 236 homeownership program (Section 212).

Title III—Mortgage Credit Assistance—Extended and amended mortgage insurance programs of the National Housing Act through June 30, 1977; increased the maximum mortgage amounts in the statute; established an optimal program of co-insurances; and made technical and other amendments.

Title IV—Comprehensive Planning: Extended and reformed the Comprehensive Planning Assistance Program (Section 701 of the Housing Act of 1954), including (a) clarifying the designation of units of general purpose government eligible for federal assistance; (b) restating the purpose for which federal planning assistance is directed; (c) defining the minimum elements of a comprehensive plan to include a housing element and a land use element. Authorized up to 130 million dollars for fiscal year 1975 and up to 150 million dollars for fiscal year 1976 to carry out these purposes. Extended the housing fellowship program to include "general urban studies" to authorize direct contracts with institutions of higher learning, and to increase grant authorizations by 3.5 million in fiscal years 1975 and 1976.

Title V—Rural Housing: Extended and reformed the rural housing programs.

Title VI—Mobile Home Construction and Safety Standards: Authorized the Secretary of HUD to promulgate natural standards with respect to the durability and safety of mobile homes and to enforce the standards through injunctive actions by the Attorney General.

Title VII—Consumer Home Mortage Assistance: Authorized changes relative to activities of the Federal Savings and Loan Associations, the Federal Home Loan Bank Board, and real estate lending and loan accounts of credit unions.

Title VIII—Miscellaneous: Among other provisions (a) amended the National Housing Goals to include more emphasis on preserving existing housing; (b) expanded the federal support of state housing finance and development agencies; and (c) changed the name of HUD's Community Development Corporation and made technical changes in the operation of the Community Development Corporation.

The Housing and Community Development Act of 1974 provided a new framework to allocate federal housing assistance to local communities. The essence of this new framework was expressed in excerpts from the Declaration of Purpose of Title I of the Act on Community Development, citing as the primary objectives:

> addressing critical problems arising from inadequate public and private investment and reinvestment in housing—requiring the conservation and expansion of the nations housing stock in order to provide a decent home and a suitable living

environment for all persons, but principally those of low income.[24]

The Housing and Community Development Act of 1974 required the city of Knoxville to apply annually for community development funds. The city of Knoxville had designated Knoxville's Community Development Corporation, formerly KHA, (for KHA's transition see Ch. III) as the city's community development agent. KCDC prepared the city's assistance plan as well as the city's community development plan. The 1974 Act did not allocate funds for urban renewal; however, the broad heading of community development allowed KCDC to continue the urban renewal process. The most recent renewal project, Summit Hill Drive, was financed with community development funds. Consequently, KCDC adapted to the changes of the 1974 Act and continued to provide the city with needed rehabilitation and redevelopment.[25]

State Legislation

The major state legislation affecting KHA was passed over forty years ago. The Act, entitled the Housing Authorities Law, was enacted by the Tennessee State Legislature in 1935.[26] Subsequently, the city of Knoxville

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[24]Housing and Community Development Act of 1974, Sec. 8, 9367.

[25]Interview with Lawler, 6 April 1976.

[26]Tennessee Housing Authorities Law, 13, (1935).

established the Knoxville Housing Authority in 1936 under state enabling legislation.[27]

The state legislation was divided into five separate chapters under Title 13 of the Tennessee Code Annotated. Chapter 8, titled "Housing Authorities in General" is the basic law that defined the following:

—meetings and residence requirements of the commissioners.

—powers of the housing authority.

—acquisition of land for government use.

—use of eminent domain.

—tax status of the housing authority.

—issuance of bonds by the housing authority.

Chapter 9 of Title 13 titled "City Housing Authorities," contains the specific provisions authorizing establishment of KHA. Included in the various sections of the chapter are:

—petition for creation of the authority.

—hearing—determination.

—verified applications of the commissioners.

—boundaries of the authority.

—action of city or municipality by resolution.

—findings required for authority to operate in municipality.

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[27]Housing Authorities Resolution, Knoxville City Code 1936.

The KHA was established by resolution of the Knoxville City Council which complied with all sections of Chapter 9 of Title 13. Chapter 10 of Title 13 did not affect KHA; however, Chapters 11 and 12 regulated KHA with regard to bonds, finances, and slum clearance. Chapter 11 indicated the regulations KHA must adhere to concerning bonds and finance. Included in the regulations are:

—types of bonds.

—trust indentures and mortgages; power of the authority to issue or incur obligations.

—mortgaging—power only when project financed with aid of government.

—contracts with federal government.

—agreement to sell as security for obligations to federal government.

—housing authority obligations guaranteed by federal government eligible collateral as security for deposit of funds.

—investment by municipality in bonds of authority.

The final chapter of Title 13 deals with slum clearance. Chapter 11 listed the regulations to be followed by KHA in slum clearance as well as the powers of KHA as authorized by law. The subject areas of the regulations and powers are as follows:

—dwelling unfit for habitation; power of municipalities to demolish.

—conditions rendering dwelling unfit for human habitation.

—service of complaints or orders.

—powers given public officer by ordinance.

—estimate of annual expense and cost.

—chapter confers supplementary powers.

Under provisions of chapters of Title 13 Tennessee Code Annotated the KHA and KCDC have statutory authority to function as both a housing authority and/or community development corporation within the city of Knoxville. The power given by the legislation was exact and can only be modified by the Legislature of the state of Tennessee. Therefore once the city created KHA it had little control over the powers and activities of the authority.

CHAPTER III

EVOLUTION OF THE KNOXVILLE HOUSING AUTHORITY

Housing Authority Operation

The Knoxville Housing Authority (KHA) was established in 1936 by the city of Knoxville under the Tennessee Housing Authority Act.[1] KHA was established as an independent authority for the provision of public housing. Based on the Housing Act of 1949, urban renewal has also been carried on by this agency.[2] According to the Tennessee Housing Authorities Act the Authority is governed by a five-man commission whose members were appointed by the mayor for five-year terms so arranged that one term expired each year. The commission appoints an executive-director who also serves as secretary to the commission. The staff also included directors for urban renewal, public housing and administration.

The oldest program administered by the Knoxville Housing Authority (KHA) is that of providing and operating low cost public housing projects. Since 1939 when the first public

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[1]Tennessee, The Housing Authorities Law, Tennessee Code Annotated (1935) 13: 801-1206.

[2]Housing Act of 1949, Statutes at Large 61, Sec. 7, 4756 (1949).

housing was constructed in Knoxville, the Authority has built over 4,000 public housing units in several projects (See Table I). The average rental in Knoxville public housing projects is $38.00 per month, including utilities. This 4,000 units includes 1,000 units designed specifically for the elderly and 200 single family homes for homeownership under the Turnkey III program.[3]

The financing and construction of low cost public housing is rather complicated and varies due to the changing nature of legislative authority over the years. The major options are to provide units by the conventional method, Turnkey method, or the lease method. The conventional method is the oldest and was the most widely used method for providing public housing units.[4] In the conventional method of providing public housing the local authority draws up detailed plans for the construction of units and submits them to the Public Housing Administration of the federal Department of Housing and Urban Development (HUD). If this agency approves the plan, HUD enters into a contract with the authority for the contruction of the project. At this stage, a loan is secured by the authority, either from the federal agency or in the open market, in an amount necessary to cover the cost of the

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[3]Knoxville Housing Authority, Annual Report of the Knoxville Housing Authority 1971 (Knoxville: Knoxville Housing Authority, (1971), p. 11.

[4]Knoxville Housing Authority, Annual Report 1971, p. 11.

TABLE I

PUBLIC HOUSING PROJECTS

	No. Units	O-BR	1-BR	2-BR	3-BR	4-BR	5-BR
TN. 3-1 Western Heights 1701 Jourolmon	244	0	96	104	44	0	0
TN. 3-2 College Homes 741 Maria Avenue	320	0	108	142	70	0	0
TN. 3-3 Austin Homes 1327 E. Vine Avenue	200	0	48	118	34	0	0
TN. 3-4 Western Hgts, Add. 1701 Jourolmon Avenue	444	0	44	182	134	64	20
TN. 3-5 Lonsdale Homes 2815 Badgett Drive	300	0	22	113	105	44	16
TN. 3-6 Austin Homes Add. 1327 E. Vine Avenue	129	0	31	43	33	18	4
TN. 3-7 Guy B. Love Towers 1171 Armstrong (Elderly)	249	104	116	28	1	0	0
TN. 3-8 Walter Taylor Homes 317 McConnell	230	0	60	50	70	30	20
TN. 3-9 Walter Taylor Homes 317 McConnell (Elderly)	270	110	140	20	0	0	0
TN. 3-10 Cagle Terrace 515 Renford Dr. (Elderly)	271	250	24	0	0	0	0

Table I (Continued)

	No. Units	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR
TN. 3-11 Northgate Terrace 4301 Whittle Spgs Rd (Elderly)	277	250	26	1	0	0	0
TN. 3-12 Christenbery Hgts. 3916 Carus Rd.	236	0	74	74	96	48	34
TN. 3-13 Montgomery Village 4530 Lewis Road	82	0	62	20	0	0	0
TN. 3-14 Montgomery Village 4530 Lewis Road	370	0	108	38	110	66	48
TN. 3-15 Morningside Hgts. 1600 Rosedale Ave. (TK III)	112	0	0	0	86	19	7
TN. 3-16 Morningside Hgts. 1600 Rosedale Ave. (TK III)	87	0	0	0	69	16	2
TN. 3-18 Isabella Towers 1515 Isabella Circle (Elderly)	240	21	0	0	0	0	0
TOTAL	4149	735	959	933	852	305	151

land, construction, and related administrative expenses. Upon completion, a bond is issued by the authority to cover the loan. These bonds are generally sold to expire over a forty-year period and are guaranteed by the federal agency. The bonds are sold in the name of the authority in order to obtain a tax exempt status.

The KHA budget is set up so that all operating expenses come from rents received from the property it owns. Rental income in excess of operating cost is allowed to accrue in a reserve fund equal to approximately one year's operating expenses. Once these reserve funds have been built up, all excess rentals are applied to bond retirement payments. The federal agency pays any difference between the amount of the excess rent and the principal and interest due on the bonds. The housing division which manages public housing in Knoxville is composed of maintenance, management, and tenant selection functions.

The housing authority is tax exempt from all levels of government; however, the KHA makes an annual payment to the city in lieu of taxes. This payment represents 10 percent of the "shelter rent" collected by the authority.[5] Shelter rent is the total amount of rent collected less utility payments. The city provides all normal services to these

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[5]Knoxville Housing Authority, Annual Report 1971, p. 12.

housing projects, including fire protection, police protection, streets, sewers, garbage collection, etc.

The KHA also administered the urban renewal program in Knoxville based on the provision of 1949 Housing Act. This program is carried on in cooperation with the Urban Renewal Administration of the federal Department of Housing and Urban Development. There have been four major urban renewal projects in Knoxville (See Table II). Three of these projects were concerned with slum clearance. In 1967 the Riverfront-Willow Street Project was completed. In this project, approximately 96 acres near downtown Knoxville were purchased, cleared, and improved for resale. The majority of the area was set aside for light industrial development.

The Mountain View Project is near completion. This 181 acre project was planned to be completed at a total estimated cost of $16,885,000.00. All property has been acquired, and relocation of families and businesses have been completed. The public improvements have also been completed, and all but a small portion of the land has been committed to redevelopment. When completed, the area will contain sites for office buildings, 1,000 residential housing units, a public safety building, a shopping center, and a park.[6]

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[6]Knoxville Housing Authority, <u>Mountain View Urban Renewal Plan, 1963</u> (Knoxville, Tennessee: <u>Knoxville Housing Authority Printing Office</u>, 1963), p. 22.

TABLE II

URBAN RENEWAL IN KNOXVILLE

	Riverfront-Willow St.	Yale Avenue	Mountain View	Morningside
Date Loan & Grant Signed	August 1954	June 1963	December 1964	June 1971
Date Completed	June 1967	March 1968	February 1973	July 1976 (Est.)
Acres	97.0	134.9	181.0	355.0
Net Cost	$3,756,000	$11,105,000	$16,885,000	$14,540,000
City Share	$1,252,000	$ 3,702,000	$ 5,628,000	$ 4,847,000
Federal Share	$2,504,000	$ 7,403,000	$11,257,000	$ 9,693,000

The Morningside Project, which was phase two of the Mountain View Project, is also near completion. This project, when complete, will clear approximately 780 slum structures and rehabilitate approximately 150 others. The area will be redeveloped largely for single-family housing, but will contain some high-density residential development, as well as some commercial and industrial areas. Several parks are also included in the plans.[7]

The Yale Avenue urban renewal project was of a different type project. The Yale Avenue Project was authorized under the Housing Act of 1956, which allows urban renewal projects to facilitate the expansion of colleges, universities, and hospitals. An area of approximately 135 acres was redeveloped under a contract calling for the University of Tennessee and the City of Knoxville to pay one-third of the cost and the the federal government to pay the remaining two-thirds of the cost. This land was sold to the University for the redevelopment and expansion of the University's facilities. The project was completed in 1968.[8] Another project, which in essence is an urban renewal project, is the Summit Hill Project. The Summit Hill Project was initiated after the

[7]Knoxville Housing Authority, Morningside Urban Renewal Plan, 1967 (Knoxville, Tenn: Knoxville Housing Authority Printing Office, 1967), p. 9.

[8]Knoxville Housing Authority, Yale Avenue Urban Renewal Plan, 1963 (Knoxville, Tenn: Knoxville Housing Authority Printing Office, 1963), p. 11.

federal government phased out the urban renewal program and was in the process of instituting the community development program.

The Redevelopment Authority (LPA—Local Public Agency) in addition to acquisition and disposition is charged directly with responsibility for relocating families displaced by urban renewal projects. Direct federal subsidies are made to the local authority to carry on this program. Dislocated families from urban renewal projects are given priority in public housing if they are within the income levels required by the KHA.

The powers granted to the KHA under the laws of the state of Tennessee for carrying out urban renewal and slum clearance programs are worthy of note. An extract of the Tennessee law granting this authority is listed below:

> The Housing Authority may carry out any undertaking hereinafter called a redevelopment project and to that end may:
>
> 1. Acquire blighted areas;
> 2. Acquire other real property for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight;
> 3. Acquire real property where the condition of the title, the diverse ownership of the real property to be assembled, the street and lot layouts, or other conditions, prevent a proper development of the property and where the acquisition of the area by the authority is necessary to carry out a redevelopment plan;
> 4. Clear any areas acquired and install, construct, or reconstruct street, utilities, and site improvements essential to the preparation of sites for use in accordance with the redevelopment plan;
> 5. Sell or lease land so acquired for uses in accordance with the redevelopment plan;

6. Accomplish a combination of the foregoing to carry out a redevelopment plan; and/or

7. Have and enjoy all the rights, powers, privileges and immunities granted to housing authorities under such law, and/or under any special act by which the authority may have been created, and/or any other provisions of law relating to slum clearance and housing projects for persons of low income.[9]

In carrying out urban renewal projects, the housing authority operated on funds provided in part by the city of Knoxville and in part by the federal government. In general, the federal government paid two-thirds of the total cost of the project while the city paid the remaining one-third. It is important to note, however, that the city was not required to pay for its share in cash. If it so chose, the city could finance its one-third share by constructing improvements, such as streets, sidewalks, parks, playgrounds, schools, community buildings, and other such facilities within the boundaries of the project area. This procedure was advantageous to the city, in that the city could receive credit toward its share of the project for improvements it would have had to construct anyway.

KHA From 1937 to 1949

In 1937 the federal government passed the Housing Act of 1937 (see Chapter 2). The KHA began formulating plans and

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[9]Tennessee, Housing Authorities Law, Tennessee Code Annotated (1935).

preparing proposals to acquire federal funds for providing public housing. The KHA was concerned with providing decent, safe, and sanitary housing for Knoxville's inadequately-housed residents as its prime goal.[10] To determine other goals, KHA held a public meeting. Among the issues discussed by members of the Housing Authority and the populace of Knoxville were slum clearance, federal subsidy, and the implementation of a small homes plan. Of the issues discussed, slum clearance generated the most citizen interest.[11]

Slum clearance projects financed with federal funds called for an investment of 10 percent by the city in which the project was undertaken. This 10 percent investment could take the form of real estate, services, or cash. Where cash was required, representatives of the United States Housing Authority usually endeavored to get local banks to finance the bonds for the city.

Faced with the economic questions that slum clearance raised and the prevailing belief that slum clearance did not accomplish the objective of improving the poor people's situation, representatives of the KHA resorted to a rationale which reflected the philosophy of New Deal Program recipients:

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[10]Tennessee, Housing Authorities Law, Tennessee Code Annotated (1935).

[11]"Knoxville Housing Authority Goals," Knoxville Journal, 5 April 1938, p. 12.

"If we don't get this money earmarked for our city, some other place will. Remember, no matter whether we get it or not, all of us are going to have to pay it back!"[12] KHA this rationale applied for federal slum clearnace money and on July 20, 1940 the United States Housing Authority authorized a loan for $2,504,000 to assist the city of Knoxville in its slum clearance project.[13]

KHA's slum clearance program consisted of clearing slums in East and Central Knoxville for the purpose of building low-income housing units. The KHA board members charged with the responsibility of clearing slums and providing modern homes for a large number of families consisted of Olin Berry (chairman), Frank Maloney, Frederick W. Keith, Walter P. Taylor, and Max Friedman. Four projects were included in the plans of the board, two for whites and two for blacks. The projects for the blacks were to be located on property near Knoxville College, and property located on East Vine Avenue across from Austin High School. The two white projects were to be located on Jourolman Avenue near Rule High School.[14]

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[12]"Forum on Public Housing," Knoxville News-Sentinel, 15 June 1938, p. 6.

[13]"United States Housing Authority," Knoxville News-Sentinel, 21 July 1938, p. 1.

[14]Knoxville Housing Authority, Annual Report of the Knoxville Housing Authority, 1939, [Knoxville: Knoxville Housing Authority Printing Office, (1939)], p. 3.

Opposition to the projects on the local level was similar to the opposition on the federal level. According to an article written in a local newspaper, the public housing concept was socialistic, and government had no right to enter the private business sectors.[15] There was also put forth the argument that structures on property built or purchased with federal monies could not be taxed.

> A check of the building permit records of the city reveals that from May 1, 1936 to May 1, 1938, construction within the corporate limits totaled $5,024,359. During this period permits granted for public works reached a total of slightly more than $1,000,000. Subtracting one arrives at the figure of $4,024,359 for the two year period, or slightly more than two million per year, or approximately the amount which the Knoxville Housing Authority has had earmarked for slum clearance. Figuring on the basis of a one hundred percent assessment, every year that goes by after the Housing Authority's construction is substituted for private construction, the city will take a tax loss of $53,000 in taxes.[16]

Despite all arguments against the public housing projects, the implementation of project plans were completed in 1940. On January 21, 1940, the first tenants in the newly constructed housing units moved into their new homes. The white projects were known as Western Heights and consisted of 244 units. The black project was known as College Homes and consisted of 320 units. Austin Homes and the Western

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[15]"Editorial on Public Housing," East Tennessee News, 3 June 1938, p. 2.

[16]"Editorial on Public Housing," East Tennessee News, 3 June 1938, p. 2.

Heights addition were not completed until the next year. Those two additions almost doubled the number of public housing units available in Knoxville,[17]

World War II slowed the construction of new low income housing projects and created problems of income eligibility for many of the occupants of public housing.

> Due to war-time rise in income of most of our tenants, we have a large number living in the projects who are ineligible from an income standpoint, but because of the acute housing shortage and O.P.A. regulations, they will probably have to remain as tenants for the duration of the war, and maybe until private enterprise can build enough houses to ease the shortage.[18]

According to KHA, the housing shortage created by the war had become a crisis in Knoxville by the fall of 1945. The Housing Authority was without funds or legal authority to finance the purchase of temporary housing or trailers. On November 1, 1945, housing officials learned that trailers might be obtained to relieve the housing shortage. A meeting of the Commissioners was called for discussion of ways and means of obtaining trailers as temporary homes for veterans.[19] Unfortunately, no solutions were derived and the problem was

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[17]Knoxville Housing Authority, Annual Report of the Knoxville Housing Authority, 1941, [Knoxville: Knoxville Housing Authority Printing Office, (1941)], p. 2.

[18]Knoxville Housing Authority, Minutes of Meetings of the Board of Commissioners, 1945, Meeting of 2 November 1945.

[19]"Knoxville Veterans Seek Homes," Knoxville News-Sentinel, 2 November 1945, p. 1.

tabled until the next official Commissioners meeting in January, 1946.

The Chairman, Dr. H. E. Christenberry, and the Executive Director, R. Rex Wallace, were instructed by the Board of Commissioners to contact the City Council in January, 1946. The purpose was to ask the city to sponsor a temporary housing program and to supply necessary funds to meet government requirements as set out in the Congressional Act appropriating federal funds for making such housing available. The City Council authorized the City Manager to sign a contract with the Federal Public Housing Authority (FPHA) for four hundred housing units, and later authorized the KHA to maintain and operate them. The FPHA immediately issued a bid for trailers to house the Knoxville veterans.[20]

In March 1946, barracks buildings at Oak Ridge were available, and capable of being re-worked into much better living quarters than trailers; consequently, a change in FPHA requisition orders was made and 240 units were allocated to Knoxville. This number was subsequently reduced to 225 units because of lack of federal funds. the KHA secured property known as the Tarleton Tract on Gleason Place and McCalla Avenue to locate some of the barracks. This land was used as the location point for 180 units of white veterans housing. In addition, the City Council authorized

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[20]"What Council Did," Knoxville News-Sentinel, 14 March 1946, p. 1.

the use of Leslie Street Park for the location of 45 units of housing for black veterans.[21] During the next three years (1947-49), the KHA applied annually for federal funds to build more public housing. Each year the Knoxville application was denied because of federal committments to other cities. Consequently, KHA could not provide public housing in quantities sufficient to alleviate Knoxville's housing shortage.

KHA From 1949 to 1964

In 1949 the United States Congress passed the Housing Act of 1949 (see Chapter 2). The 1949 Act was viewed by many as the most comprehensive housing legislation written by the United States Congress.[22] The concept of urban renewal was developed in the 1949 Act. Under the 1937 Housing Act authorizations were made for slum clearance with the stipulation that housing units would be built on the cleared slum site. The 1949 Act authorized not only the clearing of slums and building of housing units, but also allowed the redevelopment of areas contiguous to the slum sites. Additionally, the 1949 Act allowed for

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[21]"What Council Did," Knoxville News-Sentinel, 41 March 1946, p. 1.

[22]Marie C. McGuire, "25 Years of Public Housing." Journal of Housing, 19 (October 15, 1962): 442.

redevelopment of central business districts.[23]

The KHA during the 1940's had concentrated its efforts primarily on providing low income housing. However, with the passage of the 1949 Housing Act, the KHA turned its attention toward urban renewal as well as provision of housing. KHA's Riverfront-Willow Street Urban Renewal project consisted of the First Creek Business Area Expressway, the Blount Park Development Plan, and the development of a Civic Coliseum and Auditorium. The project (see Figure 1) was bounded by Willow Street to the North, Hill Street to the South, Central Avenue to the West, and First Creek to the East. The Riverfront-Willow Street Project was the first Urban Renewal Project attempted by the city of Knoxville. The project was opposed by many community groups. The main point of contention was the relocation of the Willow Street Stockyards, and the disruption and relocation of families living in the redevelopment area. The battles over these issues continued; however, KHA proceeded with slum clearance, relocation, and construction, even as neighborhood groups sought law suits to stop the proceedings. The eventual outcome of the law suits was in favor of the city, and urban renewal activities continued to be implemented.[24]

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[23]Housing Act of 1949, Statutes at Large 66, Sec. 7, 4756, (1949).

[24]"First Creek," Knoxville News-Sentinel, 19 March 1953, p. 27.

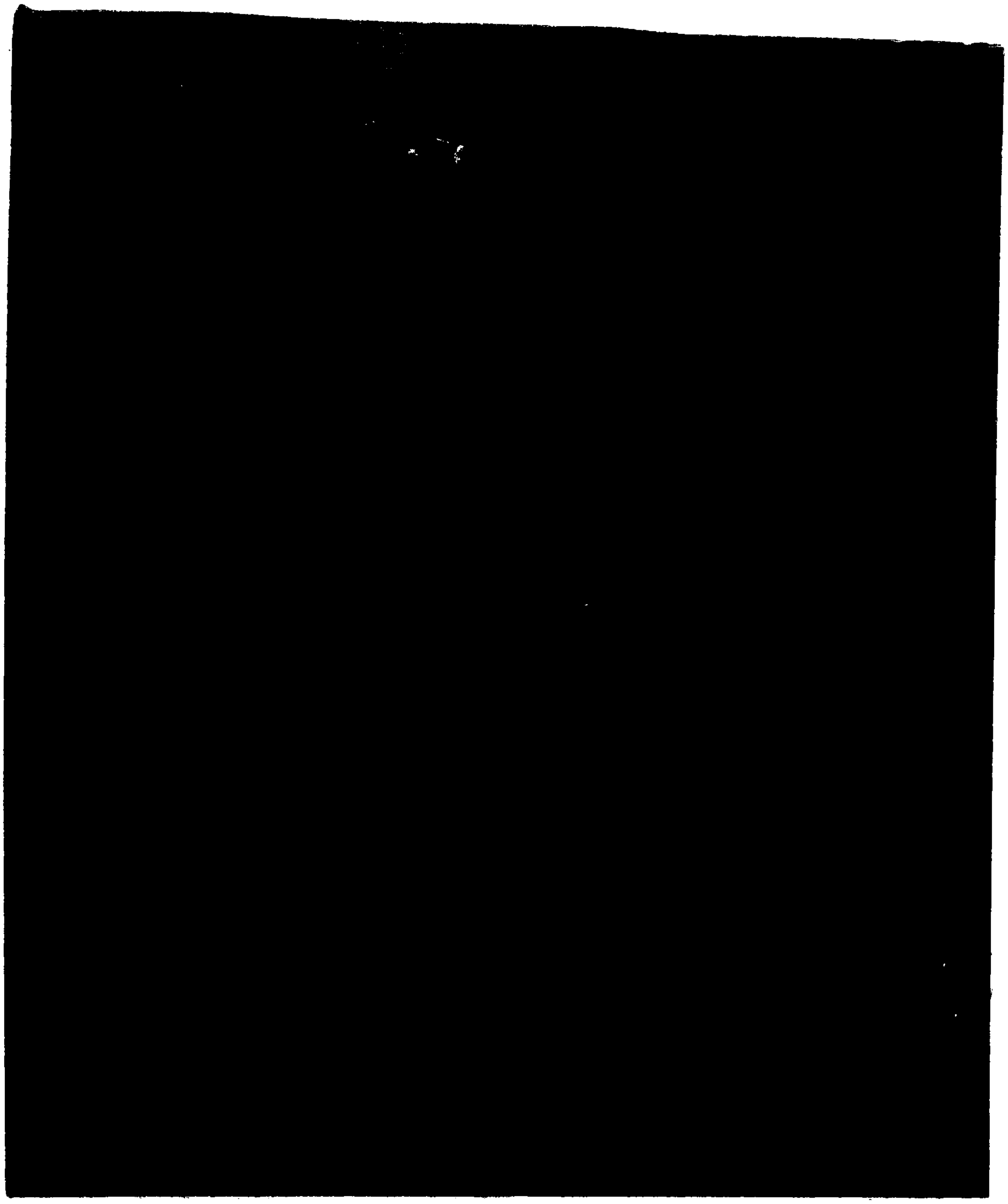

Figure 1. Riverfront Urban Renewal Location Map

By 1956 the KHA had expanded Knoxville's Urban Renewal program to include slum clearance and redevelopment of the University of Tennessee. In addition, Urban Renewal provided assistance for the construction of the downtown transportation loop system. The most volatile issue during this time concerned the cost and location of a new civic auditorium. Plans were developed for a civic auditorium in 1953 during the administration of Mayor George Dempster. Nothing was accomplished on the project, however, due to a lack of funds. In May of 1956 the newly elected mayor, Jack Dance, announced that the plans for a civic auditorium would be scrapped because of public opposition to the proposed site. The original site, located within the Riverfront-Willow Street Redevelopment Area had been approved by the KHA and the Metropolitan Planning Commission, but failed to gain support of the Dance administration. Therefore, the construction of the auditorium was delayed until early 1960 and the Riverfront-Willow Street site for the auditorium was not completed until 1962.[25]

During the early and mid-1950's, the Urban Renewal Program was being re-evaluated on the federal level. Urban Renewal officials were waiting to see what changes would be made during the administration of President Johnson. In

[25] Knoxville Housing Authority, Annual Report of the Knoxville Housing Authority 1962 (Knoxville: KHA Printing Office, (1964), p. 7-9.

Knoxville, the KHA was developing plans for the Mountain View Urban Renewal Area.[26] The Mountain View Project (see Figure 2) consisted of approximately 548 areas, bounded on the north by Magnolia Avenue, Bethel Street and Dandridge Avenue; on the east by Kyle Street, Surrey Street, Saxton Avenue, Morningside Drive and Groner Street; on the south by Riverside Drive and the north shoreline of Fort Loudon Lake; and on the west by the boundary of the Riverfront-Willow Street Project and Jessamine Street. The Mountain View Project was divided into three stages. The entire redevelopment of all three stages was to be over a ten year period at a total estimated cost of $24,968,000.

Prior to the Mountain View Project in 1964, another Urban Renewal Project was undertaken by the KHA in 1963.[27] The Yale Avenue Project consisted of approximately 136 acres (see Figure 3) located near the University of Tennessee. The Yale Avenue Project was accomplished to allow for future expansion of the University of Tennessee. The total estimated cost of the Yale Avenue Project was $5,600,000.

Although KHA policy (see Chapter 4) was to concentrate resources on one project at a time, both the Yale Avenue and

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[26] Knoxville Housing Authority, Annual Report of the Knoxville Housing Authority 1964 (Knoxville: KHA Printing Office, [1969]), pp. 4-6.

[27] Knoxville Housing Authority, Annual Report 1964, p. 7.

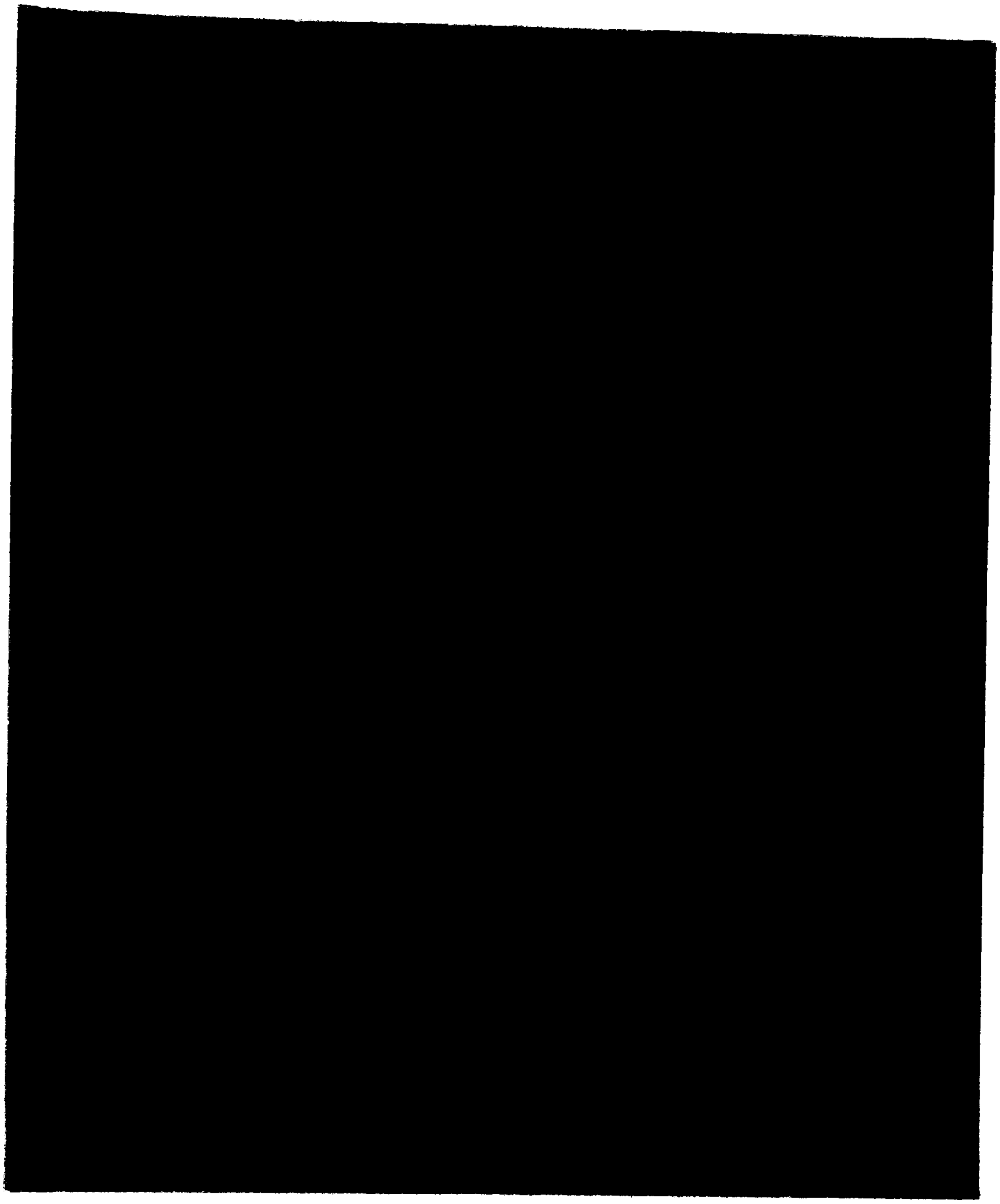

Figure 2. Mountain View Urban Renewal Location Map

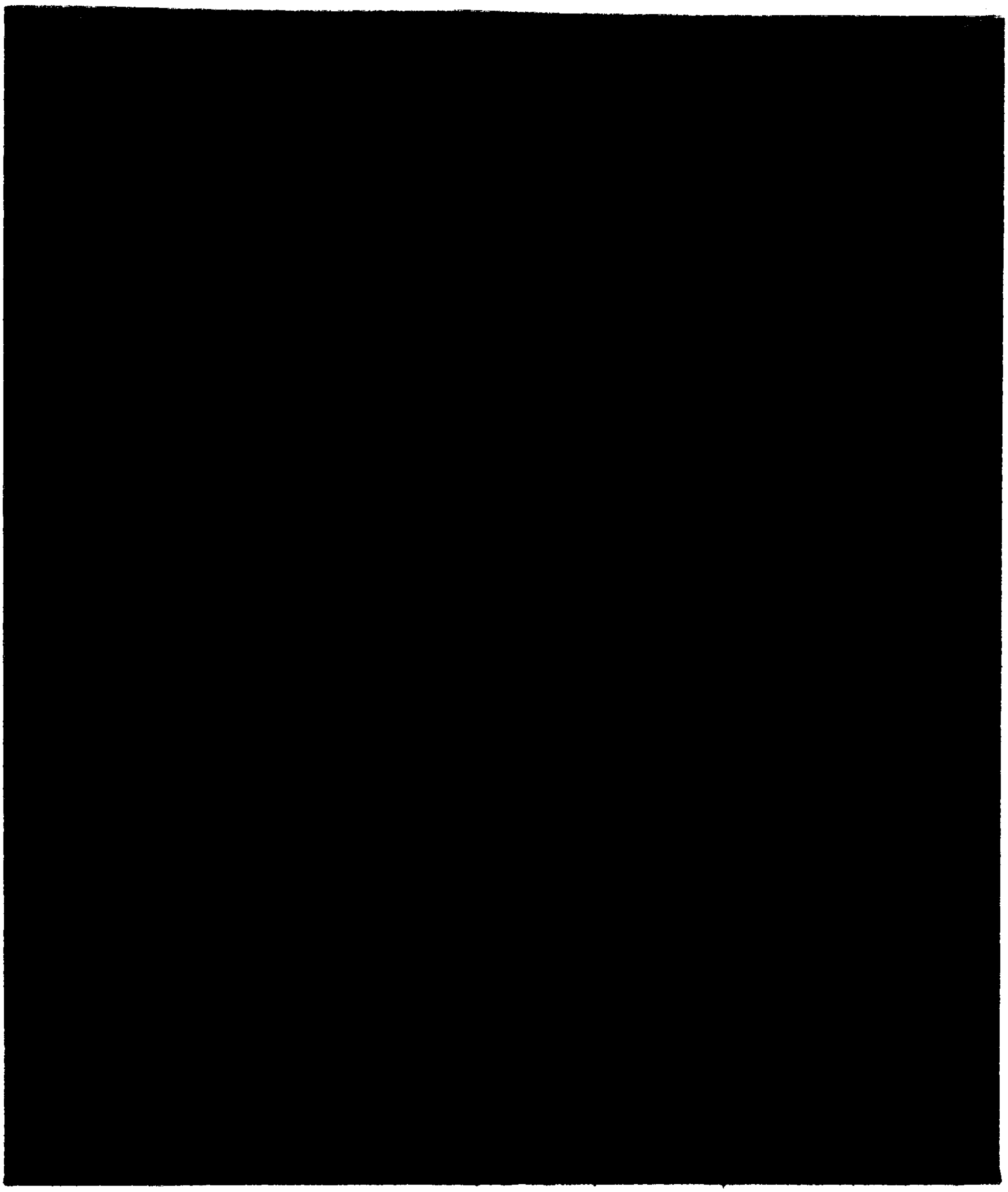

Figure 3. Yale Avenue Urban Renewal Location Map

Mountain View Projects were initiated prior to completion of the Riverfront-Willow Avenue Project. The inconsistency of KHA policy later proved to be a significant factor in KHA's transition to KCDC.

KHA From 1965 to 1970

In 1965 KHA had seven hundred and forty-nine dwelling units in three projects which were in the development stage. Two of these projects accounted for a total of five hundred and nineteen dwelling units to house low-income senior citizens. The remaining two hundred and thirty units were to be conventional public housing projects for low-income families. These three projects required that two hundred seventy-one families, individuals, and businesses be relocated. The acquisition and relocation process used by KHA in these three projects and in the previous urban renewal projects created friction between citizens and KHA. This friction between KHA and citizens proved to be a significant factor in the transition of KHA to KCDC (see Chapter IV).

Construction on Project Tenn. 3-7, Guy B. Love Towers, was started in January 1965. This project consisted of two seven-story buildings which contained 249 units, all of which were specially designed for low-income senior citizens. The cost of this project, including an office facility, was $3,527,000. The construction of Projects Tenn. 3-8 and

Tenn. 3-9, which produced Walter P. Taylor Homes, was started on June 30, 1965. This project consisted of two hundred and thirty conventional public housing units and two hundred and seventy units for senior citizens. The cost of the project was $7,500,000.[28]

By 1967 the KHA was deeply involved in the Mountain View Urban Renewal Project. Problems resulting from an earlier urban renewal project were beginning to generate concern. The Civic Auditorium, which was a part of the Riverfront-Willow Street Urban Renewal Project, did not have enough on-site parking to accommodate activities proposed for the Auditorium. The problem was discussed by the Mayor and City Council and subsequently turned over to the KHA to expedite plans for parking facilities. The KHA filed an amended application with the Urban Renewal Administration to include parking garages in the Mountain View Project. Approval was granted by the Urban Renewal Administration and the city developed the parking facilities as a part of the Mountain View Project.[29]

In 1968 President Johnson signed a major housing bill, the Community Development Act of 1968.[30] The 1968 Act allowed

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[28]Knoxville Housing Authority, Annual Report of the Knoxville Housing Authority 1965, (Knoxville: KHA Printing Office, [1965]), pp. 9-10.

[29]"Parking Shortage," Knoxville News-Sentinel, 20 April 1967, p. 1.

[30]Housing and Community Development Act of 1968, Statutes at Large 82, Sec. 7, 8261, (1968).

for the construction of 221-d rental housing. In addition to other housing assistance programs in Knoxville, the Act was instrumental in the development of the Townview Terrace and Townview Towers Apartments which are 221-d apartment buildings overlooking the Civic Auditorium and downtown area of Knoxville. The Turnkey III houses were constructed in the Morningside Renewal Area, and the 235 houses were constructed at various sites throughout the city.[31]

In 1969 KHA was charged with not properly planning for the relocation of residents in its three urban renewal projects. The charges were leveled at the KHA by State Representative Bob Booker who resided in the Mountain View Urban Renewal Area and Edgar Shelton, a retired University of Tennessee engineering professor.[32] The state law that was violated according to Booker was subsection three of Chapter 13-815 of the Tennessee Code Annotated which reads as follows:

> To indicate the method of the temporary relocation of persons living in such areas, and also the method of providing decent, safe and sanitary dwelling substantially equal in number to the number of dwellings being cleared from said areas.[33]

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[31]Knoxville Housing Authority, Annual Report of the Knoxville Housing Authority 1972, (Knoxville: KHA Printing Office, [1972]), p. 9.

[32]"KHA Unfair in Relocation Policies," Knoxville News-Sentinel, 16 July 1969, p. 1.

[33]Tennessee, Housing Authorities Law, Tennessee Code Annotated.

According to Booker and Shelton the KHA had failed to fulfill this law. Because of this law suite much bad publicity was generated and public support for the agency was at an all time low. However, KHA continued to implement its programs and eventually complied with the state laws as well as the Uniform Relocation Act of 1970 which was more stringent.[34] This compliance with the Act contributed to the eventual transition of KHA to KCDC.

KHA From 1970 to 1975

KHA had completed and was currently involved in several projects as the 1970's arrived. Among KHA's activities were its continuing program of providing low cost public housing, the Mountain View Urban Renewal Project, the Morningside Urban Renewal Project, and the Center City redevelopment Project. Through urban renewal funds and later community development funds, the KHA continued to produce and coordinate developments that changed the Knoxville environment significantly.[35]

The public housing program which had been operating since 1939 began placing emphasis on housing for the elderly in 1965. KHA support of housing for the elderly gained

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[34]Uniform Relocation Act of 1970, Statutes at Large 84, Sec. 6, 5134, (1970).

[35]Knoxville Housing Authority, Annual Report of the Knoxville Housing Authority 1970 (Knoxville: KHA Printing Office, [1970]), p. 5.

momentum with the release of a study by the Real Estate Research Corporation for the Metropolitan Planning Commission. After reading the report, KHA's Commissioners voted to support housing for the elderly.

In 1970 KHA had already developed four housing projects designed specifically for the elderly. In response to this demand, by 1976 three more projects designed for the elderly had been developed. The three new projects included one high-rise development, Isabella Towers, and two low-rise apartment complexes, Christenberry Heights and Mongomery Village. Although these projects only begin to meet the needs of Knoxville's elderly citizens, the actions taken by the KHA were a step in the direction of providing housing for Knoxville's aging citizens.[36]

Additionally in 1970, KHA was progressing toward the completion of the Mountain View Project. The project included new facilities such as the Hyatt Regency Hotel and Convention Center, City Safety Building, Parking Garages and a new church facility. The Mountain View Project, which was started in the early 1960's changed what had been slums into a revitalized area. Opposition to the Mountain View Project developed in the form of objections from residents who had been displaced. One of the issues residents of the

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[36]Knoxville Community Development Corporation, Annual Report of the Knoxville Community Development Corporation 1975 (Knoxville: KDCD Printing Office, [1975]), p. 4.

area were dissatisfied with was the payment of moving expenses.[37] Those residents who moved prior to August 1, 1968, did not receive the same benefits as those who relocated after August 1, 1968. Rodney Lawler, executive director of KHA, explained:

> The act provides for a cash payment of up to $5000 for persons who own and occupy their homes and are required to move because of federal or federally-assisted programs, such as urban renewal, highway construction, public housing and open space projects. However, the act did not go into effect until August 1, 1968, and only those persons who move or had to move after that date, and built or bought standard homes are eligible for this payment.[38]

This situation created a great deal of animosity toward KHA by many of the residents who lived in the Mountain View Project area (see Chapter IV). The situation was clarified in 1970 by the Uniform Relocation Act of 1970, which required payments be made to residents who were required to move because of federally assisted urban renewal projects.[39]

As of December 1975, all of the Phase One plan for the Mountain View Urban Renewal Project had been completed. The municipal parking garages were completed during mid-1975 and marked the end of the first phase. However, Phase Two of the Mountain View Project, which called for the construction

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[37]"Resident Claim Foul," Knoxville News-Sentinel, 8 February 1972, p. 1.

[38]"Residents Claim Foul," Knoxville News-Sentinel, p. 1.

[39]Uniform Relocation Act of 1970, ec. 6, 5134.

of a ten million dollar luxury apartment, office and commercial development is yet to be started.

Another major urban renewal project of the 1970's was the Morningside Urban Renewal Project. The project began in 1971, when KHA recommended that the Morningside Project be undertaken immediately. Rehabilitation of existing structures and single-family residence construction were the key characteristics of the KHA's plan for the Morningside Urban Renewal Area. The Morningside Project (see Location Map) is bounded on the north by E. Magnolia Avenue; east by Kyle Street and Groner Drive; south by Riverside Drive, and west by Perry and Jessamine Streets. The goals of the project included keeping the area primarily residential; encouraging low density housing and home ownership; staging development to avoid mass relocation; encouraging private residential reuse; providing land for needed public improvement; and providing a relocation plan to allow all who want to continue to live in the area to do so.[40]

Each of these goals reflected changing KHA policy. No longer was KHA displacing residents from their homes or businesses without providing the opportunity for displaced residents to relocate in the area. KHA had eliminated the unorderly development of previous urban renewal projects by

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[40]Knoxville Housing Authority, Morningside Urban Renewal Plan 1967 (Knoxville: KHA Printing Office, 1967), p. 12.

staging development. Moreover, KHA then encouraged residents to take an active part in revitalizing the area through reinvestment in the community. The goals of the Morningside Project were indicative of an esprit de corps at KHA which did not exist in previous urban renewal projects.[41]

Of the 355 acres in the Morningside Project, 173 acres were to be resold, including 84 acres for single family housing, 5.5 acres for commercial use, 12 acres for industrial use and 57 acres for public use. Only a small area to the northwest and a larger area to the southwest were scheduled for complete clearance. The other tract, which included the bulk of the area and most of the Morningside residents, was to be improved through rehabilitation of existing structures.

The KHA in late 1972 became involved in another proposed urban renewal project. The project, Center City Redevelopment, gained momentum as support from Mayor Testerman's office and businessmen of the Downtown Knoxville Association became apparent. Several concepts were developed for the Center City Redevelopment area; however, the mayor's task force concept received the most notoriety. The mayor's task force was comprised of prominent citizens appointed by Mayor Testerman. The task forces' concept of what the downtown area of Knoxville should look like was developed around a

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[41]Interview with Rodney Lawler, Wood Agency, Knoxville, Tennessee, 7 April 1976.

city-county building south of the Market Street Mall and a TVA facility at the Mall's north end. The concept also provided a mixture of offices, retail, banking, entertainment, housing government and tourist-related activities in the downtown area.

Major elements of the task force concept were:

1. A strong business core with free pedestrian movement.
2. A nightime activities and entertainment center.
3. A regional retail goods and service area east of the central core area.
4. Tourist oriented facilities and services along Henley Street.
5. Major governmental offices located on the ends of the pedestrian spine.
6. A variety of housing types and densities in the Summit Hill area and on the riverfront.
7. Perimeter parking directly accessible from the central business district.
8. A personal rapid transit system serving U.T., the central business district and Mountain View activity centers and parking decks.[42]

The entire Center City Redevelopment Project was an effort to revitalize the downtown business area which had been rapidly declining since the late 1960's. The KHA's role in the downtown redevelopment process was to acquire parcels of land and either sell for redevelopment or redevelop the area itself. The next project was located on the northwest end of the Market Square Mall and is known as the Summit Hill Redevelopment Area. Included in the project are twin tower buildings built by private investors and leased by TVA.

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[42]Knoxville Housing Authority, Center City Redevelopment Plan 1972 (Knoxville: KHA Printing Office, 1972), pp. 7-14.

Other redevelopment centered in the downtown area as evidenced by acquisition and demolition of property for the East-West Mall and Summit Hill development area.

KHA employed Rodney Lawler as the new Executive Director of the Authority in 1969. Mr. Lawler, aware of changing legislation such as the Uniform Relocation Act, instituted policy changes which placed KHA in line with new federal legislation trends. These policy changes were indicated in the previously mentioned goal statements of the Morningside Urban Renewal Project.

The changes implemented by KHA went beyond superficial program additions. Because programs reflect only the means through which change is mandated, the actual changes occurred in policy and philosophy of KHA. Moreover, these changes in programs, policy and philosophy were indicative of changes in administrative staff and legislation. In more recent years, KHA had been active in the area of social development. Among the social services provided by KHA were family counseling, day care centers, transportation for elderly and handicapped people, and recreational programs.

By 1973 the KHA had made such extensive changes in administration, philosophy, policies and programs that the name KHA was no longer functionally descriptive. Therefore, in March of 1973, the Board of Commissioners voted to change the name of the KHA to Knoxville's Community Development Corporation (KCDC). The Commissioners articulated reasons for the change in name:

> KHA was incorporated in 1936 and has broadened its ban of operations over the years to include a wide range of social services and human resources programs. In addition to urban renewal and public housing projects, KHA has been responsibile for the Neighborhood Development program which has a federal grant to relocate merchants in the area north of Market Mall where the new TVA buildings are located. In addition, KHA is actively participating in the New Careers Program, sponsored by the Community Action Committee to provide on-the-job training and education for previously unemployed persons.[43]

Because of these reasons, the concensus of the Board of Commissioners was that a name change was warranted. Rodney Lawler, Executive Director of the agency, implied that the name change was not the result of new federal guidelines which returned to local governments much of the responsibility for social service and human resources programs. "We did not consider the name change because of new community development legislation, but it is consistent with it."[44]

Mr. Lawler indicated that because of new federal legislation, i.e., the Housing and Community Development Act of 1974, the relationship between KHA and federal government would change. KCDC would be dealing with the city much more

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[43]Knoxville Housing Authority, Annual Report of the Knoxville Housing Authority, 1972 (Knoxville: KHA Printing Office, [1972]), pp. 3-5.

[44]"Name Change Due," Knoxville News-Sentinel, 25 March 1973, p. 1.

than KHA did in the past, and the city would now be able to set priorities.

> Indications are that the community development legislation, including general and special revenue sharing will present a different approach to funding from the previous system of funneling funds through the federal agency to the housing authority to the city and back to the housing authority to administer the program.[45]

The Housing and Community Development Act of 1974 initiated a new dimension in federal funding. The city of Knoxville was to outline a program of expenditures for its share of the federal funds. The city of Knoxville named KCDC as its official agency for applying to the federal government for community development funds. Knoxville's share of the funds for the first year totaled $4,091,000. The $4,091,000 covered a grant period from fiscal year July 5, 1975, to July 5, 1976. KCDC listed forty-one separate programs in its application for community development programs (see Appendix B); however, KCDC did not indicate the priority of these projects. The decision as to how the community development funds would be expended was yet to be made.

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[45] "Name Change Due," Knoxville News-Sentinel, 25 March 1973, p. 1.

CHAPTER IV

ISSUES, POLICIES AND PROGRAMS OF KHA AND KCDC

The following discussion of interview results has been divided into four major areas of inquiry. The areas are issues, policies, programs and the reason for changes. Logically one would expect issues to develop from problems and the resolution of major issues would be in the form of either explicit or implicit policies and that specific programs or behaviors would develop to implement these policies. In the implementation of programs, problems arise. These problems then become the focal point upon which issues are discussed. Thus a policy-decision-behavior cycle (see Figure 4) is involved which can react to or be responsive to initiators of change. Through an analysis of this cycle, reasons for change can be highlighted.

The establishment of which issues, policies, and programs to be included in this discussion was determined by the number of times an issue, policy, or program was mentioned. Only those issues, policies, and programs which were indicated by a minimum of 70 percent of the respondents were included in this discussion. A tabulation of the responses show that 86 percent of the respondents concurred on issues, 81 percent on policies, and 97 percent on programs.

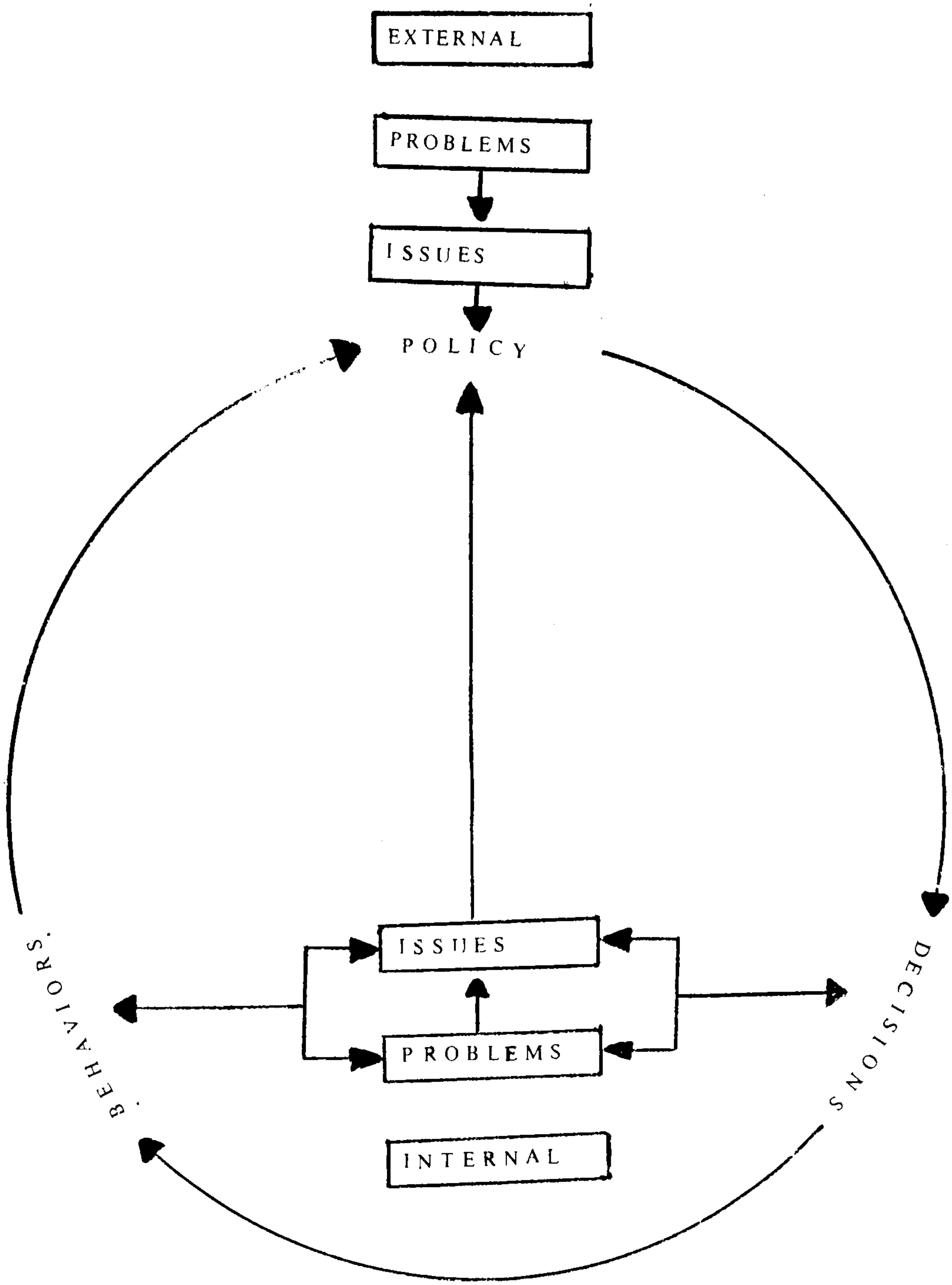

Figure 4. Policy-Decision-Behavior Cycle.

Issues

Results of the interviews indicated that there were six major issues which recurred in each interview. Although articulation of issues was done individually, the following emerged as issues perceived as most relevant to KHA's transition into KCDC. The respondents gave no priority to any of the issues. The issues were: (1) KHA's bad image in the community; (2) KHA's lack of community credibility; (3) KHA's weak organizational structure; (4) KHA's failure to meet the needs of clientele; (5) KHA's management of public housing; and (6) the Mountain View Urban Renewal Project.

The "bad image" was described in the interviews as a residual effect of the urban renewal projects implemented by KHA. Much of the negative image resulted from acquisition of land for urban renewal projects. According to the respondents, citizens felt that KHA had not paid enough money to property owners as compensation for loss of property. Another factor contributing to KHA's negative image was the effect of public housing on property value. The potential for locating a public housing project in any neighborhood brought instant opposition from residents of that neighborhood. Consequently KHA's image suffered in any neighborhood where public housing was proposed to be located. Public housing units, as depicted in Chapter III, were usually located in black or poor white neighborhoods. The net result was friction between KHA and residents of the neighborhoods where property was affected by public housing projects.

Further, the respondents felt that press coverage of KHA contributed to the negative image of KHA.[1] According to the respondents, once the local newspapers released a story about KHA, the Authority would be swamped with telephone calls concerning the article. They also indicated that the telephone calls would occur only when the news article dealt with public housing or urban renewal.

The second issue that recurred in the interviews was KHA's lack of community credibility. This issue was an extension of the bad image; however, this issue involved more than just image problems. The lack of community credibility grew from the Authority's implementation of the Mountain View Urban Renewal Project. After the land had been acquired and tenant relocation completed, redevelopment activity on the Mountain View Project came to a stop. The land laid dormant for several years (1966-1969), with very little development taking place. Many of the former area residents complained that they were forced to vacate their homes prematurely, and that renewal of the area should have begun immediately after clearance of the land. Therefore, public confidence in KHA as an urban renewal agency was at an all-time low.

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[1]"KHA Sounds Off," Knoxville News Sentinel, 18 June 1967, p. 18.

Cooperation or the lack of it was also a problem for KHA with other agencies within city government.[2] The KHA was chartered by the state government and not totally responsible to city government; consequently, other agencies within city government did not cooperate with KHA to the extent possible.

The third issue discussed in the interviews was that of organizational structure. The problem which existed involved the relationship between the Board of Commissioners and the administrative staff. This relationship resulted in what was termed inefficient management procedures. Further complicating the problem was the infusion of politics into the policy and decision-making process. The lack of authority in the chief executive management manifested itself in poor decisions being made at lower staff levels. Because there were no clear policies developed by management, decisions made by lower level staff lacked consistency. Where consistency was developed, politics were injected into the management process, thus voiding consistant management practices. Consequently, programs administered by the agency suffered.

The fourth issue, failure to meet the needs of clientele, was the net result of the first three issues. In addition, urban renewal activities created needs of clientele that KHA failed to meet. The Riverfront-Willow Street, Yale Avenue,

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[2]Knoxville Housing Authority Board of Commissioners, Minutes of February 4, 1965 Meeting. (Knoxville, Tn.: Knoxville Housing Authority Printing Office, 1965), p. 2.

and Mountain View Urban Renewal Projects displaced a large number of people. The goals of urban renewal were outlined in the Housing Act of 1949, i.e., provision of safe, sanitary, and decent housing, as well as the creation of viable economic communities. The achievement of these goals required the acquisition of land and the relocation of a large number of people. The relocation of people required a staff large enough to provide the necessary services to the displaced individuals. KHA, on the other hand, did not have a staff large enough to handle the relocation of displacees. In addition, the minimal staff that KHA had was not trained in the specific social services required by its clientele.

The fifth issue brought out by the interviews was centered around the management of public housing projects. The public housing program was the first program that KHA administered. Because public housing policy dictated the maximum number of housing units for each tax dollar spent, much of the public housing was of poor construction. Poorly constructed units placed additional stress upon management by residents to upgrade maintenance of the units.

KHA's management of public housing projects was criticized by residents of public housing units.[3] A great deal of the criticism was directed towards either maintenance

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[3]"Residents Critical of KHA," Knoxville News-Sentinel, 5 January 1965, p. 14.

of the units, lack of recreational facilities, or indifference of KHA project managers to the needs of residents. As the projects fell into disrepair, the criticism of KHA's management practices became more vocal. Tenants of the projects organized and formed tenant unions. Subsequently, the tenant's unions compiled a list of grievances which were presented to KHA management. Once the grievances were received by KHA, nothing was done by the agency to eradicate the situation.[4] KHA's management of public housing continued to be criticized by residents of the projects and subsequently by the local press.[5]

The final issue which was evident before KHA's transition into the KCDC was the Mountain View Urban Renewal Project. The project was opposed from its inception by residents of the Mountain View area.[6] The Mountain View neighborhood was a slum area and considered by KHA as a natural extension of the Riverfront-Willow Street Project. The complaints of low and unfair payments for property in the Mountain View Project was a major problem for KHA. Property owners felt that their properties were worth more than KHA paid for them.

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[4]Interview with KHA Commissioner, Knoxville Housing Authority, Knoxville, Tennessee, 6 April, 1976.

[5]"Editorial on Public Housing," Knoxville News-Sentinel, 23 June, 1976.

[6]Interview with President of Mountain View Area Council, Knoxville, Tennessee, 23 March, 1976.

A large number of residents filed law suits against the KHA to stop the urban renewal project; however, none of the law suits were successful.[7]

Another problem KHA faced in the Mountain View Project was the lack of relocation assistance for businesses and homeowners. The acquisition of land in the Mountain View Project took place before the strict guidelines of the 1970 Uniform Relocation Act were in force. Consequently, low relocation payments were paid to the Mountain View residents. The attitudes of citizens towards KHA became even more negative when no activity took place in the renewal area in the more than two years following clearance of the land. The residents who were forced to relocate claimed that they were forced out of their homes prematurely. The Mountain View issue received extensive coverage from the local press. These news articles as well as the other issues which were paramount at this time contributed to the need for KHA to change its image, thus facilitating KHA's transition into KCDC. Normally the policies which exist in an agency should reflect the appropriate approach to solving problems. The major policies of KHA and the issues with which KHA was confronted, however, were in some cases mutually exclusive. For instance, the issue of a poor image in the community was

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[7]"Court Supports Urban Renewal," Knoxville News-Sentinel, 16 July, 1966, p. 16.

re-enforced by the KHA policy of maintaining the status quo.

Policies

Two discrete sets of policies were being used by KHA. One set of policies was being followed for urban renewal, and another set of policies was used for public housing. The interviews revealed three major policies that guided KHA in achieving its goals in urban renewal. Those policies were: (1) commitment to the physical redevelopment of Knoxville; (2) implementation of programs for the public good at the least cost (cost being defined in terms of dollars); (3) commitment to the concentration of resources towards the completion of one specific program at a time. Each of these policies was used in administering the urban renewal program. According to the persons interviewed, KHA was committed to the physical redevelopment of Knoxville. The resources of the agency were geared to use urban renewal as a mechanism for rebuilding the city's deteriorating residential areas, improving access to the central city, and stimulating economic development through physical redevelopment of Knoxville's central business district.

Through adherence to this policy, KHA completed three urban renewal projects but ignored the social ramifications of physical redevelopment, that is, KHA ignored the social problems associated with relocation, such as dispersal of community clubs, displacement of churches and members, and often change of school districts. By not assisting in solving these social problems faced by residents of urban renewal projects, KHA created image problems that contributed to the need for change in the agency.

The second KHA policy, implementation of programs for the public good at the least cost, was developed to insure that the majority of citizens would benefit from programs administered by KHA. The majority of citizens was considered by KHA as those citizens of Knoxville not located in the urban renewal project. Benefit was defined in KHA policy as those intrinsic values derived from the physical redevelopment of Knoxville. Prime examples of this policy were the three urban renewal projects which displaced a few residents and businesses for the intrinsic benefits of all Knoxvillians. These urban renewal projects provided such facilities as the Civic Auditorium, the downtown expressway loop, and new buildings for the University of Tennessee. Unfortunately, the people displaced were generally the poorest residents of the city. Whether or not the ends justified the means, the policy of implementing programs for the public good at the least cost, provided a great deal of physical redevelopment for Knoxville and substantial public facilities.

The third policy, firm commitment to the completion of a specific project, was designed to insure that resources would be directed towards completion of a project once it had been started. According to the respondents, KHA took the approach of massive injections of resources into one area until the desired results were achieved. Firm commitment to one project meant that other areas were lowered on the priority list; however, since this policy insured completion of the project at hand, KHA officials believed that this policy allowed for the best possible development at the least expense.

Although the respondents indicated that KHA policy was a firm commitment to the completion of one project at a time, KHA did not adhere to this policy. KHA had three urban renewal projects underway at the same time (see urban renewal chart, Chapter III). This policy, according to the respondents, was intended to keep disruption of city operation due to redevelopment construction at a minimum. Implementation of this policy depended largely upon the availability of federal funds for other urban renewal projects in Knoxville.

The policies that guided KHA's public housing program was similar to those under which the urban renewal program operated. The policies as articulated by the respondents were: (1) provision of maximum number of units for minimum dollar expenditures; and (2) clustering of units to limit neighboorhood disruption. The policy of providing a maximum number of units for minimum dollar expenditures determined for the most part location, design, and quality of KHA public housing. In order to stay within policy, projects were located on the cheapest land, which was usually found in black or poor white neighborhoods. The design allowing the most units at the least expense, according to the Journal of Housing, was the two-story detached garden apartment building with no frills. The quality of materials used in the buildings met public housing standards, but was generally of lower quality material than comparable types of housing in other sections of the city.[8]

The policy of clustering units to limit neighborhood disruption was developed to appease residents of the neighborhoods where public housing was to be located. The persons interviewed indicated that scattering of the units was desirable but public opposition to the units required that the cluster policy be implemented. Consequently, public housing units, excluding units for the elderly, were not only located in poorer neighborhoods but, in addition, they tended to be densely developed. This policy led to overcrowded conditions and lack of adequate facilities, in addition, difficulties were experienced where issues and policies tended not to be mutually reinforcing and the specific programs which KHA administered were fragmented, not reinforcing.

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[8] Robert Milburn, "Public Housing Standard," Journal of Housing, 28 (March 16, 1964): 227.

Programs

The KHA administered two basic programs, public housing and urban renewal. Each program was controlled under the auspices of federal legislation; however, KHA, as the local administrator, had the power to administer the programs within established guidelines. The intent of the public housing program was to provide safe, sanitary and decent housing for that segment of the city's population which could not otherwise acquire such housing. The public housing program paid rent supplements to local housing authorities in lieu of full rent payments by tenants.

Since 1939, when the first public housing was constructed in Knoxville, the Authority has built and now operated 3713 public housing units in fifteen projects. The average rental is $38.00 per month, including utilities. In addition to the existing units, an application was filed with the Public Housing Administration for 1000 additional units specifically designed for the elderly. As of 1975, there were more than 4000 families living in housing provided by the KHA.

The major complaints of KHA's management of public housing came from tenants of KHA projects.[9] According to Theodore Martin, president of the KHA Tennants' Association, there were two problems areas: (1) poor maintenance of

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[9]Interview with Theodore Martin, Knoxville Tenants' Association, Knoxville, Tennessee, 15 March, 1976.

projects; and (2) lack of adequate facilities. These two problems were present in all KHA public housing projects. The Knoxville News-Sentinel prepared an expose on KHA's public housing, revealing conditions such as broken windows, no window screens, unpainted walls, and leaky plumbing.[10] In addition, many of the units needed repair work done on the electric ranges and refrigerators that came with the unit. According to the news article, conditions were deplorable.

The second problem, lack of adequate facilities, was attributed to poor design and overcrowding. According to Mr. Martin, none of the projects had adequate recreational facilities for children or adults. In addition, none of the projects had laundry facilities for project residents and street lighting was inadequate.

The problems faced by KHA in public housing were attributed to poor management practices by KHA, which, subsequently, resulted in hardships to residents of public housing. Growing tenant dissatisfaction was, therefore, one of the first major stimulants to the KHA's transition process.

The KHA also administered the urban renewal program in Knoxville based on the 1949 Housing Act.[11] This program was carried out in cooperation with the Urban Renewal

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[10] "Austin Homes Deplorable," Knoxville News-Sentinel, 24 June, 1967, p. 18.

[11] Housing Act of 1949, Statutes at Large 61, Sec. 7, 4756 (1949).

Administration of the federal Department of Housing and Urban Development and its predecessor the Housing and Home Finance Agency. There were four major urban renewal projects administered by KHA, three of which were concerned with slum clearance. In 1967 the first of these projects, the Riverfront-Willow Street Project, was completed. In this project, approximately 96 acres near downtown Knoxville were purchased, cleared, and improved for resale. The majority of the area was set aside for light industrial development.

The Mountain View Project was near completion in 1973. This 181 acre project was planned to be completed at a total estimated cost of $16,885,000. All property had been acquired and relocation of families and businesses was completed in 1972. The public improvements were also completed by 1972, and all but a small portion of the land was committed to redevelopment. When completed, the area will contain sites for office buildings, 1000 residential housing units, a public safety building, a shopping center, and a park.

The controversy surrounding the Mountain View Urban Renewal Project was another factor in KHA's transition to KCDC. There were three basic issues involved in the Mountain View Project; (1) acquisition; (2) relocation; and (3) very little redevelopment over a three year period.[12] The

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[12]Interview with President of Mountain View Council, 23 March, 1976.

acquisition issue was precipitated by what residents perceived as low payments for their properties. The relocation issue arose because residents did not receive what they considered adequate relocation assistance. Residents also complained about the lack of redevelopment that took place in the project during the years of 1967-69.[13] Since there was little or no redevelopment activity taking place in the project, residents charged KHA with forcing people out of their homes prematurely.

The problems KHA encountered in the Mountain View Project were factors in KHA's transition. According to respondents, the Mountain View situation forced KHA to redefine its urban renewal policy. The Uniform Relocation Act of 1970 changed KHA's policy towards acquisition and relocation.[14] To comply with the law, KHA increased its relocation staff size from five to twenty people. KHA's apparent policy of forcing persons from their homes prematurely was eliminated through a staging of development policy. Consequently, KHA's policy towards urban renewal changed, as evidenced by goal statements for the Morningside Urban Renewal Project (see Morningside, Chapter III). The

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[13]Knoxville Housing Authority Board of Commissioners, Minutes of April 14, 1969 Meeting. (Knoxville, Tn.: Knoxville Housing Authority Printing Office, 1969), p. 3.

[14]Uniform Relocation Act of 1970, Statutes at Large 84, Sec. 6, 5134, (1970).

Mountain View Project and its surrounding controversy was, therefore, an integral part in the chain of events leading to KHA's transition into KCDC.

The plan for the Morningside project was completed and a loan and grant contract for project execution was signed during June 1971.[15] This project was to clear approximately 150 acres. The area was to be redeveloped largely for single family housing; however, the plan included some high density residential development, as well as some commercial and industrial areas.

Morningside, unlike the previous KHA projects, was not controversial. This lack of controversy was due in large part to KHA's new management practices (see Morningside goals, Chapter III). KHA had re-evaluated urban renewal policies used in previous urban renewal projects, and the Morningside project benefited from the changes made through policy re-evaluation. According to respondents, the Morningside Project had less controversy than any of the previous projects excluding the Yale Avenue Project. They further attributed the lack of controversy to the experience gained from the Mountain View Project.

The Yale Avenue urban renewal project was of a different type. The Yale Avenue Project was completed under a specific

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[15] Knoxville Housing Authority, Annual Report of the Knoxville Housing Authority 1971. (Knoxville, Tn.: Knoxville Housing Authority Printing Office, 1971), p. 5.

section of the law which authorized urban renewal projects to facilitate the expansion of colleges, universities, and hospitals.[16] An area of approximately 135 acres was developed under a contract calling for the University of Tennessee and the city of Knoxville to pay one-third of the cost and the federal government to pay the remaining two-thirds. KHA activity in this project was limited to acquisition of land and relocation of residents. This land was sold to the University for redevelopment and expansion of the University's facilities. The project was completed in 1968 with little controversy.

Reasons for Change

The issues that KCDC faced were extensions of the issues that KHA faced. KCDC was responsible for making the necessary changes to overcome the negative aspects of the issues that confronted KHA. The name change to KCDC occurred in 1973; however, the transition of the agency began four years earlier (1969) when leadership changes were made in the agency.

The primary change was the appointment of a new director, Rodney Lawler. Mr. Lawler who had been a City Manager and Director of the Maryville, Tennessee Community Development Program, was aware of the problems faced by KHA.[17] The first

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[16] Housing Act of 1949, Sec. 7, 4756.

[17] Interview with Rodney Lawler, Wood Agency, Knoxville, Tennessee, 7 April, 1976.

action taken by the new director was to assemble a staff capable of handling the issues and problems faced by KHA. The issues that created problems for KHA were directly related to previous administration of the public housing and urban renewal programs. To affect change in the operation of these two programs, Director Lawler hired Tom Howard as the new director of Public Housing and John Ulmer as the new director of Urban Renewal. In addition to these two programs, Director Lawler added a new program, the Human Resources Program. This program was instituted to meet the needs of KHA clientele. To direct the new Human Resources Program, Lawler hired William Powell. The addition of the three new program directors started the process of transition of KHA to KCDC.

The issues that were articulated earlier—bad image, lack of credibility, weak organizational structure, poor management of public housing, and the Mountain View Urban Renewal Project—were problems that Lawler concentrated his efforts to eliminate.[18] Each issue presented a unique problem; however, each issue was related. To change the image of the agency and to give the agency credibility required time and sound program management by administrators of the agency.

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[18] Interview with Lawler, 7 April, 1976.

The first efforts directed towards improving KHA's image and restoring credibility were concentrated on the public housing program. An inspection of public housing units throughout the city revealed that a large number of units were in disrepair. The oldest units, ie., Western Heights, Austin Homes, and College Homes, were deemed the units most in need of rehabilitation.[19] The other projects required minor repairs and improved maintenance. The KHA applied for and received a grant to rehabilitate Western Heights, College Homes, and Austin Homes. KHA also made minor repairs in the other public housing units.

In addition to the rehabilitation and repair of public housing units, KHA instituted a training program for public housing managers. Prior to the Lawler administration at KHA there was no training for public housing managers. The public housing managers under Lawler were required to attend classes developed by KHA to educate them in proper project management. Subsequently, the managers themselves developed a handbook for project management. Included in their handbooks were standards that each project must achieve. Maintenance standards were upgraded, and each manager had a checklist of measurable criteria for maintenance standards.

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[19]Knoxville Housing Authority Board of Commissioners, Minutes of January 15, 1970 Meeting. (Knoxville, Tn.: Knoxville Housing Authority Printing Office, 1970), p. 1.

Although the image of KHA was said to be improving, there was doubt by some tenants as to the credibility of the new KHA administration.[20] Tenants were concerned about their lack of input into management decisions that affected their lives. In an effort to overcome tenant dissatisfaction about project management decisions, the new KHA administration met with representatives of the tennants' association. The meetings served a two-fold purpose: first, the tenants were allowed to articulate their problems to KHA administration and secondly, the KHA's credibility was enhanced by actively participating with tenants to improve project conditions. The meetings resulted in the establishment of grievance committees for each project. The grievance committees were staffed by tenants of the projects and the committees were responsible for listening to both individual and joint complaints of project residents. After the grievances were placed before the committee, appropriate channels were used to alleviate the problems.

KHA devoted much effort under Lawler's direction to improve the image of the agency.[21] The issues of KHA's image was in a state of positive transition because Lawler had solved the issues of weak organizational structure, and poor management of public housing. However, issues of

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[20]Interview with Martin, 15 March, 1976.

[21]Interview with Lawler, 7 April, 1976.

meeting the needs of clientele and the Mountain View Urban Renewal Project were problems that KHA had not solved.

The policy of KHA prior to the Lawler administration was to affect the physical development of Knoxville. Lawler, with the support of the Board of Commissioners, changed that policy. The new policy was to affect the total development of the Knoxville community.[22] This change in policy allowed Lawler to develop a program designed to meet the needs of clientele throughout the city. The program was called Human Resources and was directed towards meeting the social needs of people in public housing as well as urban renewal projects.

The Human Resources program offered such services as counseling, day-care, job procurement, recreation, and transportation for elderly and handicapped citizens. In 1969 when administrative changes were made at KHA the agency had two full-time social workers on staff. The staff had grown to six by 1970 and at present the staff consists of one hundred—plus staff members. The Human Resources program is now the largest staffed program administered by KHA. Each of the projects is served by the Human Resources personnel. In addition to working with tenants to improve the quality of life in projects, special programs have been developed to accommodate the needs of senior citizens who reside in public

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[22]Interview with Lawler, 7 April, 1976.

housing. The establishment of a human resource program not only achieved the objective of meeting the needs of clientele, but also moved KHA further along its continuum of transition into the KCDC.

The transition from housing authority to community development corporation was assisted by the Human Resources program; however, the Mountain View Urban Renewal Project facilitated further change in KHA. The Mountain View Project had lain dormant for more than two years with no renewal activity occurring within the project. KHA, under the direction of Lawler, started a new push to get the renewal process moving in the Mountain View project. In 1969 the only buildings in the renewal area were the Municipal Safety Building and the Auditorium-Coliseum. By 1972 the project was complete and included several new structures. Among those new structures were the Hyatt Regency Hotel, Municipal Parking Garages, office buildings and several apartment buildings. The KHA, under Lawler's direction, turned the Mountain View project which had been an issue in the community into a positive example of what urban renewal can do for an area if managed properly.

The name Knoxville Housing Authority no longer described the agency, and in March 1973 the KHA became the Knoxville Community Development Corporation. Prior to the transition period (1969-1972), KHA adminstered two programs in the city of Knoxville. The KHA was chartered by the state, rather than the city, and could apply directly to the federal government for block grants. KHA, therefore, operated independently of city finances. By 1973, however, many of the block grant programs were being phased out by the federal government and replaced with revenue sharing. The change in the method of dispersement of federal funds necessitated a change in operation of KHA. Although KCDC retained many of KHA's original powers, its direct line to federal funding was rechanneled through the city government. This meant that KCDC would be dependent upon the city for finances and less autonomous than before funding changes occurred.

The issues which had confronted KHA were gradually overcome during a period of four years (1969-1972). The agency had undergone major changes in goals, policies, and programs (see Table III).[23] In addition, changes in funding made it difficult for the agency to function as it had in the past. Consequently, the name no longer described the activities of the agency. The authority title had outlasted its utility, and the transition of the Knoxville Housing Authority to Knoxville's Community Development Corporation was complete.

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[23] Interview with Lawler, 7 April, 1976.

TABLE III

INTERVIEW RESULTS

Issue or Problem	KHA Policy	KHA Program	KCDC Policy Change	KCDC Program Change	Reason for Change
Poor image in community; lack of community credibility.	Maintain status quo.	None.	Affirmative Action in community.	Community Awareness Program	To restore the public's confidence in the agency.
Organizational structure failed to meet the social needs of clientelle.	Social needs of clients should be handled by other city agency.	None.	Internal Reorganization of staff to meet needs of clientele.	Addition of Human Resources Program.	KHA's organizational structure was weighted towards physical development and was non-responsive to social needs.
Management of public housing projects.	Tenants had no voice in project management.	Public Housing.	Tenant involvement in management of public housing projects.	Tenant Advocacy Committee for public housing projects.	To avoid tenant rent strike and to improve the image of the agency.
Urban Renewal. Acquisition and Relocation.	Commitment to the physical redevelopment of Knoxville.	Urban Renewal.	Commitment to physical and social redevelopment of Knoxville.	Community development focus. Uniform Relocation Act.	Urban renewal did not address social problems of citizens and was being phased out by the federal government.

CHAPTER V

COMMUNITY DEVELOPMENT AND CHANGE

Formal Organization

In order to understand the dynamic process of Knoxville Housing Authority's (KHA) transition into Knoxville's Community Development Corporation (KCDC), a rudimentary knowledge of organizational change is necessary. Organizational change is a complex term describing the alteration or transformation of a structured group over a continuum of time.[1] KHA's transition into KCDC was the result of internal and external changes which affected the organizational structure of KHA. Therefore, an examination of the internal and external changes which stimulated transition is in order. However, before discussing organizational change, we need to define organization, and more importantly, to define formal organization.

"A formal organization is defined as any social group established for the purpose of achieving certain goals and objectives through a coordinated effort."[2] Although formal

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[1] Jerald Hage, Social Change in Complex Organizations, (New York: Random House, 1970), p. 6.

[2] Lee Grossman, The Change Agent, (New York: AMACOM, 1974), p. 26.

organizations may differ in purpose and size, there are three characteristics which formal organizations have in common: (1) relative permanence; (2) structural complexity; and (3) some type of interaction system.

Interaction systems which are found in organizations are relatively permanent. The implication after permanence is toward greater stability over time, the degree of stability required for survival, however, is relative. All interaction systems are in a constant state of flux. For an interaction system to qualify as a formal organization, it must have stability which is observable over time. There is no empirical research to define what time period the term relative permanence covers. However, for our purposes, relative permanence is a time period comparable in length to the existence of similar organizations.

Organizations are distinct from groups and societies in terms of structural complexity. Structural complexity refers to both horizontal and vertical differentiation. Thus, as there is an increase in division of labor, organizations increase in horizontal complexity. As this occurs, new vertical levels may emerge to provide for regulation and a control processes. Reference is made to tall or flat organizational structures when referring to variation in the number of vertical levels.[3] Each aspect of complexity, vertical and horizontal, can be further subdivided into several more specific index, e.g., number of departments, number of committees and the like.

Organizations are viewed as interaction systems. There are several important ideas implied by this characteristic. First, interaction refers to a process of mutual and reciprocal influencing by two or more persons. Second, organizations are more than the simple additive sum of their parts. Although this appears to be a very simple idea, the implications are more complex. For example, if all the parts of a radio were laid on a table in random order, one would not have a radio. It is the unique series of interdependent relationships that exist between the parts that characterize the radio. So it is with organizations. Third, in all systems, be they social, technological, or astronomical, the criterion of greatest importance is that of interdependence.[4] The components of the system are interrelated, so that change in one will cause changes of various types in all others. However, neither the intensity nor type of changes caused are uniform throughout, and many of the changes may be indirect. The causal sequence that

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[3]E. A. Johns, The Sociology of Organizational Change, (New York: Pergamon Press), 1973, p. 9.

[4]Hage, p. 7.

brings an automobile to a stop as the brake pedal is pumped is a simple example.

Assessment of Organizational Change

Thus far formal organization has been defined and a discussion of three characteristics of formal organization has been presented. Now a discussion concerning methods of assessing organizational change is examined. Haas and Drabek describe three methods of assessing organizational change: (1) organizational membership, (2) organizational boundaries, and (3) organizational environment.[5] For purposes of this study only the latter two are applicable. According to Haas and Drabek "organizational boundaries include the entire gamut of organizational activities ranging from top level policy decisions to routine procurement actions, to janitorial activity and so forth."[6] Organizational change can be measured proportionately to the expansion or decline in organizational boundaries. That is, if boundaries increase or decrease changes in organizational activities are expanded or reduced proportionately.

Applying this measure or organizational change to KHA and KCDC one discovers that the organizational boundaries of

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[5]John Haas, and Thomas Drabek, Complex Social Organizations: A Sociological Perspective, (New York: Macmillan, 1973), p. 36.

[6]Haas and Drabek, p. 42.

the agency expanded during the transition period (1969-1972). For example, in 1969 KHA had no social service program; by 1973 KCDC's social service program was one of the largest programs operated by the agency. The addition of a social services program increased structural complexity, expanding the vertical and horizontal levels of the organization to provide for regulation and control of the new program. Thus, as programs are added or deleted organizational boundries expand or decline proportionately.

The second measure of organizational change is that of organizational environments. According to Haas and Drabek, organizations are interdependent upon their environments and respond to changes in environment through changes in the organization. The changes in environment may occur either internally or externally. For example, KHA experienced environmental changes that occurred internally in 1969, e.g., a change in leadership. In 1972, KCDC experienced environmental change that occurred externally, e.g., a change in source of funding.

Both internal and external agents of change affected the organizational structure of KHA and KCDC. Therefore, it is necessary to examine the internal and external dimensions of change as they relate to the transition of KHA to KCDC.

Internal and External Dimension of Organizational Change

Organizations are responsive to varying publics, both internal and external. Organizational change occurs when publics exert pressure on the organization to adapt to the needs of the publics.[7] The response of organizations to the various needs and demands of publics is known as internal or external change. Internal change is defined as that change which occurs because of actions originating from within the organization.[8] External change is defined as actions occurring outside the organization that influence operation of the organization.[9]

The transition of the KHA into KCDC was precipitated by a number of internal and external changes, many of which were interrelated. An example of the interrelatedness of the various changes was the appointment of Rodney Lawler as Executive Director of KHA (internal change) and the pressures exerted by residents of public housing and urban renewal projects for more social service programs (external change). According to a member of the KHA Board of Commissioners, "Rodney Lawler's appointment was a direct response to external pressures from citizens of the Knoxville community who desired

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[7]Haas and Drabek, p. 39.

[8]Haas and Drabek, p. 31.

[9]Haas and Drabek, p. 34.

a change in the operation of the agency."[10] The appointment of Lawler as Executive Director brought further internal changes as well as external changes. Lawler changed the philosophy of the agency from the narrow perspective of physical development to one of the total physical and social development. The change in philosophy implemented by Lawler changed the focus of the agency towards total community development.

Total community development as defined by Lawler is the use of community resources to develop the many social aspects of the urban environment which had previously been neglected by the Housing Authority. KHA's public housing and urban renewal programs served the social development function of providing decent low cost housing and redevelopment for the community. These two programs did not, however, address the social needs of residents beyond the provision of physical structures. Therein lies the distinction between physical development and total community development. Total community development goes a step further by providing human resource programs which meet the social needs of residents affected by KHA's physical development programs. The funds for human resources were originally generated out of public housing funds; however, as the number of human resource programs

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[10]Interview with KHA Board Member, Knoxville, Tennessee, 6 April, 1976.

increased public housing funds were insufficient to support the Human Resource Department. Subsequently, the Human Resources Department applied to the Department of Health Education and Welfare (HEW) for funding of its social welfare programs. The current funding breakdown for the Human Resources Department is 75 percent HEW and 25 percent HUD. According to William Powell, Director of the Human Resources Department of KCDC, "the role of HEW in financing of our human resources programs has become increasingly more involved in the past three years. HEW funding has increased from 25 percent of our total budget to 75 percent of our budget and could increase to 90 percent by 1977."[11]

The addition of the Human Resources Department exemplifies the responsiveness of the organization to both internal and external change. KHA's environment was changing. Tenants were organizing to bargain for better living conditions in public housing. Residents of urban renewal projects were protesting about KHA's administration of the urban renewal program. Just as business organizations faced with changing consumer demands were forced to produce new products, KHA was compelled to create new programs to meet the needs of its changing environment. In responding to this change in scope and magnitude of function it was

[11]Interview with William Powell, KCDC, Knoxville, Tennessee, 24 April, 1976.

necessary to seek new funding sources for these activities. These new funding sources also acted as an external force for change.

Organizational Change of KHA

KHA's organizational change occurred through expansion of organizational functions and changes in the basis of funding. First, KHA expanded its operations to include human resource programs which were dependent on HEW funds and required adoption to a new set of regulations and procedures. Second, KHA's source of funding was changed from direct urban renewal grants to community development funds. Community development funds are controlled directly by the Mayor's Office and City Council and therefore requires that KCDC be receptive to city directives as well as HUD regulations.

Both the expansion in agency operation and the change in funding is reflected in KHA's name change to KCDC and change in the agency's organizational structure. According to Lawler the name change was implemented because the housing authority title no longer described the activities of the agency. Expansion of social service programs required organizational changes (see Appendix C) which resulted in the creation of a Human Resources Department separate from the agency's Housing Department

Changes in the organization are also attributed to internal and external changes in KHA's environment, e.g., internal controversies, local conflicts and non-local sources of change. The internal controversies involved the Board of Commissioners and the administrative staff (see Chapter IV). The resolution of this controversy resulted in the appointment of Rodney Lawler as Executive Director of KHA and the subsequent change in philosophy and operation of the agency. Local conflicts centered around public dissatisfaction with KHA's operation of public housing and urban renewal programs (see Chapter IV). The pressures exerted by local residents stimulated development of social service programs to meet the needs of the residents.

The non-local source which influenced KHA's organizational change was the Housing and Community Development Act of 1974 and the subsequent change in funding. The 1974 Act required the agency to apply for community development funds on an annual basis. These funds unlike urban renewal grants may be expended throughout the community on a variety of different projects.

Thus far, KHA's organizational change has been discussed from two vantage points: internal and external factors. Before examining the effects of these changes on KCDC, the concept of community development and community development organizations of other cities will be reviewed.

Community Development

What is community development? A search of the literature reveals several definitions of community development. "The concept, community development, generally refers to the initiation of an activity which can create a better way of life."[12] "Community development is a method of helping to generate cooperative effort to meet the problems faced by the community and of helping the underpriveledged living in congested areas with inadequate amenities to improve their conditions of living."[13] "Community development is an outgrowth of earlier experiments and concepts in education and social work, both of which have influenced contemporary thought and practice."[14]

As one considers the range of literature about community development, an aura of confusion is encountered. Many definitions of community development, often tacit, stress the external factors of community development. Other definitions mention the tangible achievements, such as schools, hospitals or swimming pools, and that have been constructed. Community development is, however, more involved than the monuments created, the triumphs achieved, or the events observed.

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[12]Roland Warren, The Structure of Urban Reform, (Lexington, Ky.: D.C. Heath Co., 1974), p. 49.

[13]William Biddle, The Community Development Process, (New York: Holt, Rinehart and Winston, Inc., 1965), p. 78.

[14]Johns, p. 23.

Community development is a process of perpetual change and adaptation to diverse political and social situations.

For purposes of this study the following definition shall be used as a description of community development:

> Community development is a process of social action in which people of a community organize themselves for planning and action; define their common individual needs and problems; . . .execute these plans with a maximum of reliance upon community resources; and supplement these resources when necessary with services and materials from governmental and non-governmental agencies outside the community.[15]

In Knoxville, KCDC serves as the city's official agency concerned with the promotion and implementation of community development. However, before examining community development in Knoxville, it would be useful to examine how community development is carried on in other cities. A cursory examination of community development in two cities will suffice for purposes of this study. The cities chosen for examination are San Jose, California, and Baltimore, Maryland. Both of the cities were the subject of case studies presented in the Journal of Housing.

Community Development in San Jose

San Jose observed the experiences of other cities as they attempted to resolve the quandry of community development

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[15]Biddle, p. 107.

and came to the conclusion that many of the approaches used were unsatisfactory.

Drawing on past experiences of programming both federal and locally funded programs, the city of San Jose took a different approach to community development. First, San Jose recognized that community development was a function of the entire city and could not be assigned to one department of city government. Secondly, San Jose adopted priority for objectives on which they based the allocation of limited resources.

San Jose reorganized the city staff to effectuate more efficient delivery of services. A staff unit for budget and evaluation was created at the deputy city manager level to program all federal funds as a part of the community development process. In addition, a staff unit for project management was created to maintain coordination among the operational units of city government involved in administration of physical development programs. Another major organizational change with implications for community development was the creation of an economic development unit. The final organizational change was the creation of a property management and code enforcement department.

The steps taken in reorganization were made in recognition that community development can not be a function of one department of city government. While these steps in and of themselves did not insure success, they did, at a minimum, organize the division of responsibility for community development along logical administrative lines.[16]

The city of Knoxville on the other hand did not reorganize city government. In fact, Knoxville took the opposite approach from San Jose. Knoxville designated KCDC as the city's official community development agency. KCDC, like the city of San Jose, reorganized to operate under community development legislation. The major change made by KCDC was the addition of a social service department (see Appendix C). Thus the city of Knoxville's attempts to deal with community development were not as extensive as San Jose, and as we shall see, not as extensive as the city of Baltimore.

Community Development in Baltimore

By the late 1960's the overlapping of functions and services led Baltimore to consolidation, and on July 1, 1968, the Department of Housing and Community Development came into existance. Administratively, the reogranized department operates under the leadership of one commissioner who is also the executive director of the housing authority. The housing authority operates totally within the Department of Housing and Community Development. A citizen's commission supervises

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[16] James R. King, "San Jose Builds a New Approach to Community Development." Journal of Housing Vol. 30 (June, 1973): 333.

housing authority activities, but not the other functions of the department.

The advantages of a unified housing and community development agency are numerous. For example, having all the housing functions in one department allowed several view points to be incorporated in problem solving. Also, the decision making facet of each program is facilitated by the unity of command. Having all departments centrally located meant that department heads could meet every day if necessary. A unified department allowed the development of a total housing program for the city of Baltimore.

Also, there are disadvantages in having a unified housing and community development department. For instance, one disadvantage of having a large department is that it makes detailed supervision for each function much more difficult. Also, enemies incurred by one program affected other programs. For example, code enforcement is usually unpopular in any city, the code enforcement function is a part of the Department of Housing and Community Development in Baltimore. Since code enforcment is a part of the combined department, the bad public image of code enforcement rubs off on the entire community development program. According to the director of the Baltimore Department of Housing and Community Development:

> The disadvantages of a unified agency are great; however, the advantages more than offset the disadvantages. As a result of our reorganization the

community development of Baltimore was accomplished much more efficiently than possible with a fragmented structure.[17]

Knoxville's Community Development Corporation, unlike Baltimore's Department of Housing and Community Development was not the result of a merging of different city departments. The KCDC evolved out of the Knoxville Housing Authority and is the only city agency involved in community development. The San Jose and Baltimore case studies indicate that reorganization was the key to administration of a community development program. Knoxville city government did not reorganize, the responsibility for implementation of community development. Rather than reorganizing Knoxville chose to use only one agency to administer its community development program.

Community Development in Knoxville

KCDC, formerly the Knoxville Housing Authority, was incorporated in 1936.[18] Since incorporation, the agency has broadened its base of operations. Originally the agency was responsible for the low rent public housing program. At present, the agency not only manages the public housing program but also manages community development for the city

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[17]Robert C. Embry, "Baltimore's Department of Housing and Community Development." Journal of Housing Vol. 30 (June, 1973): 276.

[18]Knoxville, Tn., "Housing Authority Resolution," City Code (1936), Sec. 36-2.6.

of Knoxville. KCDC is divided into two major services departments; housing and development, and human resources (see Organizational Chart, Appendix C). These two departments coordinate the majority of the community development activities that takes place in Knoxville.

The housing and development department is responsible for housing and physical development of the city. KCDC owns and operates approximately 4,000 units of public housing designed for low-income families and individuals.[19] The dual purpose of this public housing function is (1) to meet a demand for housing which is not being met by the private sector, and more importantly, (2) to provide a decent, safe, and clean structure and environment in which families can make their homes.[20] The type of housing provided by KCDC is varied to meet the needs of residents. Fifteen hundred units are devoted exclusively to housing the elderly and disabled families. An additional twenty-six hundred units are provided for low-income families with children.

The physical development of Knoxville is implemented by the Housing and Development department of KCDC. Originally, urban renewal was the major thrust in the physical development

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[19]Knoxville Community Development Corporation, Annual Report of the Knoxville Community Development Corporation 1975. Knoxville: (KCDC Printing Office, 1975), p. 2.

[20]Knoxville Community Development Corporation, Annual Report 1975, p. 2.

of Knoxville. As the urban renewal program was phased out, community development replaced urban renewal as the major goal in the physical development of Knoxville. Because federal funding is channeled directly to the city, KCDC no longer designates where federal monies will be spent for physical development. That decision is now made by the city council and mayor of Knoxville. KCDC is involved, however, in the actual physical development that is designated by city council and the mayor.

The Human Resources Department is responsible for the delivery of comprehensive social services. The purpose of the Human Resources Department is to assist residents in coping with immediate and long range problems through crisis intervention, client advocacy, and referral to appropriate community resources.[21] Human Resources consists of seven social service programs, including family and individual counseling; child care services; transportation services; homemaker chore services; health related services; employment programs; and community-involvement youth programs.

Each of the programs under Human Resources are designed to further the social well-being of Knoxville's residents. Through experience in dealing with people in public housing, the Human Resources Department has developed a sound

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[21]Knoxville Community Development Corporation, <u>Annual Report</u> 1975, p. 5.

foundation for the delivery of comprehensive services to its residents. Workers are located on site in each housing development to help residents with both crisis intervention and to provide continuing services which can lead to self-sufficiency.

Both the Housing and Development and the Human Resources Departments are integral parts of community development in Knoxville. However, community development as previously defined, is a combined effort of the entire community. Although the provision of many different types of programs and services have been undertaken by KCDC, many of the programs and services are contingent upon other agencies and offices within the city government. Among the agencies and offices of city government with which KCDC interacts to provide the varied programs and services to the Knoxville community are: The Office of the Mayor; the City Council; the Metropolitan Planning Commission; the Department of Public Works; the Technical Advisory Committee; and the City Engineer. Presently, interaction between these various departments and KCDC occurs most often at the administrative and managerial levels of the agencies. According to John Ulmer, Executive Director of KCDC, the KHA for years had suffered from a communications crisis. "Many agencies within the city government structure distrusted KHA and its operations. The lack of communications created an atmosphere that was not conducive to agency interaction."[22] Consequently, little or no interaction took place between KHA and other agencies within city government.

The communication situation at KCDC has improved from that of KHA. Communication lines are open and KCDC has an improved relationship with other agencies and departments in Knoxville city government. John Ulmer indicated that KCDC now operates on a personal diplomacy-type of policy. "Whatever it takes to get the job done we do it, the personal diplomacy policy has developed into public administration by personalities."[23] Mr. Ulmer alluded to the theory that interaction at the administrative and management levels often sets the stage for interaction at the lower levels of an organization.

The director of each of the two aforementioned departments of KCDC assumes responsibility for program operation and service delivery within his department; however, designated program directors are often called upon to make contact with other agencies. Although there is no formal liason between KCDC and other governmental agencies, the personal contact system apparently works for KCDC.

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[22]Interview with John Ulmer, KCDC, Knoxville, Tennessee, 15 April, 1976.

[23]Interview with Ulmer, 15 April, 1976.

The basic difference in how Knoxville conducts community development as opposed to the other two cities examined is organization. Although San Jose, and Baltimore reorganized to affect their community development programs, the actual administration of the programs is very close to that of Knoxville. Each of the three cities administer the same functions, that is, planning, programming, and implemention of community development activities. San Jose may have a slight edge in implementation of programs. This advantage occurs because San Jose's budgeting function is tied directly to the community development program.

Nevertheless, the indication is that community development in San Jose and Baltimore, as in Knoxville, could not be administered by their housing authorities as they existed. Therefore, changes were made to adapt the housing authorities to the community development process. In San Jose and Baltimore, this adaptation meant massive reorganization. In Knoxville adaptation meant the transition of the Knoxville Housing Authority into Knoxville's Community Development Corporation.

CHAPTER VI

CONCLUSIONS

Synopsis

The KHA has been an integral part of the Knoxville Community. As an implementing agent in the city of Knoxville, the KHA has been responsible for many changes in the physical environment of Knoxville. KHA, which was established in 1936, and was the prime producer of low-income housing for the residents of Knoxville. In addition to building low-income housing units, the KHA was responsible for the redevelopment of slum areas. The housing and redevelopment functions of KHA grew out of the federally funded public housing and urban renewal programs.

As a result of KHA's activities in public housing and urban renewal, the agency was the subject of controversy. This controversy manifested itself in the form of disgruntled citizens who were affected by KHA's public housing and urban renewal projects. As the external pressures from citizens increased, KHA's Board of Commissioners sought solutions to the problems created by its public housing and urban renewal programs. As a result of the Board of Commissioners search for solutions, the KHA underwent major internal changes. The first of these changes was the hiring of a new executive director, Rodney Lawler, and new department directors.

In 1969, after Rodney Lawler was appointed executive director, the KHA broadened its base of operations. Lawler felt that much of the external pressure could be alleviated by providing better services to KHA clientele. KHA, therefore, created a new department, referred to as Human Resources. The Human Resources department of KHA was responsible for the social development of KHA clientele. The addition of a social service program represented the first time the agency had administered a program which was not oriented towards physical development. Prior to 1969 KHA administered only the public housing and urban renewal programs. The housing and redevelopment activities of KHA were products of those two programs. Because KHA was autonomous and had a direct source of funds from the federal government, KHA operated independently of city government's control.

In 1972 the federal government began to change its funding patterns. Instead of the categorical block grants which KHA received directly from the federal government, funds were given directly to the city under revenue sharing and block grants. The change in the funding format meant that KHA could no longer operate as it had in the past. The city of Knoxville, rather than KHA, would determine the allocation of federal funds for KHA. The following year, the KHA became the KCDC.

Conclusions

The focus of this study was on two basic research questions relative to KHA's transition into the KCDC:

.. What changes have occurred since the KHA became the KCDC?

.. Why did these changes occur?

Among those changes which occurred before the KHA became the KCDC were: a change in leadership of the agency; a change in the philosophy of the agency; a change in policy of the agency; and a change in programs of the agency. The change in leadership occurred in 1969 when Robert Hembree retired as executive director of KHA and Rodney Lawler was hired as the new executive director. This leadership change precipitated a change in philosophy of the agency. With a background in public administration and having served as a city manager, Rodney Lawler had the skills and expertise to recognize the development needs of Knoxville.

Lawler, subsequently, changed the philosophy of the agency from an exclusively physical development orientation to a physical and social development orientation. This change in philosophy was evidenced through a change in policy. KHA's policy which was to concentrate resources on the physical development of projects changed to dispersement of resources on social as well as physical development of projects. As a result of the policy change, a social service department was created, and several social development programs were instituted.

As indicated in Chapter V, organizations are subject to changes in their environment. If the environment changes radically, the organization must either adapt to the changes or becomes non-functional. The environment in which KHA operated changed dramatically between 1969 and 1973. External forces, such as citizen dissatisfaction, hastened internal changes, such as new leadership, policy and programs. Changes in federal funding from Urban Renewal to block grants for Community Development required different organizational skills. In essence, the KHA was no longer in harmony with its environment. Therefore, in order for KHA to survive as a functional agency, the necessary adaptations were made.

Predictions

While conducting this case study of KHA's transition into KCDC, it became increasingly obvious that internal and external agents of change were the prime shapers of the present KCDC. In predicting future changes in the agency internal and external agents of change must be considered. Therefore, external factors, such as increasing population and continuing deterioration of the physical environment, will affect internal changes within KCDC.

As a result of these internal and external changes, KCDC, it is anticipated, will increase in size. In addition, KCDC's role in the community development will be modified to one of coordinator as well as implementor. The change in role will occur because the number and type of programs will require increasing involvement by other agencies. As more agencies and citizens groups become involved in the community development process, coordination will become the prime function of KCDC.

Federal legislation is placing additional responsibility on state and local governments to plan and implement economic, physical and social development programs. As responsibilities increase on the local level, KCDC will be a part of the trend for centralization of city government. Centralization of the local government will require complete reorganization of the city's administrative and service functions. KCDC's role in the reogranized city government will be to provide a linkage between the administrative and service functions of city government.

KCDC will also assume another function in the years ahead. The new KCDC function will evolve out of the community development process and will cast KCDC in the role of a community stabilization and preservation agency. The new KCDC role will evolve as total community development is achieved and local emphasis shift from community development to community preservation.

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APPENDICES

APPENDIX A

Interview Schedule

Issues

1. What were the major issues confronting KHA?
2. What are the major issues confronting KCDC?
3. Have the issues changed since KHA became KCDC?
4. In what way did the issues change?
5. Why did the issues change?

Policies

1. What were the policies of KHA concerning those issues or problems?
2. What are the policies of KCDC concerning similar issues or problems?
3. Have the policies changed since KHA became KCDC?
4. In what way did the policies change?
5. Why did the policies change?
6. What were the policies of KHA concerning"
   a. provision of housing?
   b. land acquisition?
   c. relocation of displaced homeowners?
   d. relocation of displaced businesses?
7. What are the policies of KCDC concerning:
   a. provision of housing?
   b. land acquisition?

c. relocation of displaced homeowners?

d. relocation of displaced businesses?

Programs

1. What were the major programs administered by KHA?

2. What are the major programs administered by KCDC?

3. Have the programs changed since KHA became KCDC?

4. In what way have the programs changed?

5. Why did the programs change?

APPENDIX B

COMMUNITY DEVELOPMENT

Proposed Projects

1. Neighborhood Improvement—Mechanicsville Area
2. Demolition of Substandard Structure
3. Boulevard to Knoxville College
4. Buffalo Alley
5. Purchase of L&N Property
6. Bijou Theater
7. Custom House
8. Comprehensive Center for the Elderly and Handicapped
9. Adair Park Drive
10. Removal of Architectural Barriers in Central Business District
11. Development of Vestal Park
12. Expansion of South Knoxville Facility
13. Carpool Parking in C.B.D.
14. Downtown Day-Care Center
15. Plan for Residential Redevelopment
16. Center City Redevelopment
17. Regional Food Distribution Center
18. Sidewalk Development Program
19. Riverfront Park
20. Street Lighting in High Crime Areas

APPENDIX C

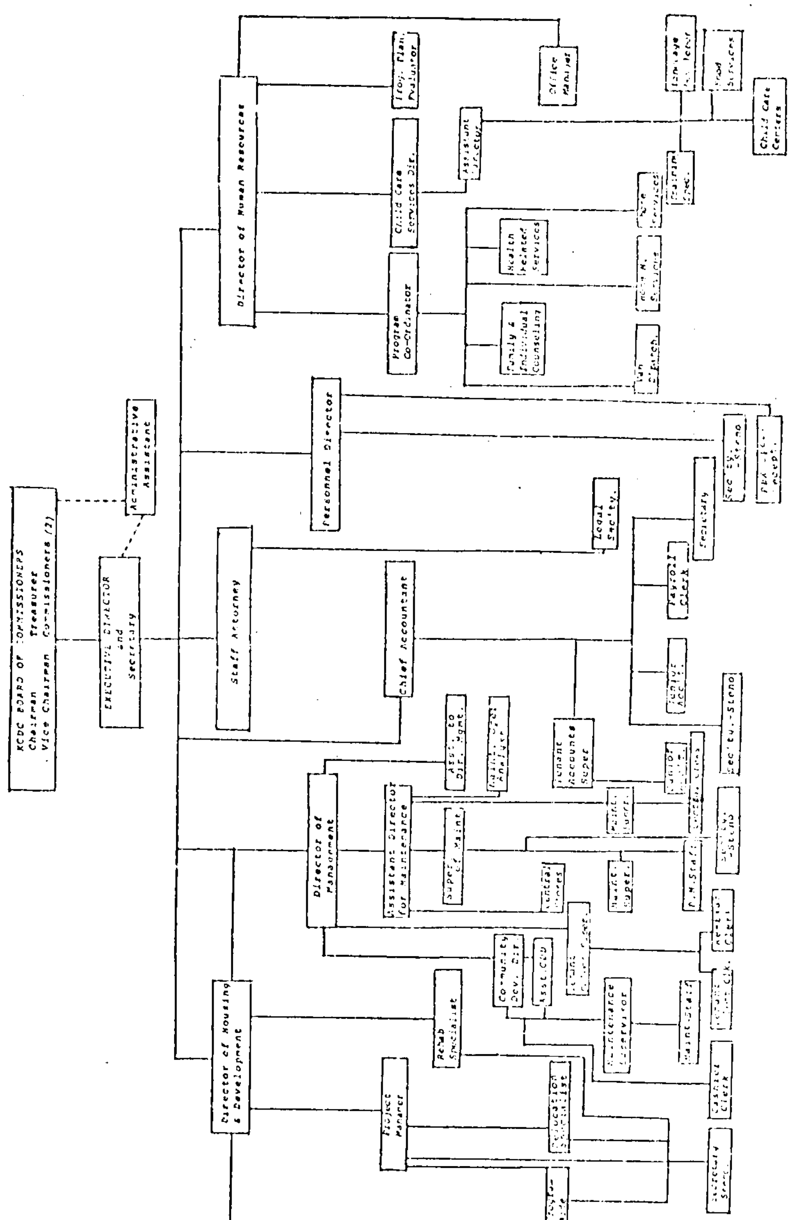

Figure 5. KCDC Board of Commissioners

VITA

Lewis Leon Goss was born in Knoxville, Tennessee, on October 8, 1950. He graduated from East High School in 1968 and in the same year entered the University of Tennessee, where he received his B.S. degree in political science in 1973.

After a brief residence in Detroit, Michigan, he returned to Knoxville and entered the Graduate School of Planning at the University of Tennessee on a HUD Fellowship for Minorities in 1974. Mr. Goss served his planning internship with the East Tennessee Development District. He was graduated in June 1976 with the Master of Science degree in Planning.

Mr. Goss is married to the former Sherrye Cosby of Knoxville.