HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

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HUD-No. 71-393
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FOR RELEASE:
Tuesday
July 6, 1971

HUD ANNOUNCES DEFINITIVE REGULATIONS FOR NEW CRIME INSURANCE PROGRAM

Final regulations for the new Federal crime insurance program have been released by the U.S. Department of Housing and Urban Development.

The regulations will go into effect on August 1, 1971 in States which have a critical problem of availability of crime insurance at an affordable rate, but have not taken effective action to provide such insurance.

The States are:

California	Michigan
Connecticut	Missouri
District of Columbia	New York
Illinois	Ohio
Maryland	Pennsylvania
Massachusetts	Rhode Island

Federal Insurance Administrator George K. Bernstein noted that action to provide a State solution to the crime insurance problem is pending in two States--California and New York--and that the program will not go into effect in those States if an appropriate program is adopted under State auspices.

Mr. Bernstein also pointed out that information from additional States would be carefully reviewed on a continuing basis in order to carry out the intent of Congress to assure the availability of crime insurance at affordable prices in all States where State action fails to provide an appropriate solution.

The regulations were issued in final form by the Federal Insurance Administration after a period of comment and a public hearing which followed publication of proposed rules on May 22.

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The final regulations reflect changes based upon comments by members of Congress, State and local officials, agents, brokers, business organizations, and consumer and public interest organizations. They establish the rules governing coverages, premium rates, required protective devices, commission rates, and other aspects of the program. They also seek to simplify the program and make it as responsive as possible to the demonstrated crime insurance needs of the public.

PREMIUM RATES REDUCED

Residential and commercial crime insurance premium rates have been reduced from the levels originally proposed, so as to enable applicants to purchase higher limits of insurance at a lower cost. The problems of businessmen whose annual gross receipts are less than $50,000 are recognized by providing for a lower deductible provision.

Rules pertaining to cancellations and renewals have been clarified and the agents' commission rate on renewal business has been revised upward from 10 percent to 12 percent to compensate agents more adequately for the responsibilities they will perform for insureds at the time of policy renewals.

Initial commissions have been revised to provide rates of 14 percent, 15 percent, and 16 percent, depending upon the location of the risk, with the 16 percent commission payable in lower risk and lower premium areas and the 14 percent in high-risk areas where the gross premium is greater.

After extensive review of the requirements for protective devices, the standards for locks have been tightened to assist property owners in protecting themselves against burglary. Mr. Bernstein said that his staff, together with the Law Enforcement Assistance Administration of the Department of Justice, will continue to study and evaluate protective measures to make the program more responsive to new developments in the field of crime prevention.

The traditional but too-often-ignored insurance concept of spreading the risk has been incorporated in the final regulations with the use of standard metropolitan statistical areas for rating purposes, a method described in the proposed regulations. This and the utilization of FBI crime statistics and the achieving of affordable rates through reference to the insured's annual gross receipts are vital ingredients of the new program.

SUMMARY OF REGULATIONS

A summary of final regulations follows:

1. Both commercial and residential burglary and robbery insurance will be provided;

2. Maximum coverage under the commercial policy will be $15,000 and the residential policy, $5,000. Nonprofit and public agencies may be eligible for the commercial coverage;

3. The statute calls for the establishment of "affordable" premium rates and the regulation promulgates such rates. These rates vary with the geographic location of the property and are based on crime statistics compiled by the Federal Bureau of Investigation. Communities within a Standard Metropolitan Statistical Area (SMSA) are treated as a single rating territory. In the case of the commercial crime policy, the type of business and the amount of its gross receipts will also affect the amount of the premium;

4. Both commercial and residential policies are subject to deductibles: $100 or 5 percent (whichever is greater) of the gross amount of the loss under the residential policy and $200 or 5 percent (whichever is greater) of the gross amount of the loss under the commercial policy. However, businesses with gross receipts of under $50,000 and $25,000 will be subject to reduced deductibles of $150 and $100, respectively.

5. The law requires the use of protective devices and procedures designed to prevent or minimize losses. The protective devices required under the regulation range from effective locks and latches on the doors and windows of homes to substantial protective devices (including central and local alarm systems) on commercial properties such as jewelry stores, camera shops, liquor stores, and the like, which are exposed to the greatest risks. In order to obtain crime insurance, the insured must certify that his property is protected in accordance with such protective standards;

6. The submission of any application or claim containing false, misleading, or fraudulent information will subject the insured to the denial of coverage and to prosecution under the Federal Criminal Statutes;

7. Federal crime insurance policies will not be available directly from any Federal agency, but will be sold through licensed insurance agents and brokers. All licensed agents and brokers will receive an initial supply of application forms and will be instructed as to how to obtain additional forms. Applications will be sent by agents and brokers to insurance companies acting as "servicing companies" under fiscal agency contracts with the Federal Insurance Administration.

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HUD NEWS
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Phone (202) 755-7327

FOR RELEASE:
Tuesday
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Address by
Samuel J. Simmons
Assistant Secretary for Equal Opportunity
U. S. Department of Housing and Urban Development
62nd Annual Convention
National Association for the Advancement of Colored People
Minneapolis Auditorium and Convention Center
Minneapolis, Minnesota
July 6, 1971

On June 11, 1971, President Richard Nixon issued a statement enunciating this Administration's posture, philosophy and approach to the implementation of various Constitutional and statutory requirements relating to fair housing. This action marked another milestone in America's agonizing efforts to come to grips with the problem of racial discrimination in housing. If we are to proceed with dispatch in making fair housing a reality for all Americans, it is important for us to view efforts to resolve this problem in its historic context.

The post-reconstruction Civil Rights Act of 1866 marked the first effort to insure that Black Americans would have the same rights to housing and property as were enjoyed by Whites. This statute was little used and virtually ignored until the historic 1968 Supreme Court decision in the Jones v. Mayer case. During the early 1900s many localities passed ordinances in an attempt to circumscribe opportunities for Blacks to live in certain neighborhoods. The Buchanan v. Warley case arising in Louisville decided in 1917, marked the successful end of a number of major legal battles to strike down discriminatory laws and ordinances designed to

limit housing mobility of Blacks. Court enforcement of private restrictive covenants were declared illegal by the U. S. Supreme Court in the Shelley v. Kraemer decision in 1948.

It was not until 1962 when President Kennedy issued Executive Order 11063 that the Federal Government began to assume its responsibility in eradicating discriminatory practices in housing. Further, Governmental action was mandated in Title VI of the Civil Rights Act of 1964. The passage of the Civil Rights Act of 1968, which contained a provision relating to housing (Title VIII), established governmental machinery to handle individual citizen complaints and to require for the first time affirmative action on the part of Federal agencies administering housing and community development programs. Since 1969, HUD had been implementing various informal measures designed to affirmatively achieve fair housing. The universal application of these actions, however, had to await the overall enunciation of Federal power by the President.

The President's statement sets forth a clear cut declaration of policy and commitment to action. Since there has been extensive misinterpretation of his

statement, I believe that it is necessary for me to cover the highlights and share with you the principles and concepts which have guided governmental action in this area. The message reflects certain underlying basic principles which reflect the Constitution and applicable laws. These prinicples are:

1. Denial of equal housing opportunity to a person because of race is wrong, and will not be tolerated.

2. Such denial will not be tolerated whether practiced directly and overtly, or under cover of subterfuges, or indirectly through such practices as price and credit discrimination.

3. To qualify for Federal assistance, the law requires a local housing or community development project to be part of a plan that expands the supply of low- and moderate-income housing in a racially nondiscriminatory way.

4. In terms of site selection for a housing development, the Federal role is one of agreeing or not agreeing to provide Federal subsidies for projects proposed by local authorities or other developers.

5. A municipality that does not want federally assisted housing should not have it imposed from Washington by bureaucratic fiat; this is not a proper Federal role.

6. Local communities should be encouraged in their own voluntary efforts to make more housing more widely available, and to reduce the extent of racial concentration.

7. Putting an end to racial discrimination, and building toward the goal of free and open communities, is a responsibility shared by Federal, State and local governments, by business and private institutions, by civic leaders and by individual people everywhere.

The President fully committed this Administration to carry out all of the requirements of law fully and fairly when he said:

"Racial discrimination in housing is illegal, and will not be tolerated. in order to fulfil their responsibility for eliminating this discrimination, the Department of Housing and Urban Development and the Justice Department have been developing and elaborating a wide-ranging program aimed at creating equal housing opportunity.

"

By "equal housing opportunity", I mean the achievement of a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion or national origin."

The Statement sets forth three basic principles for all government housing programs to achieve housing opportunity:

1. They must be aimed at correcting the effects of past discrimination;

2. They must contain safeguards to ensure against future discrimination;

3. They must be results oriented so that progress toward the overall goal of increasing housing opportunities can be evaluated.

The chief components of an affective fair housing program must be as follows:

1. The firm enforcement of laws;

2. The development of appropriate equal housing opportunity criteria for participation programs affecting housing;

3. The development of information programs;

4. The development of policies relating to housing market practices.

I think that any reasonable person would agree that the charter for effective meaningful action directed to housing discrimination based on race, color, religion or national origin is clear. I would agree with many critics, however, that there is often wide variance between promise and performance, between declaration of intent and achievement. Therefore, I would like to outline for you specific

actions which are underway at HUD at the present time to put into action the concepts set forth in the President's message.

Action on Real Estate Advertising. Even before the President's statement, we filed for comment in the Federal Register proposed Guidelines for real estate advertising to carry out our responsibilities under the fair housing law. These guidelines include words and phrases indicating possible violation of the provisions of the law prohibiting discriminatory advertising, and a suggested equal housing opportunity logotype, statement, and slogan.

Action on Affirmative Marketing of HUD Assisted Housing. Too often in the past developers of HUD assisted housing have marketed their housing by quietly opening their doors and filling up the project. The result was that projects located in White areas were occupied by Whites, while those in Black areas were occupied by Blacks. HUD has published for comment proposed Affirmative Marketing Guidelines which are aimed at providing individuals eligible for HUD assisted housing in a particular market area with the same range of housing choices regardless of their race, color, religion, or national origin.

The guidelines require a sponsor to carry out an affirmative program to attract applicants of all races, which will typically involve advertising in minority media. All advertising is required to include the Equal Housing Opportunity logotype or slogan. All advertising depicting persons must show persons of minority as well as majority races. Sponsors must follow a policy of nondiscrimination in hiring sales personnel, and specifically inform local housing authorities and relocation agencies of housing opportunities in their projects.

Another key requirement is that HUD field offices will provide monthly to all interested individuals and groups a list of all projects or subdivisions on which commitments have been issued during the preceding 30 days. And, I can tell you right now that if you don't get your local chapter on the mailing list to receive it, you're not doing your job.

Action on Fair Housing Considerations In Community Development Programs.

HUD's major Community Development programs require communities to address the problem of providing low- and moderate-income housing on an open basis to be eligible for assistance.

For example, there is a statutory requirement that a community must have a workable program for community improvement approved by HUD before being eligible to receive funds for urban renewal and related programs. The workable program must make reasonable provision for low- and moderate-income housing which must be available on a nondiscriminatory basis.

Where comprehensive planning is supported by a Federal grant, the plan must include a "housing element" to insure that "the housing needs of both the region and the local communities studied in the planning will be adequately covered in terms of existing and prospective in-migrant population growth." These planning grants are often used to prepare areawide plans which are a prerequisite for HUD assistance under the water and sewer, open space, and new communities programs.

To implement this policy for the water and sewer program, we have developed and published for comment a project selection system that takes into account the percentage of housing accessible to the project that is low- and

moderate-income and available on a nondiscriminatory basis. "Available on a nondiscriminatory basis" is defined as free of legal or social constraints arising from race, religion, color or national origin.

Action on Location of Subsidized Housing. For many years public housing was piled into the ghettos of this country. Only in the last three years or so have we started requiring that public housing provide equal opportunities outside areas of minority concentration.

But as the quanity of FHA subsidized housing has increased--221(d)(3) below market interest rate, rent supplement, 235, 236--it became clear that a similar policy was needed for this housing. There was also a need to tie together other important elements of a proposed housing project so that the Department can make informed judgments on what priorities to follow in spending its limited funds.

Project selection criteria have now been proposed which will rate seven key elements:

1. Community need for lower income housing;

2. Efficient production;

3. Nondiscriminatory location;

4. Improved environmental location for lower income families;

5. Effect of proposed housing upon neighborhood environment;

6. Relationship to orderly growth and development; and

7. Employment and utilization of employees and business in project area.

A proposed project will be rated "superior," "adequate" or "poor" on each point. On the key requirement of "nondiscriminatory location," a proposed project can earn a "superior" if it is outside an area of minority concentration, or inside such an area where it is part of a major comprehensive improvement program likely to provide racially inclusive housing opportunities. A project can get an "adequate" in a racially mixed area if it is found not likely to change the racial balance of the neighborhood. It can also get an "adequate" if it is in an area of minority concentration and responds to overriding need for the housing which cannot feasibly be met any other way, but such a rating must rest on a documented findings based on relevant racial and socioeconomic information supporting both the need and availability of alternate housing.

If a project does not fall into any of those categories it gets a "poor" rating and is rejected and returned to the applicant. If it passes with at least "adequate," it is clear that, other factors being equal, projects outside areas of minority concentration will be given preference.

This does not mean that we will stop building housing in minority areas. It does mean that we hope to provide an increased range of housing choices for minority families in other areas.

Action on Racial Data

Secretary Romney decided last year that HUD would collect racial and ethnic data on participants in HUD programs. The forms have now been revised for our principal housing programs and we are starting to receive data on FHA programs which should be of great assistance in monitoring progress under the required affirmative action plans.

Action to Ensure Nondiscrimination in all HUD Programs

Title VI of the Civil Rights Act of 1964 requires nondiscrimination on grounds of race, color or national origin in all Federal assistance programs. Until May of

of this year, each program Assistant Secretary was responsible for his own Title VI enforcement which resulted in fragmented, uncoordinated efforts. In May the President approved a change in Title VI regulations which made the Secretary the responsible official, a function which he has now delegated to me. We are now working on a program of compliance reviews which will supplement complaints we receive so that HUD funded agencies will receive periodic evaluation of their civil rights performance.

Action in Court

The Justice Department has been pressing Title VIII vigorously in court. The Civil Rights Division has brought about 90 cases (a number of which were based on referrals from HUD) and has yet to lose one. Even the Minnesota Twins (not to speak of the Washington Senators) could envy a record like that. Several of the cases have involved major actors in the real estate market, like the manager of 150,000 units of apartments in New York City, or a management firm in Cleveland with 19 apartments totalling 3800 units, or 18 real estate brokers in one area of suburban Chicago.

The kinds of affirmative relief the courts are approving in consent decrees is important not only because of the changes in that particular respondent's pattern but as a precedent for conciliations conducted by HUD in connection with complaints filed with us.

This usually includes (1) developing objective standards for accepting and processing tenants; (2) advertising a policy of nondiscrimination; (3) affirmative hiring of minorities for management vacancies; (4) notifying and giving rental preference and damages to all persons who were discriminated against; and (5) reporting on all minority applicants and the disposition of their applications for several years.

The Justice Department did have to go to the higher courts to win one of its cases, which HUD had referred. That appeal to the Fifth Circuit in U.S. v. West Peachtree Tenth Corporation in Atlanta resulted in summary reversal of the lower court and a decree similar to the one I described above.

Another important appellate case, although not brought by the Department of Justice, was Smith v. Sol D. Adler Realty Co. which involved refusal to approve sublease of an apartment allegedly because of race. The District Court found that

race was not the sole basis for discrimination (the plantiff was a working mother). The Seventh Circuit reversed and ordered defendant to Tender plaintiff an apartment lease. In addition, the lower court was directed to award a judgement against defendants "in the sum, not to exceed $1,000 as the District Court in its discretion may determine will fairly and properly compensate such plaintiff for the loss of her civil rights and any mental anguish suffered by her."

The Government has not been involved only in cases involving the private sector, but has also been involved in cases against public bodies where their actions appeared to have a discriminatory effect. One such case was Kennedy Park Homes Association v. City of Lackawanna, New York, where the United States intervened on behalf of the plaintiffs. In that case, the First Circuit Court of Appeals found that the actions of the city in adopting a moratorium on new subdivisions, and zoning the proposed site for subsidized housing for a park was racially motivated and violated Title VIII.

The case filed on June 14 against the community of Blackjack, Missouri is, of course, another example.

It should also be recalled that the Solicitor General filed a brief in James v. Valtierra supporting the respondents' position that the California constitutional requirement of referenda for each public housing project discriminated against the poor in violation of the Fourteenth Amendment. Unfortunately, the Court held otherwise.

Action on Advising People of Their Rights

The right to equal housing opportunity under the Federal fair housing law is still not adequately understood, although the law is more than three years old. We have just undertaken our second major advertising campaign in three years to tell people that HUD can help them open doors that are closed to them because of discrimination. This multi-media campaign will be going nationwide around September 1 after we conclude a two-month test already started in our Philadelphia region. The campaign highlights the opportunity to call HUD toll-free from anywhere in the country to register a fair housing complaint.

We ask your support in seeing to it that TV and radio stations carry these spot announcements. And, I don't mean before 6:30 a.m. and after midnight. This is a message that deserves prime time and should get it.

Action to Help Federal Employees Find Housing Near Their Jobs

The Federal Government has frequently been criticized for moving Federal installations, particularly into the suburbs, without being concerned as to whether housing opportunities are available for employees. HUD and the General Services Ad-

ministration have reached an agreement which we believe will counter this trend. HUD will help GSA investigate proposed sites for construction or leasing of Federal facilities and will advise GSA on whether there is adequate low-and moderate-income housing available on a nondiscriminatory basis. If it becomes necessary to select a site where HUD has advised that housing is inadequate, GSA and HUD will develop an affirmative action plan designed to insure that an adequate supply of such housing will be available before the building or space is to be occupied or within six months thereafter. HUD will give priority to any applications for housing proposed in accordance with the plan.

Action Against Discrimination in Lending

HUD has been working with the Federal financial regulatory agencies to help them carry out their responsibility to administer their programs so as to further the goal of fair housing. These agencies are the Federal Home Loan Bank Board, Federal Deposit Insurance Corporation, Comptroller of the Currency, and Federal Reserve Board.

We developed with their cooperation a questionnaire which they have just sent to their regulated banks to determine what changes have occurred in the banks' lending

practices since passage of the 1968 law, and to what extent the banks are serving minority mortgage borrowers. We hope to publish a summary report of findings by early fall and work further with the regulatory agencies to address any problems which the answers to the questionnaire identify.

Action to Conduct Path Breaking Research and Demonstrations

HUD is currently funding three major projects which we hope can develop approaches to be used across the country. In Chicago, the Leadership Council for Metropolitan Open Communities has developed a litigation strategy in support of equal housing opportunity. With a handful of staff attorneys, they are educating the bench and bar to the mechanics of housing discrimination. They have brought more than 135 cases in 15 months. In their view adequate relief includes not only the unit sought, but substantial damages (as much as $3,500) and attorney fees (as much as $800). The Leadership Council is now able to spin off routine cases to private attorneys while they develop those cases with real precedential value. They have prepared a "Guide to Practice Open Housing Under Law" which should soon be published to help other communities establish similar efforts.

Even before these regulations were developed, HUD pioneered in city-wide compliance reviews of critical crafts. This approach enabled us to identify the union-contractor relationships that bore most heavily against minority groups, rather than to try to deal in isolation with hundreds of contractors and subcontractors. The results of our reviews have helped shape the plans imposed in Washington, D.C., Atlanta, San Francisco, Seattle and other cities soon to come.

The other important regulation just published concerns Section 3 of the Housing Act of 1968. At first glance Section 3 seems very simple. It says the Secretary will see that job, training and business opportunities are provided, to the maximum extent feasible, to lower income persons and to businesses located in the area of HUD assisted projects. Figuring out how to implement this Section best has taken a great deal of staff time and attention. And, I just know your own Billy Morris will have a lot of ideas for us by way of improving our approach.

These are some of the things we're into today. But, our increased actions mean we need your help more than ever.

1. We need your comments on proposed policies so they can be as strong and effective as we can make them.

In the Bay Area around San Francisco, the National Committee Against Discrimination in Housing is developing, testing, and reporting on methods and techniques for achieving an open housing market in that area. The research has now been completed. In addition, an organization called, "The Midpeninsula Citizens for Fair Housing" has developed a series of TV spots -- sort of a mini-version of our national advertising campaign. They, by the way, got the catchy phone number "HOUSING."

Finally, we have funded a project in Washington, D.C. with the Washington Center for Metropolitan Studies. The Center has done several studies on discriminatory advertising and has also published a homeseekers guide for Fairfax County, Virginia, designed to equip a house or apartment hunter with comprehensive information on available housing opportunities in the county. Additional guides are in preparation for other parts of the metropolitan area and a wide distribution is planned.

Action on Jobs in Housing

Many people think of the activities of the Department as primarily involving housing opportunities. Not so. Not when HUD helps fund almost $4 billion in construction each year. You know who's been getting the lion's share of that in the past. But, we're

well on the way to changing that, and the NAACP has played a key role in doing so.

Last year your organization helped us publish the first registry of minority contractors ever published. The demand for the registry has been phenomenal. Growing out of that NAACP contract was a supplementary study called "A Survey of Minority Construction Contractors and the Problems They Face," recently published by HUD. It should be of great value as we plot our next steps in this area.

The Department last fall conducted seven workshops on minority business opportunities in HUD programs. More than 4,000 businessmen attended these one-day sessions and received copies of a manual on HUD programs which we commissioned especially for the workshops.

In the last month, two important regulations have been published for comment in the Federal Register. One concerns Executive Order 11246 requiring Federal contractors and federally-assisted construction contractors to take affirmative action to provide equal employment opportunity without regard to race, color, religion, sex or national origin. HUD has been operating under Department of Labor regulations in enforcing the Executive Order. Issuance of our own regulations will enable us to better shape our enforcement program to our own particular class of contractors.

2. After the policies are in effect, we need your input to tell us how they're operating and how they can be improved.

3. We need your support of our fair housing advertising campaign and in seeing to it that evidence of noncompliance with any civil rights requirements is brought to HUD's attention.

4. We need your continued efforts to dramatize the linkage between jobs that move to the suburbs, without housing following, and your call upon employers and communities to provide housing for low-and moderate-income families near their places of employment.

5. We need your attacks on restrictive zoning and land use controls, and your encouragement for coordinated action on a metropolitan basis to meet housing needs. The Dayton, Ohio, metropolitan area has a comprehensive plan, and Fairfax County, Virginia, has adopted an ordinance requiring developers to set aside 15% of their units for low-and moderate-income housing. We need to multiply efforts like these.

There is one additional matter of vital concern especially to property owners which I would like to bring to the attention of the delegates. All of you are aware of the Administration's proposal for the enactment of a general revenue sharing program which would add $5 billion of new funds to states and local communities. One aspect of this program which should be of concern to you is the fact that it will be helpful to you as a taxpayer.

After years of baring the lions share of the local task burden, the property owner is in need of some tax relief. In Fiscal Year 1965, American homeowners paid $22.6 billion in property taxes. In Fiscal Year 1970, they paid $32.9 billion in taxes, an increase of 45% in just five years. During this five year period, local government derived about 66% of revenue from property taxes. The 7 million total Americans living in or near poverty are especially sensitive to this problem. The $1.2 billion extracted from these persons' income last year in property taxes alone accounted for over 1/6 of their total income. Indeed this is an unfair, unjust burden for those who have worked all their lives for a financially secure retirement. If revenue sharing was enacted, it is realistically

estimated that property owners across the country could receive over 30% relief in their state and local property tax increase over the next five years.

In short, we need to work together on this new agenda. Our joint accomplishments are considerable, but they are dwarfed by the challenges ahead. I pledge the full continuing efforts of me and my staff to bring about truly equal housing opportunity.

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HUD MAGAZINE FEATURES NATION'S FIRST INDIAN MORTGAGE COMPANY

The first mortgage company in the United States entirely owned and operated by American Indians is featured in an article in the official magazine of the U.S. Department of Housing and Urban Development.

HUD Challenge provides a forum for the exchange of ideas and innovations in housing and related fields.

The article in the July issue throws light on some facts about the Indian housing picture. Founders of the Phoenix-based American Indian Mortgage and Financial Services Corporation, attribute the lack of progress in this area to the absence of financial sources for large scale projects for reservation development. One goal of the company is to fill this void.

The article tells that of the 83,000 existing American Indian homes, more than 52,000 are substandard; that about 14,000 can be brought up to standard by renovation, and the remainder need to be replaced. About 12,000 Indian families are without any housing.

Another aim of the new company is to stimulate opportunities for Indian capital ownership and to develop management skills on reservations, perhaps by establishing local branches of the company and local housing authorities on reservations.

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HUD GRANT TO SPUR FAIR HOUSING GOALS

The Washington Center for Metropolitan Studies has received a $174,196 demonstration grant to develop, test, and report on methods of enlarging opportunities for minority homeseekers in metropolitan areas, using the Washington, D. C., area, as an example, the U. S. Department of Housing and Urban Development announced today.

The project is designed to assist HUD in encouraging communities to achieve fair housing. It will include the development of an affirmative marketing program for the real estate industry in accordance with HUD's marketing guidelines.

In addition, the Washington Center will conduct market research to develop a model information program and a series of consumer publications designed especially for minority homeseekers. This will include the publication of a complete set of Washington-area Homeseekers Guides, based on the Center's successful color-keyed Homeseeker's Guide to Fairfax County.

The Washington Center will also prepare specific guidelines to aid HUD, the U. S. General Services Administration, and local planning agencies and citizen groups determine the adequacy of a community's supply of low- and moderate-cost housing. HUD and the General Services Administration are now responsible for assuring an adequate supply of low-and moderate-cost housing in communities where there are new federal offices.

This project is in accordance with the President's "results-oriented" program both to correct past discrimination and to safeguard against future housing discrimination. As such it emphasizes local voluntary initiative to achieve truly open communities throughout the country.

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For further information:

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PROJECT NO.: D. C. D-13

Hist. Preservation

HUD NEWS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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FOR RELEASE
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PRESERVATION OF HISTORIC SITES LINKED
TO DOWNTOWN COMMERCIAL DEVELOPMENT

The National Trust for Historic Preservation has received a $75,355 demonstration grant to develop an innovative method to make downtown historic preservation pay for itself, the U. S. Department of Housing and Urban Development announced today. The method is known as "transfer of development rights."

Historic landmarks are often located in the center of a city where zoning regulations would permit much larger buildings if the landmarks were to be demolished. The larger area covered by the zoning is known as a development right.

The landmark owner can sell the unused air rights on this property to the developer of a new building. This transaction allows him to finance at least part of the cost of preserving the landmark. At the same time, the new building, which makes use of the extra air space, contributes to the development of the downtown commercial area while preserving local landmarks.

This research will explore ways to link the development rights transfer approach to HUD's community development activities, particularly renewal and historic preservation.

The development rights approach has already been experimented with in New York City. It also has been proposed as a means to save the Old Stock Exchange in Chicago's downtown business district. The New York experiment and Chicago proposal have generated nation-wide interest in the development rights concept as a realistic solution to financing preservation activities. John Costonis, a professor of law at the University of Illinois who has done some pioneering work in this area of historic preservation, will be project director.

- more -

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PROJECT NO.: D. C. D-25

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HUD FUNDS STUDY ON TENANT ROLE IN MANAGEMENT OF PUBLIC HOUSING

A pilot project in Boston designed to give low income residents a more meaningful role in public housing management will be the subject of a report to be funded by the U. S. Department of Housing and Urban Development.

The report will cover the experiences of the tenant management demonstration at the Bromley-Heath public housing development in Boston. It will be prepared by the Bromley-Heath Tenant Management Corporation with a HUD demonstration grant of $35,000.

The program's objective is to make public housing a better place to live. The Boston Housing Authority, long in the forefront of testing new ideas in low income housing programs, has received a $341,000 grant from the Office of Economic Opportunity to carry out this unique experiment in tenant management.

The Bromley-Heath Tenant Management Corporation, or TMC, established in 1970, is the first and only tenant corporation in a public housing development in the United States legally authorized to conduct aspects of management operations. The TMC, which presently manages 280 units in the housing complex, has already achieved greater tenant cooperation, reduced vandalism, better garbage collection practices, superior upkeep of public areas, improved rent collections, and 100% occupancy of tenant-managed units. The Boston Housing Authority is preparing several tenants for senior management positions, and, as the tenant management corporation obtains more experience and capability, the Authority has pledged to transfer full management control of the Bromley-Heath development to TMC.

The central feature of TMC has been and continues to be its genuine dependence on tenant interest and leadership. Because the Bromley-Heath public housing project shares all the problems and characteristics common to other inner-city low income housing developments, the innovative approaches emerging from this pilot effort should be of benefit to other communities.

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This pilot program will be the only tenant management activity funded by OEO during 1971, and OEO's continued support is based on OEO's satisfaction with the TMC's record of success and great promise for additonal breakthroughs in tenant management.

For More Information: Mr. Thomas W. Weeks
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PROJECT NO.: Mass. D-10

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-402
Phone (202) 755-7174

FOR RELEASE:
Monday
July 12, 1971

HUD APPROVES STUDY TO MEASURE PLANNING AID TO COMMUNITIES

A comparative study has been authorized by the U. S. Department of Housing and Urban Development to learn the extent to which selected small communities benefit from the federally financed comprehensive planning assistance program.

Specifically, the project will determine whether communities with significant low income and minority populations can compete successfully with their more affluent sister communities in making effective use of planning assistance administered through the States.

The study, to be undertaken by the National Urban League Development Foundation, will cost an estimated $200,000, of which $180,000 will be funded under the Comprehensive Planning Research and Demonstration Program in HUD's Office of Research and Technology. The remaining $20,000 comes from the Urban League.

The Foundation will review HUD's policy and criteria for allocating 701 planning funds to the States for local use. It will also examine the process by which the funds are reallocated to the small communities, especially those with a large minority population.

One end product of the research will be the formulation of recommendations to protect the interests of the less affluent community under a changing system that calls for decreased Federal control and increased State authority.

Two groups of small communities will be examined in several States--one group which has found comprehensive planning assistance under Section 701 an effective tool, the other where this form of assistance has been used ineffectively or not at all.

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The final report, due in 13 months, is expected to produce a number of recommendations to assist HUD's Office of Community Planning and Management as well as local community planning bodies.

Among the recommendations would be a model information service to inform poor small communities of available Federal and State assistance, guidelines for the States in contracting for technical assistance from minority planning firms, and methods for adapting these procedures to other areas.

Project No. DC - PD-36

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-421
Phone (202) 755-7174

FOR RELEASE AFTER:
6:00 P.M., Tuesday
July 13, 1971

NONPROFIT SPONSORS HAVE ROLE IN SOLVING MANAGEMENT AND CIVIL RIGHTS PROBLEMS

Nonprofit organizations have an important role to play in solving the problems of housing management and building toward the goal of free and open communities, an official of the U.S. Department of Housing and Urban Development said today in Portland, Oregon.

Addressing a dinner of the Low- and Moderate-Income Housing Development and Management Seminar, HUD Assistant Secretary for Equal Opportunity Samuel J. Simmons said since his last meeting with nonprofit sponsors the Department has taken a number of steps reflecting increased concern in these two critical areas.

The creation of the office of a HUD Assistant Secretary whose sole responsibility is housing management was a most significant event, said Mr. Simmons.

"This organizational change is a reflection not only of the breadth of HUD's housing management responsibilities, but of the growing problems and pressures in that area which require concentrated, high-level leadership and direction in HUD if they are to be effectively resolved," he said.

Mr. Simmons cited as further evidence, a recent contract with the National Corporation for Housing Partnerships to develop a model training program in housing management. He foresaw the establishment within a few years of a major institute or center for housing management which could professionalize the field and help deal with the current difficult financial and social problems.

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In the area of equal opportunity, Mr. Simmons pointed to the President's statement of June 11 on equal housing opportunity, which "set forth a clear cut declaration of policy and commitment to action."

In addition, the Assistant Secretary said criteria for HUD equal opportunity programs--covering housing, business, and employment--have been established.

Mr. Simmons said the President fully committed the Administration to carry out all the requirements of law fully and fairly and that at HUD actions are underway implementing the concepts set forth in the President's message.

These actions, he said, include real estate advertising and affirmative marketing guidelines. Furthermore, the Department has proposed project selection criteria for HUD subsidized housing.

Mr. Simmons said that HUD also is acting to increase economic opportunities for minority workers and businessmen. He described proposed regulations under Section 3 of the Housing and Urban Development Act of 1968 which requires that lower-income persons in the area of HUD projects be provided jobs, training, and business opportunities to the maximum extent feasible.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-422
Phone (202) 755-7174

FOR RELEASE:
Thursday
July 15, 1971

PUERTO RICO PROPERTY OWNERS NOW ELIGIBLE FOR FLOOD INSURANCE

Property owners throughout the Commonwealth of Puerto Rico will be able to purchase flood insurance coverage beginning Friday, July 16, the U.S. Department of Housing and Urban Development announced today.

Federal Insurance Administrator George K. Bernstein said, "residents of that area will be able to purchase flood insurance at subsidized rates for existing residential and small business structures."

According to Mr. Bernstein, Puerto Rico is "the first area outside the several States to become eligible for the sale of flood insurance under the National Flood Insurance Program."

He pointed out that Puerto Rico, as an island located in a storm-prone area, "is susceptible to flooding of all types," and noted that the Commonwealth has a long history of devastating floods, the most recent of which was last October.

"Now that federally subsidized flood insurance is available," Mr. Bernstein said, "eligible property owners should not delay in obtaining this vital coverage to protect themselves against property losses that could occur from the summer hurricanes and tropical storms, and their associated floods."

Insurance at federally subsidized rates may be purchased from local property and casualty agents and brokers in amounts up to $17,500 for single-family houses and up to $30,000 for two-to four-family homes. On structures, rates range from 40 to 50 cents per $100 of insurance, depending on its value. Contents may be insured up to $5,000, with rates ranging from 50 to 60 cents per $100 of insurance.

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Small business coverage is available in amounts up to $30,000. The federally subsidized premium rates are also graduated: 50 cents per $100 for properties valued up to $30,000 and increasing to 70 cents per $100 for properties valued up to $60,000 or more. Contents may be insured at $1 per $100 of insurance up to a maximum of $5,000.

Insurance policies are effective immediately as issued during the first 30 days the insurance becomes available. Insurance purchased after the first 30 days of community eligibility will become effective after a 15-day waiting period.

Mr. Bernstein warned that property owners who fail to purchase flood insurance within a year after their community becomes eligible stand to lose in more ways than one in the event their property is flooded after the year expires.

Under the National Flood Insurance Act of 1968, Federal financial disaster aid is limited in such cases to the difference between the total estimated property loss from flooding and the amount for which the property could have been insured. Other forms of Federal disaster relief, however, would still be available.

To become eligible for the program, the local governing body must pledge to adopt by December 31, 1971 land use and control measures appropriate to the characteristics and specific flood threat of the community.

These measures, Mr. Bernstein said, are designed to guide future development away from flood hazard areas and set foundation and floor construction standards, thus helping to promote sound floodplain management and land use control.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-432
Phone (202) 755-7174

THE RIOT REINSURANCE PROGRAM

Questions and Answers

Q. What is the riot reinsurance program designed to do?

A. This program, established under the U. S. Housing and Urban Development Act of 1968, provides a means for making property insurance available in blighted urban sections and those subject to riots, as well as other areas suffering from an inadequate property insurance market. In recent years, more and more private insurance firms have determined that the writing of insurance in these areas is not economically feasible. Property owners who are thus cut off from insurance find that banks and other lenders will not make loans for improvement or purchase of property. In turn, these run-down properties -- both business and residential -- become increasingly run-down and deterioration spreads. The program aims at arresting this condition and fostering renewal by enlisting the States, the insurance industry, and the Federal Government in a joint effort to channel insurance into these areas.

Q. Just how does the program work?

A. Private insurers join with a State insurance authority to establish a program to provide all property owners with an opportunity to obtain insurance. The State-industry program is usually called FAIR plan -- Fair Access to Insurance Requirements. Business and residential properties, if in basically sound and safe condition, as determined by an inspection, will be insured by companies enrolled in the program, and owners may not be turned down because of "environmental hazards"-- that is, because they may be located in riot-prone areas or for other reasons beyond the control of the property owners.

The insurance companies, in turn, may apply to the Federal Government for reinsurance against excess losses they may sustain because of riots or civil disorders. Under present reinsurance contracts, companies pay a reinsurance premium on the total premiums they receive and agree to bear riot losses up to a stipulated percentage of their total premiums within a State.

Q. How may I obtain insurance under this program?

A. If you are unable to obtain basic property insurance in the regular market, and your community is covered under a State FAIR plan, you or your agent should apply for it at an industry placement facility.

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This facility will arrange for inspection of your property. You will receive a written report stating whether insurance at a regular rate can be obtained, or whether the condition of the property requires a higher rate. If a surcharge -- a higher rate -- is called for, the report must state what improvements are necessary to bring the property up to required condition so as to obtain the lower, regular rate. If a company cancels a policy or refuses to renew, it must give adequate notice and explain the steps to obtain insurance through the FAIR plan. Insurance in some States may be purchased from companies participating in a pool, or in other States, from the pool itself. In all cases, the participating companies share premium income, costs and losses.

Q. Is the reinsurance of insurance companies restricted to those which are members of FAIR plans?

A. Yes. For an insurance company to obtain reinsurance, there must be such a plan in the State, including provisions outlined above, and the company must be participating in the plan. The States and jurisdictions which have FAIR plans are:

California	Minnesota
Connecticut	Missouri
Delaware	New Jersey
District of Columbia	New Mexico
Georgia	New York
Illinois	North Carolina
Indiana	Ohio
Iowa	Oregon
Kansas	Pennsylvania
Kentucky	Puerto Rico
Louisiana	Rhode Island
Maryland	Virginia
Massachusetts	Wisconsin
Michigan	Washington

Q. In a number of periods in the past several years, losses from riots or civil disorders have been very large. Is there adequate provision to meet similar losses through the resources of this program?

A. The original funding of the program was based on losses experienced during 1967. The premiums are now set at a level considered sufficient to meet similar disorder losses in the future assuming that a substantial portion of the total property insurance written will be reinsured. In addition, provision has been made: (1) for assessment upon participating insurers up to the amount of losses they have agreed to sustain before filing a reinsurance claim; (2) for State contributions in amounts up to 5% of total insurance premiums earned on applicable lines of insurance in the State in the preceding year; (3) for the Fund to borrow up to $250 million from the Treasury if necessary. The overall structure of the program provides for spreading risks so that it will meet its obligations and be self-sustaining.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

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Phone (202) 755-7174

FOR RELEASE:
Friday
July 23, 1971

BIBLIOGRAPHY ON LANDLORD-TENANT RELATIONSHIPS ISSUED BY HUD

The Landlord-Tenant Relationship, a bibliography prepared by the Library and Information Division, has been published by the U.S. Department of Housing and Urban Development.

This new HUD publication, containing over 300 references, is the most complete collection of material relating to landlord-tenant problems yet compiled. All aspects are covered including tenant organizations, rent strikes, eviction, the lease and its implications (implied warranty), code enforcement, and tenant participation in management. References to the landlord's point of view, as well as those of the tenant, are provided. Where the title is not explanatory, summary descriptions are given.

Included also are author and geographical indexes, local and national tenant organizations, publishers' addresses, and periodicals from which references were taken.

Copies may be obtained for 60 cents each from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

July 26, 1971

On June 11, President Nixon issued his policy statement on equal opportunity in housing and this was followed by a number of important statements, implementing this policy. We have collected these documents into one package as a reference source for your use. We hope you will find it of value

Proposed criteria for project selection, affirmative marketing, and water and sewer grants are being circulated for comment for 30 days before being put into effect. Copies of these proposed criteria are included.

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STATEMENT BY THE PRESIDENT ON
FEDERAL POLICIES RELATIVE TO EQUAL HOUSING OPPORTUNITY

June 11, 1971

Of all the services, facilities and other amenities a community provides, few matter more to the individual and his family than the kind of housing he lives in -- and the kind of neighborhood of which that housing is a part. Through the ages, men have fought to defend their homes; they have struggled, and often dared the wilderness, in order to secure better homes.

It is not surprising, therefore, that public policies affecting the kind and location of homes available should be the subject of intense and widespread interest, and also of intense, far-ranging and sometimes passionate debate.

One of the achievements of this administration of which I am most proud has been the dramatic progress we have made in increasing the supply of housing, including particularly low- and moderate-income housing, so as to expand the range of housing opportunities for Americans in search of a decent home. Housing starts are currently at the highest levels in 20 years. While our primary emphasis is on stimulating private construction, the number of federally assisted low- and moderate-income housing starts planned for fiscal year 1972 will be more than four times what it was as recently as fiscal 1968 -- an increase from some 150,000 to some 650,000. The remaining needs are still enormous. But this represents a giant step toward fulfilling the goal set forth in the Housing Act of 1949, of "a decent home and a suitable living environment for every American family."

The very fact that so much progress is being made, however, has sharpened the focus on what has come to be called "fair housing" -- a term employed, but not defined, in the Civil Rights Act of 1968, and to which many persons and groups have ascribed their own often widely varied meanings.

In this statement, I shall set forth the policies, as they have been developed in this administration, that will guide our efforts to eliminate racial discrimination in housing, to enlarge housing opportunities for all Americans and to assist in stable and orderly community development. It is important to understand the laws that govern those policies, the limits within which they operate, the complexities they seek to address, and the goals they seek to achieve.

My purpose is not to announce new policies, but to define and explain the policies we have -- setting forth what we will do and what we will not. The factors determining patterns of housing and community development are immensely complex and intricately balanced, many are uniquely local in nature, and the Federal Government operates in important but limited ways and under limited authorities. Within those limits, we intend to continue to move vigorously -- not to restrict free choice, but to expand and protect it.

Underlying our housing policies -- and embodied in our laws and our Constitution -- are certain basic principles:

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-- Denial of equal housing opportunity to a person because of race is wrong, and will not be tolerated.

-- Such denial will not be tolerated whether practiced directly and overtly, or under cover of subterfuges, or indirectly through such practices as price and credit discrimination.

-- To qualify for Federal assistance, the law requires a local housing or community development project to be part of a plan that expands the supply of low- and moderate-income housing in a racially nondiscriminatory way.

-- In terms of site selection for a housing development, the Federal role is one of agreeing or not agreeing to provide Federal subsidies for projects proposed by local authorities or other developers.

-- A municipality that does not want federally assisted housing should not have it imposed from Washington by bureaucratic fiat; this is not a proper Federal role.

-- Local communities should be encouraged in their own voluntary efforts to make more housing more widely available, and to reduce the extent of racial concentration.

-- Putting an end to racial discrimination, and building toward the goal of free and open communities, is a responsibility shared by Federal, State and local governments, by business and private institutions, by civic leaders and by individual people everywhere.

A HISTORY OF HARDSHIP

The history of racial discrimination in housing in America runs deep; but, to the Nation's credit, so do efforts to correct it.

In earlier years, some local ordinances actually forbade minority group members to purchase property in blocks where they did not constitute a majority. Such ordinances were invalidated by the Supreme Court in 1917.

Covenants running with the land were widely used to restrict minority citizens in their access to housing. The efficacy of these covenants rested on their possible enforcement by courts and the awarding of damages for their breach. Judicial enforcement was invalidated by the Supreme Court in 1948.

Federal policy itself, quite unsurprisingly, in past eras reflected what then were widespread public attitudes. Policies which governed FHA mortgage insurance activities for more than a decade between the middle thirties and the late forties recognized and accepted restrictive covenants designed to maintain the racial homogeneity of neighborhoods.

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Compounding the plight of minority Americans, locked as many of them were in deteriorating central cities, was the Federal urban renewal program. It was designed to help clear out blighted areas and rejuvenate urban neighborhoods. All too often, it cleared out but did not replace housing which, although sub-standard, was the only housing available to minorities. Thus it typically left minorities even more ill-housed and crowded than before.

Historically, then, the Federal Government was not blameless in contributing to housing shortages and to the impairment of equal housing opportunity for minority Americans. Much has been done to remedy past shortcomings of Federal policy, and active opposition to discrimination is now solidly established in Federal law. But despite the efforts and emphasis of recent years, widespread patterns of residential separation by race and of unequal housing opportunity persist.

RACIAL CONCENTRATION TODAY

In terms of racial concentration, the facts on housing occupancy revealed by the 1970 Census are compelling. In our 66 largest metropolitan areas, accounting for more than half the U.S. population -- of which 49 are in the North and West -- the central city white population declined during the decade of the sixties by about 2 million (5%) -- while the black population increased almost 3 million (35%). This meant overall black population in central cities increased from 18% in 1960 to 24% in 1970.

In the suburban areas of these cities, however, the story was different. White population increased by 12.5 million (30%) and black population increased by less than 1 million (44%). The result was that the total black proportion of suburban population increased only from 4.2% in 1960 to 4.5% in 1970.

In city after city the figures tell the same story. In New York City the white population declined by 617,000 while the black population rose by 579,000. In St. Louis whites declined by 169,000; blacks rose by 40,000. Thus the central cities grow ever more black, while the surrounding areas, for the most part, remain overwhelmingly white.

It is important to remember, of course, that simple divisions into "central city" and "suburban" can be misleading in this context. It makes a great deal of difference how large the city is, and what the patterns of distribution within the metropolitan area are in terms not only of housing, but of business, industry, recreational facilities, transportation, and all the many factors that enter into its internal dynamics as a functioning community.

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One thing this points to is that no single set of rigid criteria can be laid down that will fit a wide variety of local situations. To speak of "opening up the suburbs," for example, may have widely differing implications in different metropolitan areas, just as the term "central city" means something quite different in New York or Chicago than it does in New Haven or Fresno.

To some extent, the persistence of racially separate housing patterns reflects the free choice of individuals and families in both the majority and minority communities. Economic factors have also played a part, since average income levels -- even though the disparity is being narrowed -- remain lower for minority Americans than for the Caucasian majority.

It also is inescapable, however, that continuing, often covert housing discrimination is thwarting or discouraging the efforts of many minority citizens to find better housing in better neighborhoods. This is wrong, constitutionally indefensible, and pragmatically unwise.

THE COSTS OF RACIAL SEPARATION

Separation of the races, particularly when it is involuntary, has damaging consequences. One is racial isolation -- the social isolation of the races from each other -- an estrangement that all too readily engenders unwarranted mistrust, hostility and fear.

Another consequence of involuntary racial separation is the waste of human resources through the denial of human opportunity. No nation is rich enough and strong enough to afford the price which dehumanizing living environments extract in the form of wasted human potential and stunted human lives -- and many of those living environments in which black and other minority Americans are trapped are dehumanizing.

Another price of racial segregation is being paid each day in dollars: in wages lost because minority Americans are unable to find housing near the suburban jobs for which they could qualify. Industry and jobs are leaving central cities for the surrounding areas. Unless minority workers can move along with the jobs, the jobs that go to the suburbs will be denied to the minorities -- and more persons who want to work will be added to the cities' unemployment and welfare rolls.

Clearly, both outright racial discrimination and persisting patterns of racial concentration combine to create a serious set of problems that public policy must seek to meet. These problems are human, they are economic, they are social -- and they pose a challenge of the first magnitude to the community of the metropolitan area that tries to meet them in a way most nearly fair to all those affected. It is encouraging that many communities are meeting this challenge, and meeting it successfully.

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THE FEDERAL ROLE

The Law

The Federal Government's responsibilities for eliminating racial discrimination in housing derive partly from the Constitution, partly from the Government's own extensive involvement in housing and community development programs, and partly from a number of statutes and Executive orders.

The broad outlines of the law are contained in our Constitution, which in its 5th, 13th and 14th amendments guarantees basic civil rights, including the right to seek shelter free from any racial discrimination fostered by Federal, State or local governments.

Executive Order 11063, issued in 1962, expressly states that housing discrimination and segregation prevent the Nation from attaining the housing goals declared by the 1949 Housing Act. It further directs all Federal departments and agencies "to take all action necessary and appropriate to prevent discrimination" as to race, color, religion or national origin in federally assisted housing and related projects.

Congress followed up this initiative two years later with the Civil Rights Act of 1964. A critical provision of that law, Title VI, provides that no person shall, "on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." As a penalty for such discrimination, it provides for a cutoff of Federal funds to the program in which the discrimination occurs. The clear intent of the Congress in enacting this legislation was to insure that no program utilizing Federal financial aid should be tainted by racial, ethnic, or religious discrimination. A careful review of the legislative history indicates that the Congress intended that the cutoff of Federal funds resulting from a violation should apply only to the particular activity in which the unlawful racial discrimination took place, and not to all activities undertaken by the violater.

In the Civil Rights Act of 1968, the Congress declared that "It is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States."

Title VIII of the 1968 act goes beyond the previous statutes (which in terms of housing, had dealt only with that which was federally assisted) to prohibit discrimination on account of race, color, religion or national origin in most private real estate actions, whether sale or rental and regardless of whether Federal assistance is involved or not. In addition, this title also makes it the responsibility of "all executive departments and agencies" and the specific responsibility of the Secretary of Housing and Urban Development, to "administer their programs and activities relating to housing and urban development in a manner affirmatively to further the purpose of this title."

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Antidiscrimination Enforcement

The provisions of the law aimed at barring racial discrimination in housing are administered primarily by the Departments of Justice and of Housing and Urban Development.

HUD's role under Title VI in the 1964 act is to guard against racial discrimination in any program or activity to which HUD gives financial assistance. Title VIII of the 1968 Civil Rights Act requires HUD to investigate complaints of housing discrimination and, where appropriate, to attempt to resolve such complaints through persuasion or conciliation. In calendar year 1970, HUD completed processing of 169 complaints; in 89 of these cases conciliation was successful. In the same year, HUD referred 19 of these cases where conciliation failed to the Department of Justice.

Under the terms of Title VIII of the 1968 Civil Rights Act, the Attorney General is empowered to bring suits in Federal court where he finds that racial discrimination in housing constitutes a "pattern or practice," or where housing discrimination cases raise issues of general public importance. Since January 1969, the Attorney General has brought or participated in 85 such suits against more than 250 defendants in 22 States and the District of Columbia. In addition, the Justice Department has negotiated out of court with several hundred other persons and companies and brought them into voluntary compliance.

These cases have involved not only outright racial discrimination in the sale or rental of homes, but also such practices as discriminatory real estate advertising and exclusion of minorities from multiple listing services. Several of the suits have been against municipal authorities. Several others have been against major companies controlling tens of thousands of dwelling units, and have resulted in orders that they take dramatic remedial efforts to attract minority families into buildings from which they have previously been barred or discouraged.

Not only have these suits directly opened to nonwhites a great deal of housing previously available only to whites; they also have had a significant wider impact in stimulating others to come into voluntary compliance with the antidiscrimination laws. This vigorous enforcement as required by law will continue.

Unlawful racial discrimination in housing extends beyond the barring of individuals from particular buildings or neighborhoods because of race. The courts have also held that, when its reasons for doing so are racial, a community may not rezone in order to exclude a federally assisted housing development. In such cases, where changes in land use regulations are made for what turns out to be a racially discriminatory purpose, the Attorney General, in appropriate circumstances, will also bring legal proceedings.

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How Federal Programs Operate

In order to understand the way in which the broad "fair housing" mandates translate into specific actions, it is important to understand what some of the Federal housing programs are and how they operate.

HUD provides direct financial assistance in three broad areas:

-- Housing for low- and moderate-income families. This includes the Home Ownership and Rental Housing Assistance subsidy programs ("Section 235" and "Section 236" housing, respectively), the rent supplement program enacted in 1965, and assistance to low-rent public housing.

-- Grants for State, areawide and local planning.

-- Aid for community development activities, such as urban renewal and water and sewer grants.

In addition, of course, HUD plays a major role in providing mortgage insurance and in facilitating the overall flow of mortgage funds.

In each of these areas, the Federal program role -- as the governing statutes make clear -- is essentially one of responding to local or private initiatives, rather than one of imposing its programs on State and local governments.

In none of HUD's grant programs does the Department act directly. The Department builds no housing, develops no land use plans, clears no slums and constructs no sewers. Instead, HUD provides, within its statutory and regulatory framework, financial assistance to local developers and agencies, both public and private, who build and manage housing, and engage in planning and community development activities.

The extent to which HUD program activity is dependent on local initiative and execution is frequently overlooked, but is an important element in considering policy issues. Sites for HUD-assisted housing must be selected and acquired by local sponsors -- public or private -- and housing developed on those sites must conform to local zoning and local building codes. Planning performed with HUD assistance is done by State and local governmental bodies. Community development activities -- urban renewal, water and sewer, or open space projects, for example -- are initiated and executed by local government.

In short, HUD's role in the location of assisted housing is one not of site selection, but of ultimate site approval. It does not initiate local housing projects. With more applications than it can fund, it must select those for funding which it determines most fully satisfy the purposes of the enabling legislation -- and in doing so it says "yes" or "no" to local requests for financial assistance for projects that have been locally planned and will be locally executed.

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In responding to local and private initiatives, of course, the Department must follow the statutory mandates. For example:

-- As noted earlier, HUD may not make a grant under any of its programs if the recipient will discriminate or otherwise deny the benefits of the assisted activity or project to persons on account of race.

-- Where the "workable program" requirement -- imposed on local communities by the Housing Act of 1949, as amended in 1954, in connection with urban renewal and related programs -- is a condition of eligibility, HUD may not make a grant in the absence of a HUD-certified workable program for community improvement. The program must make reasonable provision for low- and moderate-income housing, which must of course be available on a non-discriminatory basis.

-- Where comprehensive planning is supported by a Federal grant under the 1954 Housing Act, as amended in 1968, the plan must include a "housing element" to insure that "the housing needs of both the region and the local communities studied in the planning will be adequately covered in terms of existing and prospective in-migrant population growth." This provision has broad application, since such planning grants are often used to prepare the areawide plans which are a prerequisite for Federal financial assistance under the water and sewer, open space, and new communities programs.

Similarly, the statutory requirement of "fair housing" applies in the area of private housing construction, where the Federal role is substantial. The Federal Government provides billions of dollars in assistance and guarantees of mortgage credit for housing financing. The Federal Government sets standards widely used by industry, such as minimum property standards, credit standards, appraisal standards, and construction standards. The Federal Government makes market analyses which materially influence the private sector. The Federal Government approves mortgagees, builders, developers and brokers with respect to their doing business with HUD. Local government and private initiative and Federal standards work together to produce new housing. And under the law, that new housing -- like all the Nation's housing stock -- must be open equally to all Americans regardless of race, religion or national origin.

In approaching questions of "fair housing" for low- and moderate-income persons, it is important to remember that we are dealing with a rather imprecise term and with two separate matters.

One is the elimination of racial discrimination in housing. On this, the Constitution and the laws are clear and unequivocal: racial discrimination in housing will not be tolerated.

In public discussions of "fair housing" or "open housing," however, another issue has often become confused with that of racial discrimination. This is sometimes referred to as "economic integration." Frequently it arises in debates over whether subsidized low-rent public housing should be placed in the suburbs as a means of moving poor people out of the inner city and, if so, where, to what extent, and by what means.

One of the arguments frequently advanced is that poor people are often disadvantaged by living in low-income neighborhoods; that poverty thus perpetuates itself; and that the remedy therefore is to scatter the poor among the more affluent. Another argument often heard is that blacks and other minorities tend to be disproportionately poor, and that "economic segregation" is therefore equivalent to racial segregation.

It is important to remember, however, that the terms "poor" and "black" are not interchangeable. A higher percentage of blacks than of whites lives below the poverty line -- but there are far more poor whites in America than there are poor blacks. Much of the Nation's most dismally inadequate housing is occupied by blacks; much of it is occupied by whites. Many of the worst slums are black; many are white. And by the same token, the skilled trades, the businesses and professions increasingly are populated by affluent blacks whose children go to the best schools and colleges and who themselves have taken their deserved place in the leadership, not simply of inner-city neighborhoods, but of urban, suburban and rural communities all across America.

To cite only one statistic, a recent special census study showed that in the North and West, black husband-wife families headed by persons under 25 had a median income equal to that of their white contemporaries. Although the income disparities among other ages and categories is still far too wide, this is one measure of how far we have come; also, because these young families represent the future, it is an indication of where we are heading. To equate "poor" with "black" does a disservice to the truth, and it blinks the fact -- fundamental to anything so intensely personal as housing -- that we are dealing with the needs not of an undifferentiated mass, but of millions of individual human beings, each separate and unique.

In many cases -- when dealing with poor people who happen to be members of a racial minority -- questions of where to locate housing for poor people and where to locate housing for members of the minority are related. But the issues involved are separate, and those who would treat effectively with race and poverty must take care to maintain the distinction. What is true of blacks in this regard is also true of Mexican-Americans, Indians and members of other minorities.

When predominantly poor members of a racial minority are concentrated heavily in one particular area of a central city, the question of where to build housing designed to accommodate some but not all of them is often not easily answered. On the one hand, for example, concentrating the subsidized housing in the predominantly black area could have the effect of reinforcing the racial separation that already exists. On the other hand, failure to build at least a portion of it there could be unfair to the people who choose to live there, as well as reinforcing the housing blight that often prevails in such areas. Quite apart from racial considerations, residents of outlying areas may and often do object to the building in their communities of subsidized housing which they fear may have the effect of lowering property values and bringing in large numbers of persons who will contribute less in taxes than they consume in services. Beyond this, and whether rightly or wrongly, as they view the social conditions of urban slum life many residents of the outlying areas are fearful that moving large numbers of persons -- of whatever race -- from the slums to their communities would bring a contagion of crime, violence, drugs, and the other conditions from which so many of those who are trapped in the slums themselves want to escape.

In many other respects, the balances to be struck are often close and the considerations complex: for example, how are the interests of one part of a metropolitan area to be weighed against those of the area as a whole? What other housing opportunities are available? How do transportation patterns, job patterns, school locations, enter into the choice? What related efforts are being made to expand opportunity and end racial discrimination? And how and by whom are the determinations to be made?

By establishing "fair housing" as a policy but leaving the term undefined, Title VIII of the 1968 act added a complexity of its own: a lively debate about just what it means, and especially about the meaning of its requirement that Federal officials take "affirmative action" to promote it.

This and the other laws make abundantly clear that the Federal Government has an active, affirmative role to play in eliminating racial discrimination in either the sale or rental of housing. They also make it clear that those communities which seek Federal assistance for most housing and community development programs must work honestly and constructively to meet the housing needs of their low- and moderate-income families. The debate has arisen over the extent to which Federal agencies are either required or authorized to go beyond anti-discrimination efforts, and to use their program money leverage as a means of requiring local communities to subordinate their land use policies to the goal either of breaking up racial concentrations or of promoting "economic integration."

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POLICIES OF THIS ADMINISTRATION

It will be the firm purpose of this administration to carry out all the requirements of the law fully and fairly.

Racial discrimination in housing is illegal, and will not be tolerated. In order to fulfill their responsibility for eliminating this discrimination, the Department of Housing and Urban Development and the Justice Department have been developing and elaborating a wide-ranging program aimed at creating equal housing opportunity.

By "equal housing opportunity," I mean the achievement of a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion or national origin.

At the outset, we set three basic requirements for our program to achieve equal housing opportunity: It must be aimed at correcting the effects of past discrimination; it must contain safeguards to ensure against future discrimination; and it must be results-oriented so its progress toward the overall goal of increasing housing opportunities can be evaluated.

The administration is embarked upon this course. It must and will press forward firmly.

The chief components of such a program include the firm enforcement of laws relating to equal housing opportunity; the development of appropriate equal housing opportunity criteria for participation in programs affecting housing; the development of information programs; and the development of policies relating to housing marketing practices.

It is obvious that not all individuals will exercise the full range of choices made available to them. Those are matters for individual decision.

What is essential is that all citizens be able to choose among reasonable locational alternatives within their economic means, and that racial nondiscrimination be scrupulously and rigorously enforced.

We will not seek to impose economic integration upon an existing local jurisdiction; at the same time, we will not countenance any use of economic measures as a subterfuge for racial discrimination.

When such an action is called into question, we will study its effect. If the effect of the action is to exclude Americans from equal housing opportunity on the basis of their race religion or ethnic background, we will vigorously oppose it by whatever means are most appropriate -- regardless of the rationale which may have cloaked the discriminatory act.

Access to federally assisted housing, like access to all housing, must be nondiscriminatory as to race. But simply to apply this principle will not answer all the practical problems raised by our national commitment to expanded and equal housing opportunity.

Pressures for the construction of new housing and the rehabilitation of existing housing are growing all across the Nation -- in central cities, in suburbs, in small towns, in rural America. Demand for housing at all income levels is increasing dramatically.

As a major part of our national effort to meet these housing needs -- an effort which is both private and governmental -- federally assisted housing is being built at a rate approaching 3/4 of a million units a year. These units are needed. They are being built. And they must be built someplace. The question is where.

If all the federally assisted units are packed together in one type of community or one kind of location, we will only exacerbate the social and, in all probability the racial isolation of our people from each other.

If we build federally assisted instant ghettos, we fail both our communities and the people we are trying to help.

If we impact or tip the balance of an established community with a flood of low-income families, we do a disservice to all concerned.

The answers to these practical considerations are not simple -- but they are of great importance.

Based on a careful review of the legislative history of the 1964 and 1968 Civil Rights Acts, and also of the program context within which the law has developed. I interpret the "affirmative action" mandate of the 1968 act to mean that the administrator of a housing program should include, among the various criteria by which applications for assistance are judged, the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination. This does not mean that no federally assisted low- and moderate-income housing may be built within areas of minority concentration. It does not mean that housing officials in Federal agencies should dictate local land use policies. It does mean that in choosing among the various applications for Federal aid, consideration should be given to their impact on patterns of racial concentration.

In furtherance of this policy, not only the Department of Housing and Urban Development but also the other departments and agencies administering housing programs -- the Veterans Administration, the Farmers Home Administration and the Department of Defense -- will administer their programs in a way which will advance equal housing opportunity for people of all income levels on a metropolitan areawide basis.

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This administration will not attempt to impose federally assisted housing upon any community.

We will encourage communities to discharge their responsibility for helping to provide decent housing opportunities to the Americans of low- and moderate-income who live or work within their boundaries.

We will encourage communities to seek and accept well-conceived, well-designed, well-managed housing developments -- always within the community's capacity to assimilate the families who will live in them.

We will carry out our programs in a way that will be as helpful as possible to communities which are receptive to the expansion of housing opportunities for all of our people.

In these efforts we will be aided by a change that already is taking place in the way subsidized low- and moderate-income housing is planned, built and managed: in terms of new construction, the old-style, massively concentrated high-rise public housing "project" is largely a thing of the past; the trend now is strongly toward low-rise dwellings, many of them one-, two-, three- or four-family, on scattered sites, so that they can blend in with the community without detracting from nearby properties. Under the newer Federal programs of financial assistance to low- and moderate-income housing of other sorts, the pattern has been one of variety, enabling the community to fit the development to its own needs.

By approaching local questions of land-use planning in a creative and sophisticated manner, local authorities should in most cases by able to work out site-selection problems in ways that provide adequate housing opportunities for those who need them without disrupting the community.

In other ways as well, we are and will be working to promote better and more open housing opportunities. For example:

-- By Executive Order 11512, issued in February 1970, I ordered that in the selection of sites for Federal facilities consideration should be given to the availability of adequate low- and moderate-income housing -- and I have ordered that all agencies take specifically into account whether this housing is in fact available on a nondiscriminatory basis.

-- Guidelines have recently been issued by the Office of Management and Budget under the provisions of the Uniform Relocation Assistance Act of 1970, to assure that adequate housing is provided on a nondiscriminatory basis and within the financial means of persons displaced by federally financed projects.

-- The Department of Housing and Urban Development has been actively pressing the major Federal agencies regulating lending institutions to establish effective, affirmative measures against racial discrimination in home mortgage financing. The Federal Home Loan Bank Board, which regulates savings and loan institutions, has been the first to undertake the development of new rules and procedural safeguards The Board is also working closely with industry leaders to improve financial services offered to members of minority groups.

-- HUD also engages in a number of other Title VIII activities intended to eliminate racial discrimination in housing. It publishes advisory guidelines to aid those subject to the jurisdiction of the law in understanding their responsibilities; it undertakes studies of housing practices and collects racial data on all of its housing programs in order to determine areas of noncompliance; it conducts continuing community education programs to inform individuals of their rights under law; it encourages national, State and local private organizations in undertaking programs designed to expand housing options for minority group and low-income individuals; it works closely with State and local agencies having fair housing laws substantially equivalent to Title VIII and refers complaints to these agencies.

A FREE AND OPEN SOCIETY

On March 24, 1970, I issued a statement setting forth in detail the administration's policies on school desegregation. In a portion of that statement that applies equally to housing, I said the goal of this administration is "a free and open society" -- and I added:

> In saying this, I use the words "free" and "open" quite precisely.
>
> Freedom has two essential elements: the right to choose, and the ability to choose. The right to move out of a mid-city slum, for example, means little without the means of doing so. The right to apply for a good job means little without access to the skills that make it attainable. By the same token, those skills are of little use if arbitrary policies exclude the person who has them because of race or other distinction.
>
> Similarly, an "open" society is one of open choices -- and one in which the individual has the mobility to take advantage of those choices.

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In speaking of "desegregation" or "integration," we often lose sight of what these mean within the context of a free, open, pluralistic society. We cannot be free, and at the same time be required to fit our lives into prescribed places on a racial grid -- whether segregated or integrated, and whether by some mathematical formula or by automatic assignment. Neither can we be free, and at the same time be denied -- because of race -- the right to associate with our fellow-citizens on a basis of human equality.

An open society does not have to be homogeneous, or even fully integrated. There is room within it for many communities. Especially in a nation like America, it is natural that people with a common heritage retain special ties; it is natural and right that we have Italian or Irish or Negro or Norwegian neighborhoods; it is natural and right that members of those communities feel a sense of group identity and group pride. In terms of an open society, what matters is mobility: the right and the ability of each person to decide for himself where and how he wants to live, whether as part of the ethnic enclave or as part of the larger society -- or, as many do, share the life of both.

We are richer for our cultural diversity; mobility is what allows us to enjoy it.

Economic, educational, social mobility -- all these, too, are essential elements of the open society. When we speak of equal opportunity we mean just that: that each person should have an equal chance at the starting line, and an equal chance to go just as high and as far as his talents and energies will take him.

The Federal Government bears an important share of responsibility for achieving fair housing for all Americans. But fair housing is not the responsibility of the Federal Government alone, and not of government alone. Its achievement depends on all of us -- on the States and localities, on business and industry, on civic and professional leadership, and on each of us in his daily life.

For its part, the Federal Government will discharge fully its own particular responsibilities and offer example and leadership for others in the discharge of their responsibilities. We will be vigorous in enforcing both the constitutional mandate and the statutory requirements that there not be housing discrimination on grounds of race. In the more complex and difficult area of providing subsidized housing in areas where it is needed, we will encourage communities and local developers to take into account the broad needs of the various groups within the community and of the metropolitan area.

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But we all must recognize that the kinds of land use questions involved in housing site selection are essentially local in nature: they represent the kind of basic choices about the future shape of a community, or of a metropolitan area, that should be chiefly for the people of that community or that area to determine. The challenge of how to provide fair, open and adequate housing is one that they must meet; and they must live with their success or failure.

To local officials are entrusted the initial, and often the final, determinations as to how much low- and moderate-income housing is to be built, how well it is to be built and where it is to be built. They operate under the same antidiscrimination strictures that apply to Federal officials. And in terms of site selection and residential zoning -- both sensitive and complex matters, and yet both central to the goal of truly open housing in truly open communities -- they operate in an area little charted by the Supreme Court but increasingly being navigated by the lower courts, as land use restrictions come under mounting challenge on constitutional grounds.

Two recent court cases suggest the boundaries within which other courts will be wrestling with these questions in the months and years just ahead. In one of these cases (James v. Valtierra), the U. S. Supreme Court decided that, absent any evidence of racially discriminatory intent, a State law requiring prior approval of low-rent housing projects by community referendum does not, on its face, violate the Constitution. Noting California's long tradition of using referenda on a wide range of issues of public policy and the factual finding in the lower courts that legitimate economic considerations were involved in the referendum in question, the court concluded that there was no factual basis for a claim that the California law was "aimed at a racial minority." On the other hand, in another case presenting sharply contrasting circumstances (Kennedy Park Homes Association v. City of Lackawanna, N.Y.), a Circuit Court of Appeals recently held illegal certain zoning and other municipal restrictions used to block a subsidized low-income housing development in an all-white neighborhood. In that case the municipal practices were determined to be subterfuges and part of a pattern of racially motivated discrimination by municipal officials; the Supreme Court denied certiorari. In short, the one case did not present evidence of racially discriminatory intent; the other did.

If the infinitely varied individual questions that arise as our thousands of local governments hammer out their individual local land use policies are not appropriate for Federal determination -- and they are not -- neither would it be wise to allow a situation to develop in which they have to be hammered out in the courts. But they no doubt will end up in the courts if they are not satisfactorily dealt with outside the courts through timely and enlightened local action.

This administration will offer leadership in encouraging local and State governments and housing authorities to address this question creatively and imaginatively, and to address it with a keen understanding of the needs of those persons for whom the housing is being provided as well as the needs of the community at large.

Local and State authorities, for their part, should continue to respond constructively, pressing forward with innovative and positive approaches of their own. For it is they -- and beyond them, it is millions of Americans individually -- with whom the challenge primarily rests. We are dealing here in a realm in which Federal authority, while substantial in terms of enforcement, is very limited in terms of the many choices that must be made in each community.

There are some who assume that the Federal Government has the power to do anything it wants -- or that they want. But we have maintained our freedom for nearly two centuries by insisting that the Federal Government's exercise of power not exceed its authority.

I believe in that principle. And because the authority of the Federal agencies is limited -- quite properly, I believe -- with respect to the essentially local and individual choices involved in local community planning, their power will be used in only limited ways.

This does not reduce the challenge to the States, the localities and the people; it heightens it. For the task of making our communities livable, not for some but for all -- of achieving our goals of decent homes and of open communities in a free and open society -- this task summons the best that is in each and every one of us, in a cause that touches our soul as a Nation. We cannot afford to fail. I believe that together we can succeed.

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STATEMENT OF
SECRETARY GEORGE ROMNEY

AT NEWS CONFERENCE

on

EQUAL HOUSING OPPORTUNITY

Washington, D.C.
June 14, 1971

As you know, my Department and the Department of Justice have been working closely together for over a year on policy questions relating to equal opportunity in housing.

Now that the President has issued his statement on this subject, the Attorney General, the General Services Administration, Robert Kunzig, and I are pleased to be able to discuss with you actions which our respective organizations will be taking to implement the President's statement.

It has been agreed that I will lead off. Mr. Kunzig and the Attorney General will then follow with statements, after which we will all be available for questions.

First, I am delighted with the President's statement and decisions. He has forthrightly faced our most complex, emotionally sensitive and explosive domestic situation. That situation arises from the combination of the nation's long overdue racial revolution, the crisis in our metropolitan areas, and our desperate need for a greater supply of less costly housing for American families -- particularly the poor and those of below average income. The President's policy statement is a positive meshing of two inalienable constitutional rights -- equal opportunity for all and freedom of choice for all. In pointing the way toward what ought to be it is a timely and superior example of statesmanship in defining what can be. I will always be proud of the part our Department played in its development.

I want to emphasize my enthusiasm for the President's very positive statement, because some of the early reports suggested that it was at variance with my earlier views and actions, and represented a retrenchment of this Department's policies or activities. Such reports are not based on accurate knowledge and could not have been based on a careful reading of the Presidential statement.

I hope one product of this conference may be to prompt some of those who rushed to judgment to check the record and read the statement with care.

As the President said, the statement does not announce new policies, but seeks to define and explain those we have.

Let me cite three short, but critical paragraphs of the President's statement:

> "At the outset, we set three basic requirements for our program to achieve equal housing opportunity: It must be aimed at correcting the effects of past discrimination; it must contain safeguards to ensure against future discrimination; and it must be results-oriented so its progress toward the overall goal of increasing housing opportunities can be evaluated."

"The Administration is embarked upon this course. It must and will press forward firmly."

"The chief components of such a program include the firm enforcement of laws relating to equal housing opportunity; the development of appropriate equal housing opportunity criteria for participation in programs affecting housing; the development of information programs; and the development of policies relating to housing marketing practices."

I think it would be most useful if I cover briefly the "equal housing opportunity criteria for participation in programs affecting housing," and "policies relating to housing marketing practices."

In discussing program criteria I will first cover policies involving sites for federally-assisted housing, and then cover policies involving community development projects affecting housing, such as urban renewal and water and sewer grants.

Last August, when I appeared before Senator Mondale's Select Committee, I called attention to the huge new volume of federally-assisted housing and indicated that we were working with the Department of Justice to develop site selection policies governing FHA assisted housing programs. I testified that:

"Pending adoption and publication of such policies the FHA is pursuing an informal policy designed to avoid further concentrations of federally-assisted housing in large, institutional settings or in areas of minority racial concentration."

The President has now spoken with respect to this point, and has said:

"As a major part of our national effort to meet these housing needs -- an effort which is both private and governmental -- federally-assisted housing is being built at a rate approaching 3/4 of a million units a year. These units are needed. They are being built. And they must be built someplace. The question is where."

"If all the federally-assisted units are packed together in one type of community or one kind of location, we will only exacerbate the social and, in all probability the racial isolation of our people from each other."

"If we build federally-assisted instant ghettos, we fail both our communities and the people we are trying to help."

"If we impact or tip the balance of an established community with a flood of low-income families, we do a disservice to all concerned."

"The answers to these practical considerations are not simple -- but they are of great importance."

"Based on a careful review of the legislative history of the 1964 and 1968 Civil Rights Acts, and also of the program context within which the law has developed, I interpret the 'affirmative action' mandate of the 1968 Act to mean that the administration of a housing program should include, among the various criteria by which applications for assistance are judged, the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination. This does not mean that no federally-assisted low- and moderate-income housing may be built within areas of minority concentration. It does not mean that housing officials in Federal agencies should dictate local land use policies. It does mean that in choosing among the various applications for Federal aid, consideration should be given to their impact on patterns of racial concentration."

We have now developed project selection criteria for use by our field personnel which will enable them to apply these policies. Because of their importance, we will not make them immediately effective, but will first circulate them for 30 days for public comment. Copies are available for your review.

There are separate forms for use in evaluating homeownership projects under Section 235, for rental projects under Section 236 or rent supplement, and for public housing. While there are some variations resulting from program differences (the homeownership form has no management criterion, for example) the basic format and approach is the same in each case.

A proposed project will be rated "superior", "adequate" or "poor" with respect to criteria ranging from "community need" to "improved environmental location for low income families" to "effect of proposed housing upon neighborhood environment." A key item is "non-discriminatory location." Here a proposed project will earn a "superior" rating if it is outside an area of minority concentration. It can earn a "superior" or "adequate" rating if it is inside an area of minority concentration only if it is either a part of a major new development like Fort Lincoln or the Southwest urban renewal area (where this building is located), which will be racially inclusive, or if it responds to overriding need which can't feasibly be met any other way. If a project doesn't rate at least "adequate" on the non-discriminatory location criterion it will be disapproved.

This clear statement of policy should be very helpful both to our field personnel in rating proposed housing projects, and to developers and sponsors in guiding them as to project characteristics which will enhance the prospects for approval. I think I can anticipate a question by saying that as a general proposition, all other factors being equal, projects outside areas of minority concentration will be given preference.

Now let me turn to community development projects such as urban renewal and water and sewer. Here again, I think it is instructive to note that when I appeared before the Mondale Committee last August, I called attention to such statutory requirements as the "workable program" and the "housing element" in federally financed local planning. I then said:

> "Except where statutes, operating in combination, impose conditions of eligibility, HUD has not adopted the approach recommended by a recent Presidential Task Force, of denying Federal funds to a community which does not take steps to make housing available to low- and moderate-income families. However, most HUD grant programs have far more applications for grants than can be accommodated with available funds. Project selection criteria have been developed for some programs, and are being developed for others, as appropriate, which will take account of the local effort to meet housing needs in assigning relative priority to otherwise qualifying applications."

The President's statement also contains a careful review of these statutory requirements. And while the President has made clear (and I have also consistently sought to make clear) that the Federal Government will not force a reluctant community to accept low income housing, he has also said:

> "To qualify for Federal assistance, the law requires a local housing or community development project to be part of a plan that expands the supply of low- and moderate-income housing in a racially non-discriminatory way."

That is the policy we have followed, are following and will follow. It was this legal requirement that was applied in considering the workable program submitted by Warren, Michigan in connection with its urban renewal application last Summer.

The President has also said:

> "We will carry out our programs in a way that will be as helpful as possible to communities which are receptive to the expansion of housing opportunities for all of our people."

To implement that policy with respect to the water and sewer grant program, we have a project selection system which takes into account, in addition to such factors as public health and financial need, the accessibility of low- and moderate-income housing in the area to be served by the project. Copies are available for your review.

Before I leave this discussion of program criteria I want to call attention to two other points in the President's statement which will guide us in our relationships with local communitites:

> "We will be vigorous in enforcing both the constitutional mandate and the statutory requirements that there not be housing discrimination on grounds of race. In the more complex and difficult area of providing subsidized housing in areas where it is needed, we will encourage communities and local developers to take into account the broad needs of the various groups within the community and of the metropolitan area."

> "We will not seek to impose economic integration upon an existing local jurisdiction; at the same time, we will not countenance any use of economic measures as a subterfuge for racial discrimination."

Finally, I'd like to cover the matter of policies relating to marketing of federally-assisted housing. As some of you may know, we recently published in the Federal Register for comment guidelines which we propose governing the advertising of housing for sale or rent. These guidelines are directed to newspapers, but they will also be helpful to housing sponsors, owners, sellers and renters.

We have for many years imposed a general requirement of non-discrimination in the sale or rental of FHA assisted housing. But in response to the "affirmative action" requirement of Title VIII of the 1968 Civil Rights Act, and in furtherance of the equal opportunity policies set forth in the President's statement, we now propose additional regulations designed to ensure that there truly is equal opportunity for eligible persons of all races to buy or rent federally-assisted housing. These regulations govern such things as advertising practices, non-discrimination in the employment of sales personnel, informing relocation agencies of housing availability, consideration of persons referred by HUD, and the like. The requirements cover subdivisions, multifamily projects, and mobile home courts wherever 25 or more units are involved. One further significant requirement is that HUD field offices will make available to interested persons and groups (including for example, minority brokers and fair housing organizations) upon request, every 30 days, lists of FHA subdivisions or projects on which FHA has issued commitments. This should help to spread the word regarding availability of FHA assisted housing more broadly, as recommended by the United States Commission on Civil Rights in its report last week.

These affirmative marketing guidelines are also being published for 30 days for comments before they become effective. Copies are available for your review.

Now, another aspect of our effort to expand housing opportunities relates to the availability of low- and moderate-income housing in the vicinity of newly located Federal facilities. Last week GSA and HUD signed an agreement covering this matter which we think is significant, and I'm pleased that the Administrator of the General Services Administration, Mr. Robert L. Kunzig, is here to tell you about it. After Mr. Kunzig's statement, the Attorney General will have a statement.

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STATEMENT OF
ROBERT L. KUNZIG, ADMINISTRATOR
GENERAL SERVICES ADMINISTRATION

At News Conference
on
Equal Housing Opportunity

Washington, D.C.
June 14, 1971

MR. KUNZIG: Let me first add my words to those of Secretary Romney in praise for the President's statement, and particularly in praise now for the agreement, which I think is a practical, workable agreement between HUD and the General Services Administration.

I will explain this in detail very briefly here.

The Memorandum of Understanding between the Department of Housing and Urban Development and the General Services Administration is intended to provide an effective, systematic arrangement for implementation of those provisions of Executive Order 11512 designed to promote the availability of low and moderate income housing on a nondiscriminatory basis.

The Memorandum deals both specifically with adequacy of accessible housing for Federal employees who will be working in a new facility, and generally with housing as one factor in improving social and economic conditions in the community in which the facility is to be located.

The Memorandum provides that GSA will consult with HUD and rely upon HUD's advice and expertise in making both of these determinations. The agreement contains seven basic points.

One: HUD will advise GSA on the availability of low and moderate income housing on a nondiscriminatory basis in connection with all substantial Federal construction and leasing actions. The emphasis there is on advising on the availability.

Second: HUD will participate with GSA in the investigation of prospective sites for both public building projects and leased space. The emphasis there is on the participation in the investigation.

Third: GSA will rely principally upon the advice of HUD with respect to the adequacy of low and moderate income housing on a nondiscriminatory basis in making the determination required under Executive Order 11512. The emphasis there is the fact that we rely principally on what HUD tells us.

Fourth: In the event GSA determines a Federal facility or leased space is to be located in an area where HUD has found the availability of low and moderate income housing on a nondiscriminatory basis to be inadequate, GSA will provide HUD with a written explanation of the reasons for the selection of that location. An example of that sort of situation is a border station, which has to be in a certain place and can't be in the middle of Iowa. It has to be on a border, and there may or may not be housing available.

Five: GSA and HUD will develop an affirmative action plan to assure Federal personnel access to low and moderate income housing where HUD has advised that such housing is inadequate.

Six: HUD has agreed to give priority to applications for assistance under its housing programs for the housing to be provided under the action plan.

Seven: Federal agencies, which will occupy the space, will also provide a counseling and referral service to assist personnel in obtaining housing.

STATEMENT OF
JOHN N. MITCHELL
ATTORNEY GENERAL

AT NEWS CONFERENCE

on

EQUAL HOUSING OPPORTUNITY

Washington, D.C.
June 14, 1971

ATTORNEY GENERAL MITCHELL: Ladies and gentlemen, I would like to join the Secretary and Mr. Kunzig in expressing my complete approval of the contents and the thrust of the President's statement.

With respect to the participation and functions of Justice that are delineated under that statement, I would like to point out what the Secretary has said, that it is not announcing a new policy.

We will, in Justice, continue to carry out what we have been doing before under the mandate of the President's statement. This, of course, provides that Justice strive in the area of open housing, and we have been doing this, and we will continue to do so through lawsuits and through the negotiation of voluntary compliance, which is becoming more and more extensive now that we have established a program of litigation and principles of law.

Also, as the statement says, we will continue to use the powers that we have available to us, to eliminate unlawful racial discrimination which is brought about by community action in the field of zoning or land-use regulations.

And thirdly, to carry out these endeavors, we will continue to work very closely with the people in HUD, because in the last analysis, they have the prime responsibility in these areas; certainly in the initiation of them, and in many cases we act as their lawyer.

There are other cases which are referred to us through other means, and we will continue to use our legal powers to accomplish the desired results as set forth in the President's statement.

* * * *

QUESTION: Mr. Mitchell, what are you going to do about Black Jack, Missouri?

MR. MITCHELL: I was afraid nobody would ask me. I can say that, as of today, I have authorized the filing of a suit in the Black Jack case, along with eight other housing discrimination cases.

STATEMENT OF

SECRETARY GEORGE ROMNEY

TO THE

UNITED STATES COMMISSION ON CIVIL RIGHTS

WASHINGTON, D.C.
JUNE 15, 1971

I am pleased to be here to discuss with you the subject of civil rights and housing. It is a subject in which I have been involved directly and personally many times over the last 30 years.

As Vice-President of the Detroit Victory Council, I fought segregated war housing during World War II. As a delegate to Michigan's Constitutional Convention, I helped lead the fight for a state Civil Rights Commission. And as Governor I worked to build the Commission into a well-staffed, aggressive agency, and to expand its powers, particularly in the housing field.

My fundamental convictions on housing discrimination have not changed; if anything, they have intensified over the years. What has changed, hopefully, is the breadth and depth of my understanding of the unequalled complexity of issues and problems which have come to be associated with housing and race.

The President's statement last Friday, I believe, goes a long way toward laying out these issues candidly and thoroughly. It tries to separate facts from myths, recognizing that myths about race and housing must be put on the table and faced. It strives for objectivity, realizing that emotions on all sides are likely to influence events for a long time to come.

The President's statement articulates the commitments and policies which have guided the Administration so far. Most important, it is -- as should be already clear -- a springboard for action.

I am convinced we can move forward now -- faster, more firmly and effectively than ever before. And surely, the pace of our progress will be quicker if all who share the vision of an open society with open communities can join in devising and implementing strategies which will make that vision a reality.

An open community cannot be defined primarily in physical terms. We cannot prescribe its size or contours; the precise combination of houses, apartments, parks, streets, and factories. Nor can we prescribe the "right" physical characteristics of people who live in any given location.

An open community must be defined primarily in human terms. We have an open society with open communities when each citizen has freedom of movement, and opportunity to live and work with dignity; and when public and private institutions protect and enhance his freedom and opportunity.

Measured in these human terms, our nation's great metropolitan areas are not open communities for many minority Americans. These Americans are caught in an intricate web of public policies and private prejudices which severely limit their opportunities to live and work wherever they might choose.

Our historic failure as a society to provide truly equal opportunity for all has now placed its stamp on the physical and political map of our cities and suburbs. Deep divisions exist. According to new census data, racial concentration is intensifying, as the President detailed in his message. The President also spelled out the consequences:

> "Separation of the races, particularly when it is involuntary, has damaging consequences. One is racial isolation -- the social isolation of the races from each other -- an estrangement that all too readily engenders unwarranted mistrust, hostility and fear.
>
> "Another consequence of involuntary racial separation is the waste of human resources through the denial of human opportunity. No nation is rich enough and strong enough to affort the price which dehumanizing living environments extract in the form of wasted human potential and stunted human lives ...
>
> "Another price of racial segregation is being paid each day in dollars: in wages lost because minority Americans are unable to find housing near the suburban jobs for which they could qualify ..."

The President then concluded:

> "Clearly, both outright racial discrimination and persisting patterns of racial concentration combine to create a serious set of problems that public policy must seek to meet."

The question of public policy is not left hanging in the air, but is addressed squarely by the President:

> "At the outset, we set three basic requirements for our program to achieve equal housing opportunity: It must be aimed at correcting the effects of past discrimination; it must contain safeguards to ensure against future discrimination; and it must be results-oriented so its progress toward the overall goal of increasing housing opportunities can be evaluated.
>
> "The administration is embarked upon this course. It must and will press forward firmly.

> "The chief components of such a program include the firm enforcement of laws relating to equal housing opportunity; the development of appropriate equal housing opportunity criteria for participation in programs affecting housing; the development of information programs; and the development of policies relating to housing marketing practices."

The President further elaborates his position in his broad reading of the "affirmative action" mandate of Title VIII.

> "I interpret the 'affirmative action' mandate of the 1968 Act to mean that the administrator of a housing program should include, among the various criteria by which applications for assistance are judged, the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination. This does not mean that no federally assisted low- and moderate-income housing may be built within areas of minority concentration. It does not mean that housing officials in Federal agencies should dictate local land use policies. It does mean that in choosing among the various applications for Federal aid, consideration should be given to their impact on patterns of racial concentration.
>
> "In furtherance of this policy, not only the Department of Housing and Urban Development but also the other departments and agencies administering housing programs -- the Veterans Administration, the Farmers Home Administration and the Department of Defense -- will administer their programs in a way which will advance equal housing opportunity for people of all income levels on a metropolitan areawide basis."

In the face of such explicit affirmation of national policy, it is difficult to understand a persistent misconception of the President's position. It has been alleged that the President takes a "passive" view of the Federal role in housing, and that he is unwilling to wield what some perceive as "the enormous leverage" of the Federal Government to make low- and moderate-income housing available throughout metropolitan areas on a nondiscriminatory basis.

The root of the misunderstanding appears to lie in differing perceptions of the Federal role in housing and community development generally. Because of the tragic dislocations and injustices which have tormented our nation during its recent history of explosive urbanization, it is tempting to look for villains and scapegoats.

The Federal Government with agencies like FHA, the old urban renewal agency, and others assumed this malevolent role in the eyes of many. It follows, of course, that the Federal Government can and should now assume the role of omnipotent hero - righting all wrongs, knocking down all barriers with a flourish,

and redrawing the crazy quilt map of our metropolitan areas.

This scenario simply does not fit the facts. Without minimizing the federal role in either creating problems or solving them, and without defending federal policies which were clearly indefensible, we should at least recognize that, for example, the vast majority of suburban homes were built without any FHA involvement at all.

The presumed "enormous leverage" of HUD programs should also be kept in perspective. For example, the water and sewer program, which is often cited as a powerful lever, has provided partial assistance to only about one in ten suburban jurisdictions during the entire five-year life of the program. Although we do have some leverage HUD programs are in fact of marginal interest to most well established suburbs, and it is sheer illustion to think that HUD can bring about startling overnight changes in the existing suburban physical and social landscape by turning federal money on or off.

What the President has said is that the federal government is not going to create an army of federal zoning officials to march through thousands of individual suburbs, substitute federal zoning for local zoning, and thus impose low- and moderate-income housing or "economic integration" by "bureaucratic fiat."

But the President also said:

> "We will encourage communities to discharge their responsibility for helping to provide decent housing opportunities to the Americans of low- and moderate -income who live or work within their boundaries.
>
> "We will encourage communities to seek and accept well-conceived, well-designed, well-managed housing developments -- always within the community's capacity to assimilate the families who live in them.
>
> "We will carry out our programs in a way that will be as helpful as possible to communities which are receptive to the expansion of housing opportunities for all of our people."

And how does the Federal Government "encourage" positive action in this field? It does so by administering its programs and its limited resources to achieve stated national policies and purposes. That is what my department has done and will continue to pursue vigorously in the future.

I would now like to outline for you a kind of status report on what we have already done, and what further actions we have underway. First, I will cover policies involving federally assisted housing, and then comment briefly on policies involving community development projects affecting housing.

Last August, when I appeared before Senator Mondale's Select Committee, I called attention to the huge new volume of federally assisted housing and indicated that we were working with the Department of Justice to develop site selection policies governing FHA assisted housing programs. I testified that:

> "Pending adoption and publication of such policies the FHA is pursuing an informal policy designed to avoid further concentrations of federally assisted housing in large, institutional settings or in areas of minority racial concentration."

This informal, but explicit policy was first instituted in late 1969, and we are beginning to see some preliminary results. You should bear in mind, of course, that because of the several months lag between application and housing completion, there is a corresponding lag in visible results. I believe, however, that the maps I am about to show you indicate an encouraging trend toward a broader variety of locational choice throughout metropolitan areas. Clearly, the maps do not show the detail on racial and economic characteristics which is necessary for a complete evaluation, but they do indicate an incipient trend.

BALTIMORE

The Baltimore map shows that before January 1970, 22 projects were built inside the city limits (shown inside the red line) while only 2 projects were located outside the city limits. The black circles identify all subsidized housing of 20 units or more, including public housing, rent supplements, 221(d)(3), Sections 235, 236, and 202 elderly. During the next six-month period 20 projects were completed in the city and 9 were located elsewhere in the metropolitan area, showing some progress in dispersal. Between July and December 31, 1970, only 4 projects were started in the city while 12 new projects were located outside the city limits. The Baltimore metropolitan area is quite large, as shown in the small inset map.

WASHINGTON, D. C.

While the rate of construction of federally assisted projects has declined recently in the Washington, D.C. metropolitan area, the location of the projects has been directed to areas beyond the city's boundaries.

As of January 1, 1970, the map shows an equal distribution of projects within and outside of the city limits -- 21 projects each. During the next 6 months, 5 projects were started inside the city and 14 were located in other parts of the metropolitan area. Only 3 projects were started inside the city in the six-month period which runs from July to December 1970, as compared with 9 projects in surrounding areas.

I should point out, that many of the projects started in 1970 were processed and approved earlier, so we should show an even better distribution in 1971.

SAN DIEGO

San Diego shows a large amount of subsidized housing located outside the city boundaries in widely scattered parts of the metropolitan area. Only 8 projects were located in the city as of December 31, 1970; five existed prior to January 1, 1970 and three were added between July 1 and December 31, 1970. Prior to January 1, 1970, only three projects had been located outside the city. During the six-month period from January 1 to July 1, 1970, 25 projects were built in outlying parts of the metropolitan area. An additional 21 projects were completed and located in the remaining portion of the SMSA, particularly to the east of the city.

SAN ANTONIO

Activity in the San Antonio area has been strong and the effect of the instructions given to the field office concerning the location of assisted housing projects can be seen. As of January 1, 1970, 42 projects were within city limits; only one project outside. In the next six months, 7 projects were started within the city limits, none outside. During the third period, 12 projects were started outside the city limits and 11 were started inside.

PITTSBURGH

The Pittsburgh metropolitan area contains a large volume of federally assisted housing. As of January 1, 1970, 33 projects had been started inside the city limits and approximately 50 projects were scattered throughout the remainder of the four-county metropolitan area. Construction activity decreased during the next six months when 17 projects were started within the city and 5 projects were located in the area immediately outside the city. During the six-month period ending December 31, 1970, 9 projects were started in Pittsburgh city, while 16 projects were begun in various parts of the SMSA.

A number of projects are clustered in the eastern and western sections of Pittsburgh inside the city limits. This shows the first results of Project Rehab, the Department's special effort to stimulate use of its assisted programs to finance the large scale rehabilitation of absentee-owned substandard housing. In Pittsburgh, HUD and a private organization created and financed by a large number of industrial firms have been cooperating aggressively to rehabilitate substandard housing on a volume basis using the Section 236 and rent supplement programs primarily. We think it is vital that federal housing assistance programs be used to rebuild slum areas at the same time they are being used to create housing opportunities for minorities outside of the center city. Both approaches, I am convinced, are fully consistent with our overriding objective of creating freedom of housing choice for all Americans.

JACKSONVILLE

Jacksonville, Florida, has demonstrated an effort to achieve a variety of locations for federally assisted housing.

A total of 19 projects had been started within city boundaries as of January 1, 1970, compared with 7 projects outside the city limits. During the next six months, twice as many projects (12) were built outside the city as within its boundaries. During the last 6 months of 1970, 4 projects were located in Jacksonville proper; 8 were located in other parts of Duval County.

These results have been achieved under the Department's informal policy, which was not reduced to writing. Now that the President has issued his statement, we are in a position to give more explicit policy guidance to our field personnel.

We have developed project selection criteria covering the major assisted housing programs. Because of their importance, we will not make them immediately effective, but will first circulate them for 30 days for public comment. Copies are available for your review and suggestions.

There are separate forms for use in evaluating homeownership projects under Section 235, for rental projects under Section 236 or rent supplement, and for public housing. While there are some variations resulting from program differences (the homeownership form has no management criterion, for example) the basic format and approach is the same in each case.

A proposed project will be rated "superior", "adequate" or "poor" with respect to criteria ranging from "community need" to "improved environmental location for low income families" to "effect of proposed housing upon neighborhood environment." A key item is "nondiscriminatory location". Here a proposed project will earn a "superior" rating if it is outside an area of minority concentration. It can earn a "superior" or "adequate" rating if it is inside an area of minority concentration only if it is either a part of a major new development like Fort Lincoln or the Southwest urban renewal area (where the HUD building is located), which will be racially inclusive, or if it responds to overriding need which can't feasibly be met any other way. If a project doesn't rate at least "adequate" on the nondiscriminatory location criterion it will be disapproved.

This clear statement of policy should be very helpful both to our field personnel in rating proposed housing projects, and to developers and sponsors in guiding them as to project characteristics which will enhance the prospects for approval. I think I can anticipate a question by saying that as a general proposition, all other factors being equal, projects outside areas of minority concentration will be given preference.

Now I would like to cover the matter of policies relating to marketing of federally assisted housing. As some of you may know, we recently published in the Federal Register for comment guidelines which we propose governing the advertising of housing for sale or rent. These guidelines are directed to newspapers, but they will also be helpful to housing sponsors, owners, sellers and renters.

We have for many years imposed a general requirement of non-discrimination in the sale or rental of FHA assisted housing. But in response to the "affirmative action" requirement of Title VIII of the 1968 Civil Rights Act, and in furtherance of the equal opportunity policies set forth in the President's statement, we now propose additional regulations designed to ensure that there truly is equal opportunity for eligible persons of all races to buy or rent federally assisted housing. These regulations govern such things as advertising practices, non-discrimination in the employment of sales personnel, informing relocation agencies of housing availability, consideration of persons referred by HUD, and the like. The requirements cover subdivisions, multifamily projects, and mobile home courts wherever 25 or more units are involved. One further significant requirement is that HUD field offices will make available to interested persons and groups (including for example, minority brokers and fair housing organizations) upon request, every 30 days, lists of FHA subdivisions or projects on which FHA has issued commitments. This should help to spread the word regarding availability of FHA assisted housing more broadly, as recommended by your Commission in its report on 235 housing last week.

These affirmative marketing guidelines are also being published for 30 days for comments before they become effective. Copies are available for your review and suggestions.

In addition to these new program standards and guidelines, HUD is continuing its support of innovative efforts to end the invidious dual housing market which prevails in almost all metropolitan areas. We have three contracts in force -- in Chicago, San Francisco, and Washington, D.C. -- to develop and test the most effective techniques for achieving an open housing marketing system. These efforts will demonstrate methods which can be duplicated in other metropolitan areas to increase housing opportunities for minority citizens by eliminating segregated dual real estate markets.

Now, another aspect of our effort to expand housing opportunities relates to the availability of low- and moderate-income housing in the vicinity of newly located Federal facilities. Last week GSA and HUD signed an agreement covering this matter which we think is very significant.

The purpose of the agreement is to provide an effective, systematic arrangement under which the Federal Government, acting through HUD and GSA, wil fulfill its responsibilities under law, and as a major employer.

Under the agreement, HUD will investigate the availability of low- and moderate-income housing on a nondiscriminatory basis and make findings and provide advice to GSA as to such availability with respect to proposed locations for a federally-constructed building or leased space. In the event that GSA has no reasonable alternative to a site where the supply of low- and moderate-income housing on a nondiscriminatory basis is inadequate to meet the needs of the personnel of the agency involved, GSA and HUD will develop an affirmative action plan designed to assure an adequate supply of housing within six months after the building or space is to be occupied.

Turning now to the Department's various community development grant programs, I want to re-emphasize that we will continue to apply the law and this Administration's policies to those programs. This does not mean that we will apply a rigidly simplistic one-dimensional criterion to all program applications; however, it does mean that communities which actively pursue the expansion of housing opportunities have an advantage in the competition for limited program dollars.

In this connection, the President's statement of June 11 set forth three important statutory mandates, as follows:

> " -- As noted earlier, HUD may not make a grant under any of its programs if the recipient will discriminate or otherwise deny the benefits of the assisted activity or project to persons on account of race."
>
> " -- Where the "workable program" requirement -- imposed on local communities by the Housing Act of 1949, as amended in 1954, in connection with urban renewal and related programs -- is a condition of eligibility, HUD may not make a grant in the absence of a HUD-certified workable program for community improvement. The program must make reasonable provision for low- and moderate-income housing, which must of course be available on a nondiscriminatory basis."
>
> " -- Where comprehensive planning is supported by a Federal grant under the 1954 Housing Act, as amended in 1968, the plan must include a "housing element" to insure that "the housing needs of both the region and the local communities studied in the planning will be adequately covered in terms of existing and prospective in-migrant population growth." This provision has broad application, since such planning grants are often used to prepare the areawide plans which are a prerequisite for Federal financial assistance under the water and sewer, open space, and new communities programs."

These statutory requirements impose basic conditions of eligibility.

As I noted earlier, the President has also said:

> "We will carry out our programs in a way that will be as helpful as possible to communities which are receptive to the expansion of housing opportunities for all of our people."

To implement that policy with respect to the water and sewer grant program, we have a project selection system which takes into account, in addition to such factors as public health and financial need, the accessibility of low- and moderate-income housing in the area to be served by the project. Copies are available for your review.

Finally, I want to say a word about long-range prospects for metropolitan open communities. I believe that most Americans, fundamentally, are receptive to the kind of constructive change we have been discussing here today. Much depends, however, on the approach of those who are charged with the responsibility for public and private leadership. If we permit or encourage the tough issues involved to be posed in over-simplified terms of racial polarization, the cause of open communities will be set back. This has already cost valuable time.

Furthermore, when there is too much pressure for what "ought to be, it prevents what can be" But if we convince Americans of all races that there are comprehensive approaches which can harness continuing metropolitan growth and turn it to the welfare of all citizens, we can yet succeed.

It is vital to the future of all America -- yes and to the world -- that we do succeed in accelerating progress toward providing every American with his inalienable constitutional rights of equal opportunity and freedom of choice.

# # #

THE UNDER SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

July 6, 1971

Mr. Howard A. Glickstein
Staff Director
U.S. Commission on Civil Rights
1304 4th Street, S. W.
Washington, D. C. 20024

Dear Mr. Glickstein:

During Secretary Romney's testimony at the Commission's hearings on Tuesday, June 15, Dr. Horn asked that our General Counsel identify which projects assisted by this Department are required to be part of a plan which expands the supply of low- and moderate-income housing in a racially nondiscriminatory way. Such projects were mentioned in the third paragraph on page two of the President's recent statement on Federal policies relative to equal housing opportunity. The President stated there:

> "To qualify for Federal assistance, the law requires a local housing or community development project to be part of a plan that expands the supply of low- and moderate-income housing in a racially nondiscriminatory way."

The answer to Dr. Horn's inquiry is contained in the attached memorandum from our General Counsel, which I assume you will want to make part of the permanent record of the hearing.

Very truly yours,

/s/ Richard C. Van Dusen

Richard C. Van Dusen

July 1, 1971

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MEMORANDUM FOR: Secretary Romney

SUBJECT: Federally Assisted Local Housing and Community Development Projects Which Are Legally Required to be Part of a Plan Which Expands the Supply of Low- and Moderate-Income Housing in a Nondiscriminatory Way

The President in his statement on June 11, 1971 on Equal Housing Opportunity stated:

> "To qualify for Federal assistance, the law requires a local housing or community development project to be part of a plan that expands the supply of low- and moderate-income housing in a racially nondiscriminatory way."

You have asked that I set forth in detail laws, local housing projects, community development projects and plans to which the above paragraph relates.

I. Housing Projects

In his statement, the President makes it clear that Title VIII -- Fair Housing -- of the 1968 Civil Rights Act requires that this Department have a policy, or plan, to expand the supply of housing in a nondiscriminatory manner. He said:

> "Based on a careful review of the legislative history of the 1964 and 1968 Civil Rights Act, and also of the program context within which the law has developed, I interpret the affirmative action' mandate of the 1968 act to mean that the administrator of a housing program should include, among the various criteria by which applications for assistance are judged, the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination....
> (This) does mean that in choosing along the various applications for Federal aid, consideration should be given to their impact on patterns of racial concentration."

In accord with that statement and pursuant to the requirement that the Department have a fair housing policy, HUD is instituting a departmental plan to expand the supply of low- and moderate-income housing in a nondiscriminatory way. This plan takes the form of a project selection system which this Department will use in determing whether an application for 235 (i), 236, rent supplement or low-rent public housing projects is acceptable and, among acceptable applications, the priority of funding.

In evaluating a project application, the Department will consider, among others, the following three criteria which are directed to expanding the supply of low- and moderate-income housing in a nondiscriminatory manner: "Nondiscriminatory Location," "Improved Environmental Location for Lower Income Families" and "Relationship to Orderly Growth and Development." Although proposed project applications may be rated "superior," "adequate" or "poor" on each criterion, projects must receive at least an "adequate" rating on these three criteria before the application will be considered for Federal assistance. Because of this threshold requirement and because applications with superior ratings stand a better chance of being funded than those rated adequate, this project selection system will tend to expand the supply of low- and moderate-income housing in a nondiscriminatory way.

II. Community Development Projects

For Urban Renewal and related programs, the statute requires (1) that communities seeking assistance adopt a "workable program for community improvement," including plans for "residential neighborhoods," and (2) that on the basis of such program, or plan, Federal assistance may be made available to the community.* Because this program is directed to curing urban blight, slums and deterioration, the geographical area covered by the "workable program" is virtually always in need of an expanded supply of low- and moderate-income housing, which the plan is required to provide for. Federal assistance can only be made available if the plan is nondiscriminatory.** Hence, the plan is required to expand the supply of low- and moderate-income housing in a nondiscriminatory way.

Projects under each of the following three community development programs are required by statute to be part of an areawide plan of some kind.

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* Section 101 (c) of Title I of the Housing Act of 1949, as amended.
** Section 601 of Title VI of the Civil Rights Act of 1964

Open Space program grants can be made only if a project is "part of the comprehensively planned development of the urban area."* "Urban area" in the Open Space statutes is defined to include not only what is narrowly considered the urban area, but also surrounding economically and socially related regions.

For New Communities programs, grants must be for projects which are part of a plan which includes "provision for housing within the means of persons of low- and moderate-income."**

After October 1, 1971, Water and Sewer facilities grants will be required to be part of "the comprehensively planned development of the area."*** Prior to October 1, 1971, grants will be made if such plans are under active preparation.

Often the plan which the community uses to qualify under one of these development programs is a Comprehensive Plan formulated with funds provided by the Department under Section 701 of the Housing Act of 1954. A plan pursuant to Section 701 is required to have a "housing element" and deal with the housing needs of the area.**** If the area will need an expanded supply of low- and moderate-income housing, Title VI of the 1964 Civil Rights Act requires that the plan for expanding it be nondiscriminatory. Of course in some cases there may not be any need for low- and moderate-income housing, in which case a plan obviously will not provide for an expanded supply.

In some cases Section 701 comprehensive planning is not used. When it is not, Open Space and New Communities projects, by the very wording of their respective statutes, are required to be part of a plan which provides for any needed expansion of low- and moderate-income housing. Pursuant to the requirement in Section 808(e)(5) of Title VIII of the Civil Rights Act of 1968 that the Department administer its programs to further fair housing, the Department requires that the planned expansion be nondiscriminatory.

Although some Water and Sewer projects which are not part of a Section 701 plan may be part of a plan which does not provide for increased amounts of low- and moderate-income housing,

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* Section 703(a) of Title VII of the Housing Act of 1961, as amended.

** Section 712(a)(7) of Title VII of the Housing and Urban Development Act of 1970.

*** Section 702(c) of Title VII of the Housing and Urban Development Act of 1965 as amended.

**** Section 701(a) of the Housing Act of 1954, as amended.

pursuant to the mandate of Title VIII of the 1968 Civil Rights Act, the Department is instituting a point system for awarding priority of consideration among Water and Sewer applications. In this system, applications for projects which are planned to serve areas containing nondiscriminatory low- and moderate-income housing will receive more points than otherwise similar projects, thus increasing the likelihood that projects serving such housing will be funded.

/s/ David O. Maxwell

David O. Maxwell

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Federal Housing Administration
[24 CFR Part 200]

[Docket No. R-71-119]

PROJECT SELECTION CRITERIA

Notice of Proposed Rule Making

The Department proposes to amend Chapter II of Title 24 of the Code of Federal Regulations to add a new Subpart N, entitled "Project Selection Criteria." The proposed subpart is intended to apprise sponsors, developers, and other interested persons of the criteria and data to be used by Area and Insuring Offices to evaluate:

(a) Requests for reservation of contract authority for lower income homeowners assistance projects under the National Housing Act (sec. 235(i) of the Act, 12 U.S.C. 1715z(i)),

(b) Requests for reservation of contract authority for rent supplement and lower income families assistance projects under section 236 of the Act (12 U.S.C. 1715z-1), and

(c) Applications for low-rent public housing assistance pursuant to the United States Housing Act of 1937 (42 U.S.C. 1401, et seq.). Because the clear and accurate presentation of the required data, and the priorities assigned to that data, are of the utmost importance in evaluating applications, we are publishing the proposed Project Selection Criteria which Area and Insuring Offices would be required to consider.

As indicated in the rating table which follows the criteria, an application will be disapproved in the event of either:

(a) Two or more "poor" ratings in either the 235(i) or 236 applications or three or more "poor" ratings on the low-rent public housing application; or

(b) A "poor" rating on any of the required criteria in any of the three applications.

The required criteria are: Item No. 1, "Community Need for Lower Income Housing"; Item No. 2, "Efficient Production"; Item No. 3, "Nondiscriminatory Location"; Item No. 4 "Improved Environmental Location for Lower Income Families"; Item No. 6, "Relationship to Orderly Growth and Development"; and, if applicable, Item No. 8, "Provision for Sound Housing Management."

When these proposed regulations become final, they will supercede the Nondiscrimination in Housing section of the site selection chapter of the HUD Low-Rent Housing Preconstruction Handbook, RHA 7410.1(2)(g).

Interested persons are invited to participate in the making of the proposed rule by submitting written data, views, or statements with regard to the proposed regulations. Communications should identify the proposed rule by the above docket number and title and should be filed in triplicate with the Rules Docket Clerk, Office of General Counsel, Department of Housing and Urban Development, Washington, D.C. 20410. All relevant material received on or before July 26, 1971, will be considered by the Secretary before taking action on the proposal. Copies of comments submitted will be available during business hours, both before and after the specified closing date, at the above address, for examination by interested persons.

The proposed Subpart N reads as follows:

Subpart N—Project Selection Criteria

§ 200.700 Purpose.

The purpose of this subpart is to set forth the project selection criteria to be used in evaluating (a) requests for reservation of contract authority for projects under section 235(i) of the National Housing Act; (b) requests for reservation of contract authority for rent supplements and projects under section 236 of the Act; and (c) applications for low-rent housing assistance under the United States Housing Act of 1937.

§ 200.705 Authority.

The regulations in this subpart are issued pursuant to Executive Order 11063, 27 F.R. 11527; title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d–1; title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608; sections 235(i) and 236 of the National Housing Act (12 U.S.C. 1715z(i) and 1715z–1); and the United States Housing Act of 1937 (42 U.S.C. 1401).

§ 200.710 Request for reservation of contract authority for section 235 projects.

A request for reservation of contract authority for a proposed project pursuant to section 235(i) of the National Housing Act shall be evaluated and processed in accordance with the following Evaluation of Request:

EVALUATION OF REQUESTS FOR RESERVATION OF CONTRACT AUTHORITY—SECTION 235(1)

☐ Reservation
☐ Priority registration
Date of request _____
Builder or developer: _____
Identification of subdivision: _____
Registration number, if approved _____

INSTRUCTIONS: In evaluating applications for low-rent public housing, the Area Office shall take into consideration the following selection criteria. Each criterion should be commented upon in the space provided and evaluated by checking the appropriate box in each category. Only one box should be checked in each category. The criteria shall be evaluated in accordance with the guidance provided in the instructions set forth hereinafter.

1. *Community need for lower income housing*—☐ Superior ☐ Adequate ☐ Poor.

(a) Relative need for housing by lower income families in the neighborhood and market area to be served. _____

(b) Proposed unit types conform with the composition of the lower income housing need in the neighborhood and market area to be served. _____

(c) Housing will serve as a relocation resource for families displaced by governmental action. _____

2. *Efficient production*—☐ Superior ☐ Adequate ☐ Poor.

(a) Experience and resources of the sponsor/developer to proceed promptly to construction and completion. _____

(b) Ability of the sponsor/developer to provide housing at the lowest practicable cost and rentals without sacrificing good design and a marketable product. _____

3. *Nondiscriminatory location*—☐ Superior ☐ Adequate ☐ Poor.

(a) Outside an area of minority concentration. _____

(b) Area substantially racially mixed. ____

(c) In area of minority concentration but project will be part of major comprehensive development providing housing at various income levels and expected to be racially inclusive. _____

(d) In area of minority concentration but responsive to overriding need for housing which cannot feasibly be met by other new or existing housing. _____

4. *Improved environmental location for lower income families*—☐ Superior ☐ Adequate ☐ Poor.

The opportunity for low-income families to live in neighborhoods which are:

(a) Outside areas which have an excessive concentration of subsidized housing. _____

(b) Accessible to job opportunities. _____

(c) Provided with good transportation at reasonable cost. _____

(d) Accessible to good educational, commercial, and recreational facilities. _____

5. *Effect of proposed housing upon neighborhood environment*—☐ Superior ☐ Adequate ☐ Poor.

(a) Compatibility of the land use concept and architectural design of the proposed housing with the existing neighborhood. ____

(b) Ability of project to uphold or improve existing property values. _____

(c) Compatibility of density levels of the proposed housing with existing and projected plans for the neighborhood. _____

6. *Relationship to orderly growth and development*—☐ Superior ☐ Adequate ☐ Poor.

(a) Neighborhood is undergoing comprehensive improvement via urban renewal, model cities, or rehabilitation—either Federal, State, or locally assisted. _____

(b) Proposed housing is compatible with A–95 areawide planning and/or other established local planning. _____

(c) Project will contribute to orderly and economical community growth. _____

7. *Employment and utilization of employees and business in project area*—☐ Superior ☐ Adequate ☐ Poor.

Project will provide an opportunity for training and employment of lower income persons residing in the area and/or opportunity for work to be performed by business concerns located in or owned in substantial part by persons residing in the area. _____

SUMMARY

Score on required criteria 1, 2, 3, 4, 6	Total score	Priority group (circle appropriate group number)
Superiors _____	Superiors _____	1. At least 5 superior ratings and no poor ratings, or 6 superior ratings and 1 poor rating.
Adequates _____	Adequates _____	2. Up to 4 superior ratings and no poor ratings, or 5 superior ratings and 1 poor rating.
Poors _____	Poors _____	3. Up to 4 superior ratings and 1 poor rating, or 5 superior ratings and 2 poor ratings.
		4. Up to 4 superior ratings and 2 poor ratings.

☐ *Disapproval.* More that 2 Poor ratings, or one Poor rating on a required criterion.

NOTE: A request which does not have at least an adequate rating on all of the required criteria Nos. 1, 2, 3, 4, 6 shall be disapproved. Proposals in priority group No. 1 shall be processed ahead of those in a lower priority group. Proposals in priority group No. 2 shall be processed ahead of those in groups No. 3 and No. 4, and those in group No. 3 ahead of those in No. 4. Within each group proposals shall be processed in order of date of receipt in the office.

Criteria and Reviewers (Name, Title, Date)

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

INSTRUCTIONS FOR EVALUATION OF REQUESTS FOR RESERVATION OF CONTRACT AUTHORITY—SECTION 235(i)

GENERAL—Appropriate Area or Insuring Office staff shall review the criteria which relate to their responsibilities. Final feasibility approval is dependent upon satisfying all statutory and administrative requirements which are a normal part of processing.

1. *Community Need for Lower Income Housing.*

A "superior" rating shall be given under the following conditions: Proposed unit types conform to the needs of the lower income population; there is a shortage of standard housing to meet the needs of the lower income population of the housing market area, taking into account existing employment and employment opportunities; waiting lists for existing projects are substantial; or, the housing will serve as a relocation resource for families displaced by governmental action.

An "adequate" rating shall be given if the proposed unit types conform to the needs of the lower income population; there is not a substantial supply of standard housing available to the lower income population, taking into account existing employment and employment opportunities.

A "poor" rating shall be given if the proposed unit types do not conform to the needs of the lower income population; or if there exists a substantial supply of standard housing available to the lower income population, taking into account existing employment and employment opportunities.

2. *Efficient Production.*

A "superior" rating shall be given if it appears likely that the targeted production dates will be met, and that the housing will be produced at a cost at least 10 percent below the cost of comparable units being produced in the area.

An "adequate" rating shall be given if it appears likely that the start of construction or rehabilitation will occur within 9 months from approval of program reservation, and that the housing will be produced at a cost which does not exceed the cost of comparable units being produced in the area by more than 5 percent.

A "poor" rating shall be given if it appears likely that more than 9 months will be required from date of approval of reservation to start of construction or rehabilitation, and/or the housing will be produced at a cost which exceeds the comparable cost by more than 10 percent.

3. *Nondiscriminatory Location.*

A "superior" rating shall be given if the proposed project (1) will be located in an area with respect to which there is no present likelihood, in the judgment of the area or insuring office director, that it will become one of minority group concentration, or (2) will be located in an area of minority concentration but is to be located in a major comprehensive development which will include a range of housing at various income levels and where experience and judgment indicate that the area will have a racially inclusive residential pattern.

An "adequate" rating shall be given (1) if the proposed project will be located in an area which is substantially racially mixed and on the basis of existing demographic trends it appears that the project will have no significant effect on the proportion of minority to nonminority families, or (2) is the proposed project will provide housing in or near an area of minority concentration in response to an overriding need which cannot otherwise feasibly be met. In the case of an "adequate" rating based on (2), the rating shall be accompanied by documented findings based upon relevant racial and socioeconomic information supporting both the overriding need and the availability of alternate housing.

A "poor" rating shall be given to any proposed project if the conditions specified above are not met.

4. *Improved Environmental Location for Lower Income Families.*

A "superior" rating shall be given if the percentage of subsidized housing to the total number of housing units in the neighborhood will be less than 15 percent, and travel time via adequate public transportation from the neighborhood to commercial and industrial job centers is less than 30 minutes and the proposed housing will be located in a neighborhood with good education, commercial, and recreational facilities.

An "adequate" rating shall be given if the percentage of subsidized units is less than 25 percent, and travel time to job centers is less than 60 minutes, and the proposed housing will be located in a neighborhood with average educational, commercial, and recreational facilities.

A "poor" rating shall be given if the percentage of subsidized units is more than 25 percent, or if travel time to major job centers is more than 60 minutes, or if adequate educational, commercial, and recreational facilities are not available in the neighborhood or are not easily accessible via low cost public transportation.

For the purposes of the above determination, the term "neighborhood" generally should not exceed a ½-mile radius from the site of a proposed project.

5. *Effect of Proposed Housing Upon Neighborhood Environment.*

A "superior" rating shall be given if the proposed project will result in a substantial improvement in the quality of life within the neighborhood, and the proposed housing will improve the neighborhood in which it is located.

An "adequate" rating shall be given if the project design is compatible with the neighborhood, and if the project will maintain or improve the quality of life.

A "poor" rating shall be given if the project design is likely to reduce living standards and conditions in the neighborhood.

6. *Relationship to Orderly Growth and Development.*

A "superior" rating shall be given if the proposed project (1) will be located in and is consistent with plans for a neighborhood that is undergoing comprehensive improvement via urban renewal, model cities, or Project Rehab—either Federal, State, or locally assisted; (2) has been requested by residents of the neighborhood who have participated in and planned an improvement program for their neighborhood; or (3) will affirmatively contribute to orderly growth and development in the metropolitan area, either by reference to A–95 planning or otherwise.

An "adequate" rating shall be given if the project is part of an improvement program to stabilize or upgrade the neighborhood or its equivalent, or is compatible with ongoing growth trends in the metropolitan area, either by reference to A–95 planning or otherwise.

A "poor" rating shall be given if the project is not part of an established improvement program, or is inconsistent with sound growth patterns.

7. *Employment and Utilization of Employees and Business in Project area.*

A "superior" rating shall be given if the developer, contractors and subcontractors have definite plans to train and employ lower income persons residing in the proposed project area; and to actively seek out business concerns located in or owned in substantial part by persons living in the proposed project area; and if the developer has plans for the training and employment of lower income persons residing in the project area in the management of the project.

An "adequate" rating shall be given to proposals which provide some opportunities for training and employment of lower income persons residing in the project area; or which will provide opportunities for business concerns located in or owned in substantial part by persons living in the proposed project area; or which will provide for the training and employment of lower income persons residing in the project area in the management of the project.

A "poor" rating shall be given if training or employment opportunities will not be provided and it is unlikely that area businesses will perform any work on the project.

§ 200.715 Request for reservation of contract authority for rent supplement and section 236 projects.

A request for reservation of contract authority for rent supplement and projects pursuant to section 236 of the National Housing Act shall be evaluated and processed in accordance with the following Evaluation of Request:

EVALUATION OF REQUEST FOR RESERVATION OF CONTRACT AUTHORITY FOR RENT SUPPLEMENT AND SECTION 236 PROJECTS

☐ Section 236
☐ Rent supplement
Date of request _____
Builder or developer: _____
Location of proposed project: _____
Registration number, if approved _____

INSTRUCTIONS: In evaluating applications for low-rent public housing, the Area Office shall take into consideration the following selection criteria. Each criterion should be commented upon in the space provided and evaluated by checking the appropriate box in each category. Only one box should be checked in each category. The criteria shall be evaluated in accordance with the guidance provided in the instructions set forth hereinafter.

1. *Community need for lower income housing*—☐ Superior ☐ Adequate ☐ Poor.

(a) Relative need for housing by lower income families in the neighborhood and market area to be served. _____
_____
_____

(b) Proposed unit types conform with the composition of the low income housing need in the neighborhood and market area to be served. _____
_____
_____

(c) Housing will serve as a relocation resource for families displaced by governmental action. _____
_____
_____

2. *Efficient production*—☐ Superior ☐ Adequate ☐ Poor.

(a) Experience and resources of the sponsor/developer to proceed promptly to construction and completion. _____

(b) Ability of the sponsor/developer to provide housing at the lowest practicable cost and rentals without sacrificing good design and a marketable product. _____

3. *Nondiscriminatory location*—☐ Superior ☐ Adequate ☐ Poor.

(a) Outside an area of minority concentration _____

(b) Area substantially racially mixed ____

(c) In area of minority concentration but project will be part of major comprehensive development providing housing at various income levels and expected to be racially inclusive _____

(d) In area of minority concentration but responsive to overriding need for housing which cannot feasibly be met by other new or existing housing _____

4. *Improved environmental location for lower income families*—☐ Superior ☐ Adequate ☐ Poor.

The opportunity for low income families to live in neighborhoods which are:

(a) Outside areas which have an excessive concentration of subsidized housing. _____

(b) Accessible to job opportunities. _____

(c) Provided with good transportation at reasonable cost. _____

(d) Accessible to good educational, commercial, and recreational facilities. _____

5. *Effect of proposed housing upon neighborhood environment*—☐ Superior ☐ Adequate ☐ Poor.

(a) Compatibility of the land use concept and architectural design of the proposed housing with the existing neighborhood. _____

(b) Ability of project to uphold or improve existing property values. _____

(c) Compatibility of density levels of the proposed housing with existing and projected plans for the neighborhood. _____

6. *Relationship to orderly growth and development*—☐ Superior ☐ Adequate ☐ Poor.

(a) Neighborhood is undergoing comprehensive improvement via urban renewal, model cities or rehabilitation—either Federal, State, or locally assisted. _____

(b) Proposed housing is compatible with A–95 areawide planning and/or other established local planning. _____

(c) Project will contribute to orderly and economical community growth. _____

7. *Employment and utilization of employees and business in project area*—☐ Superior ☐ Adequate ☐ Poor.

Project will provide an opportunity for training and employment of lower income persons residing in the area and/or opportunity for work to be performed by business concerns located in or owned in substantial part by persons residing in the area. _____

8. *Provision for sound housing management*—☐ Superior ☐ Adequate ☐ Poor.

Sponsor presents a plan to assure good management, social services and counseling, and to develop constructive tenant relations. _____

Score on required criteria 1, 2, 3, 4, 6, 8	Total score	Priority group (circle appropriate group number)
Superiors _____ Adequates _____ Poors _____	Superiors _____ Adequates _____ Poors _____	1. 5 or more ratings of superior and no poor ratings, or one poor and at least 6 superior ratings. 2. Up to 4 ratings of superior and no poor ratings, or 5 superiors, 2 adequates and 1 poor rating or 6 superiors and 2 poor ratings. 3. Up to 4 superior ratings and 1 poor rating, or 2 poor ratings and at least 4 superior ratings. 4. Up to 3 superior ratings and 2 poor ratings.

☐ *Disapproval.* More than two ratings of Poor, or one rating of Poor on a required criterion.

NOTE: A request which does not have at least an Adequate rating on all of the required criteria Nos. 1, 2, 3, 4, 6, 8 shall be disapproved. Proposals in priority group No. 1 shall be processed ahead of those in a lower priority group. Proposals in priority group No. 2 shall be processed ahead of those in groups No. 3 and No. 4, and those in No. 3 ahead of those in No. 4. Within each group, proposals shall be processed in order of date of receipt in the office.

Criteria and Reviewers (Name, Title, Date)

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

INSTRUCTIONS FOR EVALUATION OF REQUESTS FOR RESERVATION OF CONTRACT AUTHORITY FOR RENT SUPPLEMENT OR SECTION 236 PROJECTS

GENERAL—Appropriate Area or Insuring Office staff shall review the criteria which relate to their responsibilities. Final feasibility approval is dependent upon satisfying all statutory and administrative requirements which are a normal part of processing.

1. *Community Need for Lower Income Housing.*

A "superior" rating shall be given under the following conditions: Proposed unit types conform to the needs of the lower income population; there is a shortage of standard housing to meet the needs of the lower income population of the housing market area, taking into account existing employment and employment opportunities; waiting lists for existing projects are substantial; or, the housing will serve as a relocation resource for families displaced by Governmental action.

An "adequate" rating shall be given if the proposed unit types conform to the needs of the lower income population; there is not a substantial supply of standard housing available to the lower income population, taking into account existing employment and employment opportunities.

A "poor" rating shall be given if the proposed unit types do not conform to the needs of the lower income population; or if there exists a substantial supply of standard housing available to the lower income population, taking into account existing employment and employment opportunities.

2. *Efficient Production.*

A "superior" rating shall be given if it appears likely that the targeted production dates will be met, and that the housing will be produced at a cost at least 10 percent below the cost of comparable units being produced in the area.

An "adequate" rating shall be given if it appears likely that the start of construction or rehabilitation will occur within 9 months from approval of program reservation, and that the housing will be produced at a cost which does not exceed the cost of comparable units being produced in the area by more than 5 percent.

A "poor" rating shall be given if it appears likely that more than 9 months will be required from date of approval of reservation to start of construction or rehabilitation, and/or the housing will be produced at a cost which exceeds the comparable costs by more than 10 percent.

3. *Nondiscriminatory Location.*

A "superior" rating shall be given if the proposed project (1) will be located in an area with respect to which there is no present likelihood, in the judgment of the area or insuring office director, that it will become one of minority group concentration, or (2) will be located in an area of minority concentration but is to be located in a major comprehensive development which will include a range of housing at various income levels and where experience and judgment indicate that the area will have a racially inclusive residential pattern.

An "adequate" rating shall be given (1) if the proposed project will be located in an area which is substantially racially mixed and on the basis of existing demographic trends it appears that the project will have no significant effect on the proportion of minority to non-minority families, or (2) if the proposed project will provide housing in or near an area of minority concentration in response to an overriding need which cannot otherwise feasibly be met. In the case of an "adequate" rating based on (2), the rating shall be accompanied by documented findings based upon relevant racial and socio-economic information supporting both the overriding need and the availability of alternate housing.

A "poor" rating shall be given to any proposed project if the conditions specified above are not met.

4. *Improved Environmental Location for Lower Income Families.*

A "superior" rating shall be given if the percentage of subsidized housing to the total number of housing units in the neighborhood will be less than 15 percent, and travel time via adequate public transportation from the neighborhood to commercial and industrial

job centers is less than 30 minutes and the proposed housing will be located in a neighborhood with good educational, commercial, and recreational facilities.

An "adequate" rating shall be given if the percentage of subsidized units is less than 25 percent, and travel time to job centers is less than 60 minutes, and the proposed housing will be located in a neighborhood with average educational, commercial, and recreational facilities.

A "poor" rating shall be given if the percentage of subsidized units is more than 25 percent, or if travel time to major job centers is more than 60 minutes, or if adequate educational, commercial, and recreational facilities are not available in the neighborhood or are not easily accessible via low cost public transportation.

For the purposes of the above determination, the term "neighborhood" generally should not exceed a ½-mile radius from the site of a proposed project.

5. *Effect of Proposed Housing Upon Neighborhood Environment.*

A "superior" rating shall be given if the proposed project will result in a substantial improvement in the quality of life within the neighborhood, and the proposed housing will improve the neighborhood in which it is located.

An "adequate" rating shall be given if the project design is compatible with the neighborhood, and if the project will maintain or improve the quality of life.

A "poor" rating shall be given if the project design is likely to reduce living standards and conditions in the neighborhood.

6. *Relationship to Orderly Growth and Development.*

A "superior" rating shall be given if the proposed project (1) will be located in and is consistent with plans for a neighborhood that is undergoing comprehensive improvement via urban renewal, model cities, or Project Rehab—either Federal, State, or locally assisted; (2) has been requested by residents of the neighborhood, who have participated in and planned an improvement program for their neighborhood, or (3) will affirmatively contribute to orderly growth and development in the metropolitan area, either by reference to A–95 planning or otherwise.

An "adequate" rating shall be given if the project is part of an improvement program to stabilize or upgrade the neighborhood or its equivalent, or is compatible with ongoing growth trends in the metropolitan area, either by reference to A–95 planning or otherwise.

A "poor" rating shall be given if the project is not part of an established improvement program, or is inconsistent with sound growth patterns.

7. *Employment and Utilization of Employees and Business in Project Area.*

A "superior" rating shall be given if the developer, contractors, and subcontractors have definite plans to train and employ lower income persons residing in the proposed project area; and to actively seek out business concerns located in or owned in substantial part by persons living in the proposed project area; and if the developer has plans for the training and employment of lower income persons residing in the project area in the management of the project.

An "adequate" rating shall be given to proposals which provide some opportunities for training and employment of lower income persons residing in the project area; or which will provide opportunities for business concerns located in or owned in substantial part by persons living in the proposed project area; or which will provide for the training and employment of lower income persons residing in the project area in the management of the project.

A "poor" rating shall be given if training or employment opportunities will not be provided and it is unlikely that area businesses will perform any work on the project.

8. *Provision for Sound Housing Management.*

A "superior" rating will be given if the sponsor presents an outstanding plan to assure good management of the project when completed, and to provide social services and tenant counseling; and provides evidence of ability to carry out the proposed management plan.

An "adequate" rating shall be given if an acceptable plan is presented to accomplish the objectives outlined above.

A "poor" rating shall be given if there is any question regarding management capability to accomplish the above objectives.

§ 200.720 Application for low-rent public housing.

An application for low-rent public housing assistance under the United States Housing Act of 1937 shall be evaluated and processed in accordance with the following Evaluation of Application:

EVALUATION OF APPLICATIONS FOR LOW-RENT PUBLIC HOUSING

Date received _____
Local Housing Authority _____
Locality _____
Program type _____
Number of units _____

INSTRUCTIONS: In evaluating applications for low-rent public housing the Area Office shall take into consideration the following selection criteria. Each criterion should be commented upon in the space provided and evaluated by checking the appropriate box in each category. Only one box should be checked in each category. The criteria shall be evaluated in accordance with the guidance provided in the Instructions set forth hereinafter.

Community need for low-income housing— ☐ Superior ☐ Adequate ☐ Poor.

(a) Relative need for housing by low-income families in the neighborhood and market area to be served. _____

(b) Proposed unit types conform with the composition of the low-income housing need in the neighborhood and market area to be served. _____

(c) Housing will serve as a relocation resource for families displaced by governmental action. _____

(d) Waiting list for public housing. _____

Efficient production—☐ Superior ☐ Adequate ☐ Poor.

(a) Time expected to be required from date of application approval to construction start, acquisition, or lease. _____

(b) Cost of housing relative to prototype costs. _____

Nondiscriminatory location — ☐ Superior ☐ Adequate ☐ Poor.

(a) Outside an area of minority concentration _____

(b) Area substantially racially mixed _____

(c) In area of minority concentration but project will be part of major comprehensive development providing housing at various income levels and expected to be racially inclusive _____

(d) In area of minority concentration but responsive to overriding need for housing which cannot feasibly be met by other new or existing housing _____

Improved environmental location for low-income families — ☐ Superior ☐ Adequate ☐ Poor.

The opportunity for low-income families to live in neighborhoods which are:

(a) Outside areas which have an excessive concentration of subsidized housing. _____

(b) Accessible to job opportunities. _____

(c) Provided with good transportation at unreasonable cost. _____

(d) Accessible to good educational, commercial, and recreational facilities. _____

5. *Effect of proposed housing upon neighborhood environment*—☐ Superior ☐ Adequate ☐ Poor.

(a) Compatibility of the land use concept and architectural design of the proposed housing with the existing neighborhood. _____

(b) Use of scattered sites. _____

(c) Compatibility of density levels of the proposed housing with existing and projected plans for the neighborhood. _____

6. *Relationship to orderly growth and development*—☐ Superior ☐ Adequate ☐ Poor.

(a) Neighborhood is undergoing comprehensive improvement via urban renewal, model cities, or rehabilitation—either Federal, State, or locally assisted. _____

(b) Proposed housing is compatible with A–95 areawide planning and/or other established local planning. _____

(c) Project will contribute to orderly and economical community growth. _____

7. *Employment and utilization of employees and business in project area*—☐ Superior ☐ Adequate ☐ Poor.

Project will provide an opportunity for training and employment of lower income persons residing in the area and/or opportunity for work to be performed by business concerns located in or owned in substantial part by persons residing in the area. _____

8. *Provision for sound housing management*—☐ Superior ☐ Adequate ☐ Poor.

(a) Administrative capacity. _____

(b) Financial position. _____

(c) Crime prevention encouragement. _____

(d) Provision of community services. _____

(e) Administration of tenant selection plan and good faith efforts to achieve integration. _____

(f) Management-tenant relations. _____

9. *Homeownership*—☐ Superior ☐ Adequate ☐ Poor.

(a) Homeownership opportunities of the proposed project. _____

(b) LHA has other homeownership projects existing or under development. _____

[Check as applicable]

Score on required criteria 1, 2, 3, 4, 6, 8	Total score	Priority group	
Superiors	Superiors	1. (a) No poor ratings and 6 or more superior ratings.	☐
Adequates	Adequates	(b) One poor rating and 7 or more superior ratings.	☐
Poors	Poors	2. (a) No poor ratings and up to 5 superior ratings.	☐
		(b) One poor rating and 5 or 6 superior ratings.	☐
		3. (a) One poor rating and up to 4 superior ratings.	☐
		(b) Two poor ratings and 5 or more superior ratings.	☐
		4. (a) Two poor ratings and up to 4 superior ratings.	☐
		(b) Three poor ratings and 5 or 6 superior ratings.	☐
		5. Three poor ratings and up to 4 superior ratings.	☐

☐ *Disapproval.* More than three ratings of Poor, or one rating of Poor on a required criterion.

NOTE: A request which does not have at least an Adequate rating on all of the required criteria Nos. 1, 2, 3, 4, 6, 8 shall be disapproved. Proposals in higher ranking priority groups shall be processed ahead of those in lower priority groups. Within each group, proposals shall be processed in order of date of receipt in the office.

Criteria and Reviewers (Name, Title, Date)

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____

INSTRUCTIONS FOR EVALUATION OF APPLICATIONS FOR LOW-RENT PUBLIC HOUSING

A. *General.*—Appropriate Area Office staff shall review the criteria which relate to their responsibilities. Statements and other evidence of intent on the part of the applicant to comply at a "superior" or "adequate" level may be accepted in the absence of specific information needed to rate a criterion. If the terms of a statement of intent are not met, the scheduling of the application for future action shall be affected accordingly. Final application approval is dependent upon satisfying all statutory and administrative requirements which are a normal part of processing.

1. *Community Need for Low-Income Housing.*

A "superior" rating shall be given under the following conditions: Proposed unit types conform to the needs of the low-income population; there is a shortage of standard housing to meet the needs of the low-income population of the housing market area, taking into account existing employment and employment opportunities; waiting lists for existing projects are substantial; and the ratio of the number of families within public housing admission income limits to the existing and potential supply of public and rent supplement housing units is greater than 5:1; or, the housing will serve as a relocation resource for families displaced by governmental action.

An "adequate" rating shall be given if the proposed unit types conform to the needs of the low income population; there is not a substantial supply of standard housing available to the low income population, taking into account existing employment and employment opportunities; and the ratio of the number of families within public housing admission income limits to the supply of public and rent supplement housing units is greater than 2:1 (an exception to this required ratio is allowed for suburban communities willing to provide public housing for central city poor).

A "poor" rating shall be given if the proposed unit types do not conform to the needs of the low income population; or if there exists a substantial supply of standard housing available to the low-income population, taking into account existing employment and employment opportunities; or the ratio of eligible families to the supply of subsidized low-rent housing is less than 2:1.

2. *Efficient Production.*

A "superior" rating shall be given if it appears likely that the established production milestones will be met, and that the housing will be produced at a cost at least 10 percent below the applicable prototype costs.

An "adequate" rating shall be given if it appears likely that the start of construction or rehabilitation will occur within 18 months from approval of program reservation, and that the housing will be produced at a cost which does not exceed the prototype costs by more than 5 percent (unless the Area Director, through the Regional Administrator, secures the approval of the Assistant Secretary, HPMC, for a specific project).

A "poor" rating shall be given if it appears likely that more than 18 months will be required from approval of program reservation to start of construction or rehabilitation, and the housing will be produced at a cost which exceeds the prototype costs by more than 10 percent.

3. *Nondiscriminatory Location.*

A "superior" rating shall be given if the proposed project (1) will be located in an area with respect to which there is no present likelihood, in the judgment of the area director, that it will become one of minority group concentration, or (2) will be located in an area of minority concentration but is to be located in a major comprehensive development which will include a range of housing at various income levels and where experience and judgment indicate that the area will have a racially inclusive residential pattern.

An "adequate" rating shall be given (1) if the proposed project will be located in an area which is substantially racially mixed and on the basis of existing demographic trends it appears that the project will have no significant effect on the proportion of minority to nonminority families, or (2) if the proposed project will provide housing in or near an area of minority concentration in response to an overriding need which cannot otherwise feasibly be met. In the case of an "adequate" rating based on (2), the rating shall be accompanied by documented findings based upon relevant racial and socioeconomic information supporting both the overriding need and the availability of alternate housing.

A "poor" rating shall be given to any proposed project if the conditions specified above are not met.

4. *Improved Environmental location for Low-Income Families.*

A "superior" rating shall be given if the percentage of subsidized housing to the total number of housing units in the neighborhood will be less than 15 percent, and travel time via adequate public transportation from the neighborhood to commercial and industrial job centers is less than 30 minutes and the proposed housing will be located in a neighborhood with good educational, commercial, and recreational facilities.

An "adequate" rating shall be given if the percentage of subsidized units is less than 25 percent, and travel time to job centers is less than 60 minutes, and the proposed housing will be located in a neighborhood with average educational, commercial, and recreational facilities.

A "poor" rating shall be given if the percentage of subsidized units is more than 25 percent, or if travel time to major job centers is more than 60 minutes, or if adequate educational, commercial, and recreational facilities are not available in the neighborhood or are not easily accessible via low cost public transportation.

For the purposes of the above determination, the term "neighborhood" generally should not exceed a ½-mile radius from the site of a proposed project.

5. *Effect of Proposed Housing Upon Neighborhood Environment.*

A "superior" rating shall be given if the proposed project will result in a substantial improvement in the quality of life within the neighborhood, and the proposed housing will improve the neighborhood in which it is located.

An "adequate" rating shall be given if the project design is compatible with the neighborhood, and if the project will maintain or improve the quality of life.

A "poor" rating shall be given if the project design is likely to reduce living standards and conditions in the neighborhood.

6. *Relationship to Orderly Growth and Development.*

A "superior" rating shall be given if the proposed project (1) will be located in and is consistent with plans for a neighborhood that is undergoing comprehensive improvement via urban renewal, model cities, or Project Rehab—either Federal, State, or locally assisted; (2) has been requested by residents of the neighborhood who have participated in and planned an improvement program for their neighborhood, or (3) will affirmatively contribute to orderly growth and development in the metropolitan area, either in reference to A-95 planning or otherwise.

An "adequate" rating shall be given if the project is part of an improvement program to stabilize or upgrade the neighborhood or its equivalent, or is compatible with ongoing growth trends in the metropolitan area, either by reference to A–95 planning or otherwise.

A "poor" rating shall be given if the project is not part of an established improvement program, or is inconsistent with sound growth patterns.

7. *Employment and Utilization of Employees and Business in Project Area.*

A "superior" rating shall be given if the LHA has definite plans to: (1) Actively encourage developers, contractors and subcontractors to train and employ lower income persons residing in the proposed project area; (2) actively seek out business concerns located in or owned in substantial part by persons living in the proposed project area; and (3) actively implement plans for the training and employment of lower income persons residing in the project area in the management of the project.

An "adequate" rating shall be given if the LHA has agreed to give special consideration to: (1) Proposals from developers, etc., providing opportunities for training and employment of lower income persons residing in the project area; (2) proposals from business concerns located in or owned in substantial part by persons living in the proposed project area; and (3) the training and employment of lower income persons residing in the project area in the management of the project.

A "poor" rating shall be given if training opportunities will not be provided and it is unlikely that area businesses will perform any work on the project.

8. *Provision for Sound Housing Management.*

Rank separately as superior, adequate, or poor, the following specific criteria; (1) administrative capacity; (2) financial position; (3) maintenance; (4) crime prevention encouragement; (5) provision of community services; (6) administration of HUD-approved tenant selection plan and good faith efforts to achieve desegregation; and (7) management-tenant relations. If the rating of an LHA is "poor" on any of these items, no application should be approved unless: (1) The LHA has a satisfactory plan to improve in its area of deficiency (2) it can be shown that the new project will not be plagued by this deficiency; or (3) the provision of the new project will aid the LHA in overcoming this deficiency. Under no circumstances should a project be approved when an LHA in ranked "poor" in administrative capacity. The definitions of superior, adequate, or poor for these criteria shall be consistent with Housing Management policy.

In the case of an application from an LHA with no units under management, an "adequate" rating ordinarily will be given, unless there is information available which would justify a superior or poor rating. A "poor" rating shall always be assigned if there is any question regarding management feasibility. This is an especially important consideration in connection with a new LHA proposing a small program.

9. *Homeownership.*

A "superior" rating shall be given if the proposed project is to be developed as an authority-owned (Turnkey III) or leased (Turnkey IV) homeownership project.

An "adequate" rating shall be given if the LHA has other homeownership projects in some stage of development, or if it can be determined that the design of the project is such that eventual ownership by the tenants would be facilitated (e.g., detached, semi-detached, townhouse construction).

A "poor" rating shall be given if it appears unlikely that the proposed project will be converted to a homeownership program, and the design of the project is such that eventual ownership by the tenants will not be facilitated.

B. *Use of the Rating System.* All applications for low-rent public housing meeting the minimum requirement for assignment to a priority group shall be separated by the category of housing applied for (e.g., conventional, turnkey, leased—new construction). Within each production category, applications in higher ranking priority groups shall be processed ahead of those in the lower ranking priority groups. Within each priority group, applications shall be ordered by the date the applications were received in the office.

C. *Exceptions to the Rating System for Low-Rent Public Housing.*

1. At the discretion of the Area Office Director, an application meeting the minimum score may be placed in a higher priority group. The reasons for such special consideration shall be recorded.

2. Lower ranking applications for Indian housing or homeownership programs may be processed out-of-turn when necessary to meet the production targets in these categories.

3. Applications for units to be used as a resource for relocating displacees from urban renewal projects may be processed out-of-turn when necessary to assure that an Annual Contributions Contract will be executed by the time the Part II Loan and Grant Application is ready for approval.

4. Applications for units to be located in an urban renewal area may be processed out-of-turn when necessary to meet the urban renewal requirement that evidence of a program reservation must be submitted with the Part II Loan and Grant Application.

5. Lower ranking applications may be processed out-of-turn when necessary to meet our national goal of a balanced public housing program consisting of two-thirds family units and one-third elderly units.

GEORGE ROMNEY,
Secretary of Housing and Urban Development.

[FR Doc.71–8844 Filed 6–23–71;8:45 am]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Federal Housing Administration

[24 CFR Part 200]

[Docket No. R-71-118]

AFFIRMATIVE MARKETING GUIDELINES

Notice of Proposed Rule Making

In accordance with the President's Statement on Federal Policies Relative to equal Housing Opportunity, issued June 11, 1971, the Department proposes to amend Chapter II of Title 24 of the Code of Federal Regulations to add a new Subpart M entitled "Affirmative Marketing Guidelines." This proposed subpart, issued pursuant to title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d–1; title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608; and Executive Order 11063, 27 F.R. 11527, is intended to promote a condition in which individuals of similar income levels in the same housing market area have available to them a similar range of choices in housing, regardless of the individuals' race, color, religion, or national origin.

Interested persons are invited to participate in the making of the proposed rule by submitting written data, views, or statements with regard to the proposed regulations. Communications should be filed in triplicate with the above docket number and title and should be filed in triplicate with the Rules Docket Clerk, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street SW., Washington, DC 20410. All relevant material received on or before July 22, 1971, will be considered by the Secretary before taking action on the proposal. Copies of comments submitted will be available during business hours, both before and after the specified closing date, at the above address, for examination by interested persons.

The proposed Subpart M reads as follows:

Subpart M—Affirmative Marketing Guidelines

§ 200.600 Purpose.

The purpose of this subpart is to set forth the Department's equal opportunity guidelines for affirmative marketing under FHA subsidized and unsubsidized housing programs.

§ 200.605 Authority.

The regulations in this subpart are issued pursuant to Executive Order 11063, 27 F.R. 11527; title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d–1; and title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608.

§ 200.610 Policy.

It is the policy of the Department to administer its FHA housing programs affirmatively, so as to achieve a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion, or national origin. Each sponsor of a proposed project or subdivision shall pursue affirmative fair housing marketing policies in the solicitation of eligible buyers and tenants.

§ 200.615 Requirements.

Each sponsor shall meet the following requirements:

(a) Carry out an affirmative program to attract applicants of all races. Such a program shall typically involve publicizing the availability of housing opportunities, including advertising in minority media if minority publications or other media are available in the area from which the market potential will be drawn. All advertising shall include either the Department-approved Equal Housing Opportunity logo or slogan and all advertising depicting persons shall depict persons of majority and minority races.

(b) Maintain a nondiscriminatory hiring policy in recruiting from both minority and majority races for staff engaged in the sale or rental of properties.

(c) Instruct all employees and agents in the policy of nondiscrimination and fair housing.

(d) Specifically inform local housing authorities and relocation agencies of the development of projects and subdivisions and data pertinent thereto.

(e) Specifically solicit eligible buyers or tenants reported to the sponsor by the Area or Insuring Office.

(f) Prominently display in the sales or rental office of the project or subdivision, and include in any printed material used in connection with sales or rentals, information concerning its nondiscriminatory fair housing policy.

The affirmative fair housing marketing requirements, as set forth in subparagraphs (a) through (f) of this section, shall apply, as of the effective date of this policy, to all subdivisions, multifamily projects and mobile home parks of 25 or more lots, units, or spaces, hereafter developed under FHA subsidized and unsubsidized housing programs.

§ 200.620 Affirmative fair housing marketing plan.

Each sponsor of a project of subdivision shall provide on a form to be supplied by the Department information indicating his affirmative fair housing marketing plan to comply with the requirements set forth above.

§ 200.625 Notice of housing opportunities.

Upon request, the Director of each Area or Insuring Office shall provide monthly a list of all projects or subdivisions covered by this subpart on which commitments have been issued during the preceding 30 days to all interested individuals and groups.

§ 200.630 Compliance.

Sponsors failing to comply with the requirements of this subpart will make themselves liable to sanctions authorized by statute or regulation.

GEORGE W. ROMNEY,
Secretary of Housing and Urban Development.

[FR Doc.71-8728 Filed 6-21-71;8:47 am]

Title 44—PUBLIC PROPERTY AND WORKS

Chapter VII—Department of Housing and Urban Development (Community Facilities)

[Docket No. R-71-122]

PART 707a—EVALUATION OF PRELIMINARY APPLICATIONS FOR BASIC WATER AND SEWER FACILITIES GRANTS

This part sets forth the criteria and procedures used in evaluating preliminary applications by local public bodies and agencies for Federal grants for basic water and sewer facilities under section 702 of the Housing and Urban Development Act of 1965. Such initial evaluation is necessary because applications for assistance exceed the available funds for grants for eligible water and sewer facilities. Further procedures necessary before an applicant may receive such a grant are not described in this part.

Since present procedures for evaluating preliminary applications in this program expire June 30, 1971, it is found that notice and public procedure under the Department policy (24 CFR Part 10) are impracticable, and this regulation should be made effective July 1, 1971, in the public interest.

Accordingly, Chapter VII of Title 44 of the Code of Federal Regulations is amended by adding Part 707a, to read as follows:

Sec.

707a.1 Scope.
707a.2 Definitions.
707a.3 Preliminary applications for assistance.
707a.4 Criteria for evaluating preliminary applications.
707a.6 Orderly growth and development.
707a.8 Financial need.
707a.10 Housing.
707a.12 Health.
707a.14 Local job and business opportunities.
707a.16 Community development.
707a.18 Further application procedures.

AUTHORITY: The provisions of this Part 707a issued under secs. 702 and 705, 79 Stat. 490, 492; 42 U.S.C. 3102, 3105.

§ 707a.1 Scope.

This part sets forth the criteria and procedures used in evaluating preliminary applications for Federal grant assistance to local public bodies and agencies for basic water and sewer facilities under the Act. The evaluation of preliminary applications described in this part does not result in a final decision by the Secretary to extend grant assistance to particular projects for the construction of such facilities. Further application procedures are described in § 707a.18.

§ 707a.2 Definitions.

The terms "Act", "development cost", "local public bodies and agencies", "Secretary", and "State" shall have the meanings given in § 707.2 of this chapter.

§ 707a.3 Preliminary applications for assistance.

(a) Preliminary applications for grants for water and sewer facilities shall be submitted on Standard Form 101, to the appropriate HUD regional or area office having jurisdiction over the geographic area involved in the application. Copies of this form may be obtained on request from the regional or area office.

(b) In general, Standard Form 101 requests the legal name and address of the applicant (an eligible local public body or agency); a brief description of the proposed project and its purpose; a list of the localities to be served; the public interest and necessity for the project; and the proposed method of financing including the total project cost and the grant amount requested.

§ 707a.4 Criteria for evaluating preliminary applications.

Criteria for evaluating preliminary applications are divided into the following major categories:

(a) Orderly growth and development.
(b) Financial need.
(c) Housing.
(d) Health.
(e) Local job and business opportunity.
(f) Community development.

The elements considered in each category are described in the following sections, and the method of assigning rating points to each element or category is set forth. Points are awarded to each element or category in the following manner unless otherwise specifically indicated: If a statement under a particular element or category applies specifically to the project application under consideration, the application is awarded the number of points assigned to that statement. If no statement applies, no points are awarded to the application for that element.

§ 707a.6 Orderly growth and development.

(The value of this category is the sum of the values of paragraphs (a) to (d) of this section.)

(a) *Service area need.* (Select one):

(1) Is to rehabilitate an existing system with no increase in the area served	1
(2) Is to increase the existing area served with or without rehabilitation of the existing system	5
(3) Is to provide a basic system for a community which is presently unserved	10

"Service area" means the total geographic area for which the applicant has legal responsibility to provide services and facilities. "Rehabilitation" refers only to major items of construction; it does not include normal maintenance and repair. The phrase "increase the area served" refers to the provision of facilities in those portions of the service area which are not currently part of the existing system. A "basic system" is one which provides facilities within the service area where no facilities currently exist, but existing or proposed supporting facilities, e.g., water supply or sewage treatment, may be provided by other units of government.

(b) *Capacity for future growth.* (Select one):

(1) The project provides for the reasonable foreseeable growth needs of the area	1
(2) The project provides for the reasonable foreseeable growth needs of the area in addition to providing for an anticipated urgent need of the applicant in the next 2 to 5 years	5
(3) The project provides for the reasonable foreseeable growth needs of the area in addition to meeting an immediate critical need	10

"Reasonable foreseeable growth needs" are determined by the applicant as reflected in the functional planning and programing for the area. "Urgent need" refers to a need which, if not corrected in the next 5 years, can be expected to result in a critical need. A "critical need" refers to a need that should be satisfied immediately, e.g., a desperate need for water including any need to import water, or a need to control frequent inundations or to eliminate sources of epidemics.

(c) *Planning and programing.*

If the statement of goals and objectives prepared by the areawide planning organization has been endorsed or adopted, as provided by State law, by the unit(s) of general-purpose government for the area in which the project is located, the application will be awarded the following number of points	5

(d) *State and regional/metropolitan clearinghouse concern.*

If the proposed project has high priority for the State or regional/metropolitan program, based on the State or regional/metropolitan clearinghouse review and comment, the application will be awarded the following number of points	5

§ 707a.8 Financial need.

(Value of this category is the sum of the values of paragraphs (a) to (c) of this section.)

(a) If the project cannot be financed without the requested Federal assistance, the application will be awarded the following number of points --- 5

Ability to finance the project on the basis of revenue bonds is computed at 6 percent interest over 25 years. If the estimated net revenue in an average year exceeds the total debt service costs for that year by a factor of 1.25, it is assumed that the project can be financed without the requested Federal aid, and the points will not be awarded.

(b) Relative median family income: The median family income of the service area of the proposed project compared to the median family income of the State in which the project is to be located is: (Select one):

(1) $501–$1,500 above ---------- 2
(2) $1–$500 above ---------- 4
(3) $0–$500 below ---------- 6
(4) $501–$1,500 below ---------- 8
(5) $1,501 or more below ---------- 10

Median family incomes for the service area and the State are to be obtained by utilizing the City-County Data Book or other census data. In those instances where the median family income for the area as determined from the source material appears inconsistent with the Department's knowledge of the community, adjacent area median family incomes will be considered.

(c) Non-Federal financial aid: (Value of this element is the sum of the values of (1) and (2).)

(1) State assistance (grant and/or loan) is being provided to assist in project financing---------- 3
(2) Units of government other than the applicant and a State are providing financial assistance for the project- 2

Financing by other units of governments includes grants, loans, or contributions to the construction of the project by units of general- or special-purpose governments other than the applicant and a State.

§ 707a.10 Housing.

(The value of this category is the sum of the values of paragraphs (a) and (b) of this section.)

(a) *Decent, safe, and sanitary housing.* (Value of this element is the sum of the values of subparagraphs (1) to (3) of this paragraph.)

The project is necessary for the—

(1) Maintenance of existing decent, safe and sanitary housing---------- 2
(2) Maintenance of existing, or assistance to proposed, decent, safe, and sanitary low and moderate income housing ---------- 3
(3) Assistance of significant areas of housing that is less than decent, safe, and sanitary---------- 2

"Decent, safe, and sanitary housing" refers to housing that is in accordance with local housing standards in the area in which the project is to be located. "Low- and moderate-income housing" refers to housing with a fair market value that is equal to or less than the resultant of multiplying the section 235–236 maximum income for a family of four, as established by the Secretary for the county in which the project is located, by a factor of 3. "Low- and moderate-income housing" also refers to housing with an annual rental equal to or less than one-third of such section 235–236 maximum income.

(b) *Accessibility of housing.* (Select one):

Percent of housing in project area that will be accessible on a nondiscriminatory basis to families and individuals with low and moderate income is:

(1) 81–100 percent---------- 10
(2) 61–80 percent---------- 8
(3) 41–60 percent---------- 6
(4) 21–40 percent---------- 4
(5) 20 percent or less---------- 2

As used herein, "nondiscriminatory" means free of legal or social constraints arising from race, creed, color, and national origin.

§ 707a.12 Health.

The proposed project is necessary for: (Select one):

(a) Elimination of a potential public health hazard---------- 6
(b) Elimination of a demonstrated public health hazard---------- 12
(c) Elimination of a critical health health hazard---------- 18

A "potential public health hazard" refers to a hazard which if not corrected can be expected to result in a dangerous lowering of environmental quality and health standards; e.g., malfunctioning septic tanks, polluted individual wells, or areas subject to inundation not more often than every 5 years but at least once every 10 years. A "demonstrated public health hazard" refers to hazards from existing sources which if not corrected, could result in disease of epidemic proportions (which sources are evidenced by epidemiological studies and reports), contamination of domestic water sources from any cause, the need to import water for any cause, and the inundation of the area more frequently than every 5 years. A "critical public health hazard" refers to a demonstrated public health hazard which must be resolved immediately, e.g., a desperate need for water, control of demonstrated causes of diseases of epidemic proportions, and the inundation of the area more frequently than once per year.

§ 707a.14 Local job and business opportunities.

(Value of this category is the sum of paragraphs (a) to (e) of this section.)

(a) The project is needed for existing or proposed commercial or industrial development---------- 2
(b) During the construction phase of the project, on-the-job training activities will be provided---------- 2
(c) The project will provide job opportunities for underemployed and unemployed persons---------- 2
(d) The project has provisions for small business participation---------- 2
(e) The project has provisions for minority business participation------- 2

"On-the-job training" refers to union or government sponsored apprenticeship or similar training programs. "Small businesses" refers to those contractors, including supply contractors, whose contractual abilities are limited to $125,000 or less. In addition to information furnished on SF–101, the relationship of the project to commercial or industrial development in the area will be taken into account.

§ 707.16 Community development.

The degree to which the project is necessary for undertaking other publicly supported community development activities---------- 1 to 5

"Community development activities" refers to those publicly supported physical devlopment activities and those related social or economic development activities being carried out or to be carried out within a reasonable period of time in accordance with a locally determined or areawide plan or strategy. Factors taken into consideration may include the project's responsiveness to local needs and objectives, the economies possible through coordinated or joint action, and the degree of support by the appropriate unit(s) of local general-purpose government.

§ 707a.18 Further application procedures.

(a) Preliminary applications that receive a comparatively high rating are placed on the potential project list by the regional or area office having jurisdiction over the geographic area to which the application relates. Then, depending upon the relative rating of the preliminary application among other such applications submitted to the area or regional office within any given period, the applicant may be asked to submit further application material, with supporting documentation, so that a final decision on the grant may be reached. Such application material is subject to further reviews to determine compliance of the application with basic eligibility and technical requirements.

(b) The relative rating of the preliminary application and remedial action by applicants are determined as follows: A minimum value that will permit funding within the area office is to be determined on the basis of aggregate scores of rated applications. When an SF–101 fails to receive the prescribed score for inclusion of the project on the potential project list, the application and supporting documents will be returned to the applicant with advice as to areas of deficiency. Remedial action regarding the deficiencies must be undertaken before the proposal may be reconsidered.

Effective date. This regulation is effective July 1, 1971.

GEORGE ROMNEY,
Secretary of Housing and Urban Development.

[FR Doc.71-9178 Filed 6-28-71;8:51 am]

HUD NEWS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON D.C. 20410

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HUD-No. 71-442
Phone (202) 755-7174

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FOR RELEASE:
Tuesday
July 27, 1971

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HUD NAMES SPECIAL AIDE FOR CITIZEN PARTICIPATION

Robert L. Moore of Camden, N.J., today was appointed a Special Aide to Floyd H. Hyde, Assistant Secretary for Community Development in the U.S. Department of Housing and Urban Development.

Mr. Moore, 31, is the former Executive Director of the Camden Council on Economic Opportunity, and in his new position will direct HUD Community Development activities in citizen participation, education, and training.

A native of New Jersey, Mr. Moore attended public schools and Johnson C. Smith University in Charlotte, N.C. He was graduated from Smith in 1961 with a Bachelor of Science degree. After graduate study at Temple University and the University of Pennsylvania, he was awarded a Master of Arts degree in Urban Studies from Howard University in June 1971.

Prior to becoming director of the Camden County Council, Mr. Moore was training chief at the New Jersey Community Training Institute in Trenton and director of Community Organization with the Camden County Council.

From 1963 to 1965 he was a personnel psychology specialist in the Army, directing testing for the Department of Defense at Albuquerque, N.M. He also served as casework supervisor with the Camden County Welfare Board.

Mr. Moore's training included work at the National Training Laboratory of Bethel, Maine, the New Jersey Community Action Training Institute at Trenton, the New Careers Design Workshop at New York University, the program for urban specialists at HUD, and the United Planning Organization, Washington, D.C.

Mr. Moore is married to the former Mary Lou Kennedy of New York City and they have two children, Robert, 6, and Kimberly, 5.

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HUD NEWS
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WASHINGTON D.C. 20410

HUD-No. 71-447
Phone (202) 755-7174

FOR RELEASE:
Thursday
July 29, 1971

HUD, VA PRELIMINARY REPORT ON SETTLEMENT COSTS SENT TO CONGRESS

A preliminary report on settlement charges for government-financed home purchases has been submitted to the Congress by Secretary George Romney of the U.S. Department of Housing and Urban Development, and Donald E. Johnson, Administrator of Veteran Affairs.

The preliminary report is a compilation of data gathered from a nationwide survey on settlement costs conducted in March, 1971.

The final report, prepared in compliance with the Emergency Home Finance Act of 1970, will be submitted to Congress by the end of the year. It will include the findings and recommendations of a study being performed under contract by American University.

The preliminary survey reveals that average closing costs equalled $567 in all government-guaranteed loans analyzed. Of the total, about $248 was paid by the buyer and $319 by the seller.

The purpose of the study is to find better and more economical ways to help both buyers and sellers of single family houses. Closing costs, which come in addition to the down payment, often add significantly to the financial burden of buying a home.

Settlement costs refer to the sum of closing cost items, loan discount payments (mortgage points), prepaid items, and sales commissions. Closing costs include all charges paid at settlement for obtaining the mortgage loan and transferring real estate titles.

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The preliminary report will serve as a working paper for HUD-FHA, VA, the Congress, and the American University research team. The university will perform that portion of the study designed to develop a simplified method of locally controlling recording and insuring of real estate titles. The report is expected to recommend alternative procedures to current conveyancing methods. It will also evaluate the effect these methods would have on institutions and interest groups in the real estate field.

A limited number of copies are available and may be obtained by writing: Program Division, HUD-FHA, Room 6130, Washington, D.C. 20410.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-450
Phone (202) 755-7174

FOR RELEASE:
Thursday
July 29, 1971

FEDERAL CRIME INSURANCE TO BE AVAILABLE IN NINE STATES AND D.C.

George K. Bernstein, Federal Insurance Administrator, announced today that Federal crime insurance will be available in nine States and the District of Columbia on August 1, 1971. Under this newly enacted program, businessmen and residents will be able to purchase insurance against losses from burglary and robbery at affordable rates, even in high crime areas.

The crime insurance program, administered by the Federal Insurance Administration of the U.S. Department of Housing and Urban Development, will operate initially in:

Connecticut	Missouri
District of Columbia	New York
Illinois	Ohio
Maryland	Pennsylvania
Massachusetts	Rhode Island

Mr. Bernstein advised that all licensed insurance agents and brokers in each of these States and the District of Columbia have been furnished with appropriate forms and will be able to submit applications on behalf of prospective insured whose properties meet Federal protective standards.

Both commercial and residential burglary and robbery insurance is available with maximum coverage of $15,000 for commercial and $5,000 for residential.

Mr. Bernstein noted that premium rates have been established to meet the Congressional requirements that they be affordable and in many cases they are lower than the rates of comparable coverage in the private market. Commercial crime policy rates will reflect the type of business and vary according to the amount of its gross receipts. Although both commercial and residential rates vary with geographic location, based upon FBI crime statistics, all communities within a Standard Metropolitan Statistical Area (SMSA) are treated as a single rating territory. Thus, urban residents, for the first time, will usually pay the same rates as their suburban counterparts.

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The coverage available and the provisions and requirements of the program are as follows:

1. Federal crime insurance policies will be available through any licensed insurance agent and broker. It will not be sold through Government offices. All licensed agents and brokers have received an initial supply of application forms and know how to obtain additional forms. Applications will be sent by agents and brokers to insurance companies acting as "servicing companies" under fiscal agency contracts with the Federal Insurance Administration.

2. Both commercial and residential burglary and robbery insurance will be provided.

3. Maximum coverage under the commercial policy will be $15,000 and the residential policy, $5,000. Nonprofit and public agencies may be eligible for the commercial coverage.

4. The program has established "affordable" premium rates which in many cases are lower than the cost of comparable coverage in the private market. These rates vary with the geographic location of the property and are based on crime statistics compiled by the Federal Bureau of Investigation. Communities within a Standard Metropolitan Statistical Area (SMSA) are treated as a single rating territory. In the case of the commercial crime policy, the type of business and the amount of its gross receipts will also affect the amount of the premium.

5. Both commercial and residential policies are subject to deductibles. Under the residential policy the deductible is $100 or 5 percent (whichever is greater) of the loss. Under the commercial policy, businesses with gross receipts of under $50,000 and $25,000 will be subject, respectively, to deductibles of $150 and $100, or 5 percent of the loss (whichever is greater); and businesses with gross receipts of more than $50,000 will be subject to deductibles of $200 or 5 percent of the loss (whichever is greater).

6. The law requires the use of protective devices and procedures designed to prevent or minimize losses. The protective devices required under the regulation range from effective locks and latches on the doors and windows of homes to substantial protective devices (including central or local alarm systems) on commercial properties such as jewelry stores, camera shops, liquor stores, and the like, which are exposed to the greatest risks. In order to obtain crime insurance, the insured must certify that his property meets protective device requirements. Brokers and agents will advise the insured on these requirements.

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7. The submission of any application or claim containing false, misleading, or fraudulent information will subject the insured to the denial of coverage and to prosecution under the Federal Criminal Statutes.

In addition to information available through licensed agents and brokers, further information on this program may be obtained from the Federal Insurance Administration, 451 Seventh St., S.W., Washington, D.C. 20410, or from the servicing companies as indicated below:

CONNECTICUT	Aetna Casualty & Surety Co., 111 Pearl St., Hartford 06103
DISTRICT OF COLUMBIA	Aetna Casualty & Surety Co., Commerce Building, 1700 K St., N.W., Washington, D.C. 20006
ILLINOIS	Insurance Company of North America, 167 W. Jackson Blvd., Chicago 60604
	Suite 444, Carondelet East Building, 770 Carondelet Ave., Clayton, St. Louis, Mo. 63105
	Suite 1600, Savings Building, 411 Hamilton Blvd., Peoria 61602
MARYLAND	Insurance Company of North America, 303 E. Fayette St., Baltimore 21202
	2133 Wisconsin Ave., N.W., Washington, D.C. 20007
MASSACHUSETTS	Aetna Casualty & Surety Co., 10 Post Office Square, Boston 02109
	State Building, 1200 Main St., Springfield 01103
MISSOURI	Aetna Casualty & Surety Co., 1600 Pierce Building, 112 W. 4th St., St. Louis 63102
	Commerce Tower, Kansas City, 64199
NEW YORK	Aetna Casualty & Surety Co., 151 William St., New York City 10038
	41 State St., Albany 12207
	135 Delaware Ave., Buffalo 14202
	Sibley Tower Building, 25 North St., Rochester 14604

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	601 James St., Syracuse 13203
OHIO	Aetna Casualty & Surety Co., Union Commerce Building, 925 Euclid Ave., Cleveland 44114
	1501 Madison Rd., Cincinnati 45206
PENNSYLVANIA	Insurance Company of North America, 1300 Plaza West, 1300 Market St., Lemoyne 17043
	625 Walnut St., Philadelphia 19105
	I.N.A. Building, Parkway Center, 875 Green Tree Rd., Pittsburgh 15220
	131 West Wayne Ave., Wayne 19087
RHODE ISLAND	American Universal Insurance Co., 114 Wayland Ave., Box 6328, Providence 02904

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

STATEMENT BY

GEORGE ROMNEY, SECRETARY

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PLANNED VARIATIONS PROGRAM

WASHINGTON, D.C.
July 29, 1971

I am pleased that the President has today announced the selection of twenty cities for participation in Planned Variations. The purpose of this effort is to demonstrate what cities can do about their problems when given more authority to develop their own solutions, more resources to implement those solutions, and less direction from Washington.

The Administration and Congress have come to recognize that the proliferation of narrowly defined categorical aid programs is not the most effective way to seek solutions to urban problems. This approach has frequently resulted in the imposition of Federal priorities and uniform national approaches to problems which do not lend themselves to common solutions. The Model Cities Program has been and continues to be a significant effort to emphasize local governmental responsibility in meeting urban needs. However, even this program has suffered from several major constraints which have hampered its value as a demonstration of city capacity.

The Model Cities program was designed to demonstrate improved ways in which general purpose city governments could bring better living conditions to its citizens. While much has been learned from the Model Cities process during the past few years, evaluations of program experience suggest that program modifications will strengthen local capacity in dealing with urban problems. Cities selected to participate in Planned Variations will be developing and testing procedures which can guide other communities as they reorient their governmental processes to handle the new Community Development Program and other revenue sharing resources.

Following extensive discussions and analysis involving the Secretaries of major domestic agencies, the Office of Management and Budget, and the White House staff, the Domestic Council recommended a number of planned variations in a limited number of participating model cities. The variations selected include the following proposals:

1. City-Wide Program. This variation would permit development of Model Cities plans and programs for entire cities rather than limited neighborhoods. Future approaches to urban problems will not be confined to the neighborhood level, so cities need to develop the capacity to deal with this broader scale of effort. By providing administrative, planning and evaluation funds to expand the existing Model Cities program in selected cities to a city-wide basis, and by providing additional impact funds through other sources, city capacity to develop and carry out a rational, coordinated attack on priority problems and limited resources will be demonstrated. Techniques for eliminating or substantially reducing overlapping jurisdictions, duplication of effort, utilization of resources in isolation one from another, and limited citizen and private agency participation will be tested.

2. Mayor Review and Comment. A second proposal to be tested is establishing procedures to provide local chief executives with the opportunity to review and comment on major Federal program activities in the community. The fragmentation of responsibility for operation of projects at the local level and the varying channels through which Federal assistance passes result in the by-passing of the local general purpose government. This has lessened the coordination and planning ability within the office of the local chief executive. By allowing the mayor, or other appropriate local chief executive, to review and make recommendations with respect to applications from other agencies to Federal funding sources, substantially increased coordination, improved planning, and more effective utilization of resources at the local level should result.

3. Reduction of Federal Review. Under the final variation to be evaluated, we will work with other Federal Departments and Agencies in an effort to reduce to the fullest extent possible all reviews and regulations concerning the uses of Federal funds. A considerable network of reporting and submission requirements, administrative policy regulations, and Federal interagency review and monitoring systems face most cities dealing with categorical grant programs. This will increase the decision-making responsibility and accountability lodged with local general purpose government. It will demonstrate the capacity of local general purpose government to utilize funds wisely, without the delays and constraints imposed by Federal review.

4. Special Task Forces. An important element of Planned Variations will be a mechanism to bring Governors and State Agencies into the program. To that end, the Department proposes to create and fund

state/city task forces to develop and implement improved procedures for applying state funds to urban needs. Regional Councils will play a major role in working with State and local governments to achieve these objectives.

These provisions incorporate portions of the President's Revenue Sharing proposals, which simply stated, are designed to improve government's effectiveness in responding to locally defined problems and to build local capacity to use all available resources to meet and solve local problems.

All these twenty cities will receive funds to be used in building the capacity of the Mayor to determine priority needs of the community and to recommend rational allocation of these resources to meet these needs. Sixteen of the twenty cities will receive additional Model Cities supplemental funds to undertake programs for the alleviation of slum and blighted conditions throughout the city rather than just in the present model neighborhoods.

Twelve of the twenty cities were selected as a result of an extensive screening process carried out by a Federal interagency selection committee composed of representatives of HEW, DOT, DOL, EDA and OEO, as well as HUD. The remaining eight cities, three of which are participating only in the "mayor's review and comment" variation, were selected to provide additional diversification in the size and geographic location of cities in the program.

We have allocated $79.1 million of Model Cities funds for Planned Variations cities in Fiscal Year 1972. This amount is in addition to the $49.2 million annual Model Cities funding level already established for these cities. While these are the most flexible Federal funds currently available to cities, they are not sufficient to carry out a comprehensive attack on the problems of the participating cities. I am directing all HUD Regional Administrators and Area Office Directors to work out annual arrangements with the Mayors of each of the twenty Planned Variations cities, as well as with a number of other communities. These arrangements, based on the cities' comprehensive plans will provide the cities with early earmarking of HUD funds for a full program year. All HUD supported programs will be eligible for inclusion in these annual arrangements.

To further the above objectives, other relevant Federal Departments and agencies will be cooperating in the development and implementation of procedures to assure that local general purpose government has an opportunity to review and comment on the relative value of any proposed use of Federal funds. Further, our sister agencies will be working with us to simplify their review procedures wherever possible so that broadest flexibility will be given to local government in the use of our Federal resources.

We are committed to a detailed evaluation of this whole undertaking so that the experience of participating cities can be used in developing future urban policies for the nation. I am wholeheartedly convinced that the Planned Variations effort will lead us closer to urban strategies that can bring about solution of problems that plague our communities and, more importantly, the residents of those communities.

Finally, all of these initiatives to be taken under the Planned Variations effort give local officials greater responsibility and greater impact on the coordination of Federal dollars so as to expand the Model Cities process throughout a city and bring about the cohesiveness of Federal, State and local efforts. This, I believe, is a logical way to demonstrate the viability of the President's proposals contained in our General Revenue Sharing and Community Development Special Revenue Sharing legislation. We believe, that given the opportunity and resources, local government can and will respond effectively to the needs of its citizens.

# # # #

PLANNED VARIATIONS PROGRAM

Fact Sheet

Cities selected:

1. Butte, Mont.
2. Dayton, Ohio
3. Des Moines, Iowa
4. East St. Louis, Ill.
5. Erie, Pa.
6. Fresno, Calif.
7. Indianapolis, Ind.
8. Lansing, Mich.
9. Newark, N.J.
10. Norfolk, Va.
11. Paterson, N.J.
12. Seattle, Wash.
13. Tampa, Fla.
14. Tucson, Ariz.
15. Winston-Salem, N.C.
16. Waco, Texas
17. Houston, Texas
18. Rochester, N.Y.
19. San Jose, Calif.
20. Wilmington, Del.

Cities 1 through 16 will participate in Variations 1 and 2.
Cities 17 through 20 will participate in Variation 2 only.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-448
Phone (202) 755-7174

FOR RELEASE:
Friday
July 30, 1971

HUD FILMSTRIP ON HOUSING FOR THE ELDERLY AVAILABLE FOR LOAN

A 17-minute, 35mm. color filmstrip on housing for the elderly has been released by the U.S. Department of Housing and Urban Development. The title, "A Stranger Just Once," is taken from the friendly welcome elderly newcomers receive when moving into a well-run project designed for their special needs.

Housing for the elderly is provided under a number of HUD programs, which provide for both nonprofit and profit-oriented sponsorship and for both subsidized and unsubsidized financing. Occupants are subject to income limits and pay according to their incomes.

Four projects built under HUD programs are shown in the filmstrip. They vary in size, location and sponsorship.

HUD-sponsored projects for the elderly usually consist of housekeeping efficiencies for persons living alone and one-bedroom apartments usually for couples. They contain a central lounge and other rooms for social and recreational activities and larger projects usually include central dining facilities.

Experience has shown that elderly persons prefer to live in communities where they have family or social ties. Community involvement is encouraged. A variety of programs is offered to encourage residents to remain active as long as possible.

"A Stranger Just Once" is available on free loan from Sponsor Desk, Modern Talking Picture Service, 1212 Avenue of the Americas, New York, N.Y. 10036, or from the nearest MTPS office or contact your nearest Federal Housing Administration office.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-458
Phone (202) 755-7174

FOR RELEASE:
Monday
August 2, 1971

EX-POLICEMAN FIRST IN NATION TO BUY FEDERAL CRIME INSURANCE

A former policeman, who turned a hobby into a full time occupation, today became the first businessman in the country to apply for and receive a policy under the Federal Crime Insurance Program.

William Early, 35, owner of AIDA TV Sales and Services, 203 Florida Ave., N.W., was personally handed the policy by Secretary George Romney of the U.S. Department of Housing and Urban Development and George K. Bernstein, Federal Insurance Administrator, under whose direction the Federal Crime Insurance Program was developed.

Federal crime insurance became effective in nine States and the District of Columbia on Sunday, August 1. Under the newly enacted program, businessmen and residents are able to purchase insurance against losses from burglary and robbery at affordable rates--even in high crime areas.

U.S. Representative William B. Widnall of New Jersey was present for the ceremony. Also witnessing the event were U.S. Representatives Frank Annunzio of Illinois and William A. Barrett of Pennsylvania, Delegate Walter Fauntroy of the District of Columbia; James M. Rose Jr., Assistant Administrator of the Federal Insurance Administration (FIA) for Crime Insurance, and John Robert Hunter Jr., Chief Actuary of the FIA.

Issuance of the policy, in Mr. Early's words, "opened up a whole new world for me." "I have been last all my life," he said, with tears welling in his eyes, "and for once I'm going to be first."

The former policeman, who entered the Metropolitan Police Department 10 days after being discharged from the Army, on Sept. 9, 1960, started radio and television repair work as a hobby while a foot patrolman in the 13th Precinct. He had taken a correspondence course in electronics and, when offered the opportunity, took a test and was sent to the police radio shop. The Police Department made it possible for him to get additional training.

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Mr. Early first opened his place of business in 1967 at 1702 Second Street, N.W. while still in uniform. The shop was run by a close friend, John Williams, who now acts as his manager. Last September, he resigned from the police force and has been carrying out his "labor of love for from 12 to 14 hours a day" ever since.

His insurance problems arose when he sought consignment of merchandise from suppliers of electronics under what is commonly referred to as a floor plan. He could get fire insurance, but not robbery or burglary insurance--a requirement for merchandise under the floor plan.

Now that he has crime insurance, he has received several calls offering him all the merchandise that he needs, at least up to the limits of the $5,000 coverage which he purchased. Federal crime insurance is available up to a maximum of $15,000.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD No. 71-459
Phone (202) 755-7174

FOR RELEASE
Wednesday
August 4, 1971

HUD CONTRACTS FOR STUDY OF EFFECT OF ELECTRIC POWER ON URBAN LIFE

A contract for $185,000 has been awarded by the U. S. Department of Housing and Urban Development to identify the effects of various types of electric power on virtually all forms of urban community life.

The contract went to the Berkshire County Regional Planning Commission of Pittsfield, Mass., under HUD's Comprehensive Planning Research and Demonstration program.

The study will cover the impact of electric power on such factors as air pollution, demography, land use, housing, recreation, tourism, public facilities, economic activity, property taxes, water resources and wildlife.

The Planning Commission will examine the procedures followed by utilities in planning facilities and will identify points at which comprehensive regional planning agencies might be involved.

If necessary, model state legislation will be prepared to include planning agencies in the utility planning process.

In addition to administrative and legislative recommendations, the report will include a handbook containing guidelines to enable regional planning agencies to participate in the comprehensive planning of power generating and transmission facilities.

It also should be useful to comprehensive regional planning agencies, which have been handicapped by a lack of experience in this area.

Due in 18 months, the report is expected to be helpful to the Federal Power Commission, other Federal agencies and to the utilities themselves to facilitate coordination of their planning with state and local agencies.

For further information contact:

Project No: Mass. PD-7

Karl Hekler, Director
Berkshire County Regional Planning Commission
8 Bank Row
Pittsfield, Mass. 01201

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-469
Phone (202) 755-7174

FOR RELEASE:
Wednesday
August 11, 1971

HUD AWARDS 111 FELLOWSHIPS FOR GRADUATE WORK IN URBAN STUDIES

Secretary George Romney of the U.S. Department of Housing and Urban Development today announced the fifth annual award of graduate fellowships in urban studies to 111 students at 47 institutions of higher education.

The successful candidates, from 33 States and the District of Columbia, include 13 recipients of fellowships awarded last year. The renewals will permit the Fellows to complete their programs of study. More than 800 applications were received from students in all 50 States.

Secretary Romney characterized the HUD Urban Studies Fellowship Program as "a significant element in the development of a reservoir of trained, professional public service personnel to address the accumulated problems of our urban centers."

The fellowships cover a wide range of urban-related fields of graduate study for qualified students preparing for careers in urban public service. The students pursue full-time degree work in programs concerned with the social, economic, and physical development of modern cities, with emphasis on the coordination of all aspects of community development.

Thirty-eight percent of the Fellows are minority-group members, and 36 of the 111 recipients are women. They receive grants up to $3,000 for a year of study, plus $500 for each dependent up to two. A cost-of-education allowance covering tuition and fees is paid directly to institutions at which the Fellows are studying.

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HUD-No. 71-469

The HUD Urban Studies Fellowship Program is authorized by Title VIII of the Housing Act of 1964 and is administered by Samuel C. Jackson, Assistant Secretary for Community Planning and Management. Following are the HUD Fellows, their home addresses, and the institutions they will attend during the 1971-72 academic year:

ALABAMA

Daphne--Llewellyn Morgan Toulmin, Box 789; Syracuse University

ARIZONA

Phoenix--Harold Charns, 4224 N. 15th Avenue; U. of California, Berkeley

ARKANSAS

Little Rock--Erma F. Hendrix, 2805 Ringo Street; St. Louis University

CALIFORNIA

Albany--Emilio Antonio Escudero, 837 Riley Drive; U. of California, Berkeley
El Cerrito--Jean R. Danielson, 2659 Tamalpais Ave.; U. of Wisconsin, Madison
La Crescenta--Geoffrey J. Craig, 4628 Marellan Place; U. of Southern California, Los Angeles
Long Beach--Stuart M. Takeuchi, 2051 Adriatic Ave.; Cornell University
Moraga--Charles E. Brandes, 640 Moraga Road, #211; U. of Pennsylvania
North Highlands--Mary S. Padilla, 3835 Myrtle Ave.; U. of Southern California, Los Angeles
Oakland--Charles E. Loggins, 7717 Ney Ave.; Harvard University
Palto Alto--Marta V.K. Samulon, 180 Parkside Drive; U. of California, Berkeley
Pasadena--Darrell H. Cozen, 3640 Greenhill Road; Cornell University
Pico Rivera--Michael J. Schaaf, 4927 S. Acacia Ave.; U. of Michigan
Ridgecrest--James R. Ouimette, 306 Cisco Street; U. of North Carolina
Sacramento--Janet M. Taormina, 3708 Second Ave.; San Jose State College
San Diego--Michael G. Kemp, 6025 Dipper Street; San Diego State College
San Rafael--Laura E. Schlichtmann, 123 Bretano Way, Greenbrae; Cornell University
Santa Monica--Timi A. Hallem, 1335 Franklin Street; U. of California, Los Angeles
Saratoga--Herbert L. Hogue, 13282 Glen Brae Drive; U. of Pennsylvania

COLORADO

Boulder--James I. Baily, 800 Willowbrook Road; U. of Washington
Boulder--Lance S. Clarke, 1145 Pennsylvania Ave.; U. of Colorado
Pueblo--Clyde L. Beard, 1512 Jerry Murphy Road; Fresno State College
Pueblo--Richard A. Valdez, 2106 Cedar; St. Louis University

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HUD-No. 71-469

CONNECTICUT

Fairfield--Lydia A. Kowalski, 510 Sasco Hill Road; Massachusetts Institute of Technology

DISTRICT OF COLUMBIA

Washington--Alex P. Lucas, 5807-5th Street, N.E.; American University
Washington--Edward A. Lynch, 3609-18th Street, N.E.; Columbia University
Washington--Nadine Thompkins, 1416-35th Street, S.E.; Columbia University

FLORIDA

Hialeah--Alberto J. Garcia, 471 E. 51 Street; Florida Atlantic University
North Miami--Frederick W. Koehl, 1980 N.E. 173rd Street; Syracuse University
Opa-Locka--Charles C. Stafford, 15830 Bunch Park School Drive; Florida State University
Tallahassee--Doby L. Flowers, 1222 Ford Street; Florida State University

GEORGIA

Decatur--John A. Bell, 975 Clubhouse Circle; Georgia State University

ILLINOIS

Glencoe--Thomas R. Samuels, 960 Bluff Road; Harvard University
Manhattan--Rodney W. Gustafson, 145 Gustafson Street; U. of Chicago
Urbana--Carol J. Hanson, 608 W. Nevada; U. of North Carolina

INDIANA

Crown Point--Paul E. Fisher, 11905 Hayes Street; U. of North Carolina
Goshen--John R. Stafford, 2706 Martin Manor Drive; U. of Illinois

IOWA

Cedar Rapids--Guy E. Mueller, 3421 Shasta Drive, N.E.; U. of Pennsylvania

KANSAS

McPherson--David E. Johnston, 1333 North Terrace; U. of Kansas

LOUISIANA

New Orleans--Mart J. Black, 1104 Kirkman Street; Louisiana State University, New Orleans

MARYLAND

Baltimore--Candace L. Scott, 3319 Sequoia Avenue; Tufts University
Bethesda--Carol J. Galbreath, 8326 Still Spring Court; U. of North Carolina
Hagerstown--Eldon G. Hoachlander, 2250 Hagerstown Road; U. of California, Berkeley
Hyattsville--James D. Locke, 6808 Highview Terrace; U. of North Carolina
Oxon Hill--Arthur R. Cresce, Jr., 4932 White Oak Drive; Georgetown University
Timonium--Douglass W. Cassel, 252 Chantrip Road; Harvard Law School

MASSACHUSETTS

Boston--Joseph L. Flatley, 93 Gainsborough Street; Harvard University
Brighton--Michael S. Swartz, 55 Lanark Road; Syracuse University
Lexington--John W. Broderick, 1 Barrymeade Drive; Cornell University
Newton--Gail B. Promboin, 4 Placid Road; U. of Pennsylvania
Wakefield--Richard A. Ungerer, 68 Preston Street; Boston College

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HUD-No. 71-469

MICHIGAN

Detroit--Daniel N. Agacinski, 8106 Suzanne, U. of Syracuse
Detroit--Sherry A. Suttles, 15536 Normandy; U. of Michigan
Detroit--Ana Maria Valls, 1975 Hyde Park Road; Wayne State University
Southfield--Carolyn Alexander, 17386 Westhampton; U. of Michigan

MINNESOTA

Anoka--Robert W. Kirchner, 2920-9th Avenue N.; U. of Minnesota
Minneapolis--Edwina L. Hertzberg, 1950 Kenwood Parkway; U. of Minnesota
Minneapolis-- Charles W. Prentice, 600 Chowden Avenue, South; Cornell University
St. Paul--Willie Mae C. Wilson, 168 North Lexington Parkway; U. of Minnesota

MISSOURI

Jennings--John F. Berger, 9254 Halls Ferry Road; Syracuse University
University City--Steve Harris, 640 Vassar; U. of Kansas

MONTANA

Glasgow--Susan C. Lutzenhiser, 15 Heather Lane; U. of Montana

NEW JERSEY

Livingston--Barry L. Del Castilho, 78 Hillside Terrace; Syracuse University
Morristown--Barry P. Johnson, 40 White Birch Road; U. of Minnesota

NEW MEXICO

Albuquerque--Lester Sandoval, 205 Vassar, S.E.; Oregon College of Education
Sacramento--Ivan L. Hall, Box 24; U. of Wisconsin, Madison

NEW YORK

Auburn--James M. Taylor, 4 Melrose Parkway; U. of Pennsylvania
Bayside--Charles L. Guttenplan, 56-12 219th Street; U. of Pittsburgh
Brooklyn--Marc F. Roddin, 4021 Avenue I; Northwestern University
East Aurora--April L. Young; 750 Oakwood Avenue; George Washington University
Flushing--David P. Goldberg, 8326 Still Spring Court; Harvard University
Freeville--Melvin B. Hill, Overlook Knolls; Cornell University
Ithaca--Michael S. Licitra, 432 N. Aurora Street; U. of North Carolina
Jamaica--Paul A. Marx, 226-08 129th Ave.; Harvard University
Jericho--Janis M. Gabel, 21 Craig Street; Cornell University
New York City--Julio Vazquez, 2999-8th Ave.; Hunter College
Port Washington--William H. Harrington, Jr., 3 Sunset Lane; U. of Pennsylvania
Rochester--Peter C. Hutchinson, 192 Harwood Circle; Princeton University
Schrom Lake--Everett D. Millais, R.R.#1; U. of Pennsylvania

NORTH CAROLINA

Charlotte--Isaac Heard, Jr., 1623 Madison Ave.; Harvard University
Lincolnton--Gloria J. Smith, Rt. #5, Box 528; U. of Washington

OHIO

Akron--Richard J. Rosenberg, 146 Berwyck Drive; Ohio University
Bellbrook--Patricia A. Suttman, P.O. Box 312; Ohio State University
Chagrin Falls--Susan L. Jenuleson, 136 Locust Lane; U. of California, Berkley
Terrace Park--Judith L. Knight, 601 Wooster Pike; U. of Wisconsin-Milwaukee

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HUD-No. 71-469

OKLAHOMA

Tulsa--Gary W. Stith, 2539 So. Sandusky; Ohio State University

OREGON

Sandy--Pamela J. Jester, Route #3, Box 566; Syracuse University

PENNSYLVANIA

Harleysville--Emanuel J. Carter, Jr., 422 Main Street, Wilson #10; Cornell University
Norristown--Deirdre C. Coyne, 2942 Penn Square Road; George Washington University
Philadelphia--Douglas W. Heisler, 601 W. Clivedon Street; Cornell University
Pittsburgh--Karen M. Deasy, 6724 Greenwood; Pennsylvania State University
Pittsburgh--Linda M. Segall, 5455 Beacon Street; U. of California, Los Angeles
Pittsburgh--James L. Winston, 7052 Kidron Street; Harvard Law School
State College--James R. Toothman, 520 Fairway Road; Princeton University
Villanova--Mrs. Sandra B. Handford, 803 Stoke Road; U. of Pennsylvania
Wallingford--Ruthe A. Epstein, 123 Ridley Drive; U. of Pennsylvania
Warminster--Steve P. Pollack, 675 East Street Road, Apt.#1309; U. of Texas, Austin

SOUTH DAKOTA

Sioux Falls--Roger C. Wangsness, 2318 South Main Ave.; Cornell University

TEXAS

Port Arthur--Keith D. Moore, 3027 Keystone Ave.; Harvard University
San Antonio--Alexander E. Briseno, 2510 Monterey Street; Trinity University
San Antonio--Consuelo L. Fernandez, 120 Gatewood Court; New York University
San Antonio--Gary W. Houston, 518 S. Walters Street; Yale University

VIRGINIA

Arlington--Jacqueline Coachman, 2119 South Oakland Street; Columbia University
Blacksburg--Philip A. Leone, 622 Lee Street, S.E.; Virginia Polytechnic Institute
Ettrick--Natalie B. Sims, 20708 Third Avenue; Columbia University
Martinsville--Maxine B. Mitchell, 109 Massey Street; Massachusetts Institute of Technology
Portsmouth--Jerry R. Shiplett, 356 Maryland Avenue; Virginia Polytechnic Institute

WASHINGTON

Olympia--Anibal Mejia, 2106 South Fir Street; U. of Washington
Seattle--James B. Stanton, 8716 Sand Point Way, N.E., #8; U. of Washington
Spokane--Gregory J. Higgins, E. 808 Augusta; Columbia University

WISCONSIN

Milwaukee--Kenneth R. Czisny, 3373 North Murray Ave.; U. of Wisconsin, Milwaukee

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AN

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-470
Phone (202) 755-7174

FOR RELEASE:
Tuesday
August 10, 1971

HUD ATTORNEY APPOINTED TO FEDERAL INSURANCE POST

Federal Insurance Administrator George K. Bernstein today announced the appointment of Bernard V. Parrette to the newly-established position of Assistant Federal Insurance Administrator for Special Programs in the U.S. Department of Housing and Urban Development.

Before his appointment, Mr. Parrette, 41, served as an Assistant HUD General Counsel, with legal work of the Federal Insurance Administration as one of his principal responsibilities.

A career Government employee, Mr. Parrette came to HUD in 1968 specifically to work on the then recently-enacted Federal riot reinsurance and flood insurance programs. He had previously served with the Commerce Department as the first Chief Counsel of the Economic Development Administration and as Acting Chief Counsel and Deputy Chief Counsel of its predecessor agency, the Area Redevelopment Administration.

Mr. Parrette has been a resident of the District of Columbia since 1962. He practiced law in Minnesota, following graduation from the College of St. Thomas in 1953 and the University of Minnesota Law School in 1955.

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He is active in the Air Force Reserve and is currently assigned to the Office of the Judge Advocate General while enrolled in the Air War College seminar program. He is a member of the Minnesota and D.C. Bars and the Bars of the U.S. Supreme Court and the Court of Military Appeals.

Mr. Parrette is married to the former Rosemary Conley Walsh of Minneapolis, Minn., and is the father of three children.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-471
Phone (202) 755-7174

FOR RELEASE:
Tuesday
August 10, 1971

HUD SCHEDULES HEARINGS ON LAND SALES RULES

Eugene A. Gulledge, Assistant Secretary for Housing Production and Mortgage Credit - Federal Housing Administration Commissioner, U.S. Department of Housing and Urban Development, today announced that the Office of Interstate Land Sales Registration will hold hearings at 10 A.M. August 16 and 17 to permit interested parties to present oral comment with respect to proposed changes in OILSR regulations.

The hearings will provide State regulatory officials and consumer groups with the opportunity to express their views with regard to regulations proposed to deal with problems associated with the promotional land sales industry.

Roy P. Cookston, Administrator of OILSR, will conduct the hearings, to be held in Conference Room 7233 of the HUD building, 451-7th St., S.W., Washington, D.C.

"The hearings," Mr. Cookston said, "although informal in nature, are expected to provide the OILSR staff with valuable guidance in studying the comments we have received on our proposed amendments and changes."

The proposed regulations for implementing the administration of the Act were published in the Federal Register January 21 and February 24, 1971.

The Interstate Land Sales Full Disclosure Act, passed in 1969, is a consumer-oriented measure, designed to protect prospective buyers of land being offered for sale in interstate commerce from improper and insufficient information as to the nature of the land they may be considering purchasing.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-478
Phone (202) 755-7174

FOR RELEASE:
Monday
August 16, 1971

THE FEDERAL CRIME INSURANCE PROGRAM

Questions and Answers

1. Q. What is the Federal crime insurance program that went into effect on August 1, 1971?

   A. The program was established under Title VI of the Housing and Urban Development Act of 1970 and authorizes the Federal Government, as an insurer, to provide crime insurance at an affordable price in any State which after August 1, 1971, has a critical crime insurance availability problem and fails to adopt an appropriate State program to provide a solution.

2. Q. Who is responsible for operation of the program?

   A. The Secretary of HUD has delegated this authority to the Federal Insurance Administrator in the U.S. Department of Housing and Urban Development (451 Seventh Street, S.W., Washington, D.C. 20410). Acting for the Secretary, the Federal Insurance Administrator conducts a continuing nationwide review of the market availability situation. In those States in which he concludes that a critical problem exists which is not being resolved at the State level, the Federal Insurance Administrator provides insurance against losses due to burglary and robbery through licensed insurance agents and brokers and private insurance companies acting as servicing companies for the Federal Insurance Administration.

3. Q. Who is eligible for crime insurance?

   A. Any property owner or tenant or businessman within an eligible State may apply for crime insurance by (a) signing an application in which he certifies, under penalty of Federal law pertaining to fraud or misrepresentation, that his premises meet applicable protective device standards, (b) paying a 6-month premium installment due at time of application, (c) agreeing to permit inspections of the insured premises at reasonable times by HUD or its representatives, and (d) agreeing to report to law enforcement authorities all crime losses of property covered under each policy, whether or not a claim is filed.

- more -

4. Q. What is the result if the requirements are not followed?

A. Failure to comply fully with the requirements given above or the making of a false statement will result in refusal of coverage or cancellation and the denial of claims for losses. Intentionally false or misleading statements, either in the application or in connection with the submission of a claim, may also result in criminal prosecution.

5. Q. Where does a property owner or tenant obtain an application form?

A. Federal crime insurance applications may be obtained from any licensed property insurance agent or broker in any eligible State in which the premises to be insured are located.

6. Q. How does a property owner or tenant report claims for losses?

A. Losses which exceed the applicable deductible should be reported to the agent or broker through whom the application was submitted, or directly to the servicing company designated for the State in which the premises are located and a sworn proof of loss statement must be submitted.

7. Q. What kind of criminal acts and losses are covered?

A. (a) Burglary and larceny incident thereto, which means the stealing of property from within a premises which has been forcibly entered by means which leave physical marks of such forcible entry.

(b) Robbery which means the stealing of personal property from the insured in his presence and with his knowledge. This term includes observed theft.

(c) Damage to the premises committed during the course of a burglary or attempted burglary.

(d) In the case of the residential insurance policy, the burglary of an enclosed locked storage compartment of an automobile.

(e) In the case of the commercial insurance policy, burglary of a safe, subject to a $5,000 limit on claims for safes not of Class E quality or stronger.

- more -

8. Q. How much insurance can an individual buy?

A. Up to $5,000 of residential insurance coverage may be purchased. Commercial insurance may be purchased in amounts up to $15,000.

9. Q. Are payment of claims subject to deductibles?

(a) Claims under the residential policy are subject to a deductible of $100 or 5 percent of the amount of the claim whichever is greater.

(b) Claims under the commercial policy are subject to a deductible of $200 or 5 percent of the amount of the claim, whichever is greater, except that insureds with gross receipts under $50,000 and $25,000 are subject to deductibles of $150 and $100, respectively, or 5 percent of the amount of the claim, whichever is greater.

10. Q. Will the program be expanded to additional States?

A. If the Federal Insurance Administrator finds a critical problem of availability in additional States which is not being resolved at the State level, he will designate additional States as eligible for the purchase of crime insurance.

11. Q. What kind of personal property is covered?

A. The residential policy insures all personal property including jewelry, however, money is covered only up to $200. The commercial policy insures against burglary of and larceny of merchandise, furniture, fixtures and equipment and against stealing of money, securities, and merchandise by safe burglary and against robbery of money, securities, merchandise, fixtures and equipment.

12. Q. Will policies be cancelled or not renewed if insureds submit claims?

A. No. The Federal crime insurance program was established to make crime insurance available in areas where people have been unable to buy crime insurance and therefore Federal crime insurance will not be denied any eligible insured because of frequency or amount of claims.

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13. Q. What are the protective devices whose presence must be certified to before crime insurance will be made available?

A. In order to be eligible for Federal crime insurance, exterior doors of a residential property must be equipped with either a baffle-protective, self-locking latch and a dead bolt, or a self-locking dead latch. Dead bolts or self-latching dead latches must have a throw of at least one-half inch or be equipped with interlocking bolts and striker. The term "dead" bolt refers to the fact that the bolt cannot be moved except by turning knob or key. Sliding doors must be equipped with a dead bolt device of any kind. The term "throw" refers to the distance which the bolt penetrates into the doorway thus a 1/2-inch bolt will penetrate 1/2-inch into the doorway only if the door is properly hung to provide a close fitting between door and doorway.

All windows opening into stairways, porches, platforms or other areas affording easy access to the premises, must be equipped with locking devices. Exterior doors of non-residential properties must be equipped with dead latches with at least one-half inch throw and in addition, except where prohibited by laws pertaining to protection against fires, these doors must also be equipped with heavy duty, double cylinder dead locks with a throw which extends at least one inch into the frame of the doorway or has interlocking bolts and striker. There are other requirements for more exposed premises which are explained in regulations governing the program.

14. Q. What are the rates for coverage?

A. (a) Residential crime insurance coverage annual rates--

For--	In lowest crime areas	In average crime areas	In highest crime areas
$1,000 of coverage	$30	$40	$50
$2,000 of coverage	40	50	60
$3,000 of coverage	50	60	70
$5,000 of coverage	60	70	80

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(b) Nonresidential or commercial rates--

These rates cannot be shown on a simple table such as the above since they are based on the class of business and the location of the premises and reflect the gross receipts from the previous year and the amount of coverage selected by the insured. Complete details are contained in the program manual, but for example, a store having gross receipts of $25,000 or less, located in an average risk class, would have six-month rates as follows:

For--	In lowest crime areas	In average crime areas	In highest crime areas
$ 1,000 of coverage	$ 40	$ 50	$ 60
$ 5,000 of coverage	180	225	270
$10,000 of coverage	310	388	465
$15,000 of coverage	390	488	585

For stores having higher gross receipts, the cost is greater, for example, a store with gross receipts in the $50,000-99,999 range would pay twice the rates shown above. Slightly lower rates apply for low risk classes (most types of stores fall within this category) and slightly higher rates apply to other, high risk classes.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-474
Phone (202) 755-7174

FOR RELEASE:
Friday
August 6, 1971

HUD CONFERENCE FOCUSES ON INDIAN HOUSING PROBLEMS

Nineteen Indian housing authority administrators met with officials of the U.S. Department of Housing and Urban Development during a three day conference to discuss the problems of providing adequate management for housing units on Indian reservations.

The Indian Housing Management Conference, which ended Friday, July 30, provided a forum for the Indians to point out to HUD what their housing problems are on the Indian reservations and to recommend ways these problems can be solved.

"We recognize that many of the social problems of the Indians stem from the deplorable and dehumanizing condition of their housing," HUD Secretary George Romney declared.

"Getting new homes produced is only one part of the commitment," Secretary Romney said. "It is quite a different problem to deal with the human aspects of a housing program, particularly the housing management aspects."

Norman V. Watson, Assistant Secretary for Housing Management, explained that the conference was held in response to the increasing concern for Indian housing problems.

"Our commitment to the Indians is growing daily, with 30,000 units pledged to the Indians by 1974," he said. "We realized that we were dealing with a different, unique kind of program and that we first needed to listen to the people who administer the programs on a day-to-day basis."

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Discussions centered on six major types of housing management problems faced by the Indians: the need for more training of the local housing authority administrators as well as for counseling and training of tenants in the care and maintenance of their homes; problems in rent collection; the need for more Federal agency coordination, particularly in the planning of new housing projects; questions concerning funding for more comprehensive maintenance programs; and the determination of ways to expand and modify current Indian housing programs.

At the close of the conference, the administrators of the Indian housing authorities submitted to Secretary Romney a list of recommendations for modification of current policies and proposals for new Indian housing programs.

"This meeting was an historic first," said Assistant Secretary Watson. "It marked the beginning of a meaningful dialogue between HUD and the people of the Indian nations."

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NOTE TO EDITORS: Photographs are available upon request to the News Services Division, HUD, Room 4182, Washington, D.C. 20410.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-483
Phone (202) 755-6420

NOTICE OF PUBLICATION
FOR RELEASE:
Tuesday
August 17, 1971

COMPUTER TECHNIQUES APPLIED TO LAND, HOUSING DATA

"Metropolitan Planning Data from Local Governments: A Demonstration of Land Use Data Compatibility," a report describing a computerized uniform metropolitan land use information system, has been published by the Metropolitan Washington Council of Governments with the assistance of an urban renewal demonstration grant, the U.S. Department of Housing and Urban Development announced today.

The Metropolitan Washington Council of Governments in association with the District of Columbia Government, developed this system for use by the Council of Governments and member jurisdictions. The report describes how the project developed new methods, procedures, and definitions for the collection and analysis of compatible land use and housing characteristics in the jurisdictions of the Washington Metropolitan area.

This demonstration project has shown that useful planning data can be produced as a by-product of operating programs without duplication of work, and that data useful for metropolitan planning can be compiled economically from local government data sources.

It has also shown the usefulness of a cooperative regional approach in solving the problems of urban growth. As part of the project, the Council of Governments also advised local governments on establishing automated land use information systems.

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HUD-No. 71-483

Members of the Council, established in 1957, include the District of Columbia; Prince Georges and Montgomery Counties in Maryland, and Fairfax, Arlington, Prince William and Loudon Counties in Virginia; and the cities of Alexandria, Fairfax City and Falls Church, Va., and College Park, Rockville, and Takoma Park, Md.

Single copies are available, free of charge, by writing to:

Bruce D. McDowell
Director of Program Coordination
Metropolitan Washington Council of Governments
1225 Connecticut Avenue, N.W.
Washington, D. C. 20036

Project No.: D.C. D-3

# # #

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-491
Phone (202) 755-7174

FOR RELEASE:
Tuesday
August 17, 1971

MANY COASTAL PROPERTY OWNERS FAIL TO INSURE AGAINST SUMMER FLOODS

Property owners in hundreds of Gulf and East Coast communities eligible for federally subsidized flood insurance may face economic ruin if their communities are hit by summer hurricanes and associated floods, the Federal Insurance Administration of the U.S. Department of Housing and Urban Development warned today.

Federal Insurance Administrator George K. Bernstein reminded residents in eligible communities that coverage can be purchased through any insurance agent or broker licensed in the State.

Any property owner who has been eligible to purchase flood insurance for more than one year but has failed to do so, or who purchased less than the amount necessary to cover his property up to the available limits, will be ineligible for Federal financial disaster assistance to the extent that losses could have been covered by the insurance.

"Many of the communities along the Gulf Coast have been in the flood insurance program for more than one year," Mr. Bernstein said, "and the present threat of loss of disaster relief eligibility in those communities should be a real incentive to these people to purchase insurance."

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Expressing "grave concern" over the potential plight of property owners in those areas, Mr. Bernstein warned against a repeat of Hurricane Camille and Celia and the tropical rainstorms that plague the coastal areas, especially along the Gulf.

Camille caused an estimated $1.5 billion in damage. Seventy-five thousand families suffered losses and well over 20,000 homes were destroyed or damaged. Few of those losses were covered by flood insurance because it was virtually nonexistent at that time.

"Local officials put forth a great deal of effort in the past two years to have their communities declared eligible for the sale of flood insurance," Mr. Bernstein added. "Unfortunately, not enough people in these communities have taken advantage of the National Flood Insurance Program."

After the last hurricane season ended, he observed, activity and interest in the flood insurance program by local officials and property owners dropped off sharply.

"This lack of interest in the available coverage was regrettable during the last 12 months," he said. "But now that the time has come for many property owners when disaster relief may no longer be available, the situation is deplorable."

Mr. Bernstein urged elected officials and insurance representatives in the eligible areas to "use every effort to make the public aware of the availability of flood insurance and the disastrous possible consequences of failing to insure or under-insuring against flood losses."

The attached charts list flood insurance policies sold in Florida and Texas.

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To accompany HUD-No. 71-491

FLORIDA

STATUS OF NATIONAL FLOOD INSURANCE PROGRAM

ELIGIBLE COMMUNITY	DATE OF ELIGIBILITY		POLICIES SOLD
	EMERG. PGM.	REG. PGM.	
Longboat Key	4-30-70	7-30-71	432
Palm Beach Shores	4-30-70	6-25-71	34
Naples	5-08-70	7-02-71	1,053
" ~~(remainder)~~	7-24-70		341
Redington Beach	5-15-70	5-07-71	267
North Redington Beach	5-22-70	5-14-71	94
St. Petersburg Beach	5-22-70	5-14-71	612
Okaloosa Island Beaches	5-22-70		55
" (Holiday Isle)	7-24-70	11-06-70	17
Indian Rocks Beach (South Shore)	5-22-70	5-21-71	56
Pensacola Beach	5-29-70		404
Maderia Beach	6-05-70	5-07-71	319
Key Colony Beach	6-12-70	7-16-71	61
Key West	6-12-70		230
Monroe County	6-12-70		1,391
Fort Walton Beach	6-19-70		168
Palm Beach County (uninc. areas)	6-19-70		66
Pinellas County (uninc. areas)	6-19-70	6-18-71	339
South Pasadena	6-19-70	5-14-71	15
St. Petersburg	6-19-70	5-28-71	927
~~Valparíso~~	~~6-19-70~~		26
Bradenton Beach	6-30-70	6-11-71	72
Anna Maria	6-30-70	6-11-71	163
Manatee County (uninc. areas)	6-30-70	6-25-71	118
Treasure Island	6-30-70	5-07-71	582
Redington Shores	6-30-70	5-07-71	74

- more -

FLORIDA

STATUS OF NATIONAL FLOOD INSURANCE PROGRAM

ELIGIBLE COMMUNITY	DATE OF ELIGIBILITY		POLICIES SOLD
	EMERG. PGM.	REG. PGM.	
Charlotte County (uninc. areas)	6-30-70	8-06-71	207
Belleair Beach	6-30-70	5-14-71	143
Layton	6-30-70	7-23-71	3
Clearwater	6-30-70	6-04-71	461
Collier County (uninc. areas)	7-10-70		315
Gulf Breeze	7-10-70		51
Holmes Beach	7-10-70	6-11-71	428
Sarasota County (uninc. areas)	7-10-70	7-30-71	1,120
Indian Rocks Beach	7-17-70	5-07-71	47
Manalapan	7-17-70	10-30-70	33
Everglades	7-17-70		13
Belleair	7-17-70	5-14-71	399
Gulfport	7-24-70	5-21-71	32
Tarpon Springs	7-24-70	5-14-71	19
Largo	7-31-70	5-28-71	81
Belleair Shore	8-07-70	5-14-71	14
Gainesville	8-07-70		4
Dade County	8-14-70		1,465
Safety Harbor	8-28-70	5-14-71	-
Okaloosa County (uninc. areas)	8-28-70		75
Santa Rosa County (uninc. areas)	8-28-70		32
Punta Gorda	8-28-70	10-30-70	104
Venice	8-28-70	7-30-71	-
Daytona Beach	9-11-70		26
Highland Beach	9-11-70	10-16-70	7
Oldsmar	9-11-70	5-21-71	3

FLORIDA

STATUS OF NATIONAL FLOOD INSURANCE PROGRAM

ELIGIBLE COMMUNITY	DATE OF ELIGIBILITY		POLICIES SOLD
	EMERG. PGM.	REG. PGM.	
Port St. Joe	9-11-70		11
Mexico Beach	9-18-70		32
Ocean Ridge	9-18-70	4-09-71	17
Sarasota	9-18-70	7-30-71	640
Hastings	9-25-70		-
St. Augustine	9-25-70		36
St. Augustine Beach	9-25-70		6
St. Johns County (uninc. areas)	9-25-70		24
Navarec Beach	9-25-70		17
Dunedin	10-09-70	5-14-71	52
Hillsborough County (uninc. areas)	10-09-70		44
Delray Beach	10-16-70	4-09-71	39
Walton County (uninc. areas)	10-16-70		2
Fort Myers	10-30-70	4-09-71	435
Lee County (uninc. areas)	10-30-70		464
Brevard County (uninc. areas)	11-13-70		21
Yankeetown	11-13-70	8-20-71	4
Cocoa Beach	11-20-70		36
Fort Lauderdale	11-20-70		66
Ormond Beach	11-20-70		14
Tampa	11-27-70		270
Tequesta	12-04-70	6-11-71	5
Broward County (uninc. areas)	12-18-70		137
Melbourne Beach	1-15-71		7
Daytona Beach Shores	1-29-71		1
Lauderdale-by-the-Sea	2-12-71		9

FLORIDA

STATUS OF NATIONAL FLOOD INSURANCE PROGRAM

ELIGIBLE COMMUNITY	DATE OF ELIGIBILITY		POLICIES SOLD
	EMERG. PGM.	REG. PGM.	
Pensacola	2-12-71		27
Lantana		3-12-71	8
Titusville	3-12-71		9
Cape Canaveral	3-19-71		4
Lynn Haven	5-07-71		2
Holly Hill	5-14-71		-
New Smyrna Beach	5-14-71		1
Volusia County (uninc. areas)	5-14-71		33
Hollywood	6-04-71		-
South Daytona	6-18-71		-
Cape Coral	7-02-71		-
Nassau County (uninc. areas)	7-09-71		-
Gulf Stream	7-16-71		-
Temple Terrace	7-16-71		-
Milton	7-30-71		-
Franklin County (uninc. areas)	8-13-71		-
Indian Harbour Beach	8-20-71		-
GRAND TOTAL-			15,471

To accompany HUD-No. 71-491

TEXAS

STATUS OF NATIONAL FLOOD INSURANCE PROGRAM

ELIGIBLE COMMUNITY	DATE OF ELIGIBILITY		POLICIES SOLD
	EMERG. PGM.	REG. PGM.	
Baytown *(remainder)	*7-17-70	2-27-70	393 26
Sherman	5-22-70	6-04-71	15
Victoria	5-22-70	7-23-71	17
Clear Lake City	5-29-70		119
Galveston	5-29-70	5-07-71	1,965
Groves	5-29-70	11-13-70	460
La Marque	5-29-70	10-16-70	388
Port Arthur	5-29-70	11-13-70	1,118
Seabrook	5-29-70	4-23-71	256
Lakeview	5-29-70	11-13-70	9
Friendswood	6-05-70		31
Kemah	6-05-70	10-16-70	100
League City	6-05-70	11-20-70	85
Texas City	6-05-70	11-20-70	1,552
Abilene	6-19-70	7-23-71	10
Aransas County (uninc. areas)	6-19-70	8-06-71	96
Aransas Pass	6-19-70	6-25-71	65
Agua Dulce	6-19-70	3-26-71	1
Beaumont	6-19-70	10-30-70	124
Brazoria County (uninc. areas)	6-19-70	5-07-71	543
Calhoun County (uninc. areas)	6-19-70	3-19-71	524
Galveston County *(Dickinson) (uninc. areas)	*5-15-70 6-19-70	4-09-71	210 1,522
Freeport	6-19-70	11-13-70	262
Corpus Christi	6-19-70	7-23-71	297
Ingleside	6-19-70	6-25-71	47
Irving *(remainder)	6-19-70 *8-11-70		3 1

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TEXAS

STATUS OF NATIONAL FLOOD INSURANCE PROGRAM

ELIGIBLE COMMUNITY	DATE OF ELIGIBILITY		POLICIES SOLD
	EMERG. PGM.	REG. PGM.	
Hitchcock	6-19-70	11-13-70	310
Matagorda County (uninc. areas)	6-19-70	4-30-71	384
Nueces County (uninc. areas)	6-19-70		37
Port Aransas	6-19-70	6-25-71	198
Robstown	6-19-70	7-09-71	-
Rockport	6-19-70	7-02-71	316
San Patricio County (uninc. areas)	6-19-70		34
Sinton	6-19-70	3-26-71	81
Dallas	6-30-70		76
Jefferson County (uninc. areas)	6-30-70		156
Three Rivers	6-30-70	6-18-71	28
Pear Ridge	7-10-70	11-13-70	8
Griffing Park	7-17-70	11-13-70	5
Mesquite	7-24-70	7-30-71	5
Nassau Bay	7-24-70	11-13-70	243
Arlington	7-31-70	7-23-71 12-31-70	4
Clear Lake Shores	7-31-70	10-23-70 7-16-71	19
Bay City	8-07-70	4-23-71	10
Garland	8-07-70	4-16-71	45
Palacios	8-07-70	11-13-70	158
Refugio	8-07-70		5
Refugio County (uninc. areas)	8-07-70		3
Cameron County (uninc. areas)	8-14-70		222
El Lago	8-14-70	7-02-71	15
La Porte	8-28-70	2-12-71	53
Taylor Lake	8-28-70	11-13-70	6

To accompany HUD-No. 71-491 TEXAS

STATUS OF NATIONAL FLOOD INSURANCE PROGRAM

ELIGIBIE COMMUNITY	DATE OF ELIGIBILITY		POLICIES SOLD
	EMERG. PGM.	REG. PGM.	
Nederland	8-28-70	11-13-70	22
Dallas County (uninc. areas)	9-04-70		11
Kenedy	9-04-70	6-25-71	2
Shoreacres	9-11-70	11-20-70	32
Harris County Water Control District #60	9-18-70	11-13-70	-
Lake Jackson	9-25-70		4
Kleberg County (uninc areas)	9-25-70	8-13-71	-
Port Neches	9-25-70	11-13-70	2
Kingsville	10-09-70	2-26-71	-
San Marcos	10-09-70		34
Seguin	10-09-70	6-18-71	6
Port Lavaca	10-23-70		69
Webster	10-30-70		2
Harlingen	11-06-70		47
Orange County (uninc. areas)	11-06-70	5-14-71	12
Starr County (uninc. areas)	11-06-70		5
Hillcrest Village	11-27-70		-
Sweeny	11-27-70		1
New Braunfels	12-04-70		3
Seadrift		12-04-70	20
El Paso	12-11-70		1
Greenville	12-31-70	8-13-71	2
Pinehurst	12-31-70	7-02-71	1
Brownsville	1-15-71		8
Edna	1-29-71		-

TEXAS

STATUS OF NATIONAL FLOOD INSURANCE PROGRAM

ELIGIBLE COMMUNITY	DATE OF ELIGIBILITY		POLICIES SOLD
	EMERG. PGM.	REG. PGM.	
Alvin	2-19-71		7
Comal County (uninc. areas)	3-05-71		-
Halletsville	3-19-71		1
Cleburne	4-02-71		15
Pasadena	4-02-71		1
Jackson County (uninc. areas)	6-25-71		-
Laguna Vista	8-13-71		-
Richwood	8-20-71		-
GRAND TOTAL--			12,968

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-505
Phone (202) 755-7174

FOR RELEASE AFTER:
10:30 A.M., Thursday
August 26, 1971

FIRST BREAKTHROUGH UNITS UNVEILED AT KALAMAZOO

The first housing units completed in Operation BREAKTHROUGH -- the experimental housing program which has attracted international attention -- were unveiled today in Kalamazoo, Mich.

BREAKTHROUGH was launched by the U.S. Department of Housing and Urban Development in mid-1969 to demonstrate methods of fostering volume production of housing.

"BREAKTHROUGH already has had an important impact on the nation's building industry, the building trades, and on local and State building codes," said Alfred A. Perry, Director of HUD's Operation BREAKTHROUGH, presiding at the historic event.

"These completed housing units are the vanguard for the thousands and thousands of industrial housing units which will be found in every corner of the Nation in the years to come," he said.

The units at Kalamazoo were constructed by Levitt Building Systems, Inc., the first to complete units in the program, and Hercoform Marketing, Inc., a subsidiary of Hercules, Inc. Five other housing producers at work on the Kalamazoo site are F.C.E. Dillon, Material Systems Corp., National Homes Corp., Republic Steel, and Scholz Homes Inc.

"Operation BREAKTHROUGH will complete almost 3,000 units on nine prototype sites throughout the Nation by 1972," Mr. Perry said. The remaining sites, all under development, are: Jersey City, N.J., Macon, Ga., Memphis, Tenn., St. Louis, Mo., Indianapolis, Ind., Sacramento, Calif., Seattle and King County, Wash.

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At Kalamazoo, the factory - produced modular units unveiled consist of seven Levitt townhouses and five Hercoform townhouses in both conventional and contemporary styles with 2-, 3-, and 4-bedroom units. The modules for the townhouses were built in Levitt and Hercoform manufacturing plants in Battle Creek, Mich., and Bloomsburg, Pa., respectively, and transported to the site for erection and installation.

The homes are 12 of 245 units that will be on the Kalamazoo Breakthrough site. At present 85 of the units are erected, and construction is scheduled for substantial completion by the end of November.

The Kalamazoo development is one of nine Operation BREAKTHROUGH prototype sites located in various parts of the country. BREAKTHROUGH is HUD's program designed to increase housing production and improve its quality by development and research with selected systems producers using new construction techniques for quality housing. The program, which will provide housing for families in all economic levels, also is designed to reduce the cost of housing.

In addition to the townhouses at Kalamazoo, garden apartments, medium-rise and low-rise apartments, and single-family homes will be constructed. Complementing these various types of housing, the community site plan, developed by the Perkins & Will Partnership of Michigan, provides open spaces and green areas for healthy family living, as well as community recreation facilities in a park-like environment. The site will feature a community building, an 1800-square-foot outdoor swimming pool, baseball diamond, and a children's play area in the 33.8 square acres of the site. A large city park and natural lake also adjoin the site.

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HUD-No. 71-505

Development work at the site is being carried out by the Kalamazoo Breakthrough Housing Venture, a joint undertaking of the Bert L. Smokler Company, Southfield, Mich., and the National Corporation for Housing Partnerships, Washington, D.C. The Smokler Company is an experienced building contractor noted for the construction of quality single and multi-family developments. The National Corporation for Housing Partnerships, created by Congress in 1968, is a unique joint effort of government and private industry designed to help solve the nation's critical shortage in housing by coupling its investment resources with the skills and productivity of America's builders and developers.

Marketing of the Kalamazoo BREAKTHROUGH homes is scheduled to begin in early September under Section 236 of the 1968 Housing Act as a cooperative. Principal features of the cooperative plan include a form of home ownership, democratic participation, and community control.

Financing for the cooperative mortgage is being provided by the Michigan State Housing Development Authority. The cooperative is being sponsored by the non-profit Foundation for Cooperative Housing. The sales program will be conducted by FCH Services, Inc., a subsidiary of the Foundation.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-518
Phone (202) 755-7174

FOR RELEASE:
Thursday
September 2, 1971

HUD ISSUES GUIDELINES FOR "LEGACY OF PARKS" PROGRAM

The U.S. Department of Housing and Urban Development today issued guidelines covering President Nixon's new Legacy of Parks Program.

The program replaced the Open Space Land Program, Urban Beautification Program, and Historic Preservation Program with a single expanded program on July 1.

The Legacy of Parks Program was announced by President Nixon in his 1971 State of the Union Message. It promised to provide for the Nation the most ambitious program ever proposed by a President to "bring parks to the people."

Special emphasis and high priority will be given to providing parks and recreation opportunities "where the people are and where the people are who need them the most," he said at the time.

Eligible projects include land acquisition, land development, environmental improvements, and the preservation of historic sites and buildings.

The program provides matching grants to States and local public bodies for up to 50 percent of the cost of acquiring open space land, acquiring, restoring or improving significant historic and architectural sites or properties, and for public environmental improvements which provide long term benefits in urban areas. In addition, grants are available to States and public local bodies for up to 75 percent of the cost of acquiring interest in undeveloped or predominantly undeveloped land which has special significance in helping to shape desirable patterns of urban growth.

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HUD-No. 71-518

HUD officials said the program will encourage use of the program to provide recreational resources in and near housing developments for low and moderate income families.

HUD will support an integrated approach at local, State, and Federal levels, granting extra credit to projects undertaken in conjunction with other HUD programs such as New Communities, and Operation BREAKTHROUGH.

Citizen participation will be encouraged in HUD-assisted activities at the local government level, officials said.

Further information may be obtained at any HUD Regional Office, or by writing to:

Legacy of Parks
HUD
Washington, D.C. 20410

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-519
Phone (202) 755-7174

FOR RELEASE:
Wednesday
September 8, 1971

STUDENTS PARTICIPATE IN COLLEGE HOUSING PROGRAM

The interest and experience that college students have in the construction, maintenance and management of their own housing will carry over to a considerable degree when they complete their schooling and embark upon their careers.

This is the conclusion reached in "Co-ops Move to the Campus," in the September issue of HUD Challenge, the monthly departmental magazine of the U.S. Department of Housing and Urban Development.

Although the vast majority of student housing programs are run by the colleges and universities, the article says there appears to be a trend toward greater student participation.

The story, an account of HUD's College Housing Program, is illustrated with pictures taken at each of six schools visited, with details of specific housing arrangements. The schools are: the University of Michigan, Spelman College of Atlanta University Center, Pacific University, Portland State College, Stanford University, and the University of California at Los Angeles.

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Since its inception in 1950, the College Housing Program has had an impact on over 3,000 projects at more than 1,250 schools. It has expended some $3.5 billion, the article says, and "the return....is incalculable in its enrichment of our whole society."

HUD Challenge is the Department's official publication providing a forum for the exchange of ideas and innovations in housing and related fields.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-524
Phone (202) 755-7174

FOR RELEASE AFTER:
10:30 A.M., Wednesday
September 8, 1971

ROMNEY URGES MORTGAGE INDUSTRY TO PARTICIPATE IN FIRST GNMA AUCTION

Secretary George Romney of the U.S. Department of Housing and Urban Development today hailed the first mortgage auction of HUD's Government National Mortgage Association as an opportunity for the private sector to participate in a much-needed new program to assist the financing of moderate-priced homes.

Mr. Romney addressed several thousand housing men today (Wednesday) over an 11-city nationwide closed-circuit radio conference held to provide details of the new $2 billion Special Assistance program and the initial GNMA auction to be held Thursday, September 9.

Woodward Kingman, President of GNMA, announced that the amount of mortgage commitment contracts available for purchase in the auction would exceed $300 million.

"The expanded Ginnie Mae Tandem Plan," Mr. Romney said, "will aid the home buyer and help the economy by maintaining the Nation's housing goals and stimulating employment.

"And in providing a true ceiling on mortgage interest rates, it is consistent with President Nixon's recent action with regard to ceilings on wages and prices.

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"Because of the large volume that will develop from the 'roll-over' of Ginnie Mae's $2 billion authorization, the Federal National Mortgage Association (FNMA) cannot handle all of the funding as in previous Tandem programs. Consequently, we are relying on the private sector to provide most of the financing by participating in the Ginnie Mae auction," Mr. Romney said.

Under the program, GNMA is committed to buy unsubsidized FHA and VA mortgages up to a ceiling of $22,000 per mortgage at 96 or 95 percent of value, and then to sell them at market prices in order to "roll over" or replenish its authorization. Any differential between its buying and selling prices is absorbed by GNMA.

Mr. Kingman emphasized that mortgage lenders must originate mortgages at the same price (96 percent of value on new construction and 95 percent on existing homes) as they sell them to GNMA. This assures that no more than 4 or 5 "points," or initial financing charges, will be involved in the sales. Recently, 8 to 10 points have been charged on 7 percent mortgages.

Anticipating a total of about 2,000,000 housing starts this year, Mr. Kingman predicted that mortgages eligible for the GNMA program would total some 760,000 units, for a total mortgage volume of about $15 billion in the first 12 months. However, he pointed out that as interest rates decline, so do the costs of the program.

In its periodic auctions, GNMA will accept two types of bids: (a) "Special" bids from originator-sellers bidding to repurchase their own commitment contracts, and (b) "general" bids from any FHA-approved mortgagees bidding for delivered mortgages only.

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Mr. Kingman explained that an auction only for delivered mortgages would have resulted in many originator-sellers losing the servicing of their mortgages, their prime incentive in mortgage origination.

The 11-city closed circuit radio network conference was necessary to inform participants quickly of the program's details and the auction. Bids for the auction will be accepted by telephone (area code 202-293-7500) Thursday with written confirmation following.

Besides Secretary Romney and Mr. Kingman talking from the Mayflower Hotel in Washington, D.C., those participating in the briefing were FNMA President Oakley Hunter in Dallas (Sheraton Hotel); FNMA Executive Vice President William B. Ross in Chicago (Sheraton Downtown); GNMA Executive Vice President Richard Dyas in Detroit (Hilton Hotel); FNMA Vice President Frank W. Pence in Los Angeles (International Hotel); GNMA Vice President-Controller John Burke in Philadelphia (Bellevue-Stratford); GNMA Loans Director Carl Grenn in Seattle (Hyatt House); GNMA Executive Assistant William Rollins in Atlanta (Marriott Motel); GNMA Mortgage-Backed Securities Director Austin Frum in Boston (Statler-Hilton); GNMA Assistant Director William Wildhack in Houston (Sonesta); and GNMA Secretary Treasurer Albert Fulner in Miami (Dupont Plaza).

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WASHINGTON D.C. 20410

FILE COPY

HUD-No. 71-522
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FOR RELEASE:
Thursday
September 9, 1971

HUD OFFICIAL URGES CONTINUING ASSAULT ON INSTITUTIONAL RACISM

"Although there has been considerable improvement in the social and economic status of black Americans, it is essential that there be no relaxation in the continuing assault on institutional racism," a ranking official of the U.S. Department of Housing and Urban Development said today.

Speaking to the Hungry Club in Birmingham, Ala., Samuel C. Jackson, HUD General Assistant Secretary declared that the ultimate goal of the black community should be the total resurrection of its rights and privileges so that it can share fully and equally in the bounty of American society.

The HUD official pinpointed housing, economic opportunity and education as focal areas for continued pressure by the black leadership. "We have come a long way," he said "but we have a long way to go."

He indicated that the Administration is well aware of the urgency of the situation and pointed to specific measures taken to speed the upward mobility of the Nation's black citizens.

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He noted that the Small Business Administration loaned $160 million to 6,262 minority businessmen in 1970. Loans by the SBA so far this year totalled $213 million to 7,776 minority entrepreneurs. Typical of these, is the recent $2,370,000 loan for the establishment of 19 fast-food restaurants to be owned by black businessmen in Chicago, Cleveland and Washington, D.C.

As an indication of HUD's impact on the housing situation, Mr. Jackson revealed that 36,000 low-rent housing units are currently under public management in Alabama with 5,200 HUD-assisted low rent and home ownership units scheduled for completion this year. All told, HUD-assisted housing in Birmingham represents 25 percent of total construction in the State of Alabama.

Turning to the problem of fair housing, Mr. Jackson noted that President Nixon's statement of June 11 asserted that the denial of equal housing to people of all races is illegal and would not be tolerated whether practiced overtly or by resort to economic considerations as a subterfuge. He also emphasized the provisions of the Civil Rights Act of 1968 which prohibit discrimination in most private real estate actions, regardless of whether Federal assistance is involved.

"For the first time," he said "the Executive Branch, the Congress, and the Judiciary have all agreed as to what constitutes housing discrimination and expressed a firm commitment to eliminate it. However, in the final analysis much will depend on the vigilance and the intelligent application of pressure by black leadership at local levels."

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-526
Phone (202) 755-7174

FOR RELEASE:
Monday
September 13, 1971

HUD ISSUES NEW AGENCY-WIDE NOISE CONTROL MEASURES

The U.S. Department of Housing and Urban Development has issued a policy statement establishing specific requirements for noise abatement and control which govern approval of projects under all HUD programs. This circular extends and adapts policies which previously covered only individual HUD programs.

Constituent HUD offices will now incorporate the new departmental anti-noise policies in their program requirements and add further specific requirements according to the needs of their individual programs.

HUD acted under the mandate of the 1965 Housing Act calling for sound development of the Nation's communities, and the National Environmental Policy Act of 1969 which directs all Federal agencies to develop procedures for protecting and improving the environment.

The strengthened policy has these objectives:

-- Building dwelling units on sites with "unacceptable noise exposures" is to be discouraged by withholding all forms of HUD assistance and insurance for such units. The circular also establishes interim standards for interior bedrooms.

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-- "Noise exposure" -- the loudness and duration of noise -- should be considered in HUD programs which provide financial support for planning. This includes the question of land use near airports, major highways, and other high noise areas.

-- HUD encourages modernization of buildings in noisy environments when such efforts improve the noise environments.

-- Acoustical privacy will be encouraged in multi-family buildings.

-- Studies are to be made for developing new ways of abating noise.

-- HUD encourages use of quieter construction equipment and methods and in some cases will allow certain added costs for quieter construction equipment.

Minimum standards are set up for noise exposures. Such exposures are: acceptable, discretionary (normally acceptable or normally unacceptable), and unacceptable.

HUD Regional offices must now review pending projects and disapprove those projects with unacceptable noise exposures.

Exceptions to the policy are strongly discouraged. They must have a completed environmental statement and they must be approved by the Regional Administrator, the Assistant Secretary, and the Secretary.

It is anticipated that after a reasonable period of experience with the new policy and the interim standards, revisions will be considered as well as extensions of the standards.

Copies of HUD Circular 1390.2 may be obtained through the Publications Service Center, Department of Housing and Urban Development, Room B-258, Washington, D.C. 20410.

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WASHINGTON D.C. 20410

HUD-No. 71-530
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FOR RELEASE:
Monday
September 13, 1971

GNMA ACCEPTS BIDS IN FIRST AUCTION AND ESTABLISHES 'INTERIM SELLING PRICE'

The Government National Mortgage Association of the U.S. Department of Housing and Urban Development accepted $48,188,900 of the $155 million in bids received in the first auction of the sale of mortgage purchase commitments to sellers under its new program, it was announced today.

All bids of 93 or higher were accepted, and the average price of accepted bids was 93.17. The highest bid was 94.00.

GNMA also established until further notice an "interim selling price" of 93.5, at which originator-sellers may repurchase single family and multifamily commitment contracts previously executed or to be executed.

In announcing the results of the auction, GNMA President Woodward Kingman said, "In view of the newness of the program, we consider this a successful auction both in total volume of bids and in the volume of bids in the accepted range. Of course, it was necessary to reject some bids since it is our responsibility not to sell Government assets at too low a price. But taking into account the bids in the GNMA and FNMA auctions and other market indications, we have established an 'interim selling price' of 93.5."

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The auction was the first conducted by GNMA in its program to aid the home buyer by retention of the 7 percent FHA interest rate and to help the economy by maintaining the nation's housing goals and stimulating employment.

Since GNMA has not yet purchased any delivered mortgages, this auction was limited to bids from originator-sellers bidding to repurchase their own commitment contracts. Through Thursday, September 9, GNMA has committed to purchase $412.3 million of mortgages.

Under the program, GNMA is committed to buy unsubsidized FHA and VA mortgages up to a ceiling of $22,000 per dwelling unit (or $24,500 for four or more bedrooms) at 96 or 95 percent of value, and then to sell them at market prices in order to "roll over" or replenish its authorization. Any differential between its buying and selling prices is absorbed by GNMA.

Mortgage lenders must originate mortgages at the same price (96 percent of value on new construction and 95 percent on existing homes) as they sell them to GNMA. This assures that no more than 4 or 5 "points," or initial financing charges, will be involved in the sales. Recently, 8 to 10 points have been charged on 7 percent mortgages.

Mr. Kingman also pointed out that all sellers who made commitments from September 1 to September 10, including those who were unsuccessful in their bids in the auction, may repurchase their commitments through September 15 at the published "interim selling price" and still obtain a refund of their full commitment fee.

Sellers obtaining commitments in the future can obtain the full refund by offering to purchase at the time of commitment at the "interim selling price." Otherwise they may repurchase the commitment at the published price at any time, but at a return of the fee as provided in the program.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

Phone (202) 755-7174

FOR RELEASE:
Thursday
September 23, 1971

REMARKS BY

HAROLD B. FINGER

Assistant Secretary for Research and Technology

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Second Annual International Apartment Conference

NATIONAL ASSOCIATION OF HOME BUILDERS

Chicago, Illinois

September 23, 1971

In planning for this presentation, a long series of questions about multifamily housing -- apartment living -- comes to mind:

Who is it for?

Who prefers it?

Is it good living?

Where is it economically feasible?

How will it be managed?

How can it be serviced by essential utilities?

How will it be built?

What new consideration is required for improved liveability?

How can it be kept safe and secure?

Partial answers for some of these questions are available but most of them still require research. All of them require consideration of economic, social, political factors.

Through the years from 1959 through 1970, annual production of apartment units has increased from 19 percent of the total annual housing production to about 50 percent. Higher housing costs, maintenance problems and costs, and increased interest in leisure time activities, have encouraged the young and the old to move into multifamily dwellings. Federal assistance programs -- subsidies for low and moderate income families, cooperative and condominium sponsorship and management -- have reinforced this trend.

But some multifamily living -- high rise apartments -- needs special consideration in determining what families it serves most effectively. The disastrous experience of Pruitt-Igoe in St. Louis led to restrictions in the Housing Act of 1968 against family living in high rise public housing.

No similar restriction was applied in FHA assisted housing or in unassisted family housing. We need research to define the real reasons for high rise problems. But we are sensitive to the fact that problems exist.

Other countries also have these social problems. The British are sensitive to it. I have seen it reflected there and in Czechoslovakia in obviously intentional vandalism. Yugoslavia, Germany, Hungary are doing research on these social problems of high rise living. But can there be any doubt that high rise living inhibits opportunities for encouraging independence and freedom of action in young children during their formative and development years?

So, until we learn more about high rise living effects -- social, medical, personal development effects -- on tenants we are considering such living primarily for older people whose children are grown and for young households who do not yet have children. Therefore, small room count units are required with a wide range of amenities to provide economic choice opportunities for all people. And research is needed to better understand effects on all people of high rise living.

When we consider where the increasing requirements for multifamily housing can be filled, we must face squarely the low investment incentive in many of our central cities and the restrictive zoning of many of our suburbs.

The problems of our cities are reflected financially in low property appraisals, withdrawal of investment capital, withdrawal of risk insurance coverage. All indicators point to negative trends -- to decline -- in our central cities. In many of our central cities, no new housing has been provided in several years. The appraisal values for new apartment buildings in many cities are too low to cover construction costs. In many cases, only the direct builder interest subsidy under Section 236 of the Housing Act of 1968, combined with subsidy and financing programs of some states, has made construction feasible. Inner city apartment construction is simply not economically feasible.

Another serious concern, however, is that the effort to arrive at an economically feasible package has sometimes been achieved by underestimating maintenance and operating costs and requiring high initial rentals. In these cases, experience shows a shocking trend toward foreclosure as required maintenance costs are found to be higher than the initial estimates and available tenants cannot afford increased rent. In these cases, we have arranged to get the housing built without providing realistically for its operation.

These financial problems are most severe in the high cost inner city areas, although they also arise outside of the central cities.

But in many of our suburbs, we must still overcome the zoning barriers to multi-family housing if we are to provide for the increasing need for such housing. We are now seeing the development of regional or country-wide plans providing housing for lower income families. The courts are also asserting their authority and making decisions on these matters. But I believe it will not be until this Nation accepts the advantages available in communities that include a variety of housing and the necessary commercial and community facilities that we will be able to anticipate meeting our housing needs.

Such communities are being demonstrated on a limited scale in Operation BREAKTHROUGH's prototype sites. Here, multi-family housing is arranged in close proximity to single family housing but with concern for the living requirements of all. Included are land plans that preserve trees and natural amenities and that provide recreation space with separation of pedestrian and vehicular traffic. Success in these demonstrations may ease the way for broader acceptance of these community and land planning concepts.

New approaches must also be considered to provide all of the utilities and services needed in apartment developments and generally in community developments. Here, too, Operation BREAKTHROUGH and the HUD Research and Technology program is making important contributions. On the Jersey City prototype site, we are installing and will evaluate the operation of a vacuum collection system for all solid waste. All waste from the some 500 units and commercial factilities will be sucked to a central collection point. In addition, a total energy

system that generates all required electric energy, hot water, heating and airconditioning will also be fully evaluated. And beyond these system tests, we are also working with other Federal agencies to develop a totally integrated system that combines energy generation with solid and liquid waste collection and treatment. The savings in cost, in electrical energy required, in fuel required and in the reduction of environmental pollution are substantial. We believe such systems may more than overcome the increased operating costs many of you are incurring or will incur for these utilities, services, and environmental protection.

When I was invited to take part in this conference, I was specifically requested to consider the various kinds of approaches that may be used in building multifamily or apartment buildings. Operation Breakthrough includes several different systems that may be used for apartment development. But even outside of Operation Breakthrough there are numerous systems available that can be used. Concrete, metal, wood, plastics are all suitable for multifamily dwellings although not all of them are applicable to high-rise development. Concrete panel systems and concrete full module systems and a concrete system that combines panels and cast-in-place techniques are among those included in Breakthrough. These do have high-rise applicability. The companies involved in this work in Operation Breakthrough are Rouse-Wates, F.C.E.-Dillon, Shelley, Camci, Descon-Concordia. The steel frame structural system with a modular-volumetric

element is included in the Stirling-Homex system which is also suitable for high-rise development. Boise Cascade, Levitt Technology, Alcoa, TRW, General Electric, Material Systems, Scholz Homes, National Homes, Pantek, Pemtom, Home Building, are among those in Operation BREAKTHROUGH using metal, wood and plastic structural systems that will be demonstrated in multi-family dwellings and are applicable to low-rise development.

All of these systems will ultimately have to face the competition of the market place. We already have indication that in high-cost areas these systems may offer significant cost savings. Just as important, their shorter time of construction may provide the opportunity for earlier income and lower construction money costs. We have some indication that in New York, where construction costs are extremely high, some of these systems may offer savings of 20 and possibly even 25 percent. The true significance of the cost savings that can be achieved are not only the effects on the monthly mortgage and tenant rental payments. From a national perspective, a total construction saving of even 10 percent to 20 percent can have a significant effect on the total mortgage requirement for all of this Nation's housing construction and on the total cost of that money. For example, if we are to build 2½ million housing units each year to satisfy our needs at a total cost in excess of $50 billion a year, a 10 to 20 percent saving --

a $5 billion to $10 billion saving each year -- would certainly help to maintain the flow of money into the mortgage market and would help to keep the cost -- the interest -- of that money down. Beware of those who minimize the significance of apparently small cost savings. Every dollar saved is important in this business that already has reached costs far above what this Nation's people can bear.

I thought it would be appropriate to take a moment at this time to discuss three features of our housing Performance Guide Criteria that we feel set BREAKTHROUGH apart from more conventional construction. Developed in conjunction with the National Bureau of Standards and the National Academies of Sciences and Engineering, the Guide Criteria cover, in a performance rather than specification system, all aspects of construction. I will discuss structure, fire and acoustics, but you should recognize that these are just three of many factors which we believe will ultimately lower costs while improving safety and livability.

Structures

Two aspects of structural performance are considered in the Guide Criteria evaluation: (1) Is the structure safe? (2) Does the structure perform well in service?

Structural safety is generally related to the structural attribute of adequate strength. Structural performance in-service is related to the attributes of adequate stiffness and rigidity and adequate resistance to local damage that may be caused under service condition.

Conventional structures, with few exceptions, possess these attributes; competition in the industry and user-rejection over the years having eliminated undesirable attributes.

However, this evolutionary process is too slow in times of rapidly developing technology. The public cannot afford the consequences of the introduction of unsafe or otherwise unsatisfactory systems in great quantity. But neither can it afford to stall innovation by rejecting untried ideas. With innovative, untried systems it is, therefore, necessary to introduce performance requirements which cover areas not normally considered in the building codes.

One such area is the manner in which strength of a system is determined. While the strength required of traditional systems in our design standards is deemed satisfactory, innovative systems cannot be evaluated by these standards. The reason is that safety margins implicit in these standards take into account strength variability and deterioration with age. For untried systems with no in-service experience, these parameters must be evaluated or estimated.

A good example is the problem of evaluating the strength of structural adhesives. In this case, not only deterioration by environmental effects must be considered, but data should also be available to determine the strength variability. In this case, the problem is complicated by the fact that quality control in production is a major factor influencing the strength variability of a glued joint.

A specific Breakthrough system that was improved as a result of performance testing is the Shelley System. This system consists of 13-foot-wide and 53-foot-long lightweight concrete boxes weighing 46 tons each. The boxes are stacked in checkerboard pattern.

The boxes, while reinforced, derive their structural strength from four ribs, each of which consists of two columns with a beam at the ceiling level. Boxes in successive stories are connected to each other by connecting the columns of the bents.

Since grouting was to be avoided, 1/4-inch neoprene bearing pads were planned for the column connection. These pads also fulfill the function of equalizing bearing pressures and "picking up the slack" from construction tolerances. Since reinforcement is not carried through this joint, except for a single steel dowel in the center of the column, the entire load is transmitted through plain concrete bearing.

Stresses on plain concrete permitted by present codes would result in oversizing the column. Confining reinforcement was therefore provided to increase the bearing capacity of the concrete. The question that had to be asked was: Would the neoprene weaken the connection? In the past, neoprene bearings were not used at this stress level.

An intensive testing program provided the answer, and resulted in an improved joint consisting of a sandwich containing a neoprene pad between two steel plates. The bearing strength of the concrete in this improved joint was greatly increased and indeed the state of the art in jointing techniques for precast concrete was advanced.

Fire and Smoke

Studies were conducted of fire deaths in residences in the Province of Ontario, Canada. An estimated 59% of the persons asleep at the time of the fire could have been saved by an adequate smoke detection system.

Studies by the National Fire Protection Association have indicated that 52% of the fatalities in residential fires were caused by smoke inhalation and only 44% by burns. With this data in hand, it was relatively easy to decide that we should provide smoke detection devices for safety in residential construction, even though detectors are not required in any of the model codes. However, since the publication of the BREAKTHROUGH criteria some of the code groups have adopted, or are considering adopting a detector requirement.

The BREAKTHROUGH criteria attempted to provide a system for life safety under fire conditions, particularly in high-rise buildings, which would be equal or better to those now being used. As a result, several new concepts were introduced. The system consists of the following components:

detection, alarm, control of materials, and design of passageways and exiting.

An early warning system of either the smoke or product-of-combustion type is required. By using early warning, people can be moved through the corridors before a substantial buildup of smoke. Detectors spaced on 30-foot centers are required in corridors. Since the corridors would be passable for a longer period of time because of early warning, increases in travel distance were allowed above those normally permitted by the code.

Once a fire is detected, there must be warning. Most buildings have alarm systems which ring throughout the building but experience has shown these sytems are not effective. When the alarm rings, no one feels an immediate presence of danger. Therefore, we are suggesting a zoned system, in which the alarm sounds on only the floor of the fire, the floor below and the floor above. When an inhabitant of the building hears the alarm of this system he knows that danger is near.

Unfortunately, in our state of knowledge there is no good indication as to whether the alarm system should be visual or audible or both. Although bells were required in the criteria there is a growing body of opinion in the United States which holds that a voice type of system, with possibly flashing lights for directions in the corridors, should be used for greater effectiveness.

Many deaths due to fires have been the result of people fleeing their burning apartment and leaving the door open allowing the fire to get into the corridor. In the case of a nursing home fire in Marietta, Ohio, about 30 people died because of the lack of self-closing doors. For this reason, all doors opening onto the corridor are required to be self-closing.

In addition, we felt it was desirable to control the smoke at this source by controlling the materials on the building surfaces. Therefore, criteria were added which place control on the smoke propagation properties of interior finish materials. These criteria are not found in current codes.

Acoustics

The accelerated growth of noise sources and increasing severity of noise problems in multi-family dwellings have caused considerable concern not only among apartment occupants and owners, but also among investors, real estate interests and governmental agencies.

The current building trend toward lightweight structures, the increasing concentration of dwellings in urban areas, and the increasing noisiness of our environment have led to a growing number of complaints to the FHA of inadequate sound insulation in multi-family dwellings. People have become aware of the noise problem and are more sophisticated in their appreciation of the benefits which careful attention to control can provide; they expect and demand more privacy in their homes. and greater freedom from the intrusion of noise from neighboring dwellings.

Although the building industry takes justifiable pride in its acheivements, contemporary building techniques have produced some of the noisiest buildings in existence.

At the present time building codes are very lax concerning acoustics. New York City, where a new noise control code is based on prevention of annoyance, provision of privacy, provision of a suitable indoor environment, and prevention of complaints, is the only major U.S. city with efficient and effective provisions for measurement and enforcement of acoustic requirements in its building code. Of course, it is also the city with some of the worst noise problems!

The guide criteria developed for the design and evaluation of the acoustic environment of Prototype Housing in Breakthrough are intended to permit attainment of three distinct, but related goals:

--Provision of a sufficiently quiet environment in which to live comfortably

--Provision of acoustical privacy between dwelling units

--Provision of acoustical privacy within a dwelling unit.

The distinction and interrelationship between the provision of a quiet environment and the provision of acoustical privacy may not be immediately evident. The following example, may help:

Consider a particular apartment building in an urban environment. The exterior envelope of the building does not adequately attenuate the noises of traffic, aircraft and nearby construction activity. The tenants complain vigorously so the developer, correctly identifying the windows as the primary sound transmission path, uses carefully gasketed double-pane construction for the next apartment building at this site.

The new building is constructed and found to be quite effective in attenuating exterior noise sources. However, because of the reduced noise level in the apartments, tenants now complain that they can clearly hear conversations, radio, and television in adjacent dwelling units. With the lower background noise level, resulting from improved window construction, the inter-dwelling walls do not provide adequate privacy between dwelling units.

This example is somewhat of an oversimplification but does illustrate the distinction between quiet and privacy and the need to consider the entire acoustical performance of a building system, not merely one attribute thereof.

The response of the housing system producer to the acoustical criteria of Operation BREAKTHROUGH has been mixed. The majority of the housing system producers are unwilling to spend even a minimal amount to increase the acoustical quality of the dwelling unit unless it is absolutely required in order to complete the Operation BREAKTHROUGH program. Much resistance has been met to incorporating even those items which can be done very inexpensively, e.g., vibration isolation of the garbage disposer from the sink, the dishwasher from the floor and plumbing, the HVAC unit from the floor; resilient pipe hangers; water hammer arresters; and the design of duct work to minimize noise transmission.

Two housing systems that are truly innovative, Material Systems and TRW, are using new lightweight fiberglass materials. Material Systems Corporation has partitions of chopped glass fiber reinforced polyester. Although this material is very lightweight and innovative from a building standpoint the sound transmission loss of such partitions is very poor. A more massive material such as gypsum drywall must be added to provide the proper sound attentuation especially at party wall locations. TRW, who has a modular shell, has had to go to gypsum drywall laminated to their basic shell to improve the sound attenuation as well as meet the fire criteria.

The use of new technology, as with most departures from what is considered normal or traditional, is both difficult and threatening to those who prefer the status quo. I hope I have convinced you that we are making every effort to insure safety and quality while bringing progress and flexibility to the housing industry.

I have mentioned many elements of concern in your business of providing for the apartment needs of a large part of America's people. But I have not sufficiently covered a major problem area. This is the attention that must be paid to the management of property after it is built.

This Nation's housing subsidy programs are all aimed at increasing the supply of housing. They have neglected the problem of managing that property. Millions of dollars of housing investment are frequently turned over to people who are totally untrained for the complex job that they are required to fulfill in providing proper management of a multi-family apartment building. As I indicated earlier, management costs are usually underestimated in order to provide the largest possible mortgage. In many building designs, there is no consideration whatsoever for the need for an office in which the manager may appropriately meet with his tenants and transact the business required of him. Inadequate attention is given to the location of laundry rooms and storage rooms with the special consideration they require for safety and security and avoidance of vandalism and crime.

As significant parts of our research program we are concentrating on the management issue. Perhaps most important is the result of an effort carried out by the National Corporation of Housing Partnerships under contract with HUD and with OEO support to develop a means for training housing managers and for giving that enterprise professional status. The result

of that NCHP effort has been the recommendation that we establish a Housing Management Center to include a Housing Management Training Institute. This system would provide a central curriculum and accreditation but would be operated on a decentralized basis. We are now in the process of giving careful consideration to that proposal but already we have been strongly encouraged to implement it by many groups that have been involved in housing, that have a stake in housing after it is built. I will not discuss this program any further because I understand that this will be covered in another session during your conference. I would like, however, to emphasize the importance that we attach to the management part of our housing responsibility. Management must receive the same or more emphasis than the encouragement of housing supply. The 70 million existing housing units must be preserved and every new housing unit built must continue to provide a satisfactory living environment at reasonable costs and with all required services to their tenants.

Let me close with a compliment and a charge. All of you in the multifamily housing business are to be congratulated for the efforts that you must go through to have such housing approved and developed so that many of our people who are unable or do not desire to buy homes can have a decent living environment. But the charge is that you must have concern for the later operation of that building from the start -- from the time you have an architect begin to put pencil to paper and even before that, from the time you begin to select a site. You have

taken on a tough job. We do not begrudge you a return for your effort and investment. We ask only that you protect what you have created.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

Phone (202) 755-7174

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September 24, 1971

FINANCIAL INCENTIVES AND HUD-ASSISTED HOUSING

Remarks Prepared for Delivery

by Norman V. Watson

Assistant Secretary

for Housing Management

U. S. Department of Housing and Urban Development

at the

International Apartment Conference

National Association of Home Builders

Chicago, Illinois

September 24, 1971

I would like to start off today with a simple observation, without sounding like the fellow who ran up and tried to tell Pythagoras that the earth is round.

The observation I want to speak to is that financial returns are the key to real estate investment decisions. In today's vernacular -- "That's where it's at!"

Except for a very few isolated examples, no amount of humanitarian impulse will suffice to attract equity capital into housing, particularly low and moderate income housing, if sufficient financial returns are not there. You don't invest in housing when you can sit at home and do better clipping coupons on a Triple A Bond.

So I would like to spend some time today exploring this question of financial incentives as they relate to equity investment in housing. I would like to divide my comments into three parts:

1. The impact of the 1969 Tax Reform Act on equity investment in low and moderate income housing.
2. The need for changes to attract more equity capital into housing -- both Federally-assisted and conventional housing.

3. The need to make sure that the financial incentives we have are conducive to good management.

Impact of 1969 Tax Reform Act

There are a number of factors affecting investment decisions in real estate. They include such considerations as the anticipated cash flow from the project, the amount of financial leverage available, anticipated capital appreciation upon resale, the risks involved, liquidity, and the tax shelter available.

In a study recently completed for HUD, a number of investors in real estate were sampled, and it was concluded that in conventional housing the most important factors are cash flow, potential capital appreciation, and tax shelter -- with cash flow being most important.

However, when questioned about investing in Section 236 low and moderate income housing, the investors sampled quite properly minimized the importance of cash flow and capital appreciation. Instead, they tended to regard financial leverage and the tax shelter as the most important considerations. This makes sense.

The question of financial leverage is easy to understand, for the equity requirements in HUD's 236 program for a profit-motivated sponsor are only ten percent at maximum, while most conventional projects require approximately 25 percent equity investment. This means in essence that for every dollar invested in a 236 project, nine dollars of somebody else's money is available for depreciation, whereas in a conventional project for every dollar invested only three dollars of somebody else's money can be depreciated.

In addition to the leverage factor, although the question of tax shelter looms large in the minds of conventional housing investors, it looms with overriding importance in the minds of investors in 236 housing.

This brings us to the Tax Reform Act of 1969.

I think it is fair to say that, on balance, the '69 Act did not significantly affect the relative position of real estate in relation to other fields of possible investment. But the '69 Act very definitely gave some decided advantages to investments in low and moderate income rental housing, as opposed to investment in conventional housing.

The law, as you know, gave preference to investment in new rental housing as opposed to used rental housing, by permitting the fastest methods of depreciation for new housing, including the 200% declining balance and the sum of the years digits method. In contrast, investors are limited to straight line depreciation, or in some instances a 125 percent declining balance on investments in used rental housing.

But there are three provisions in the '69 Act which give a clear preference to investment in Federally-assisted low and moderate income housing. The first is the five-year fast write-off of rehabilitation costs for low and moderate income housing covered in Section 167(k) of the Code. Here, investors can write off up to $15,000 per unit in rehabilitation expenditures over a five-year period, rather than over what would otherwise be the useful life of the improvements.

The second is the tax free sale or "rollover" of investments in Federally-assisted low and moderate income housing projects. Under this provision, contained in Section 1039 of the Code, an investor can defer taxation on gain from the sale of a HUD-assisted subsidized project, if he sells the

project to tenants, a cooperative or other nonprofit organization, and if he reinvests the proceeds of the sale in another Federally-assisted subsidized housing project.

The third is the retention of the old Section 1250 "recapture" provisions only for investors in low and moderate income housing, as opposed to conventional housing.

Let me take a moment to elaborate on the old "recapture" provisions, which were retained only for low and moderate income housing, for the study I mentioned earlier revealed that quite a few knowledgeable investors were unaware of the changes that have been made in "recapture" under the '69 Act.

Essentially, the '69 Act preserves for low and moderate income housing the same recapture treatment that existed prior to passage of the Act, whereas investors in conventional housing are faced with much stiffer recapture provisions.

As most of you know, the "recapture" provisions contained in Section 1250 of the Code are basically designed to ensure that when an investor sells his property at a gain, he is taxed at ordinary income rates rather than at capital gains

rates on the amount of "excess" depreciation he has taken -- that is, the "excess" or difference between the amount of straight line depreciation and the amount of the accelerated depreciation that the investor has taken.

However, the recapture provision is structured so that the longer the project is held, the more the "excess" depreciation taken receives capital gains treatment rather than ordinary income treatment when the project is sold.

This conversion is accomplished by permitting the investor, after a certain period of time, to reduce the amount of "excess" depreciation which will receive ordinary income treatment on sale at the rate of one percent per month.

However, under the '69 Act, for conventional housing the clock does not start running, so to speak, on the one percent per month reduction, until the project has been held for one hundred months -- that is 8-1/3 years. This means that an investor in conventional housing must hold the property for something more than sixteen years, in order to get full capital gains rate treatment on the excess depreciation he has taken.

In contrast, for a low and moderate income housing project, the clock starts running after the twentieth month of holding the property, which means that the investor gets full capital gains treatment on excess depreciation after only ten years of holding the property.

So you can see that the combination of accelerated depreciation with the most liberal recapture provisions creates a clear cut preference for investors in low and moderate income housing.

This did not come about by accident. In my judgment such favorable tax treatment was retained in the law because of the very aggressive leadership that HUD provided during the deliberations on the real estate sections of the '69 Act.

Secretary Romney personally took an active interest in this legislation, and spent a great deal of time in meetings within Administration circles and with Congressional leaders to make sure that the Tax Reform Act did not further add to the problems which the housing industry was facing.

This Department was instrumental in fighting off some proposed changes that would have sharply reduced the

attractiveness of equity investment in housing, and we were instrumental in drafting and getting some of the new incentives I have mentioned (such as the 5-year fast writeoff and the 1039 "Rollover").

As you probably know, Congress put an expiration date of December 1, 1974, on some of these new tax incentives, and on retention of the old recapture rules, in order to provide the opportunity for assessing their need and effectiveness. In my judgment the view still obtains both in the Congress and elsewhere, that existing real estate tax incentives are far from sacrosanct.

We in Housing Management in the Department are analyzing these existing and other proposed tax incentives for equity investment in housing. We expect to be making a number of important recommendations in the months ahead, both with respect to attracting more equity into housing and making sure that the tax laws are conducive to good management of the housing we produce.

Attracting More Equity Capital to Housing

Let me turn to some questions we are exploring with respect to attracting more equity investment in housing -- both Federally-assisted and conventional housing.

There are at least two ways that one can attract more equity capital into housing. One is to provide more attractive financial incentives. Another is to make it easier for new sources of equity capital to enter the housing field.

In discussions with various real estate investors, a number of suggestions have been advanced to make the tax law more attractive for equity investment in rental housing. Here are some of the proposals that have been made:

1. Return to pre-reform Act treatment of the recapture rules on excess depreciation for conventional housing, so that the gain on the sale of any real property could qualify for full capital gains treatment after only ten years instead of sixteen years.

2. Return to pre-reform Act status with respect to depreciation rules for used housing.

3. Allow investors to deduct legal, organization and architectural expenses during construction which now must be capitalized.

4. Shorten the useful lives on rental housing for depreciation purposes.

5. Provide for direct tax credits in lieu of, or in addition to, straight line depreciation.

The tax credit idea has a number of interesting features about it. For one thing it would be of equal benefit for all investors, unlike the present depreciation rules which benefit tax payers in the higher tax brackets proportionally more than they do those in the lower tax brackets.

The tax credit idea would also make housing investment more attractive to corporations, which are now inhibited from investing in real estate because of the very "tax loss" features of the law which are so attractive to partnerships and individual investors. Of course, tax losses have an

adverse effect on a corporation's earnings, which are of primary importance to the stockholders.

The tax credit idea thus serves a dual purpose. It not only increases the financial incentives to investment in housing, it broadens the potential sources of investment in housing, namely the smaller investors and the business corporations.

This leads me to a second method for attracting more equity into housing, by broadening the investment base.

One of the ways of broadening that base would be in institutional or procedural change which would provide the same real estate tax benefits to investors, regardless of the form of ownership involved. At present the corporate form of organization is very disadvantageous from a real estate tax standpoint, compared to such other forms of ownership as general and limited partnerships, joint ventures, and real investment trusts.

Under the corporate form of ownership, the "tax losses" of a property cannot be passed along by the corporation to the stockholder for inclusion in the individual's income tax return.

Furthermore, the income or capital gains received by the corporation are subject to corporate taxes before they can be passed on to the shareholders, which is not the case under other forms of ownership. And capital gains income to the corporation, when passed along to the stockholder is treated as ordinary dividend income, whereas under a partnership form of ownership, the capital gains status of income can be passed along in the same form.

It is clear from these facts that the form of ownership in which an investor participates can drastically affect the tax benefits he receives from investments in housing. The result of this patchwork is to shut off many potential sources of investment in housing.

For this reason, suggestions have been made to modify the Sub-chapter S Corporation Rules. The Sub-chapter S Corporation basically provides all the legal benefits of the corporate form of ownership, while providing many of the tax benefits that the partnership form of ownership provides. However, the Sub-chapter S Corporation is hedged in by many restrictions, which limit its utility. For example, it cannot have more than ten shareholders. The shareholders must all be individuals,

and the corporation cannot derive more than 20 percent of its gross receipts from such passive sources as rents. By eliminating or easing these restrictions for Sub-chapter S Corporations which are engaged in multifamily rental housing, some observers believe that this would go a long way toward broadening the investment base in real estate.

Another impediment that some observers have cited are the SEC filing regulations and state blue sky laws, which limit a seller in terms of the number of investors he can solicit without filing lengthy registration forms.

Of course, the SEC regulations and state laws are designed to protect the public from unscrupulous solicitors, but some observers have suggested that the public interest could be preserved, and the task of soliciting investments could be eased, by devising a short form which would provide the essential information needed by the public, without all the detail and present redtape involved.

At the same time, a new filing form could also provide for a standardization of real estate definitions and accounting practices, so that everyone could evaluate the risks and potential return of a particular project on a common basis of understanding. At present there is almost an infinite variety of ways to compute potential return on an investment

depending upon the assumptions and definitions that are used.

These are some of the ideas which we are presently studying in an effort to ensure an adequate flow of equity capital into housing.

Effect of Tax Laws on Housing Management

But what about the effect of our tax laws on the management and long-range ownership of housing after it has been produced?

Unfortunately, I am sorry to say that almost no serious consideration has been given to the impact of our tax laws on the long-term management of housing.

The result of this neglect is that many of the features of the tax law work to the detriment of good project management.

In the case of 236 low and moderate income housing, the very features of the tax law that make investment attractive at the front end tend to have an adverse impact from a management standpoint.

For example, accelerated depreciation, by its very nature, is most attractive in the early years of the project, but it becomes counter-productive in later years and will cause some

investors to sell at the very time when the project may have the greatest need for management continuity.

Then again, the liberalized "recapture" provisions of the law which I mentioned earlier also tend to reinforce the motivation to sell after the milk of accelerated depreciation has run dry.

More importantly, the tax shelter benefits of accelerated depreciation and liberalized recapture are available to the investor regardless of how well or poorly the project is managed.

When you look at investment in 236 low and moderate income housing, you have to recognize that the motivation to neglect management and sell out after, say, eight or ten years is further reinforced by the fact that rents are controlled by HUD, the owner's rate of return on his investment is limited by HUD, the management fees are often inadequate, and the potential for appreciation upon resale after a long holding period is -- at best -- questionable.

In short, the way the 236 program and the tax laws are now structured, there are no real penalities for poor management and no rewards for good management.

This situation prompted the National Corporation for Housing Partnerships to recommend in a recent report to HUD that the tax benefits of accelerated depreciation should be withdrawn or limited whenever a subsidized project goes into default or has been assigned or is operating under mortgage modification.

Incidentally, you can hear more about this NCHP study at 1:30 p.m. this afternoon in the session on HUD's research in management.

Others have suggested that the 6 percent limitation on the rate of return in a 236 project should be eliminated, thus giving the owner an incentive to efficient management in order to increase his cash flow and rate of return on his investment.

Another suggestion is that HUD should shorten the mortgage life on the 236 projects from 40 to 25 years. This would have the effect of increasing HUD's short-term subsidy outlay, but reducing it over the long run. It would also shorten the time necessary for the owner to amortize the mortgage, thus allowing him to benefit sooner from an increase in his cash flow when the mortgage has been retired.

I've sometimes wondered why the accelerated depreciation laws shouldn't be reversed, that is, providing the smallest depreciation the first year and the largest depreciation after the 10th year or so. That would certainly give the owners and investors a much greater stake in the management of the project in order to keep it out of foreclosure.

Or, going back to the tax credit idea, perhaps consideration could be given to graduating the size of the tax credit the longer the project is held, or perhaps by gearing the size of the tax credit to the success of the owner in avoiding project defaults.

These are just a few of the ideas which have been suggested. Let me just conclude my saying that we are giving very serious study to the whole subject of tax incentives as a means of attracting equity capital into housing, and strengthening the financial incentives for good housing management. We welcome your involvement, your ideas and your suggestions.

Thank you.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-550
Phone (202) 755-7174

FILE COPY

FOR RELEASE AFTER:
7:00 P.M., Saturday
September 25, 1971

GAINS BY MINORITY BUSINESSMEN ESSENTIAL, SAYS HUD OFFICIAL

"The struggle of minority Americans for economic freedom is an integral part of the drive for overall equality because true equality cannot exist in a financial vacuum" according to a ranking official of the U.S. Department of Housing and Urban Development.

In an address delivered today before the Minority Contractors Association, in Jacksonville, Fla., Samuel C. Jackson, HUD General Assistant Secretary emphasized that progress in civil rights is meaningful only when accompanied by comparable progress in economic opportunity.

"I refer not only to equal employment but perhaps, more importantly, to the right to share as businessmen and entrepreneurs in all facets of American's vast industrial establishment," he said.

The HUD official indicated that equal economic opportunity is a major goal of the Federal Government. "The President has made a firm commitment to its attainment and the Administration has tailored a number of Federal programs to achieve that goal," he said.

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As evidence of the Administration's concern, Mr. Jackson noted the following:

.... The value of Federal Government contracts awarded under Section 8(a) of the Small Business Act during fiscal year 1971 was three times that of the previous fiscal year - $66 million as against $22 million.

.... In fiscal 1971, General Services Administration awarded 231 contracts valued at $14.3 million to minority contractors - about 22 percent of total dollar value. In fiscal 1970, GSA awarded 53 contracts valued at $3.4 million.

.... Small Business Administration loans to minority businessmen have increased dramatically since fiscal 1968. In that year there were 2,335 loan approvals totalling $41.3 million. In fiscal 1971, there were 7,776 loans totalling $213.8 million.

.... HUD has established a set-aside program to guarantee opportunities for minority entrepreneurs. The program undergoing testing in Los Angeles set aside 500 units of Section 235 housing, 500 units of Section 236 housing and 125 units of rent supplement housing for the exclusive use of minority sponsors, builders and developers.

.... To solve the bonding problems of minority contractors, HUD's Federal Housing Administration has given its local offices authority to accept personal indemnity agreements in lieu of bonds on projects which do not exceed $500,000.

Mr. Jackson suggested that his listeners secure copies of "Federal Programs Assisting Minority Enterprise," a catalog recently issued by the Department of Commerce which describes 85 Federal programs specifically designed to aid minority businessmen.

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EWS
HOUSING
LOPMENT

WASHINGTON D.C. 20410

HUD-No. 71-552
Phone (202) 755-5284
(Anderson)

FOR RELEASE:
Tuesday
September 28, 1971

HUD ISSUES MANAGEMENT GUIDE FOR MULTIFAMILY PROJECTS

The U.S. Department of Housing and Urban Development is publishing the first comprehensive guide for management of HUD-insured multifamily projects, a ranking official of the Department announced today.

Addressing the Better Housing League of Greater Cincinnati, HUD Assistant Secretary for Housing Management Norman V. Watson said the "guide is designed to be a complete reference work for the prospective project sponsor or owner, particularly those who do not have access to an experienced management agent for advice and counsel."

Mr. Watson, stressing that good management is essential to the long-term viability of a project, said that while the guidebook is formidable in size it assembles for the first time "in one place all of the pertinent information, forms and checklists that are relevant to the management of a project -- from the inclusion of a model lease to the financial reporting forms required."

He called the publication, "Guide for the Management of HUD-Insured Multifamily Projects under Section 221(d)(3) and Section 236," an extremely valuable compendium of useful, practical, down to earth information needed to successfully manage a subsidized housing project.

Available to:
Proj. Spons., Mgrs., Local area & Regl. Offices

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due 10/18/71

Bill Fox
56900

The Assistant Secretary said it contains a complete checklist of activities to be completed prior to project occupancy, from contacting postal authorities to get house numbers established to reading the utility meters at the time the tenants first move in. A model management contract between the sponsor and his management agent, spells out the duties and functions of the managing agent. It contains suggestions for establishing and working with tenant organizations. Also included is a checklist of suggested procedures for handling rent delinquencies, starting with a personal visit by the resident manager on through to the final initiation of court action, if necessary.

Mr. Watson said he is optimistic about the future in management of subsidized housing programs because "there is a full realization on the part of this Administration and in HUD of the importance of housing management."

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-562
Phone (202) 755-5284
(Beckerman)

FOR RELEASE:
Thursday
September 30, 1971

REVISED HUD SELECTION, MARKETING CRITERIA TO BE PUBLISHED SATURDAY

More housing for people of low and moderate income, regardless of race, color, religion or national origin, is the purpose of proposed regulations of the U.S. Department of Housing and Urban Development. Proposed regulations for Project Selection Criteria and Affirmative Fair Housing Marketing will be published in the Federal Register, Saturday, October 2, 1971.

The new proposals, revisions of earlier proposed regulations published last June in the Register, result from evaluation of comments invited by the first publication. There will be a 30-day period, expiring November 3, 1971, for the public to comment on the proposed regulations.

In signing the proposed regulations before delivery to the Register, HUD Secretary George Romney said, "It is our purpose to pursue the administration policy of not contributing to minority concentration of housing, and to obey the orders of Federal Courts which have ruled on these questions.

"Moreover," he added, "if American taxpayers through the Congress have told HUD to make housing available for people of low income, then we have the responsibility to see to it that people of low income are aware of these increased housing opportunities."

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Two phases of housing activity are covered: Selection criteria for projects which are seeking Federal support; and affirmative fair housing marketing regulations.

Among the criteria currently proposed are revised standards for community need for low(er) income housing, minority housing opportunities, improved location for low(er) income families, and relationship to orderly community growth and development. Other criteria that have been revised are the relationship of proposed housing to the physical environment, the ability of the sponsor to perform, the potential for creating minority employment and business opportunities, and the provision for sound housing management.

The proposed regulations regarding affirmative fair housing marketing place a responsibility on the applicant for Federal support for housing projects to make sure that members of minority groups are aware of the availability of this housing.

The applicant's marketing program must be designed to attract buyers and tenants of all races, and the advertising and publicity for the project must so indicate.

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The applicant must maintain a nondiscriminatory policy in recruiting staff for the sale and rental of properties, and instruct them in the policy of nondiscrimination and fair housing. He must specifically solicit eligible buyers and tenants reported to him by the HUD Area Office or FHA Insuring Office. He must prominently display both in the sales and rental office of the project and on the FHA project sites a sign with either the Department-approved Equal Housing Opportunity logo or slogan.

Applicants who fail to comply with the requirements of fair housing marketing regulations may find themselves disbarred from further participation in HUD programs.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Federal Housing Administration

[24 CFR Part 200]

PROJECT SELECTION CRITERIA

Notice of Proposed Rule Making

The purpose of these proposed amendments is to set forth the criteria contained in the Evaluation of Requests to be used by the Department in determining priority of funding projects under sections 235(i) and 236 of the National Housing Act, rent supplement projects and low-rent housing assistance applications under the U. S. Housing Act of 1937.

On June 24, 1971 (36 F.R. 12032), the Department published these criteria as a notice of proposed rule making to amend Part 200, Chapter A, Title 24 of the Code of Federal Regulations. Comments were received from interested persons and consideration has been given to each comment.

The major changes in the proposed regulations are identified below, but a complete review of all changes requires a careful comparison of the proposal published June 24 and the proposal published below.

The major general changes are:

1. The three Evaluations of Requests published for comment on June 24, 1971 have been combined into a single unified version.

2. The Project Selection Criteria apply only to applications for housing involving 5 or more dwelling units, except where existing housing is leased under Section 23 for public housing, in which case the Criteria apply to applications for 25 or more units.

3. Objectives have been added for each critérion.

4. Rehabilitation projects, Indian reservation housing, Section 235 existing housing or Section 23 leased housing of fewer than 25 units are excluded.

5. The priority groupings into which proposals are placed have been expanded from 4 or 5 to 8 or 9 different groups, depending on whether the proposal is for 235 housing or for multifamily proposals.

The major changes in each criterion are:

1. Criterion No. 1, Community Need for Low(er) Income Housing, has been reworded to specify the aspects of need, such as number of bedrooms and structure type. Specific reference to a waiting list for public housing has been

omitted, and a "poor" is given if vacancy rates are above specified levels.

2. Criterion No. 2, Minority Housing Opportunities, was previously Criterion No. 3, titled Nondiscriminatory Location. In the instructions for a "superior" as previously drafted ~~drafted;~~ item (1) referred to the likelihood that an area would become one of minority concentration. This has been altered so that item (1) under "superior" now refers to providing opportunities for minorities for housing outside existing areas of minority concentration. The reference to substantially racially mixed areas, which was previously item (1) under "adequate," has now become item (2) under "superior." In the last item under "superior" a specific reference to Urban Renewal, Model Cities or other official local development plan has been added, along with a condition that the plan should not be experiencing delays in execution.

In the "adequate" rating for Minority Housing Opportunities, there are now examples of overriding need which cannot otherwise feasibly be met. These examples include excessive land cost in other acceptable locations, other land of

acceptable cost is in areas of minority concentration, and the residents or prospective residents of the proposed housing have expressed a desire for the project to be built in or near an area of minority concentration because the residents have strong cultural, social or economic ties to the area. It is also specified that an overriding need may not serve as the basis for an "adequate" rating if discrimination renders sites outside areas of minority concentration unavailable.

A "poor" will now be given in the additional instance where a proposed project is likely to cause a substantially racially mixed area to become one of minority concentration.

3. Criterion No. 3, Improved Location for Low(er) Income Families, was previously numbered Criterion No. 4. The criterion has been reworded to refer to the relative amount of travel time and cost instead of to specific numbers, as in the criteria as previously published, and to refer to facilities and services found in neighborhoods consisting largely of unsubsidized housing of a similar price range. Also the word "section" has been used as the reference unit and defined as the project neighborhood and the surrounding neighborhoods.

4. Criterion No. 4, Relationship to Orderly Community Growth and Development, which was Criterion No. 6, has been amplified by adding as item (1) under "superior" a reference to officially approved land-use or other development plans, and by adding as item (3) under "superior" a reference to implementation of a policy adopted by the local governing body for providing for and dispersing housing for low and moderate income families. Reference to participation in an improvement program for the neighborhood and to A-95 planning have been omitted. The "adequate" rating has been reworded to refer to sound growth patterns although located in a community which does not have officially approved land-use or other development plans.

5. Criterion No. 5 has been retitled Relationship of Proposed Housing to the Physical Environment and has been reworded to refer to the physical environment, the ecological and environmental impact of the project and the absence of adverse environmental influences on the project. A "poor" rating on this criterion is now disqualifying.

6. Criterion No. 6, Ability to Perform, which was Criterion No. 2, Efficient Production, has been reworded so

that the evaluation is made on the basis of the ability of the applicant, and staff he will utilize, as demonstrated by past performance. Specific cost numbers have been eliminated. Applicants without previous experience and LHA's with no units under management may be given an "adequate".

7. Criterion No. 7, Project Potential for Creating Minority Employment and Business Opportunities, was titled Employment and Utilization of Employees and Businesses in Project Area. References to lower income persons and to the project area have been dropped from this criterion and minority persons and businesses is the sole consideration. A "poor" rating on this criterion is now disqualifying.

8. Criterion No. 8, Provision for Sound Housing Management, has been revised extensively. As now proposed, it is adapted to both 236 and low-rent proposals and refers to program requirements relating to management.

9. Criterion No. 9, Homeownership, has been eliminated.

10. As part of the unification of the three forms, references which were in the low-rent public housing form to separation between categories of housing applied for and exceptions to the rating system have been omitted. These matters may be dealt with in related processing procedures.

Because of these changes, the Department deems it

appropriate to republish these regulations for further comment. Interested persons are invited to participate in the making of the proposed rule by submitting written data, views or statements with regard to the proposed regulations. Communications should be filed in triplicate, using the above docket number and title, with the Rules Docket Clerk, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, S. W., Washington, D. C. 20410. All relevant material received on or before _____, 1971, will be considered by the Secretary before taking action on the proposal. Copies of comments submitted will be available during business hours, both before and after the specified closing date, at the above address, for examination by interested persons.

Pursuant to the National Environmental Policy Act of 1969 (Public Law 91-190) and the Guidelines of the Council on Environmental Quality of April 23, 1971 (36 F.R. 7724), a document entitled "Draft Environmental Statement on Proposed HUD Project Selection Criteria for Subsidized Housing" is being placed in the following locations where it will be available for inspection by members of the public: Program Information Division, Room 1202, Department

of Housing and Urban Development, 451 Seventh Street, S. W., Washington, D. C. 20410 and in Information Centers of the HUD Regional Offices. Single copies of the statement may be purchased from the National Technical Information Service, U. S. Department of Commerce, Springfield, Virginia 22151. Because these proposed regulations were first published in the Federal Register for general comment on June 24, 1971, and because of the urgency of promulgating these criteria, the Council of Environmental Quality has agreed that the normal 90 day period for publishing a draft environmental statement may be shortened. However, all comments received on or before _____, 1971, will be given full consideration.

The proposed Subpart N reads as follows:

Subpart N--Project Selection Criteria

§200.700 Purpose.

The purpose of this subpart is to set forth the project selection criteria to be used in evaluating (a) requests for priority registration and reservation of contract authority for projects under section 235(i) of the National Housing Act; (b) requests for early feasibility and reservation of contract

authority for projects under section 236 of the Act; (c) requests for reservation of contract authority for rent supplement projects and (d) applications for low-rent housing assistance under the United States Housing Act of 1937.

§200.705 Authority.

The regulations in this subpart are issued pursuant to section 7(d) of the Department of Housing and Urban Development Act of 1965, 42 U.S.C. 3535(d), sections 235(i) and 236 of the National Housing Act (12 U.S.C. 1715z(i) and 1715z-1); and the United States Housing Act of 1937 (42 U.S.C. 1401). They implement Executive Order 11063, 27 F.R. 11527; Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608; and the Department of Housing and Urban Development regulations approved by the President under Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d-1, in 24 CFR Part 1.

§200.710 Requests for priority registration, early feasibility, or reservation of contract authority for section 235(i), rent supplement, or section 236 projects and evaluation of applications for low-rent public housing.

A request for priority registration, early feasibility, or reservation of contract authority for section 235(i), rent supplement, or section 236 projects and applications for low-rent public housing shall be evaluated and processed in accordance with the following Evaluation of Requests:

EVALUATION OF REQUESTS FOR PRIORITY REGISTRATION, EARLY FEASIBILITY, RESERVATION OF CONTRACT AUTHORITY (SECTION 235(i), RENT SUPPLEMENT, SECTION 236) OR EVALUATION OF APPLICATION FOR LOW-RENT PUBLIC HOUSING

☐ 235(i) ☐ 221d3 Rent Supp. ☐ Low-Rent
☐ 236 ☐ 236 Rent Supp. ☐ Public Hsg

Sponsorship: ☐ Profit ☐ Nonprofit ☐ Lim. Div. ☐ Public

☐ Prior. Reg. ☐ Early Feas. ☐ Reservation ☐ App. Pub. Hsg.

Applicant (Name and Address)	Census Tract (where available)	Date of Initial Application

Identification of Subdivision/Location of Proposed Project	Case or Application Number

GENERAL INSTRUCTIONS: In evaluating proposals involving five (5) or more dwelling units (25 or more in the case of existing housing leased under Section 23), the Area or Insuring Office having jurisdiction shall take into consideration the following selection criteria. Enter brief explanation of way in which proposal satisfies each applicable consideration on the lines provided so that the factual basis for the evaluation is clear. Attach supporting documentation and extra sheet or sheets if needed for additional explanation. Evaluate each criterion by checking the appropriate box -- Superior, Adequate, or Poor. Follow guidance in accompanying instructions.

1. NEED FOR LOW(ER) INCOME HOUSING ☐ SUPERIOR ☐ ADEQUATE ☐ POOR

(a) Proposed housing responds to the needs of the low(er) income households to be served, in terms of price, number of bedrooms and structure type.

(b) Housing will serve as a relocation resource for families displaced or to be displaced by governmental action and the applicant will give preference to those so displaced.

2. MINORITY HOUSING OPPORTUNITIES ☐ SUPERIOR ☐ ADEQUATE ☐ POOR

(a) Provides opportunities for minorities for housing outside existing areas of minority concentration.

(b) In a substantially racially mixed area, and it appears that the housing will have no significant effect on the proportion of minority to non-minority families.

(c) In a substantially racially mixed area, but it is likely to cause the area to become one of minority concentration.

(d) In or near an area of minority concentration but housing will be part of development plan including housing for various income levels and a racially varied population.

(e) In or near an area of minority concentration but meets overriding housing needs which cannot otherwise feasibly be met. (Attach supporting documentation.)

3. IMPROVED LOCATION FOR LOW(ER) INCOME FAMILIES

☐ SUPERIOR ☐ ADEQUATE ☐ POOR

Proposed housing will provide opportunities for low(er) income families to live in a neighborhood which is:

(a) In a section which contains little or no subsidized housing.

(b) Comparable in terms of neighborhood facilities and services to neighborhoods consisting largely of unsubsidized housing of a similar price range.

(c) Accessible to job opportunities. (Specify travel time and cost to major sources of employment.)

(d) In Urban Renewal Area, Model Cities Area or a New Community.

4. RELATIONSHIP TO ORDERLY GROWTH AND DEVELOPMENT

☐ SUPERIOR ☐ ADEQUATE ☐ POOR

Proposed housing will:

(a) Be consistent with officially approved land-use or other development plans which are consistent with metropolitan or regional plans.

(b) Be located in a neighborhood undergoing improvement via Urban Renewal, Model Cities, New Communities, or other similar Federal, State or local programs.

(c) Implement a policy adopted by the local governing body for providing for and dispersing housing for low- and moderate-income families.

(d) Be consistent with principles of orderly growth and development or with a locally approved land-use or development plan.

5. RELATIONSHIP OF PROPOSED PROJECT TO PHYSICAL ENVIRONMENT

☐ SUPERIOR ☐ ADEQUATE ☐ POOR

(a) Architectural treatment and land-use planning which the project will embody.

(b) Effect of proposed project on ecologically valuable and unique areas.

(c) Effect of adverse environmental conditions, if any, on the proposed projec

6. ABILITY TO PERFORM ☐ SUPERIOR ☐ ADEQUATE ☐ POOR

(a) Sponsor or staff has experience and resources to proceed promptly to construction and completion to meet target dates.

(b) Housing has been or will be of good quality.

(c) Sponsor or staff has ability to provide housing at or below the cost or rentals of similar units of comparable quality.

(d) Applicant has complied and/or will comply with Equal Opportunity guidelines and requirements. _____

(e) Applicant is without previous experience or is an LHA with no units under management. _____

7. PROJECT POTENTIAL FOR CREATING MINORITY EMPLOYMENT AND BUSINESS OPPORTUNITIES

☐ SUPERIOR ☐ ADEQUATE ☐ POOR

(a) Project will provide an opportunity for training and/or employment of minority persons. _____

(b) Project will provide opportunities for business concerns owned, controlled or managed in substantial part by minority persons. _____

8. PROVISION FOR SOUND HOUSING MANAGEMENT (not applicable to Section 235)

☐ SUPERIOR ☐ ADEQUATE ☐ POOR

(a) Sponsor and management firm are qualified by past experience or training, and have evidence of established sponsor-management relationship. _____

(b) Management has specific, acceptable plan for project operation, including, as a minimum, initial occupancy plan, proper fiscal controls, administrative management plan, adequate operating expense estimates, and project maintenance plan. _____

(c) Management shows evidence of planning for sound tenant-management relationship, including provision of counseling and community services. _____

SUMMARY OF RATINGS

PRIORITY GROUP. Check only one box shown below representing the total number of ratings assigned on the form, or DISAPPROVAL. A Superior or Adequate rating is required for all criteria.

SECTION 235(i)*

Priority Group	Ratings: Superior	Adequate	Poor
1. ☐	7	0	0
2. ☐	6	1	0
3. ☐	5	2	0
4. ☐	4	3	0
5. ☐	3	4	0
6. ☐	2	5	0
7. ☐	1	6	0
8. ☐	0	7	0

☐ DISAPPROVAL. A Poor rating on any criterion.

* Criterion #8 (Management) is not applicable to Section 235.

RENT SUPPLEMENT, SECTION 236 OR LOW-RENT PUBLIC HOUSING

Priority Group	Ratings: Superior	Adequate	Poor
1. ☐	8	0	0
2. ☐	7	1	0
3. ☐	6	2	0
4. ☐	5	3	0
5. ☐	4	4	0
6. ☐	3	5	0
7. ☐	2	6	0
8. ☐	1	7	0
9. ☐	0	8	0

☐ DISAPPROVAL. A Poor rating on any criterion.

NOTE: Proposals shall be evaluated when received and shall not be stockpiled unreasonably. After rating has been assigned above, proposals in priority group 1 shall be funded ahead of those in priority group 2, proposals in priority group 2 shall be funded ahead of those in group 3, and so on. Within each group, proposals shall be funded in order of date of receipt of applications suitable for processing.

EVALUATION PREPARED BY:

_____ (Date)

_____ (Name and Title)

The above ratings have been assigned with my approval.

_____ (Date)

_____ Director, Operations Division Area Office

or

_____ Chief Underwriter, Insuring Office

INSTRUCTIONS FOR

EVALUATION OF REQUESTS FOR PRIORITY REGISTRATION, EARLY FEASIBILITY, RESERVATION OF CONTRACT AUTHORITY FOR SECTION 235(i), RENT SUPPLEMENT, OR SECTION 236 PROJECTS AND EVALUATION OF APPLICATIONS FOR LOW-RENT PUBLIC HOUSING

GENERAL -- Final feasibility approval is dependent upon satisfying all statutory and administrative requirements which are a normal part of processing. Rehabilitation projects, Indian Reservation housing, Section 235 existing housing, or leasing of existing housing under Section 23 consisting of fewer than 25 units, and proposed construction projects of fewer than five (5) dwelling units are excluded.

1. NEED FOR LOW(ER) INCOME HOUSING

Objective:

To identify the proposed projects which will best serve the most urgent unmet needs for housing for low(er) income households, including elderly.

A superior rating shall be given to a proposed project (1) which responds well to the most urgent housing needs of low(er) income households in terms of number of bedrooms and structure type, with due regard for the needs of large families and elderly; or (2) as to which there is documented evidence that the housing is needed to serve families displaced or to be displaced by governmental action, including families or individuals being displaced by the proposed project, and that the applicant will give preference to those so displaced.

An adequate rating shall be given to a proposed project which responds to the housing needs of low(er) income households in terms of number of bedrooms and structure type, with due regard for the needs of large families and elderly.

A poor rating shall be given to a proposed project which (1) does not respond to the housing needs of low(er) income households, or (2) duplicates or competes unreasonably with other subsidized projects in the same locality in such a way as to overbuild the market. A poor rating shall also be given (a) to any proposed rental project in a market area where vacancies available for rent in nonseasonal, standard rental accommodations exceed six percent for the rent-size category proposed, or, if information by rent-size category is not available, eight percent for all rental ranges combined; and (b) to sales units in any market area where vacancies available for sale in nonseasonal, standard accommodations exceed two percent in the price-size category proposed, or two and one-half percent of standard sales housing in all price categories.

2. MINORITY HOUSING OPPORTUNITIES

Objective:

To provide minority families with opportunities for housing in a wide range of locations.

To open up nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination.

A superior rating shall be given if the proposed project (1) is located so that, within the housing market area, it will provide opportunities for minorities for housing outside existing areas of minority concentration; or, (2) will be located in an area which is substantially racially mixed and on the basis of factors such as existing demographic trends it appears that the project will have no significant effect on the proportion of minority to non-minority families; or, (3) will be located in or near an area of minority concentration, but the location is part of an Urban Renewal, or Model Cities Area, or other official local development plan which part will include housing which is expected to serve a wide range of income levels and a racially varied population. (The plan should not currently be experiencing unusual delays in execution, nor should there be any indication that such delays will be encountered.)

An adequate rating shall be given if the proposed housing will be located in or near an area of minority concentration, but is necessary to meet overriding housing needs which cannot otherwise feasibly be met in that housing market area. Such a need could be demonstrated, for example, by evidence that land costs for appropriately zoned land in all other acceptable locations in the housing market area are too high to accommodate such housing; the only other acceptable locations are in parts of the housing market area which are or are becoming areas of minority concentration; or the residents of the project area or prospective residents of the proposed housing have expressed a desire for the project to be built in or near that area because they have strong cultural, social or economic ties to it. A need based on strong cultural, social or economic ties should be supported by citizens' participation in Model Cities planning, or resolutions or other communications from citizens' associations or other broadly based neighborhood groups; opposing views should be accorded full consideration.
All "adequate" ratings shall be accompanied by documented findings based upon relevant racial, socio-economic and other data and information supporting both the overriding need and the unavailability of alternate housing. An overriding need may not serve as the basis for an "adequate" rating if the only reason the need cannot otherwise feasibly be met is that discrimination on the basis of race, color, or national origin renders sites outside areas of minority concentration unavailable.

A poor rating shall be given to any proposed project which does not satisfy any of the above conditions and to any proposed project which is likely to cause a substantially racially mixed area to become one of minority concentration.

3. IMPROVED LOCATION FOR LOW(ER) INCOME FAMILIES

Objective:

To avoid concentrating subsidized housing in any one section of a city or metropolitan area.

To provide low(er) income families with opportunities for housing in a wide range of locations.

To locate subsidized housing in neighborhoods containing facilities and services that are typical of those found in neighborhoods consisting largely of unsubsidized housing of a similar price range.

To locate subsidized housing in areas reasonably accessible to job opportunities.

A superior rating shall be given if the proposed project is to be located in a section (consisting of the project neighborhood and the surrounding neighborhoods) that contains little or no subsidized housing and (a) the project is, or will be in the near future accessible to social, recreational, educational, commercial, health facilities and services, and other municipal services that are equivalent to or better than those typically found in neighborhoods consisting largely of unsubsidized housing of a similar price range; and (b) travel time and cost via public transportation or private auto from the neighborhood to employment providing a range of jobs for low(er) income workers (excluding elderly) is considered excellent for such families in the metropolitan area or town. A superior rating may also be given if the housing is to be located in an Urban Renewal, Model Cities Area or a New Community and such housing is required to fulfill, respectively, the Urban Renewal Plan, Comprehensive City Demonstration Programs, or New Community Development Plan approved under Title VII of the Housing and Urban Development Act of 1970.

An adequate rating shall be given to a proposal (1) in a section already containing a significant amount of subsidized housing if the addition of the proposed housing will not establish the character of the section as one of subsidized housing and the housing will provide an expanded range of housing opportunity for low(er) income families; or, (2) in an undeveloped area, if the scale of the project will not be such that it establishes the character of the section as one of subsidized housing; and, in the event of either (1) or (2), (a) the project is, or will be in the near future, accessible to social, recreational, educational, commercial, health facilities and services, and other municipal services that are equivalent to those typically found in neighborhoods consisting largely of unsubsidized housing of a similar price range, and (b) travel time and cost via public transportation or private auto from the neighborhood to employment providing a range of jobs for low(er) income workers (excluding elderly) is reasonable for such families in the metropolitan area or town.

A poor rating shall be given if the proposed project is to be located in a section characterized as one of subsidized housing, or if the proposed project would establish the character of the section as one of subsidized housing; or facilities and services accessible to the project are inferior to those generally found in neighborhoods consisting largely of unsubsidized housing of a similar price range, and there is little likelihood for improvement in the near future; or travel time and cost to employment providing a range of jobs for low(er) income workers (excluding elderly) will be appreciably greater than that usually required in the metropolitan area or town.

4. RELATIONSHIP TO ORDERLY GROWTH AND DEVELOPMENT

Objective:

To assure that the development is consistent with principles of orderly growth and development and to prevent urban sprawl and the premature development of land before supporting facilities are available consistent with officially approved local or multi-jurisdictional plans.

A superior rating shall be given if the proposed housing: (1) will be consistent with officially approved land-use or other development plans which are consistent with metropolitan or regional plans; or (2) will be located in and is consistent with plans for a neighborhood that is undergoing improvement via Urban Renewal, Model Cities, New Communities or other similar Federal, State, or local programs; or (3) is consistent with a policy adopted by the local governing body for providing for and dispersing housing for low- and moderate-income families, especially where this policy implements a multi-jurisdictional approach.

An adequate rating shall be given if the project is consistent with a locally approved land-use or development plan (either in the absence of a metropolitan or regional plan or where the local plan is not consistent with the metropolitan or regional plan), or if it is consistent with sound growth patterns, although located in a community that does not have officially approved land-use or other development plans.

A poor rating shall be given if the location of the proposed project is inconsistent with established official plans or is contrary to sound growth patterns.

5. RELATIONSHIP OF PROPOSED PROJECT TO PHYSICAL ENVIRONMENT

Objective:

To provide an attractive and well planned physical environment.

To prevent any adverse impact on the environment resulting from construction of the housing.

To avoid site locations whose environmental conditions would be detrimental to the success of an otherwise sound project.

A superior rating shall be given if the proposed housing will embody outstanding land-planning and excellent architectural treatment, and will be free from adverse environmental conditions, natural or man-made, such as instability, flooding, septic tank backups, sewage hazards, or mudslide; harmful air pollution, smoke or dust; excessive noise, vibration, or vehicular traffic; unsanitary rodent or vermin infestation; or dangerous fire hazards; and construction of the project will not impact or disrupt ecologically valuable or unique natural areas such as wildlife areas, ground water or surface water areas, and parklands.

An adequate rating shall be given if the proposed project will embody a sound land use plan and good architectural treatment, will not be subject to unreasonably adverse environmental conditions that cannot be corrected and will not have an unreasonably adverse impact on the environment.

A poor rating shall be given if the proposed project will embody a poor land use plan or poor architectural treatment; or will be subject to serious environmental conditions which cannot be corrected; or will substantially or unreasonably disrupt the environment or ecologically valuable or unique natural areas.

6. ABILITY TO PERFORM

Objective:

To produce housing promptly and to provide quality housing at a reasonable cost, taking into account Equal Opportunity guidelines and requirements.

A superior rating shall be given if the applicant, his staff, or other staff which he will utilize (including contractors, sub-contractors, architects, consultants, etc.) and help he will receive, considered together, has demonstrated good ability in past performance (in either subsidized or unsubsidized or conventionally financed developments or related fields), based on considerations such as the following: (a) ability to perform well within program target dates; (b) high quality of housing produced; (c) ability to produce housing at a cost at or below similar units of comparable quality; (d) compliance with Equal Opportunity guidelines and requirements.

An adequate rating shall be given if the applicant, his staff, or other staff which he will utilize, and help he will receive, considered together, has demonstrated an acceptable ability to: (a) meet program target dates; (b) produce housing of good quality; (c) produce housing at a reasonable cost comparable to similar units; (d) comply with Equal Opportunity guidelines and requirements. In the case of an applicant without previous experience in housing or related fields, or an LHA with no units under management, an adequate rating will be given if there is no demonstrable reason to believe that it will be unable to meet the above conditions.

A poor rating shall be given to any proposal which shows no potential for adequately satisfying the above conditions.

7. PROJECT POTENTIAL FOR CREATING MINORITY EMPLOYMENT AND BUSINESS OPPORTUNITIES

Objective:

To encourage housing proposals which will generate job opportunities for minority workers.

To provide opportunities for business concerns owned in substantial part by minority persons.

A superior rating will be given if the proposal shows good potential, based on the applicant's stated goals, hiring time-tables and past performance, if any, for (1) providing training and/or employment for minority persons; and (2) utilizing business concerns owned controlled or managed in substantial part by minority persons. This potential may include training, employment and business opportunities in all phases of development, including but not limited to planning, site development, building, maintenance, and management.

An adequate rating will be given to a proposal which has acceptable potential for satisfying either of the two conditions set forth above for a "superior" rating.

A poor rating shall be given to a proposal which shows no potential for satisfying any of the above conditions unless the area from which labor would customarily be recruited and business concerns customarily contracted has a minority population so low that it would be impossible for the applicant to achieve a "superior" or "adequate" rating. In such cases an "adequate" rating shall be assigned.

8. PROVISION FOR SOUND HOUSING MANAGEMENT

Objective:

To encourage the development of well-managed and maintained projects.

To foster good relations between tenants and management and the surrounding community.

A superior rating shall be given if the applicant or staff which will be utilized shows definite potential for significantly exceeding program requirements as defined in applicable Housing Management issuances. Particular attention should be given to defined management-sponsor relationship; total management operation plan including an initial occupancy plan, appropriate fiscal controls, realistic operating expense estimates; plans for administration and project maintenance; plans for good tenant-management relationship and provision for social services as needed.

An adequate rating shall be given (1) if management of the proposed project shows good potential for meeting program requirements relating to management, or (2) if the project is proposed by a local housing authority with no units under management but which has an understanding of program requirements and can demonstrate adequate plans to meet these requirements.

A poor rating shall be given (1) if the applicant in the past has not been able to provide sound housing management, or (2) if the management of the proposed project does not demonstrate potential for providing the minimum management as required by Housing Management issuances. In those cases where there is inadequate past performance but applicant demonstrates to reviewer that deficiencies have been corrected, then an adequate rating shall be given.

George Romney
Secretary of Housing and Urban Development

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Federal Housing Administration

[24 CFR Part 200]

[Docket No. R-71-118]

AFFIRMATIVE FAIR HOUSING MARKETING REGULATIONS

Notice of Proposed Rule Making

The purpose of these proposed regulations entitled "Affirmative Fair Housing Marketing Regulations" is to promote a condition in which individuals of similar income levels in the same housing market area have available to them a like range of choices in housing regardless of the individuals' race, color, religion, or national origin.

Notice of a proposed amendment to 24 CFR Part 200 was published in the Federal Register on June 22, 1971 (36 F.R. 11869). More than 20 comments were received from interested persons and organizations. Consideration has been given to all comments.

The major changes in the proposed regulations are:

(1) The title of this subpart has been changed from "Affirmative Marketing Guidelines" to "Affirmative Fair Housing Marketing Regulations."

(2) Section 200.615, Requirements, in the previously proposed regulations has been divided into two sections: Section 200.615, Applicability, and Section 200.620, Requirements. Other sections have been renumbered accordingly.

(3) Section 200.615 has been broadened to cover applicants who develop subdivisions, multifamily projects, and mobile home parks of 5 or more lots, units, or spaces, or who develop dwelling units for occupancy by persons not known at the time of conditional commitment, provided that the applicant's participation in FHA housing programs would thereby exceed 5 or more such dwelling units during the year preceding the application.

(4) Section 200.620 has been revised to make clear that the applicant remains responsible for seeing that the requirements of the regulations are observed even though he may delegate his marketing responsibility to some other person.

(5) Section 200.620(a) has been modified to indicate that if an applicant customarily utilizes a particular medium for marketing, he would be expected to also use minority outlets in that medium.

(6) Section 200.635 has been revised to specify more clearly sanctions available for enforcement of the guidelines.

(7) Section 200.605 has been revised to make clear that the Secretary's authority to issue the regulations is based on his general rule making authority contained in Section 7(d) of the Department of Housing and Urban Development Act of 1965 which permits him to implement the functions, powers and duties imposed upon him by Section 808(e)(5) of Title VIII of the Civil Rights Act of 1968 and by Executive Order 11063.

(8) Section 200.620(d) has been deleted. Reference to notification of local public agencies of housing opportunities is found in Section 200.639.

(9) Section 200.620(f) has been added to require an equal housing opportunity sign on FHA project sites.

Because of these changes, the Department deems it appropriate to republish these proposed regulations for further comment. Interested persons are invited to participate in the making of the proposed rule by submitting written data, views or statements with regard to the proposed regulations. Communications should be filed in triplicate with the above docket number and title with the Rules Docket Clerk, Office of General Counsel, Room 10256, Department of Housing and Urban Development, 451 7th Street, S.W., Washington, D.C. 20410. All relevant material received on or before Nov. 3, 1971, will be considered by the Secretary before taking action on the proposal. Copies of comments submitted will be available during business hours, both before and after the specified closing date, at the above address, for examination by interested persons.

The proposed subpart M reads as follows:

Subpart M - Affirmative Fair Housing Marketing Regulations

§ 200.600 Purpose.

The purpose of this subpart is to set forth the Department's equal opportunity regulations for affirmative fair housing marketing under FHA subsidized and unsubsidized housing programs.

§200.605 Authority.

The regulations in this subpart are issued pursuant to the authority to issue regulations granted to the Secretary by section 7(d) of the Department of Housing and Urban Development Act of 1965, 42 U.S.C. 3535(d), and implement the functions, powers and duties imposed on the Secretary by Executive Order 11063, 27 F.R. 11527, and Title VIII of the Civil Rights Act of 1968, P.L. 90-284, 42 U.S.C. 3608.

§200.610 Policy.

It is the policy of the Department to administer its FHA housing programs affirmatively, so as to achieve a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion, or national origin. Each applicant for participation in FHA subsidized and unsubsidized housing programs shall pursue affirmative fair housing marketing policies in soliciting buyers and tenants, in determining their eligibility, and in concluding sales and rental transactions.

§200.615 Applicability.

The affirmative fair housing marketing requirements, as set forth in subparagraphs (a) through (f) of Section 200.620, shall apply to all applicants for participation in FHA subsidized and unsubsidized housing programs who hereafter develop:

(a) subdivisions, multifamily projects and mobile home parks of 5 or more lots, units or spaces; or

(b) dwelling units for occupancy by persons not known at the time of conditional commitment, provided that the applicant's participation in FHA housing programs would thereby exceed development of 5 or more such dwelling units during the year preceding the application.

§ 200.620 Requirements.

Each applicant shall meet the following requirements with respect to all FHA subsidized or unsubsidized programs in which he hereafter participates or, if he contracts marketing responsibility to another party, be responsible for that party's carrying out the requirements:

(a) Carry out an affirmative program to attract buyers or tenants of all races. Such a program shall typically involve publicizing to minority persons the availability of housing opportunities through the type of media customarily utilized by the applicant, including minority publications or other minority outlets which are available in the housing market area. All advertising shall include either the Department-approved Equal Housing Opportunity logo or slogan and all advertising depicting persons shall depict persons of majority and minority races.

(b) Maintain a nondiscriminatory hiring policy in recruiting from both minority and majority races for staff engaged in the sale or rental of properties.

(c) Instruct all employees and agents in the policy of nondiscrimination and fair housing.

(d) Specifically solicit eligible buyers or tenants reported to the applicant by the Area or Insuring Office.

(e) Prominently display in the sales or rental office of the project or subdivision the Department-approved Fair Housing Poster and include in any printed material used in connection with sales or rentals, the Department-approved Equal Housing Opportunity logo or slogan.

(f) Post in a conspicuous position on all FHA project sites a sign displaying prominently either the Department-approved Equal Housing Opportunity logo or slogan.

§200.625 Affirmative fair housing marketing plan.

Each applicant for participation in FHA housing programs to which these regulations apply shall provide on a form to be supplied by the Department information indicating his affirmative fair housing marketing plan to comply with the requirements set forth above.

§200.630 Notice of housing opportunities.

The Director of each Area and Insuring Office shall prepare monthly a list of all projects and subdivisions covered by this subpart on which commitments have been issued during the preceding 30 days. The Director shall maintain a roster of interested organizations and individuals, including public agencies responsible for providing relocation assistance, desiring to receive the monthly list and shall provide the list to them.

§200.635 Compliance.

Applicants failing to comply with the requirements of this subpart will make themselves liable to sanctions authorized by regulations, rules or policies governing the program pursuant to which the application was made, including but not limited to denial of further participation in Departmental programs and referral to the Department of Justice for suit by the United States for injunctive or other appropriate relief.

George Romney
Secretary of Housing and Urban Development

HUD-Wash., D. C.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD No. 71-555
Phone (202) 755-5277
(Farley)

FOR RELEASE
Friday,
October 1, 1971

HUD AIMS FOR "BEST SELLER" LIST WITH REPORT ON HOUSING PRODUCERS

The U. S. Department of Housing and Urban Development has issued its most ambitious publication to date--a massive 600-page report which the Department expects will be a best seller in the housing field.

The paper back publication summarizes 423 of the housing systems proposals submitted for Operation BREAKTHROUGH, including the 22 selected for contract negotiations on BREAKTHROUGH's nine prototype sites.

In effect the report, Housing Systems Proposals for Operation Breakthrough, reflects the technical state of the art of the nation's housing production activities.

The text abstracts the major concepts in each proposal without making a judgement as to their merit or authenticity. More than 1,000 individual firms were associated with the proposals, including the country's most experienced housing design professionals and producers, as well as industrial giants and others new to the housing field.

Spurred by BREAKTHROUGH gains in negotiations with labor, in the adoption of state-wide industrialized housing codes, and in reduced transportation costs in moving housing units from plants to site, some producers not chosen specifically for the demonstration program have started production on their own.

- more -

The report lists a geographical as well as alphabetical index of the companies. The concepts are broken down into a number of categories, including the kind of materials proposed, building methods, types of housing and production estimates per year.

HUD Secretary George Romney recalled the Department's earlier judgement that all the concepts had considerable merit. He expressed the hope that those who submitted the proposals "will proceed to make important contributions to the volume production of quality housing for our nation."

Harold B. Finger, Assistant Secretary for Research and Technology, said the concepts outlined in the report "will serve as an important benchmark from which to measure future progress."

The technical data was prepared by the Building Research Advisory Board of the National Academy of Sciences. The editor is Ralph Warburton, HUD's Special Assistant for Urban Design. Associate editor is Irwin Billick, of HUD's Research and Technology staff.

Copies of the publication are available at $5.25 each from the Superintendent of Documents, Government Printing Office, Wash., D.C.

* * *

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD No. 71-567
Phone (202) 755-5277
(Norris)

FOR RELEASE
Friday,
October 1, 1971

HUD-GNMA REPORTS ACTIVITY FOR FIRST MONTH OF NEW TANDEM PLAN

The Government National Mortgage Association of the U. S. Department of Housing and Urban Development today revealed the results of the first month of activity under its new Tandem Plan for unsubsidized mortgages.

Woodward Kingman, President of GNMA, in a speech prepared for delivery before the Homebuilders Association of the Virginia Peninsula at Hampton, Virginia, said that a total of $812.2 million commitment contracts were issued during the four-week period ending September 27. As of today, over $317 million were repurchased by sellers.

Commitments were issued covering mortgages as follows: new construction multifamily, $192.9 million; new construction single family, $199.3 million; and existing single family, $420.0 million.

Sellers exercised their options to buy back the commitments by obtaining $48.2 million in the first auction held on September 9; $124.5 million by executing immediate buy back and $114.3 million subsequent assignments up to Septmeber 27.

Mr. Kingman stated, "The program so far has functioned extremely well, considering the large volume and its novel features."

Under the program, GNMA is committed to buy unsubsidized FHA and VA mortgages up to a ceiling of $22,000 per dwelling unit (or $24,500 for four or more bedrooms) at 96 or 95 percent of value, and then to sell them at market prices in order to "roll over" or replenish its authorization. Any

- more -

differential between its buying and selling prices is absorbed by GNMA.

Mortgage lenders must originate mortgages at the same price (96 percent of value on new construction and 95 percent on existing homes) as they sell them to GNMA. This assures that no more than 4 or 5 "points" or initial financing charges, will be involved in the sales. Previously, 8 to 10 points have been charged on 7 percent mortgages.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-580
Phone (202) 755-5284
(Dan Day)

FOR RELEASE:
Saturday
October 9, 1971

HUD COMPLETES FIELD DECENTRALIZATION PROGRAM

Secretary George Romney of the U.S. Department of Housing and Urban Development announced today that HUD's field decentralization program has been completed on schedule with the activation of 17 additional HUD field offices last month.

The Department's field structure now consists of 10 Regional Offices, 39 Area Offices, and 38 Insuring Offices. Under Phase I of the decentralization program, four new Regional Offices and 23 new Area Offices were activated in September 1970. Under Phase II, 16 Area Offices and one Insuring Office (at Nashville, Tenn.) were activated during September 1971.

"The completion of this massive field decentralization program," Secretary Romney said, "means that the basic authority with respect to nearly all HUD programs and activities is now being exercised by 77 HUD field offices. This is in direct keeping with the intent of President Nixon that the Government should be close to the people it serves.

- more -

"This decentralization program, together with our drive to simplify procedures and reduce paperwork, has enhanced this Department's ability to assist States and communities in solving this Nation's critical housing and community development problems."

Regional Offices guide and monitor Area and Insuring Office operations, represent HUD in relations with the Governors and with other Federal agencies, and coordinate HUD activities throughout the region.

Area Offices have full authority for administering nearly all HUD programs in assigned geographical areas, including mortgage insurance and assisted housing, urban renewal, rehabilitation loans and grants, basic water and sewer grants, neighborhood facilities grants, public facilities loans, legacy of parks, comprehensive planning assistance, and housing management. Each Area Office absorbed and replaced the former HUD-FHA Insuring Office in the city where it is located.

Insuring Offices administer mortgage insurance and assisted housing programs in assigned geographical areas.

The 16 new Area Offices, and their general jurisdictions, are:

Philadelphia	Eastern Pennsylvania and Delaware
Washington, D.C.	Washington Metropolitan Area, including certain counties in Maryland and Virginia
Richmond	Virginia, less Washington Metropolitan Area
Baltimore	Maryland, less Washington Metropolitan Area
Atlanta	Georgia
Jacksonville	Florida
Greensboro	North Carolina
Columbia	South Carolina
Louisville	Kentucky
Knoxville	Tennessee
Jackson	Mississippi
Chicago	Illinois
Indianapolis	Indiana
Minneapolis-St. Paul	Minnesota
Columbus	Ohio
Milwaukee	Wisconsin

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-600
Phone (202) 755-5284
(Beckerman)

FOR RELEASE:
Tuesday
October 19, 1971

HUD ACCEPTING REQUESTS FOR COLLEGE HOUSING PROGRAM

Effective immediately, applications for financial assistance for Fiscal Year 1972 under the College Housing Program are being accepted by the U.S. Department of Housing and Urban Development.

The program provides two types of financial assistance. (1) It makes debt service grants on college loans from the private market which reduce the cost of borrowing to three percent and (2) it also has a limited amount of direct Federal loan money, likewise at three percent, for institutions that try and are unable to borrow on the private market at reasonable rates. In the latter case, applicants are expected to make every effort to obtain private financing with the support of a HUD debt service grant.

The applicable guidelines for Fiscal Year 1972 are the same as last year with one major exception. The maximum HUD supported loan which any applicant may request has risen from $1,200 to $1,500 per full time student. Accordingly, for institutions with a total full time enrollment of over 4,000 students, the maximum HUD-supported loan amount has gone from $4.8 million to $6 million.

Funds available for Fiscal Year 1972 will support a net program level of approximately $300 million. College Housing applications will be accepted at HUD's Washington, D.C. headquarters until May 1, 1972.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-596
Phone (202) 755-5284
(Savage)

FOR RELEASE:
Wednesday
October 20, 1971

HUD LIBRARY ISSUES PERIODICALS LIST

The U.S. Department of Housing and Urban Development today announced that HUD Library Periodicals List has been issued by the Library and Information Division.

The publication is a revised list of all periodical titles available in the HUD Library and includes over 1700 periodicals in the fields of housing, planning, and community development. Planners, librarians, and public officials will find it useful in keeping abreast of the latest developments in urban affairs.

The 87-page publication consists of three parts: (1) an alphabetical list of titles, including the name of the publisher, bound volume holdings and title change information; (2) subject index, and (3) the name and current address of each publisher.

Free copies of the publication, HUD-242-A, are available from the HUD Storage and Distribution Center, Room B-258, HUD Building, 7th and D Streets, S. W., Washington, D.C., 20410.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD No. 71-599
Phone (202) 755-5277
(Farley)

FOR RELEASE
Thursday,
October 21, 1971

HUD AND LEAA LAUNCH RESEARCH STUDY FOR CONTROL OF RESIDENTIAL CRIME

The Department of Housing and Urban Development and the Law Enforcement Assistance Administration today jointly announced the award of contracts for the first two stages of a four-part research project to formulate guidelines for controlling crime in residential areas.

The first stage, to be conducted by Urban Systems Research and Engineering, Inc., of Cambridge, Mass., is designed to determine the nature and pattern of neighborhood crimes.

Urban Systems will collect data from a number of sources, including police files, offenders and victims. It will also study the characteristics of several neighborhoods. The data will then be analyzed to determine the factors which encourage or inhibit crime in different residential settings. The amount of the contract with Urban Systems is $149,512.

The second stage, to be performed by the Boise Cascade Center for Community Development and the Secruity Planning Corporation, both of Washington, D.C., involves the development of total security systems to reduce the number and severity of crimes in these areas, with particular emphasis on housing design.

- more -

The security systems will have to satisfy a variety of sometimes conflicting criteria--among them cost effectiveness, low false-alarm rates, reliability, and degree of acceptability by residents. The contracts for the second phase amounts to $138,512.

The first two stages will be monitored by the National Institute of Law Enforcement and Criminal Justice of LEAA in the Department of Justice. Funds for these projects were supplied largely by HUD's Office of Research and Technology, with LEAA furnishing additional financial support.

The third and fourth stages will be administered by HUD's Office of Research and Technology.

In the third phase, innovative architecture will be developed to minimize risk to residents of crimes committed in their neighborhoods.

The final phase will develop standards for security systems, applicable to both new and existing buildings. When implemented, the standards are expected to go a long way towards significantly reducing the levels of crime in residential areas.

For HUD information, contact: John Dietrich
451 Seventh Street, S. W. - Room 4268
Washington, D.C. 20410

For LEAA information, contact: Michael Maltz
633 Indiana Avenue, N. W. - Room 1009
Washington, D.C. 20530

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

Phone (202) 755-5284

FOR RELEASE AFTER:
3:30 P.M., Wednesday
November 3, 1971

Address by

George Romney, Secretary

U.S. Department of Housing and Urban Development

at the

INBEX -71

Industrialized Building and Exposition Congress, Inc.

Kentucky Exposition Center

Louisville, Kentucky
November 3, 1971

Industrialized Housing -- the Wave of the Future

Industrialized housing is the wave of the future. And it's an important part of the solution to our housing ills. I'm encouraged at the current progress in industrialized housing in this nation.

My introduction at a recent plant dedication touted me as the father of factory-built housing. That's quite an honor, but, with all due modesty, I had to decline. I was born four centuries too late.

That honor belongs to Leonardo da Vinci, the universal genius who in 1515 at the age of 67 said:

> Let the houses be changed and arranged in order, and this will easily be done when they are first made in parts on the ground and then the framework can be fitted together on the site where they are to be permanent.

That fascinating revelation of things to come prompted me to reacquaint myself with the life of this scientist, artist, engineer and inventor who was equally at home painting masterpieces such as the Last Supper or drawing sketches of a protohelicopter. I discovered that da Vinci devised a central heating system for a castle in Milan four centuries ago. And even in those early days he was involved in city planning!

A man of such towering talents would be most welcome today at HUD. He'd probably have no difficulty adjusting to the modern techniques of our times. If he were alive he might have conceived Operation BREAKTHROUGH himself.

I say that because I regard BREAKTHROUGH as a true catalyst. In much the same way as this INBEX Show has pulled together many innovations and products under one roof, BREAKTHROUGH has pulled together under one banner all the diverse but complementary elements necessary for the volume production of industrialized housing. By identifying and working closely with the necessary elements of this industry, Operation BREAKTHROUGH and its representatives have already cut through many of the artificial barriers that have inhibited volume production in the past.

Along with the progress BREAKTHROUGH has made either in by-passing, hurdling or eliminating certain barriers to volume production, a number of problems face the industrialized housing industry.

A major impediment is financing -- or rather the lack of it. Because of this problem, BREAKTHROUGH has exposed industrialized housing to a wide spectrum of financial institutions including not only the Government National Mortgage Association, the Federal National Mortgage Association

and the Federal Home Loan Bank Board, but also large and small savings and loan institutions, mortgage banking firms, insurance companies, commercial banks and state housing finance agencies.

Some time ago we recognized that the long-term methods of financing used for conventional building do not necessarily apply to industrialized housing. Today when the manufacturer of industrialized housing enters into large scale production he must invest heavily in a plant and equipment as well as managerial talent. That investment can be recovered only by keeping his production lines running. And continuous production requires a steady stream of orders for his product.

Yet, at the present time there is no way for the manufacturer to finance the units he is completing in his factory until he has actually delivered them to the site. He has laid out an estimated 60 percent materials cost and 15 to 20 percent labor cost. But all too often, due to inventory and shipment, he must wait months to recover that investment.

Meanwhile, the reputable conventional builder has no trouble obtaining interim financing prior to any investment in materials or labor.

At the other end of the scale the developer to whom the manufacturer hopes to sell his industrialized product can't get an advance loan to prepare the land on which the housing will be built. He needs money to build a water and sewer system, to lay out streets and other landscaping, and to prepare his foundations. But he cannot get a loan. (There is one little-used exception in Title X of the National Housing Act and the Housing and Urban Development Act of 1965, but even that does not cover foundation work. At the present time we are trying to develop modifications to Title X so that a developer could get a loan to prepare the property in advance of the actual housing construction.)

Our current housing bill permits FHA-insured mortgage payments to the manufacturer before delivery as long as his module or component is completed and assigned to a site. This should be a great boon to the industry. We tried to get

this provision enacted last year, but this year we have done the spade work and we're hopeful it will be accepted.

Loans both for the manufacturer and the developer would be secured and repaid by the permanent mortgage, which "takes out" the two interim loans. This practice has long been followed by the automobile industry where it's called "floor planning," and also by the textile industry where it's called "factoring."

Since the situation with respect to developers hasn't been worked out in detail yet, we welcome suggestions -- particularly from financial institutions -- that will lead to an acceptable and feasible financing package. It may well open a new market for bankers and other lenders, and I hope they will cooperate and take advantage of it.

Still another HUD proposal would be of interest here. And that is a proposal to induce more corporations to invest funds in low- and moderate-income housing.

A few years ago the rules for accelerated depreciation were tightened for virtually everything except investment in this type of housing. But this incentive didn't have the hoped-for effect. Stockholders of large corporations didn't understand the depreciation factor in earnings statements, and believed earnings were lower than they

actually were. As a result, corporation directors shied away from investment in low- and moderate-income housing.

We are now considering asking the Internal Revenue Service to substitute tax credits for accelerated depreciation. In the long run corporate income taxes will be exactly the same, but the psychological value of showing apparent larger net income would probably have merit, since corporations will be able to show greater apparent net earnings.

This proposal has been studied for us by one of the largest accounting firms in the country, and is now being reviewed by our staff. Should we decide to go ahead with it, we will make the appropriate recommendations to Internal Revenue.

Our efforts to solve financing problems haven't stopped there. As you know, we have greatly decentralized our operations to the field in the past two years. Our staff at the grass roots level is engaged in a continuing dialogue with local lending institutions to acquaint them with the opportunities now available to them in the industrialized housing industry.

A second major constraint to volume housing production is the cost of long-range shipping. Highway transportation has become an extremely complex problem. Each state has its own established set of codes for outsized loads. Generally, the same conditions covering the shipment of mobile homes have been superimposed on industrialized housing units. This is unfortunate, since modular loads are comparatively more rugged and stable in transit, and most of the loads remain within the 12-foot limitation.

Our Operation BREAKTHROUGH producers estimate that two particular penalties alone add from 10 to 25 percent to the cost of shipment. One is the onerous requirement of demanding state-by-state highway permits. The second is the prohibition against shipping two modules on a single trailer. Recently Michigan amended its law to permit a two-module load. But if you drive it outside that State your load will be outlawed.

Mind you, I'm not in favor of abolishing all highways shipping regulations. Too many state highway departments have looked with justifiable concern at skimpy trailers, shaky tie-down systems, marginal hook-ups between trailer and tractor, and borderline ratios of horsepower to weight.

The entire system can well stand improvement.

What we are seeking is a change in some of the more extreme regulations in order to achieve a balanced highway transport system. In this respect BREAKTHROUGH has already been a catalyst, benefitting the housing producer, the trailer manufacturer, the highway carrier, and the states.

Last July we requested the cooperation and assistance of the American Association of State Highway Officials. We hope to convince the Association that it is a matter of urgent priority to simplify and standardize the maze of regulations so that one permit -- issued by the originating state -- will be honored by all continental states over a given period of time.

We come now to the question of transport cost. Last year the industry got an unexpected and unwelcome Christmas present in the form of a considerable increase in highway shipping costs. And at New Year's the industry was confronted with yet another substantial increase.

HUD joined forces with other government agencies and the shippers, requesting the Interstate Commerce Commission to stay

the increases until face-to-face negotiations could be undertaken with the highway carriers.

Last March the ICC accepted our position and ordered a nation-wide rollback to March of 1970. This was equivalent to a saving of more than $3 million dollars for the industry, and is a significant factor in holding down the cost of industrialized housing to the consumer.

I might add that in all of our transportation negotiations we have included all interested industrial producers -- not merely those associated with BREAKTHROUGH. Among others, we are working closely at this time with the National Association of Building Manufacturers.

Now, we recognize that solutions to the highway problem are only a partial answer to the overall question of reducing the cost of transportation. In BREAKTHROUGH we have felt intuitively that this country's vast railroad network must be utilized if we are to achieve the economies needed to insure the success of industrialized housing.

Since May we have been in close touch with more than 300 of the nation's railroads in an effort to iron out technical

difficulties and to reach a greement on a reasonable rate for long-range shipments.

Last Wednesday the second shipment of housing units produced by Levitt completed a historic 2,500-mile trip from Battle Creek, Michigan, to the BREAKTHROUGH site in Washington State. By making use of the Government Section 22 privilege, often preferred by the railroads in selective cases, the rate for the shipment of these units was reduced by 16 percent.

I envision many such trainload movements during the next 12 months. Recently Trailer Train, Inc. -- a railroad car subsidiary of 33 carriers -- voted to lease its flat cars directly to the shippers of industrialized housing. This is a first, since the corporation up until that time leased only to rail carriers.

At our request the Association of American Railroads has been helping to develop a simple, economical, all-purpose tie-down system for modular housing. The housing producers themselves have come up with lifting devices -- one has been dubbed "The Monster" by our BREAKTHROUGH staff -- which set the units firmly in place on the train and, at their destination, deposit them gently and snugly on their niches. I'm told

the variation is less than one-eighth of an inch, and the whole process is completed without causing cracks in the doors or other minor damange.

I am heartened by the progress we have made to date in railroad transportation, although I must admit that the rate proposal offered to the rail industry has suffered some reverses. We are open to alternative proposals, however, and I hope that we will soon have a realistic rate level, acceptable both to the producer and the railroad carrier.

I might add that we haven't even touched the potential that a really wholesome rate would realize for the industrialized housing industry. It could be the stimulus for a whole new pattern of centralized production, marketing, distribution and erection. It would allow competition for distant markets -- as much as 1,500 miles -- and would certainly break the 300-mile delivery barrier which limits the average manufacturer today.

I am confident that in the not too distant future we will have a total transportation system -- from factory door to "under the hook" at the site where the house will stand. In planning that system we are not overlooking any possibilities, including shipment by barge, and even by one of da Vinci's earlier notion, the helicopter. That method of

transportation is too expensive for long-range shipment, but we have found that it serves nicely as a shuttle from the rail or barge terminal to the site, and can actually land a completed house directly on its foundations.

The implications of better and cheaper transportation are tremendous. As the industrialized housing market expands, it will have a dynamic effect on the location of plants, on the building of housing for workers near their place of employment, and on the very nature of both the inner city and the suburbs.

A third major impediment to volume production is the multiplicity of local building codes across the country. When we introduced BREAKTHROUGH in May of 1969 not a single state allowed general purpose building codes. Within their local jurisdictions the local code makers were kings, and the codes too often were wrapped in local prejudices favoring certain materials or products, or unions, or economic interests.

Today, thanks to the impetus of BREAKTHROUGH, 20 states have enacted either mandatory state-wide or industrialized codes, and others are considering similar legislation. These laws reassert state authority in the code area, and stipulate that housing approved by the state must be accepted anywhere within the state. Some states, notably on the West coast, have gone farther and have reciprocity clauses which permit acceptance of factory units inspected by a sister state. I am hopeful that more voluntary agreements will be signed between states, opening the door still wider for market aggregation.

Eventually, we expect these codes to incorporate the performance standards now being evaluated by the National Bureau of Standards. We are still getting comments from the industry in response to the criteria first announced last March, and further changes and revisions undoubtedly will be made as we go along.

As you know, we are encouraging experimentation and the introduction of new materials as well as the application of standard materials in ways that have not been tried before. In addition to traditional materials, builders are beginning to use polyester resins, fiberglass, and urethane foam.

The November issue of Challenge, our official departmental magazine, takes note of some university experiments with puffed wheat, cow manure and old glass bottles in producing concrete blocks and ceramic planks and brick. Recycling has really caught on!

Various new and conventional materials are undergoing rigorous tests at NBS. They are under ordeal by fire, water, pressure, simulated winds of gale force, and any other element that would have a bearing on the safety, livability and durability of the finished product.

If we are to satisfy the enormous demand for housing today and in the future, we can no longer rely on the methods and techniques of the past. We need innovations and applications that will get the job done more quickly, and in greater volume.

A fourth obstacle to housing production has been the reluctance of organized labor to accept the inevitable. That attitude, I'm happy to say, has changed. Some 50 collective bargaining contracts have been signed between the Laborers' International Union and the manufacturers of industrialized housing systems, and about 25 more are currently under negotiation. In addition the Tri-Trades -- carpenters, plumbing and pipe fitters and electrical workers -- have signed 36 agreements, with 25 more under

negotiation. These agreements set wages at factory rather than field levels. They open up training opportunities for minorities and other lower-skilled workers who were once consigned to the most menial of jobs. And their jurisdictional rules help to promote more efficient production. Also worth mentioning is the fact that at the industrial plant the risk of injury is minimized since much of the work, even for high rise buildings, is on or near floor level.

I am happy to salute those union leaders who have given solid evidence of their willingness to cooperate with us on a venture that is bound to be beneficial to all of us in the long run.

We are well enough into Operation BREAKTHROUGH to announce that we are now entering into volume production. In addition to some 2,800 units now going up on our nine prototype sites, we have already processed more than 5,000 housing units which will be built elsewhere around the country with BREAKTHROUGH-approved systems. By next July a total of about 25,000 units of BREAKTHROUGH housing will be processed for development in the competitive market.

The industry itself has been growing so rapidly that it is impossible to estimate accurately the number of manufacturers in the business today. One figure is 400 to 500 manufacturers of modular housing. The number of modular units produced this year is estimated in the neighborhood of 75,000. That number will accelerate rapidly. I have no reason to retreat from my earlier prediction that by 1980 two-thirds of all the housing built in this country will be basically factory made -- either assembled components or complete systems.

Let me give you two examples of how we are beginning to proliferate. Two weeks ago we signed an agreement with the Michigan State Housing Authority under which it will build some 1,500 industrialized housing units. Half of them will be subsidized under HUD's Section 236 funds for low- and moderate-income families. The other 750 units will be developed for low- and middle-income groups by the Authority, using its own technical evaluation methods and its own financial resources.

The Authority will process the loan application on its own, with only limited review by our regional and area staff. And the tenants will pay substantially less rent because the construction and mortgage loan financed by the Authority will

be below the market interest rate.

That, in essence, is what they are doing in Michigan.

Even as I am talking to you, we are entering into a similar agreement with the Commonwealth of Massachusetts under which 1,500 units will be developed by the Massachusetts Housing Finance Agency. Of that number, one-third will be assisted by Section 236 funds, and two-thirds entirely without a subsidy from HUD.

Many other organizations are taking advantage of available HUD programs to begin production of industrialized housing. Some will go the 236 route -- building homes for rental to low- and moderate-income families with HUD assisted funds. Others will be built for middle-income families, since BREAKTHROUGH housing systems are designed for all Americans -- not just low-income families.

But if a manufacturer applies for funds under FHA's 236 program, and will use a BREAKTHROUGH-approved system to build his project, he will be assured of a warm welcome at HUD. This doesn't mean that his application will be automatically approved, since other factors must be taken into consideration.

Our welcome is not reserved for the housing producers who are under contract with us on the nine prototype sites. They are doing a great job, and the work on those sites should be finished in far less time than it takes the average developer to complete projects of comparable size and scope.

But the door is also open to others who can adapt their construction methods to the systems we are approving at BREAKTHROUGH.

The fact is that Phase III -- the volume production phase of BREAKTHROUGH -- is here to stay, and it embraces far greater horizons than the visible part of the program.

BREAKTHROUGH has shown that industrial housing can be a sound investment. The proof of that is found in the number of companies and corporations -- many with backgrounds of conventional building -- now going into industrialized housing and using one or several of the BREAKTHROUGH systems with full confidence that the systems will work.

BREAKTHROUGH has made industrialized housing a more attractive market, not just to the industry as presently constituted, but to related industries and institutions.

That includes bankers and other financial institutions. It includes the states that are looking for new industries. It includes architects, planners, suppliers of materials, housing authorities, land and community developers, engineers and university people, and especially those involved in environmental studies.

No question about it, the housing industry is undergoing a revolution. In the next few years the housing boom will continue to expand. But we cannot permit our environment to be polluted by millions of ticky-tacky homes sprouting around the country without regard for esthetics, or the quality of the building material, or the safety and well-being of the families that will be living in them.

We at HUD want to continue to deserve a leadership role in an industry conceived in the mind of da Vinci and made a reality by people of your vision and determination.

You are in the foreground of the revolution I'm talking about. It is in a sense a social revolution. Quite aside from the profit motive, it is a demonstration of the principle that advanced technology can be used to help solve one of the

most difficult social problems of our time -- building decent homes in a decent living environment for all Americans.

As industrialized housing crosses the threshold from its revolutionary stage to an accepted way of life, it may well be that Operation BREAKTHROUGH will be associated with its development in the same way as the Model A is linked to the automobile industry.

Thank you very much.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-652
Phone (202) 755-5284
(Dan Day)

FOR RELEASE:
Wednesday
November 10, 1971

SMALL BUSINESSES GET ADDITIONAL FLOOD INSURANCE PROTECTION

The U.S. Department of Housing and Urban Development announced today that effective November 12, 1971, property and casualty agents in Alabama, Alaska, Arkansas, California and Florida can start selling additional coverage in eligible communities under HUD's National Flood Insurance Program.

"Now that actuarial rates have been established for small business properties located in the 63 eligible communities in these five States" explained Federal Insurance Administrator George K. Bernstein, "we are able to expand the availability and limits of coverage under the program."

Mr. Bernstein said recent flooding from hurricanes and severe rainstorms has resulted in an increase in the number of applications for flood insurance. As of November 12, 796 communities in 47 States, plus the entire Commonwealth of Puerto Rico, will have become eligible for federally subsidized flood insurance. However, none of the flood prone communities in Vermont, Montana and Wyoming have taken the initiative to apply for flood insurance eligibility.

The Federal Insurance Administrator noted that coverage for small business properties under the regular program should not be confused with coverage available to them under the emergency program.

"Under the regular program," Mr. Bernstein said, "coverage is now available, for the first time, to the owners of newly constructed small business properties. Those properties started after the emergency program became effective and located within the area of special flood hazards are eligible for coverage only at actuarial rates."

New small business properties located outside this area, however, are eligible for coverage at the actuarial and/or subsidized rates, whichever is less.

Additional coverage, also at actuarial rates, can now be purchased for existing structures within the entire area eligible for flood insurance.

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Under the emergency program, he added, limited amounts of flood insurance can be bought at federally subsidized rates for structures existing at the time the community initially becomes eligible.

Administrator Bernstein warned that property owners who fail to purchase flood insurance within a year after they become eligible stand to lose in more ways than one on the event their property is flooded after the year expires.

Under the National Flood Insurance Act of 1968, Federal financial disaster aid is limited in such cases to the difference between the total estimated property loss from flooding and the amount for which the property could have been insured. Other forms of Federal disaster relief, however, would still be available.

Besides covering against loss, the Federal flood insurance program helps promote sound floodplain management and land use control.

In becoming eligible for flood insurance, Mr. Bernstein said, the governing body pledged to adopt by December 31, 1971 land use and control measures appropriate to the characteristics and specific flood threat of the community.

These measures, he added, are designed to guide future development away from flood hazard areas and set foundation and floor construction standards thus helping to promote sound floodplain management and land use control.

Official maps identifying the flood hazard areas within these communities together with their corresponding insurance rate tables can be examined at City Hall, County Commissioner's office or the offices of the local governing body.

The eligible communities are:

ALABAMA

Gulf Shores

ALASKA

(Fairbanks and North Pole)

ARKANSAS

Dardanelle
Fort Smith
Russellville

CALIFORNIA

Arcadia
Burbank
Corte Madera
Covina
Del Norte County
(Lower Klamath River
Watershed, Zone 4)
Hawaiian Gardens
King City
La Puente
Larkspur
Martinez
San Rafael
South San Francisco

FLORIDA

Anna Maria
Belleair
Belleair Beach
Belleair Shore
Bradenton Beach
Charlotte County
(unincorporated areas)
Clearwater
Delray Beach
Dunedin
Fort Myers
Gainesville
Gulfport
Highland Beach
Holmes Beach
Indian Rocks Beach
Indian Rocks Beach -
South Shore
Key Colony Beach
Key West
Lantana
Largo
Layton
Lee County
(unincorporated areas)
Longboat Key
Madeira Beach
Manalapan
Manatee County
Naples
North Redington Beach
Ocean Ridge
Oldsmar
Okaloosa Island Beaches
Palm Beach Shores
Pinnellas County
(unincorporated)
Redington Beach
Redington Shores
Safety Harbor
Sarasota
Sarasota County
South Pasadena
St. Petersburg
St. Petersburg Beach
Tarpon Springs
Tequesta
Treasure Island
Venice
Yankeetown

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD No. 71-680
Phone (202) 755-5277
(Farley)

FOR RELEASE:
Friday
November 19, 1971

LOCAL HOUSING AUTHORITIES SUBMIT NEW APPROACHES TO MANAGEMENT

Responding to an invitation from the U. S. Department of Housing and Urban Development, 72 local housing authorities, located throughout the continental United States, Hawaii, the Virgin Islands, and Puerto Rico, have submitted proposals containing new and innovative approaches to the management of public housing.

A total of 270 local housing authorities, each with at least 400 units under management, were invited to design comprehensive management systems that would improve the delivery of tenant services while operating on an efficient and fiscally responsible basis.

To assure a sound basis for judging the relative merits of the 72 proposals, HUD has established an evaluation board which will give them priority attention.

Approximately 10 to 20 LHA's will be awarded contracts to carry out their recommendations within their own projects for a period of at least three years.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-681
Phone (202) 755-6980
(Gross)

FOR RELEASE:
After 5 P. M.
Friday
Nov. 19, 1971

HUD SIGNS RURAL DEVELOPMENT STRATEGY AGREEMENT WITH STANDING ROCK SIOUX

An agreement today between the U. S. Department of Housing and Urban Development and an Indian tribe is expected to serve as the model for an expanded and comprehensive development program for Indian reservations and the Nation's rural communities.

Today's agreement, effectuating the Rural Development Strategy for Standing Rock, was signed by HUD Secretary George Romney and Melvin White Eagle, chairman of the Standing Rock Sioux Tribe of North and South Dakota.

The agreement was signed in the 100-unit Douglas Skye Retirement Community Complex for the Elderly at Ft. Yates, N. D. -- the first such facility for Indians and the first totally prefabricated structures in the Dakotas.

The Rural Development Strategy agreed upon today is the application of the annual arrangement approach being used in a few cities. In this approach, the community tells HUD what development programs it plans for the coming year and how HUD program funds could be used to achieve the goals in housing and other improvements.

-more-

Thus, in the Rural Development Strategy for Standing Rock, HUD approved approximately $3.5 million for the coming year, providing funds for a Tribal Advisory Board on Planning, an Open Space program, 60 units of Section 236-rent supplement housing, a 50-unit mobile home park, 100 units of low rent public housing, and loans for the rehabilitation of existing units on the reservation.

On signing the agreement, Mr. Romney said that "this is a historic occasion, marking the start of a greatly improved program to assist Indian reservations and rural communities."

"For too many years, the Indians have received shamefully meager and piecemeal help to resolve their housing and other problems," the Secretary said.

"As of last July 1st, there were just a little more than 20,000 units of federally-assisted housing occupied by Indians, of which approximately half were HUD's low-rent public housing. This is but a meager response to the needs of the reservations. However, we have made a commitment to provide thousands of units annually on reservations.

"It is our hope and expectation that with this Rural Development Strategy, we will be able to provide help which is more responsive to the needs of the Indians -- and also to the rural communities."

The Standing Rock Sioux honored Secretary Romney by making him an honorary member of the tribe and bestowed its highest honor by giving him the Sioux name of Hoksíla Wasta. This was the Sioux name of Douglas Skye, tribal chairman who spearheaded the planning efforts of the tribe and after whom the retirement complex was named.

-more-

North Dakota Governor William Guy was on hand for the occasion, which also marked Secretary Romney's dedication of the Douglas Skye Retirement Community. In February 1970, HUD approved an FHA-insured mortgage for $1.2 million for the 100-unit complex, which was developed under HUD's 221(d)(3) program.

The retirement complex was designed to accommodate the traditions of the tribal elderly, who treasure their privacy but also need to be near one another. The complex is designed as a series of communities, similar to the separate communities of the reservation. It is composed of 10 modules of 10 units each. The cost of construction, which was done by Indian labor, was reduced through the efficient use of space and by using light aggregate concrete.

The facility will be administered by the Standing Rock Community Complex Authority, with six Indians among its seven members, and an Indian staff will manage the project.

Secretary Romney also praised the Standing Rock Sioux for their new prefabricated housing factory, which is scheduled to go into production in six weeks. Aided by funds from the Office of Economic Opportunity, the plant -- the Standing Rock Housing Corp. -- is located on the reservation at McLaughlin, S. D. It will employ 50 Indians in production and additional reservation residents in the field erection crews. When the plant is in full production, it will turn out approximately 300 houses annually.

-more

The Standing Rock Housing Authority already has contracted for the purchase of 130 houses from the factory, following HUD's approval of $2.89 million for the turnkey development of 101 units of low-rent public housing and 29 units on scattered sites under the homeownership program. It is expected that the 160 units in the first year of the Rural Development Strategy also will be constructed in the Standing Rock factory.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-686
Phone (202) 755-5284
(Evans)

FOR RELEASE:
Tuesday
November 23, 1971

HUD-FHA EXPANDS HOSPITAL FACILITIES PROGRAM TO INCLUDE PROFIT-MAKING SPONSORS

Communities in need of additional hospital facilities will benefit from a change in the mortgage insurance program for hospitals, the U.S. Department of Housing and Urban Development announced today.

The hospital program will now permit proprietary or profit-making sponsors to apply for mortgage insurance if they can prove a need for new or better hospital facilities and that they can properly operate the hospital.

Until recently, HUD-FHA mortgage insurance for hospital facilities was limited to nonprofit sponsors, such as church groups, unions and fraternal organizations.

The Federal hospital facilities program is the joint responsibility of HUD and the U.S. Department of Health, Education and Welfare. The HEW Regional Office is responsible for determining the eligibility of a proposal, and the State Hill-Burton agency issues the required certificate of need.

Within HUD, the program is administered by the Federal Housing Administration. Since its inception under the National Housing Act of 1968, HUD-FHA has issued commitments covering 43 hospitals with mortgages ranging from $360,000 to $29 million.

-more-

"Our decision to accept profit-making sponsors into the program was based on the need for more and better hospitals throughout the country," declared Eugene A. Gulledge, Assistant Secretary for Housing Production - FHA Commissioner. "We believe it to be in the public interest to provide mortgage insurance to qualified profit-making sponsors, who now own only 10 percent of the Nation's hospitals.

"Since they must meet the same requirements as set forth in the original legislation, we believe that the proprietary hospitals can be equally responsive to their own community needs."

All HUD-FHA health-related programs, including nursing homes, are based on community need as certified by the official State agency to the U.S. Public Health Service. As of now, there are 104 applications in process under the hospital facilities program.

Under the new change, only minor differences are permitted between the nonprofit and profit-making sponsor. For instance, nonprofit sponsors may accept the voluntary services of local carpenters, plumbers and others who wish to work without charge during periods of temporary unemployment.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-696
Phone (202) 755-5284
(Evans)

FOR RELEASE:
Monday
November 29,1971

HUD-FHA REPORTS APPLICATIONS AND STARTS DECLINE FOR OCTOBER

Although applications and starts for October reported under the HUD-FHA home mortgage insurance programs dropped from September, preliminary reports indicate that these cutbacks were less than normal as seasonally adjusted annual rates increased over their September levels, the U.S. Department of Housing and Urban Development reported today.

Home units started were down 2 percent from September and some 16 percent from the 12-year monthly high of August, but remained substantially above the 20,000 unit level for the 16th time in 17 months.

Total unit applications for mortgage insurance for new and existing construction, including both homes and projects, at 95,000 units, were 14 percent lower than in September. For homes, the total was below October of a year ago, breaking a string of 24 consecutive months in which current monthly totals had exceeded those reported for the corresponding month a year earlier.

New-home applications for October were down 8 percent to 27,500 units from the previous month and also down from the previous October. Existing-home applications were down 12 percent from September and 26 percent under October last year.

The volume of Title I Home Improvement Loans continued to increase sharply from July, August and September to nearly 47,900 loans and was sharply higher than October last year.

An estimated 550 mobile home loans were insured during October, averaging about $7,260. Some 4,650 mobile home loans are estimated to have been insured since the program became operational.

The FHA-acquired home property inventory in October rose fractionally above the previous month to reach an estimated level of about 36,600. The number of dwelling units involved in the multifamily project inventory numbered 22,359, slightly below the number reported for the end of October last year.

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Excerpts from the Preliminary Report of Operations
October, 1971

Operation	1971 Aug.	1971 Sep.	1971 Oct.	First 10 Mos. 1971	First 10 Mos. 1970	1970 Oct.
UNITS IN APPLICATIONS RECEIVED						
TOTAL - Proposed and Existing	107,996	111,198	95,098	1,167,152	1,091,498	121,161
Total Proposed Construction	50,363	56,056	45,308	509,656	437,205	56,066
Total Proposed Homes	32,222	29,935	27,520	311,929	257,183	28,136
Annual rate in thousands 1/	359	344	359	359	288	326
Total Proposed Projects 2/	18,141	26,121	17,788	197,727	180,022	27,930
Total Existing Construction	57,633	55,142	49,790	657,496	654,293	65,095
Total Existing Homes	55,001	53,916	47,356	644,009	630,925	63,614
Annual rate in thousands 1/	575	617	651	726	696	779
Total Existing Projects 3/	2,632	1,226	2,434	13,487	23,368	1,481
CONSTRUCTION STARTED						
TOTAL - Units Started	46,211	49,578	39,153	405,677	328,517	42,027
Total Home Units	29,326	25,109	24,579	249,987	186,923	23,923
Annual rate in thousands 1/	321	291	299	299	213	266
Total Project Units 2/	16,885	24,469	14,574	155,690	141,594	18,104
TITLE I LOANS INSURED						
Number	28,792	41,812	47,893	260,623	271,444	28,900
Net Proceeds (Thous. of dol.)	59,459	89,267	105,211	549,687	521,523	57,444
PROPERTY INVENTORY ACTIVITY						
All Homes						
Acquired	3,455	3,586	3,550	32,816	24,323	2,736
Sold	2,547	2,583	2,283	23,107	19,714	2,069
On hand, end of month	34,230	35,403	36,619	--	--	25,544
All Project Properties						
Acquired	1	5	4	41	33	--
Sold	--	2	1	23	30	4
On hand, end of month	165	168	171	--	--	157
All Project Units						
Acquired	190	425	455	4,008	3,252	--
Sold	--	529	172	3,342	3,314	325
On hand, end of month	22,180	22,076	22,359	--	--	22,381

1/ Adjusted for seasonal variation.
2/ Exclusive of Nursing Home, Mobile Home Courts, Lots for Subdivision Development, and Group Practice Facilities if any.
3/ Exclusive of Nursing Homes if any.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

FACT SHEET

HOUSING FOR THE ELDERLY

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D. C.

NOVEMBER 30, 1971

HUD ELDERLY FACT SHEET

Selected Past Achievements of HUD

A. Low Rent Public Housing

Annual contributions are paid to local housing authorities (LHAs) to cover the interest and principal on outstanding bonds and notes issued to finance construction of low rent projects or, in the case of dwellings leased by LHA's from private owners, for low rent use to make up the difference between the private rental and the amount the low income tenant pays.

Presently about 39% of all public housing units or about 360,000 units in all are occupied by families or individuals who are 62 years of age or older. Roughly one-half of these units are specially designed for the elderly.

B. Section 236 and Rent Supplements

Section 236 was enacted in 1968 and authorizes the payment of interest reduction subsidies which reduce the effective rate of interest paid by eligible mortgagors to one-percent. This interest rate reduction is translated into reduced rents for lower income families who are required to pay at least 25 percent of their income for rent (but no more than fair market rent.)

During the first two years of operation (fiscal years 1970 and 1971), almost 28,000 units of specially-designed elderly housing units have been approved. In addition, there has been substantial elderly occupancy of general purpose 236 units.

The 221(d)(3) market rate rent supplement program provides for rent supplements on behalf of needy tenants. The housing is privately owned, privately operated, and primarily privately financed. A rental rate sufficient to cover total housing costs is established for each rental unit. Eligible tenants must pay 25 percent of their income toward the rental rate with the deficiency made up by a rent supplement payment directly to the project owner. However, in no case can the supplement exceed 70 percent of the economic rent.

Based on a survey made in late 1969, 36% of all units receiving market rate rent supplement assistance were occupied by persons 60 years of age or over.

C. Nursing Homes

The Housing Act of 1959 initiated the Section 232 program under which FHA mortgage insurance is made available for newly constructed or rehabilitated proprietary or non-profit nursing homes. The 1969 HUD Act amended Section 232 to expand the nursing home program to cover mortgages financing new or rehabilitated intermediate care or combined intermediate care and nursing facilities.

Insurance written under Section 232 has increased from an annual level of 6,000 beds in FY 1968 to a level of 12,819 beds in FY 1971. As of June 1971, HUD had written insurance on nursing home projects with over 80,000 beds. Elderly constitute about 95% of the occupants of these projects.

D. Model Cities

The Model Cities program enacted in 1966 was designed to allow a demonstration of the value of coordinated Federal, State, and local use of existing grants and new techniques of Federal grant management to improve the quality of life in areas of urban poverty and blight in a selected number of cities of varying size throughout the country. Special supplementary grants were made available to encourage cities to enter the program and provide the city and the Federal government with experience in planning for and use of general grants to meet local priorities.

While HUD does not require Model Cities to use supplemental funds for elderly categorical programs, a recent survey shows that 111 of 140 reporting Model Cities (or 79%) were using supplemental funds for elderly programs. An additional seven cities (5%) are currently planning such programs.

While not requiring Model Cities to develop elderly programs, HUD has decided to assist those cities who wish to conduct such programs. To that end, HUD signed a $250,000 two year contract with the National Council on the Aging (NCOA) which is jointly funded by the Administration on Aging, HEW. Through this contract, some twenty-five model cities have received intensive technical assistance in the development of local strategies and initiatives in behalf of the elderly residing in model neighborhoods.

Selected Activities of HUD: FY 1972

HUD will continue its past high level of public housing and market rate rent supplement production for elderly occupancy in FY 1972. HUD will also abide by the mandate contained in the 1972 appropriations bill's conference report to earmark $35 million of the $200 million FY 1972 Section 236 contract authority exclusively for the production of elderly housing. This authority will support, at current development costs, the production of over 40,000 units. It is presently estimated that there will be sufficient demand to utilize at least $17.5 million of this authority during FY 1972 to support production of over 20,000 units.

It should be noted that approximately 2/3 of all pending elderly 236 applications have been proposed by non-profit as opposed to limited dividend sponsors. Extensive non-profit pariticipation in the 236 program has been facilitated by the Section 106(b) program enacted in 1968 which provides interest-free "seed money" loans to eligible non-profit sponsors of Federally-assisted housing. As of this month, 168 loan applications had been approved for approximately $5,000,000 covering projects with almost 19,000 units. It is expected that the scope of the Section 106(b) program will continue to increase in FY 1972. (See Attachment 1)

It is expected that activities relating to the elderly will continue to increase during FY 1972 in the Model Cities as well as the Nursing Homes programs (where annual production is expected to increase by another 11% to 14,500 beds).

Attachment 1

Section 236 versus Section 202

The Section 236 program has several advantages over the Section 202 program which it was designed to replace. The Section 202 program, enacted in 1959, provided 3% direct Federal loans to non-profit sponsors of rental housing for the elderly.

a) More Production

During FY 1970 and 1971, 28,000 units out of an existing 35,000 unit 202 pipeline were converted to the 236 program and funded. Given the past rate of funding under 202, it would have taken at least four years to process the pipeline under Section 202. With the additional 20,000 specially designed 236 units expected to be funded in FY 1972, the 236 program will have funded more units in three years than the 45,512 units funded during the entire 10 year life of the 202 program. It should be noted that only about 5,750 units could be produced during FY 1972 from the $61.3 million presently in the Section 202 revolving fund plus an estimated $9.9 million in interest and repayments accuring to the fund during FY 1972.

b) Lower rents

Lower rent levels are achievable not only because the 236 subsidy reduces interest levels to 1% versus 3% but also because of HUD's Minimum Property Standards for the elderly which apply to Section 236 projects and which encourage efficient design.

c) More flexibility

The Section 236 program is more flexible than the 202 program both as to occupancy and sponsorship. Under 236, families with incomes above the 236 eligibility limit may occupy the project if they pay market rate rents. Under the 202 program the flat rent schedule makes no allowance for income variations, and families and individuals with incomes in excess of the income limits are not eligible for occupancy. Also, under Section 236 a project sponsor may elect to admit families or individuals below the age of 62, thus achieving an age mix not permissible under Section 202. Sponsorship under 202 was limited to non-profit sponsors. While non-profit participation in the elderly 236 program is extensive (as mentioned above) the participation of limited dividend sponsors provides additional flexibility and breadth to the program.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

Phone (202) 755-7174

FOR RELEASE:
12:15 P.M. Tuesday
November 30, 1971

REMARKS PREPARED FOR DELIVERY
By George Romney, Secretary
U. S. Department of Housing and Urban Development

at the

White House Conference on Aging

Sheraton Park Hotel

Washington, D. C.

November 30, 1971

All of us here have at least one thing in common. We'll all be a day older tomorrow. Many of us are already old enough to be called senior citizens. In fact, my 16 grandchildren already have reason to call me one. So you can understand I'm particularly honored to address the Second White House Conference on Aging.

Now I'm acutely aware of the severe and varied housing needs of many of our senior citizens. Many of these problems reflect the high incidence of elderly poverty, which is nearly double the national poverty rate. Poverty forces many elderly to pay a disproportionate percentage of their income for housing -- leaving too little to support other critical needs.

Given the relatively fixed nature of elderly incomes, this problem has been greatly aggravated in recent years by the rapid rise in housing costs. For example, between 1965 and 1970, the cost of buying and maintaining a new home increased by nearly 80 percent while the median income of elderly Americans rose by about 40 percent. Property tax increases have been a major factor in this housing cost escalation, rising during the same period an average of nearly 85 percent.

An equally serious problem involves the large number of elderly living in substandard housing. While this problem has improved significantly during the 1960s, it remains severe. For example, over 1.6 million elderly Americans live in housing which lacks basic plumbing facilities.

A third problem relates to the large large number of elderly who live in deteriorating or isolated urban and rural areas. The inaccessibility of services in these areas is particularly serious for those elderly who are limited in mobility because of chronic health conditions or lack of money to pay for transportation.

Finally, as described by the President in his August statement on nursing homes, the plight of the institutionalized elderly is particularly grave. Almost five percent of the elderly -- nearly one million people -- live in expensive and often sub-standard long-term care institutions. This figure has increased from under four percent in 1960. Many have been institutionalized prematurely. There's no question that better alternatives must be developed. Fortunately, a majority of elderly Americans are mobile, are healthy and are capable of a more meaningful role.

A great variety of elderly housing is needed. Many elderly citizens require housing that is specially designed to promote safety, facilitate movement, and encourage socialization with people of all age groups. Others, while

requiring housing assistance, are well served by general-purpose units. Some need congregate housing and intermediate- or even long-term care institutions.

The provision of shelter must be integrated with the effective delivery of nutritional, health, transportation, training and other essential services. At the same time, incomes must be at a satisfactory level and opportunities must exist for employment, recreation and other forms of community participation.

During the decade since the first White House Conference on Aging some housing progress has been made. Public housing occupied by the elderly increased during that time from about 80,000 to 320,000 units -- 400 percent. Within that total, specially designed elderly housing increased from 3,500 units to approximately 160,000 units. As a result, by the end of 1970 almost 40 percent of all public housing units were occupied by elderly families and individuals.

Elderly occupancy in our other housing assistance programs also increased rapidly. We estimate that well over one-third of all other HUD-subsidized housing units were occupied by the elderly at the beginning of this year. And as one more

example of progress, nursing home beds under the Section 232 program numbered only 1,330 in 1961. That figure is now 57,000 beds.

While the figures in this history of progress are impressive, greater progress is essential.

As you may know, this Administration inherited the Congressional decision to phase out the Section 202 program under which non-profit sponsors of rental housing for the elderly received direct three-percent Federal loans. The Section 236 program, which subsidizes interest on mortgages to as low as one percent, was enacted to replace the 202 program.

The 236 program has four key advantages over 202 -- higher production levels, lower rent levels, more varied sponsorship, and greater diversity of tenant age and income. A more detailed description of the last three advantages is contained in your HUD fact sheet. Let me comment on the first -- higher production levels.

Out of a 35,000 unit Section 202 pipeline of pending applications and proposals, HUD has approved, under Section 236,

projects including over 33,000 units -- a funding rate four times greater than that achieved under Section 202. In three fiscal years -- 1970 to 1972 -- HUD will fund under Section 236 more specially-designed dwellings for older Americans than were funded during the entire ten-year history of the 202 program.

During this fiscal year we will allocate $35 million -- over 17 percent of our entire Section 236 authority -- to housing for the elderly. That will permit between 41,000 and 44,000 units to be approved -- almost as many as the total number of units approved during the entire ten-year history of the 202 program. And to make the program more effective, our Department is presently preparing a separate circular for Section 236 elderly housing.

Non-profit sponsors did an excellent job within the 202 program. We want to help them do the same with Section 236. Two-thirds of all pending applications to build housing for the elderly under Section 236 have been submitted by non-profit sponsors.

Many of these sponsors need both technical and financial assistance to get projects started and completed. A specific HUD program is directly geared to assist them -- Section 106(b).

It provides interest-free loans to get projects from the drawing board to construction. At times repayment of these loans is waived when the sponsor runs into financial straits. We have already approved loans of $5 million during the first three years of operation. Last year they were $2.7 million. This fiscal year we expect such loans to be over $7 million.

Today I am announcing the beginning of a new program that should be of great assistance to non-profit sponsors. Authorized by Section 106(a) of the National Housing Act, this is a $1 million grant program. And under it HUD will contract with experienced public or private non-profit organizations to provide a variety of technical assistance and information to inexperienced non-profit sponsors of low- and moderate-income housing.

Public Housing and Rent Supplement programs are also extremely important for the large number of elderly who are poor or near-poor. For this reason, our Department has set a target level of one-third of all fiscal year 1972 public housing contract authority to be used for specially designed housing for the aged.

Now, the high levels of subsidized elderly housing production reflect the success we have had in stimulating volume production of total subsidized housing. During fiscal year 1971 the volume of HUD-subsidized housing starts reached about 400,000 units. We expect that total to reach over 500,000 units this year. This contrasts with a volume of about 150,000 subsidized housing starts in FY 1969.

HUD activity has also stimulated total housing production. We expect at least 2.5 million units in calendar year 1971 -- an all-time record.

At the same time, other HUD programs assist the elderly. Nearly 80 percent of reporting Model Cities were using supplemental Model Cities funds for elderly programs. An additional five percent are currently planning such programs. The number and scope of these programs will undoubtedly increase during FY 1972 -- especially under the continued funding of the HUD/HEW contract with the National Council on Aging, which specifically encourages such programs.

Nursing homes under our Section 232 program will increase by an estimated 11 percent during FY 1972 to an annual

production figure of 14,500 beds. The HUD nursing home program -- recently amended to cover intermediate-care facilities -- has been responsible for significant recent improvements in nursing home standards.

Congregate housing can also play a more important role. Because many elderly persons with adequate nutritional and other supportive services could avoid expensive and often premature placement in institutions, we are planning to issue new congregate regulations for both our public housing and Section 236 programs within the very near future.

Now, more research related to the elderly is needed in HUD program areas. Topics presently the subject of HUD-sponsored research relate to causes of home accidents, use of home equity for annuities, architectural barriers, and two elderly housing program studies being conducted by the Urban Institute. Because we need a higher level of elderly-related research, we solicit meaningful proposals. Please send them to Harold Finger, Assistant Secretary for Research and Technology.

The public and consumers require regular information about elderly housing needs and programs. The statistical handbook we provided you is such an effort.

I understand you also have copies of our brochure describing all HUD programs for the elderly, "A Guide to Elderly Housing"; a description of our filmstrip on housing for the elderly, "A Stranger Just Once"; and a copy of the November "Housing for the Elderly" edition of Challenge magazine.

Now, let me turn directly to the problems facing elderly homeowners -- a group representing nearly 70 percent of all elderly. Over 80 percent of their homes are owned mortgage-free. But many of these owners are "house poor," because property taxes and other housing costs are generally rising faster than incomes. Moreover, many of these homes were built for younger and larger families and, as a result, they impose a severe financial and maintenance problem for the elderly homeowner. Many older people would like to move out of these homes into new, smaller, more appropriately-designed units, but rising costs often lock them into their present quarters.

HUD has a homeownership program -- Section 235 -- that can be used to reduce interest payments on new homes to as

low as one percent. Up to now, elderly participation in this subsidized housing program has been minimal. But our Department is presently considering administrative changes that would enable Section 235 to provide elderly with the option to move into new units. In some cases, participation by local housing authorities may be necessary to facilitate the sale of elderly-owned homes and to enable larger low-income families to afford these vacated units.

We also recognize the importance of assisting the elderly who wish to continue living in their own homes. Property tax increases are a major problem. The President's General and Special Revenue Sharing Recommendations will significantly retard property tax increases and thus greatly aid the elderly homeowner and renter.

Other activities of this Administration also benefit the elderly. The Cost of Living Council owes its very existence to the Administration's attempts to curtail the spiraling inflation that has pinched the pocketbooks of all Americans, but has had even a more severe effect on those with fixed incomes such as the elderly.

In our own Department, Operation BREAKTHROUGH attacks the general problem of rising housing costs by developing ways to break through the specific barriers to volume housing production and marketing, such as outdated building codes and zoning laws, antiquated methods, outmoded materials and high labor costs. Also the President's proposals for broad welfare reform and increases social security benefits would help elderly homeowners.

Government programs are important but I believe we must rely heavily upon private programs. Dr. Arthur S. Flemming's proposal for increased voluntary action to provide services to the elderly is an excellent example of what we need.

Self-help is vital. The search by older persons for new meaning, new jobs and roles is essential to their living independently and happily.

Finally, I believe the younger generations must reassess their obligations to older parents and relatives, rather than leaving most problems of the elderly for the government or private third-party solution. At no time in history has the coming generation been in greater need of the wisdom and

affection of their living forbears. I hope this Conference will identify ways in which your experience and empathy can be more fully employed in saving the nation from the consequences of indifference to those who made the very existence of coming generations possible.

Thank you very much.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-702
Phone (202) 755-5284
(Beckerman)

FILE COPY

FOR RELEASE:
Thursday
December 2, 1971

BALTIMORE MINORITY RESIDENTS GET ON-THE-JOB TRAINING

An experiment in on-the-job training, combining the resources of the Community College of Baltimore and Federal agencies, will teach vocational skills to 150 minority residents of the Baltimore area, and provide entrepreneurial potential to minority contractors.

The announcement was made by Dr. Harry Bard, President of the Community College, in the office of Mayor Thomas J. D'Alesandro III. Also present were Mayor D'Alesandro, Mayor-elect Donald Schaefer and Robert E. Philpott, Assistant Commissioner for Rehabilitation of the Federal Housing Administration.

The idea was conceived by the U.S. Department of Housing and Urban Development, of which FHA is a part. Under the contract, the Community College will provide continuity of training in the construction trades in federally-financed and subsidized housing projects. Forty percent of the trainees will be Vietnam-era veterans.

The project has a number of objectives. While its basic purpose is to provide training in construction type occupations and entrepreneurial opportunities in Baltimore City on federally assisted construction, it will also further one of the mandates of HUD's Project Rehab, namely, involving inner city residents in rehabilitating housing in their own areas.

The $299,940 contract is being financed by the U.S. Department of Labor and Health, Education and Welfare.

# # #

To Accompany HUD-No. 71-702

FACT SHEET

Contractor:	Community College of Baltimore Dr. Harry Bard, President
Term:	November 24, 1971 to May 23, 1973
Trainees:	Total: 150 (140 entries and 10 upgrades) 140 to be trained in 7 different semi-skilled construction craft skills
Duration of training:	Varies depending on trade being taught
Recruitment:	Completed at least two weeks prior to beginning of each cycle
Class size:	Will vary in accordance with trade being taught. It is anticipated there will be 8 to 15 enrollees per group.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-705
Phone (202) 755-5277
(Bacon)

FOR RELEASE:
Wednesday
December 8, 1971

HUD OFFICE FOCUSES ON AREAWIDE PLANNING AND ENVIRONMENTAL CONTROLS

The increased emphasis attached to environmental controls and planned areawide development has led to the formation by the U.S. Department of Housing and Urban Development of the Office of Community Goals and Standards (OCGS), a unit specifically charged with implementing the Department's policies and regulations in these high priority areas.

The Office is part of HUD's Office of Community Planning and Management headed by Assistant Secretary Samuel C. Jackson. The operating head of the Office is Acting Director Arthur C. Troilo, formerly Special Assistant to HUD Secretary George Romney.

A principal mission of the new Office is the responsibility for supervising and coordinating all HUD environmental standards as well as those mandated by other Federal agencies which affect HUD programs.

A focal aspect of this mission is compliance with the provisions of the National Environmental Policy Act which requires Federal agencies to make thorough environmental analyses and evaluations of proposed projects, prepare detailed critiques and distribute them for comment to other Federal agencies likely to be concerned with the projects. The sponsoring agency is required to consider suggested project modifications if these will minimize or eliminate environmental damage. A final "Environmental Statement" is then submitted to the Council on Environmental Quality, a staff agency in the Executive Office of the President.

- more -

Throughout this process, OCGS' concern is with the total environment of urban areas and its effect on the life of urban residents rather than merely on the anti-pollution and conservation aspects of a given undertaking.

The recent spate of court rulings dealing with environmental problems has given added significance to OCGS' activities. At issue, frequently, is the degree and nature of environmental impacts and the extent to which these have in fact, been considered in the approval and processing of HUD projects and policies. By the same token, decisions by the courts become in effect, guidelines for consideration by OCGS in evaluating proposed projects.

The Office of Community Goals and Standards is also charged with responsibility for certifying an areawide planning framework to be used by local officials in meeting local needs on a coordinated basis. In this connection, HUD looks to one areawide planning organization for a given area to provide planning coordination for various HUD-funded programs.

HUD considers areawide or multi-jurisdictional planning as a primary means of coordinating and giving purpose to related programs of Federal, State and local governments. In the case of the Water and Sewer Program and the Open Space Program, an annual certification of areawide planning is actually a prerequisite to eligibility by applicants within the planning agency's jurisdiction.

Additional activities of the Office of Community Goals and Standards include responsibility for the following:

... Compliance by all HUD components with the provisions of the Project Notification and Review System as promulgated by the Office of Management and Budget in Circular A-95.

... Certification of the Workable Program for Community Improvement, an action which must precede eligibility for assistance for a variety of HUD programs.

... Compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. This legislation is designed to ameliorate the hardship and inequities which frequently result from displacement of families and businesses in the wake of HUD programs to revitalize urban areas.

... In concert with the Department of Transportation, coordinates transportation planning and programming as they relate to the comprehensively planned development of urban areas.

... Acts as the operating unit in carrying out HUD's responsibilities on the Water Resources Council, which is charged with formulating national policy and programs on water and related land resources. It also coordinates Regional Office participation in River Basin Commissions and Interagency Committees.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-715
Phone (202) 755-6420
(Savage)

NOTICE OF PUBLICATION
FOR RELEASE:
Thursday
December 9, 1971

HUD ISSUES BIBLIOGRAPHY ON HOUSING FOR ELDERLY

The U.S. Department of Housing and Urban Development today issued a new publication, The Built Environment for the Elderly and the Handicapped.

The 46-page bibliography was prepared by the HUD Library and Information Division in conjunction with the recent White House Conference on the Aging as a source for all those interested in the housing of the elderly. The "built environment" involves not only the structure, but the relationship of its site to other segments of the community as well as to medical and shopping facilities and to transportation.

The 400 references include background information on the housing situation for the elderly both here and abroad, on architecture and space use, fire prevention, senior centers, residential communities, nursing homes, and the problems of relocation of the elderly. A separate section is devoted to the design of public and private buildings for the disabled and the handicapped.

Items listed are generally available in libraries and bookstores, or from publishers and issuing organizations. Lists of publishers, cited periodicals, and interested organizations are included.

The publication (HUD 115-A) is for sale for 50 cents by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-719
Phone (202) 755-5271
(Spiegel)

FOR RELEASE:
Friday
December 10, 1971

PUBLIC SESSION AT HUD, DEC. 14 ON PROJECT SELECTION PROPOSALS

Public interest groups and members of the general public interested in reviewing the proposed new project slection system for four Community Development programs will have an opportunity to express their views at an open meeting at the U.S. Department of Housing and Urban Development, Dec. 14.

The HUD programs involved are Neighborhood Development, Open Space Land, (recently re-organized as the Legacy of Parks), Neighborhood Facilities, and Public Facilities Loans.

The proposed new selection systems were published in the Federal Register, Nov. 25, and procedures allow for a 30-day period of public review and participation in the proposed new rule making, before final rules are adopted. Views, statements, and suggestions are invited and may be presented either in person or in writing.

Groups expected to attend the session include the National Association of Housing and Redevelopment Officials (NAHRO), National Association of County Officials (NACO), and the National Association for the Advancement of Colored People (NAACP).

The meeting will be held in Room 8202, HUD building, 7th & D Streets, S.W., Washington, D.C. starting at 9:00 a.m.

The Project Selection System being proposed represents a basic change in the methods of HUD's selection of projects for funding, emphazing a total community development approach rather than the previous method under which a project might be selected without regard to other projects or its overall competitive worth.

In general, projects will be selected quarterly, greatly reducing the time formerly involved. In effect, the system will weigh a project on its own merits, as well as the ability of a community to carry out the project, and its long range worth in advancing the general welfare of a community.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-721
Phone (202) 755-5277
(Ervin)

FOR RELEASE:
Monday
December 13, 1971

HUD AWARDS CONTRACT FOR REGISTRY OF BLACK SPECIALISTS IN HOUSING AND URBAN DEVELOPMENT

A $390,000 contract has been let by the U.S. Department of Housing and Urban Development to prepare a registry of black businesses and professionals in the field of housing and urban development.

The contract was signed by Samuel J. Simmons, HUD Assistant Secretary for Equal Opportunity and William A. Ross, Executive Vice President, National Urban League Development Foundation, clearing the way for a complete and up-to-date listing of vital information on blacks in the field of housing and urban development in 60 cities across the country.

Mr. Simmons said the contract to the Foundation is "a vital part of a larger catalogue of activities initiated by the Office of Equal Opportunity to open up opportunities to small and minority businessmen in HUD programs."

He pointed to a number of earlier publications initiated by the Office of Equal Opportunity, which include a manual of minority business opportunities in HUD programs, a survey of minority contractors, and a registry of black and Mexican-American contractors.

"This flow of information to minority contractors has been supplemented by face-to-face meetings with minority entrepreneurs and one-day workshops conducted last year in seven major cities," Mr. Simmons said.

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"Many of these businessmen and professionals," he said, "are not members of local associations and are, therefore, virtually unknown or unrecognized. The registry will pull together uniform information on many different disciplines in which these men and women are involved."

Mr. Simmons said the registry is intended to highlight vital information needed to ensure more effective and proportionate use of minority group individuals and establishments in these areas: (1) acquisition, development, sale, maintenance, and repair of federally-assisted housing (2) consulting and planning in model neighborhoods and (3) design of new housing.

Aside from the obvious need for the information to be contained in the registry, Mr. Simmons said that such data is necessary if HUD is to meet requirements of various statutory mandates, executive orders, and its own departmental targets.

He added that the material will be highly useful to the Office of Minority Business Enterprise in the Department of Commerce and to the two interdepartmental task forces focusing on the problems of minority contractors, businessmen, and professionals.

The new registry will update and expand information contained in the six-volume Registry of Minority Contractors prepared last year under a $173,760 HUD contract to the National Association for the Advancement of Colored People.

A contract for preparation of a registry of Mexican-Americans is pending, Mr. Simmons said.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-727
Phone (202) 755-5277
(Farley)

FOR RELEASE:
Friday
December 17, 1971

NOISE GUIDELINES ISSUED FOR POTENTIAL HOME BUYERS

Thinking of buying a new home?

Before deciding, it would be wise to measure the distance from the site of your choice to the nearest highway. Then get a reading on the number of automobiles and trucks using the road during the peak hours.

This is the advice suggested in a set of guidelines issued by the U.S. Department of Housing and Urban Development to help potential home buyers avoid the roaring traffic's boom, whether by night or day.

According to the guidelines, you need not be a technical expert to assess present or future noise volume. The only materials needed are a map of the area, a straight edge ruler, a pencil and maybe a 100-foot tape measure.

And -- oh, yes -- a telephone. The information you require can be supplied by public agencies, listed in the guidelines under headings which indicate the most likely source.

When you call for this information, be sure to ask about any approved plans that may alter the noise levels, such as land-use changes, road widenings, or the building of an airport.

- more -

Three major sources of noise -- planes, highways and trains -- are assessed in the guidelines, under categories of Clearly Acceptable, Normally Acceptable, Normally Unacceptable and Clearly Unacceptable.

One technique for measuring noise levels, applicable particularly to light industry, is called the Walk-Away Test. It's conducted by two people, and the only tools required are some reading material, preferably unfamiliar, the 100-foot tape, and pencil and paper.

As one person reads the material at a normal speaking voice, the other moves away until he can no longer understand what is read. At that point they measure the distance between them. For greater accuracy the roles can be reversed, with the listener becoming the reader. The speech interference distance is then compared with a table to determine the suitability of the site for living purposes.

Sites exposed to aircraft-generated noise can be measured by either of two existing noise exposure prediction contour systems. Instructions are given for drawing approximate contours where these are not available.

Copies of the Noise Assessment Guidelines are available at 70 cents each after Jan. 1 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 71-734
Phone (202) 755-5277
(Bacon)

FOR RELEASE:
Wednesday
December 22, 1971

HUD GUARANTEES NEW TOWN IN ROCHESTER, N.Y. AREA

A $12 million Federal pledge to guarantee development of a 2,560-acre new community near Rochester, N.Y., was announced today by Secretary George Romney of the U.S. Department of Housing and Urban Development.

The new town of Riverton--the seventh to receive Federal guarantee assistance under HUD's New Community Development Program--will be built over a 16-year period and eventually will house some 25,600 people. Between 30 and 40 percent of the 8,010 homes and apartment units planned for the new community will be for low-and moderate-income families, including the elderly.

To be developed on farm land adjacent to the Genesee River, Riverton will cover 2,350 acres in the existing Township of Henrietta and a land reserve of 210 acres located across the Genesee in Wheatland Township. The New York State Thruway will bisect the 400-acre industrial tract along the area's northern perimeter.

Basic land uses of the Riverton community include housing (1,046 acres), neighborhood village center (170 acres), educational facilities (85 acres), open space (424 acres), land reserve (210 acres), and the 400-acre industrial area. Four 15-acre sites for four elementary schools will be donated by the developers to the Rush-Henrietta School District. There also will be either a junior or senior high school in the community.

Recruitment of industry as a job and tax base for the new community will be a key element of development planning to attract new residents and to avoid creating a financial burden for local governmental units.

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HUD-No. 71-734

The Riverton developers intend to provide an 18-hole golf course, 11 outdoor and one indoor swimming pools, three lakes for recreation use and storm drainage overflow, a marina and a riverside park open to residents and non-residents. Fourteen miles of walkways will link homes, schools, shopping centers and industrial parks. All walkways will tunnel under or bridge major roads.

To prevent soil erosion and beautify the site, Riverton developers will leave existing trees, wetlands and ridgelines intact, and will undertake extensive planting of windbreaks and shelter belts. Check dams will be constructed to curb silting of streambeds, and the golf course will be built on flood plain land.

A number of innovations planned or to be studied by the developers for Riverton are: pre-paid health care and medical insurance for all new community residents, now being explored with the University of Rochester; a two-way cable communication system to each home; and use of the existing Erie-Lackawanna rail line as a rapid transit link to downtown Rochester, 10 miles away, and to the Rochester Institute of Technology.

Developers of the new community, Riverton Properties, Inc., include new town pioneer Robert E. Simon, Jr., founder of Reston, Va., west of Washington, D.C. and former Commerce Undersecretary and Small Business Administrator Howard J. Samuels. Other principals, all of Rochester, are: Stanndco Developers, Inc.; the Sibley Corporation, a wholly-owned subsidiary of the Security Trust Company; businessmen Henry Hamlin, Sheldon Lane, Burton and Charles August and Attorney Manuel D. Goldman.

The HUD guarantee commitment to assist Riverton, made under provisions of the Urban Growth and New Community Development Act of 1970, is subject to approval of a project agreement outlining new community development and phasing over the 16-year period. HUD will hold a first mortgage on the land, and the developer will pay substantial amounts in fees and charges into the New Community Revolving Fund.

Approval of the conditional commitment was made by the Board of Directors of the New Communities Development Corporation, of which HUD Secretary Romney is chairman.

HUD-No. 71-734

HUD has previously assisted development of the new communities of Jonathan, Chaska, Minn.; St. Charles Communities, La Plata, Md.; Park Forest South, Park Forest, Ill.; Flower Mound, between Dallas and Fort Worth, Tex.; Cedar-Riverside, Minneapolis, Minn., and Maumelle, Little Rock, Ark.

The basic purpose of the New Communities Development Program is to encourage the orderly development of well-planned, diversified, and economically-sound new communities, including major additions to existing communities.

# # #

NOTE TO EDITOR: Photographs of architects' housing design and neighborhood areas are available upon request to News Services Division, U.S. Department of Housing and Urban Development, Room 4182, Washington, D.C. 20410

To Accompany HUD No. 71-734

SUMMARY

Project Name: Riverton, New York

Developers: Riverton Properties, Inc.

Location: Principally within the Township of Henrietta, in Monroe County, 10 miles south of downtown Rochester.

Acres: An area of 2,350 acres in the southwestern corner of the Township of Henrietta, and a land reserve of 210 acres located across the Genesee River in the Township of Wheatland combine for a total acreage of 2,560 acres.

Terrain: Gently rolling farm land adjacent to the Genesee River.

Access: Martin Road is proposed as a four-lane divided highway through the property in an east-west direction. The site is adjacent to the New York State Thruway although access to the thruway or downtown Rochester via the proposed Genesee Expressway and Martin Road is approximately one and one-half miles to the east.

Population: Ultimate population is estimated at 25,600 residents in 16 years.

Dwellings Units:

Type	Number of Dwelling Units	Percent of Housing total
Single Family Detached	2040	25.5
Single Family Patio	760	9.5
Townhouse - sale	500	6.2
Townhouse - rental	1020	12.7
Garden Apartments	2790	34.8
Medium-High Rise Apartments	900	11.3
	8010	100.0

Innovations: Architectural design systems; over - and underpass system design for separation of pedestrian and vehicular traffic; design of community or town center to foster community participation; industrialized housing system; community medical program; adult education; community use of school facilities. The developer has submitted an application for special planning assistance under Section 720 of the Housing and Urban Development Act to assist with the cost of these and similar studies.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-15
Phone (202) 755-5285
(Anderson)

FOR RELEASE:
Wednesday
January 12, 1972

HOME COUNSELING SERVICE EXPANDED BY HUD

Homeownership counseling service is being expanded in 15 HUD areas to include the Section 235 low-income homeownership program, Secretary George Romney of the U.S. Department of Housing and Urban Development announced today.

For the past three years, homeownership counseling has been available only to applicants for Section 237 mortgage insurance.

The Secretary said that a fee system also has been authorized to offset the administrative costs of voluntary agencies located within the jurisdiction of these 15 areas that counsel families buying homes under federally assisted programs.

The expanded program will be initiated in the jurisdictions of the following HUD field offices:

Boston, Mass.
Buffalo, N.Y.
Denver, Colo.
Detroit, Mich.
Greensboro, N.C.
Jacksonville, Fla.
Little Rock, Ark.
Louisville, Ky.
Milwaukee, Wis.
Newark, N.J.
Philadelphia, Pa.
Pittsburgh, Pa.
Richmond, Va.
St. Louis, Mo.
San Antonio, Texas

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"HUD's homeownership counseling program is a consumer-oriented program," Secretary Romney said, "designed to both promote and protect the interests of the homebuyer. The agencies contracting with HUD to provide counseling services under this program must have the resources to provide group and family counseling that is individually designed to meet the needs of a particular applicant."

Budget and related counseling is mandatory under Section 237, which provides families with marginal credit records or irregular income patterns an opportunity to acquire home mortgages. Use of this program has been limited to those localities where qualified organizations provided the counseling services voluntarily.

"Our experience indicates that many families applying for Section 235 assistance are unfamiliar with both the process of purchasing a home and with the related financial responsibilities of homeownership. Counseling services will help these families meet their new commitment and at the same time help protect their investment. We hope," the Secretary continued, "that applicants counseled through this service will become successful homeowners who will not have to face a situation where a large and unexpected tax or repair bill will jeopardize their financial stability."

The Secretary said that a new HUD Circular details the policy and guidelines for agencies conducting counseling and requires them to provide a wider range of services. The Circular stipulates payment of a fee that will be negotiated but cannot exceed $100 for each counseled applicant obtaining HUD-FHA mortgage insurance. The fee is to be withheld from the sales proceeds at time of settlement -- it is not to be paid by the home buyer.

Counseling agency contracts with HUD require them to screen all applicants for Section 235 and 237 programs referred to them by HUD and to individually structure a counseling program to meet the particular needs of each applicant. The counseling components required of the service agencies include:

*Financial counseling on everything affecting ability to utilize financial resources, such as income and other related taxes, effects of homeownership on determining those taxes, budgeting, credit, saving, and borrowing;

*Housing selection counseling to determine family housing needs, what to look for when viewing real estate, and the overall responsibility of homeownership;

*Purchase procedures counseling covering every step of buying a house up to and including the resale of a house;

*Property maintenance counseling on the care and upkeep of both house and property, including use of basic tools for minor repairs and paying for or financing major repairs and installations;

*Home management counseling on family life within the home and the community resources for the assistance of families;

*Referral counseling to the other community services for assistance with problems beyond the scope of the counseling agency;

*Post-occupancy counseling to be continued, or made available, as needed.

"HUD's homeownership counseling program will continue to rely on the cooperation of services of private and public voluntary agencies in the selected HUD jurisdictions," the Secretary stated.

He expects this new counseling program to be expanded to other HUD field offices as soon as practicable, and added that counseling agencies in other jurisdictions may apply for participation in the program by submitting a request to the Director of the Area or Insuring Office administering HUD programs for their geographical area.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-29
Phone (202) 755-5277
(Bacon)

FOR RELEASE:
Tuesday
January 18, 1972

HUD OFFERS FELLOWSHIPS TO GRADUATE STUDENTS IN URBAN-RELATED FIELDS

The Department of Housing and Urban Development today launched the sixth year of its Urban Studies Fellowship Program with the offer of approximately 100 fellowships in urban studies to graduate students for the 1972-73 academic year.

Grants up to $3,000, plus $500 for each dependent (maximum of two) are available to students who have applied for, have been accepted to, or are enrolled in a program of fulltime graduate study toward a Master's Degree in an urban-related field. Acceptable study programs are urban and regional planning, urban affairs, urban public administration, urban sociology, urban economics and similar fields oriented to public service careers in urban affairs. Such programs must be academically accredited and taught at institutions in the United States, Puerto Rico or in U.S. overseas possessions.

HUD pays the appropriate grant amount, plus tuition and fees, directly to the institution, which in turn makes payments to the Fellow. Awards are made for a one-year period only, though a student enrolled in a two-year program is eligible to apply for renewal for the second year of study.

Each candidate for an Urban Studies Fellowship must affirm his or her intention to enter a career in State or local public service.

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Purpose of the Urban Studies Fellowship Program is two-fold: to attract and train a reservoir of capable young urban specialists and generalists for careers in the expanding field of urban development; and to encourage graduate schools to initiate and support innovative programs meeting the challenge of urban development from the economic and social, as well as physical, points of view. HUD further regards the Urban Studies Fellowship Program as a means of increasing the involvement of talented minority group members in the urban professions.

Application forms for fellowships can be obtained from the Urban Studies Fellowship Office, Department of Housing and Urban Development, Washington, D.C. 20410. Deadline for filing an application is March 1, 1972. Awards under the program will be announced in April.

The Urban Studies Fellowship Program, authorized under Title VIII of the Housing Act of 1964, is administered by HUD's Office of Community Planning and Management, headed by Assistant Secretary Samuel C. Jackson.

# # #

Turnkey II

HUD NEWS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-43
Phone (202) 755-5284
(Anderson)

FOR RELEASE:
Monday
January 31, 1972

HUD MAGAZINE REPORTS EXPERIMENT IN PRIVATE MANAGEMENT OF PUBLIC HOUSING

A private realty firm managing two public housing projects has involved all the tenants in the daily management of their property, according to an article in the February 1972 issue of the HUD Challenge.

Challenge is the monthly publication of the U.S. Department of Housing and Urban Development, and serves as a forum for the exchange of ideas and innovations in the housing and related fields.

The article, "What Use is Turnkey II?," describes a management experiment in Washington, D.C., one of three Turnkey II pilot programs undertaken to date. The Turnkey II provisions of the 1968 National Housing Act allow a private management firm to manage properties for a local housing authority.

The Washington demonstration includes Montana Terrace and Sibley Plaza, both four year old developments with apartments and townhouses of one-to-six bedrooms owned by the National Capital Housing Authority (NCHA). Montana Terrace is a 155-unit complex for large families; Sibley Plaza is a 246-unit development for both the elderly and large families.

- more -

The major aims of the experiment are to determine whether or not the combination of private management and intense resident involvement can improve living conditions, reduce operating costs, avoid costly rehabilitation every few years, and provide a way for residents to have a strong voice in the way they live. Now in its second year, the Washington experiment is being conducted under a $30,000 research and technology demonstration contract between HUD and Shannon & Luchs, a private realty firm. Except for Bromley-Heath in Boston and Lafayette Courts in Baltimore, entire tenant populations in public housing developments have not previously been involved in helping to manage their residences.

The demonstration funds provide for training materials and on-site staff to work with the residents -- expenses not ordinarily covered in an operating budget. Resident managers live on the properties.

The tenants established a Board of Directors/Committee structure, and early in 1970 held project-wide elections to choose Boards of Directors. Tenant committees, chaired by the elected board members, have developed and carried out a large number of programs according to the needs of their particular properties.

In both developments residents spend time helping maintain the buildings. Tenant courtesy patrols operate at each site. The Montana Terrace group developed, with the assistance of a volunteer architect, a $160,000 proposal for modernization funds to repair and replant an eroded hillside. The plan has been approved by both NCHA and HUD.

The residents cite the personalized service from and rapport with on-site managers, rapid service and maintenance, and lack of the institutional label of public housing, as important benefits of the private management approach.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-44
Phone (202) 755-5284
(Dan Day)

FOR RELEASE:
Monday
January 31, 1972

THE FEDERAL CRIME INSURANCE PROGRAM

Questions and Answers

1. Q. What is the purpose of the Federal crime insurance program?

   A. The program was established under Title VI of the Housing and Urban Development Act of 1970 which authorizes the Federal Government, as an insurer, to provide crime insurance at an affordable price in any State which after August 1, 1971, has a critical crime insurance availability problem and does not have an appropriate State program to provide a solution. The program became effective on August 1, 1971, and was revised on January 1, 1972.

2. Q. In which States is the program available?

   A. In Connecticut, Illinois, Maryland, Massachusetts, Missouri, New York, Ohio, Pennsylvania, Rhode Island, and the District of Columbia.

3. Q. Who is responsible for operation of the program?

   A. The Secretary of HUD has delegated administration of the program to the Federal Insurance Administrator in the U. S. Department of Housing and Urban Development (451 Seventh Street, S. W., Washington, D. C. 20410). Acting for the Secretary, the Federal Insurance Administrator conducts a continuing nationwide review of the market availability situation. In those States in which he concludes that a critical problem exists which is not being resolved at the State level, the Federal Insurance Administrator provides insurance against losses due to burglary and robbery through licensed insurance agents and brokers and private insurance companies acting as servicing companies for the Federal Insurance Administration.

4. Q. Will the program be expanded to additional States?

   A. If the Federal Insurance Administrator finds a critical problem of availability in additional States which is not being resolved at the State level, he will designate such additional States as eligible for the purchase of crime insurance.

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5. Q. Who can buy Federal crime insurance?

A. A property owner or tenant or businessman within an eligible State or the District of Columbia may apply for crime insurance by (a) signing an application, and (b) paying a 6-month premium installment due at time of application. To be eligible for burglary insurance coverage, his premises must meet the protective device requirements of the program referred to in Questions 14 and 15 below. Such requirements do not apply to commercial insurance against robbery only.

6. Q. Where does a property owner or tenant obtain an application form?

A. Federal crime insurance applications may be obtained from any licensed property insurance agent or broker in any eligible State in which the premises to be insured are located or from the appropriate servicing company in that State as follows:

CONNECTICUT - Aetna Casualty & Surety Company
111 Pearl Street, Hartford, Connecticut 06103

DISTRICT OF COLUMBIA - Aetna Casualty & Surety Company
Commerce Building, 1700 K Street, N. W.
Washington, D. C. 20006

ILLINOIS - Insurance Company of North America
167 W. Jackson Boulevard
Chicago, Illinois 60604

MARYLAND - Insurance Company of North America
303 E. Fayette Street
Baltimore, Maryland 21202

MASSACHUSETTS - Aetna Casualty & Surety Company
10 Post Office Square
Boston, Massachusetts 02109

MISSOURI - Aetna Casualty & Surety Company
1600 Pierce Building, 112 N. 4th Street
St. Louis, Missouri 63102

NEW YORK - Aetna Casualty & Surety Company
151 William Street, New York, New York 10038

OHIO - Aetna Casualty & Surety Company
Union Commerce Building, 925 Euclid Avenue
Cleveland, Ohio 44114

-more-

PENNSYLVANIA - Insurance Company of North America
625 Walnut Street
Philadelphia, Pennsylvania 19105

RHODE ISLAND - American Universal Insurance Company
144 Wayland Avenue, Box 6328
Providence, Rhode Island 02904

7. Q. What kind of criminal acts and losses can be covered by Federal crime insurance?

A. (a) Burglary and larceny incident thereto, which means the stealing of property from within a premises which has been forcibly entered by means which leave physical marks of such forcible entry.

(b) Robbery, which means the stealing of personal property from the insured in his presence and with his knowledge both inside the premises and outside the premises. The term robbery includes observed theft.

(c) Damage to the premises committed during the course of a burglary or robbery, or attempted burglary or robbery.

(d) In the case of the residential insurance policy, the burglary of an enclosed locked storage compartment of an automobile.

(e) In the case of commercial insurance against burglary, the theft from a night depository and burglary of a safe, subject to a $5,000 limit on claims with respect to safes not of an insurance Class E quality or stronger.

8. Q. How much insurance can an individual buy?

A. Residential insurance coverage may be purchased in amounts up to $5,COO. Commercial insurance may be purchased in amounts up to $15,000. Such limits apply on a per-occurrence basis.

9. Q. Can an applicant choose the peril he wants to be insured against?

A. The residential insurance policy is a combination burglary and robbery package policy that is not sold in separate parts. However, a commercial applicant can purchase robbery insurance only or burglary insurance only or combinations of both. A policy that protects against robbery only costs 60% of the cost of a package burglary and robbery policy. A policy that protects against burglary only costs 50% of the package policy rate. Robbery and burglary coverage purchased in a combination of different amounts costs the sum of the rates for the separate parts.

-more-

10. Q. What kind of personal property is covered?

A. The residential policy insures against loss of all personal property including jewelry, after application of the $75 deductible. However, loss of money is covered only up to $100. The commercial policy can insure against burglary and larceny of merchandise, furniture, fixtures and equipment and against stealing of money, securities, and merchandise by safe burglary and against robbery of money, securities, merchandise, fixtures and equipment.

11. Q. Are claims payments subject to deductibles?

A. (a) Claims under the residential policy are subject to a deductible of $75 or 5% of the gross amount of the loss, whichever is greater.

(b) Claims under the commercial policy are subject to minimum deductibles which vary according to the annual gross receipts of the insured, as shown in the following table, or to 5% of the gross amount of the loss, whichever is greater:

Gross receipts	Deductible
Less than $25,000	$ 50
$25,000 - $49,999	75
$50,000 - $99,999	100
$100,000 - $299,999	150
$300,000 or over	200

The deductible for nonprofit or public property risks is $100 or 5% of the gross amount of the loss, whichever is greater.

12. Q. How does a property owner or tenant report claims for losses?

A. Losses which exceed the applicable deductible should be reported to the agent or broker through whom the application was submitted, or directly to the servicing company designated for the State in which the premises are located. A sworn proof of loss statement must be submitted.

13. Q. Will policies be cancelled or not renewed if insureds submit claims?

A. No. The Federal crime insurance program was established to make crime insurance more readily available in areas where people have been unable to buy or retain crime insurance. Federal crime insurance therefore will not be denied to any eligible insured because of the frequency or amount of his claims.

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14. Q. What protective devices are required on a residential property before it is eligible for Federal crime insurance?

A. For a residential property to be eligible for Federal crime insurance, its exterior doors, other than sliding doors, must be equipped with either a dead bolt, or a self-locking dead latch. Dead bolts or self-latching dead latches must have a throw of at least 1/2 inch or be equipped with interlocking bolts and striker. (The term "dead" bolt refers to the fact that the bolt cannot be made to retract except by turning a knob or key. The term "throw" refers to the distance which the bolt or latch protrudes from the body of the lock when the bolt or latch is in a locked position.)

All sliding doors and windows opening onto stairways, porches, platforms or other areas affording easy access to the premises, must also be equipped with some type of locking device.

15. Q. What protective devices are required on a commercial property before it is eligible for Federal crime insurance?

A. For a commercial property to be eligible for Federal crime insurance against burglary, its doorways or doors and accessible openings must be adequately protected during nonbusiness hours. The commercial requirements, which are more extensive than those for residential properties, vary by types of business. They are listed on the commercial application form and will be explained by the agent or broker. Such requirements do not apply to insurance against robbery only.

16. Q. What is the result if the requirements are not followed?

A. Failure to comply fully with substantive requirements or the making of a false statement will result in refusal of coverage or cancellation and the denial of claims for losses. Intentionally false or misleading statements, either in the application or in connection with the submission of a claim, may also result in criminal prosecution.

17. Q. What are the rates for residential or personal coverage?

A. Annual rates for residential crime insurance coverage are the following:

Amount of coverage	In lowest crime areas	In average crime areas	In highest crime areas
$1,000	$30	$40	$50
$2,000	40	50	60
$3,000	50	60	70
$5,000	60	70	80

-more-

18. Q. What are the rates for nonresidential or commercial coverage?

A. These rates cannot be shown on a simple table since they are based on the class and location of the business and reflect the gross receipts from the previous year, as well as the amount of coverage selected by the insured. Complete details are contained in the program manual but, for example--

(1) A grocery store having gross receipts of under $25,000 located in a high crime exposure territory such as Baltimore, the District of Columbia, or New York City would pay annual rates as follows (only 1/2 of the shown amount must be paid in advance):

Amount of coverage	Burglary and robbery in equal amounts (Option 1)	Robbery only (Option 2)	Burglary only (Option 3)
$1,000	$120	$72	$60
$5,000	540	324	270
$10,000	930	558	465
$15,000	1,170	702	585

Option 4 (varied amounts of both coverages): Assuming a selection of $1,000 robbery and $5,000 burglary, the premium would be $72 plus $270, or $342.

(2) A drug store having gross receipts of between $25,000 and $49,999 located in an average crime exposure territory such as Boston, Chicago, Cleveland, Hartford, Philadelphia, Providence, and St. Louis would pay annual rates as follows (only 1/2 of the amount shown must be paid in advance):

Amount of coverage	Burglary and robbery in equal amounts (Option 1)	Robbery only (Option 2)	Burglary only (Option 3)
$1,000	$150	$90	$75
$5,000	675	405	338
$10,000	1,163	698	582
$15,000	1,463	878	732

Option 4 (varied amounts of both coverages): Assuming a selection of $1,000 robbery and $10,000 burglary, the premium would be $90 plus $582, or $672.

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(3) A book store having gross receipts of between $50,000 and $99,999 located in a low crime exposure territory such as Harrisburg, Pennsylvania; Albany, New York; Meriden, Connecticut; and Steubenville, Ohio would pay annual rates as follows (only 1/2 of the amount shown must be paid in advance):

Amount of coverage	Burglary and robbery in equal amounts (Option 1)	Robbery only (Option 2)	Burglary only (Option 3)
$1,000	$140	$84	$70
$5,000	630	378	315
$10,000	1,085	651	543
$15,000	1,365	819	683

Option 4 (varied amounts of both coverages): Assuming a selection of $1,000 robbery and $5,000 burglary, the premium would be $84 plus $315, or $399.

The cost increases for stores having higher gross receipts.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-76
Phone (202) 755-5284
(Dan Day)

FOR RELEASE:
Wednesday
February 9, 1972

U.S. EARTHQUAKE INSURANCE ROLE NOT SUPPORTED BY AGENCY STUDY

A report concluding that the establishment of a Federal earthquake insurance program is not warranted at this time was sent to the Congress last week by President Nixon.

The report was prepared under the direction of George K. Bernstein, Administrator of the Federal Insurance Administration in the U.S. Department of Housing and Urban Development. It was submitted to the Congress pursuant to the Southeast Hurricane Disaster Relief Act of 1965 after the incorporation of additional data resulting from the February 1971 earthquake in San Fernando, Calif.

In his accompanying letter to Secretary George Romney summarizing the major conclusions of the report, Mr. Bernstein notes that:

--Earthquake insurance is readily available on one to four family dwellings throughout the United States.

--Earthquake insurance premiums on dwelling properties are neither excessive nor unreasonable.

--Earthquake insurance on commercial and industrial properties is available, but its availability is limited because of the exposure.

--A broader program than that now offered by the private insurance industry is precluded by present deficiencies in knowledge and data concerning earthquake occurrences and by the inadequacy or absence of land use and control measures to reduce earthquake losses.

-more-

"Therefore," Mr. Bernstein wrote, "we find that direct involvement of the Federal Government in earthquake insurance is unnecessary as to residential properties and infeasible or undesirable as to commercial and industrial properties."

In support of this conclusion, the report notes that the amount of residential earthquake insurance sold has not kept pace with urban development because homeowners have shown little interest in its purchase, and lending institutions have not required it. Neither has the insurance industry marketed it aggressively.

Federal intervention in this situation, according to the report, might discourage localities in earthquake-prone areas from adopting improved land use and building code measures to reduce earthquake damage potential and might also tend to undermine any motivation of the private insurance industry to seek solutions to difficult insurance problems without Federal assistance.

The report strongly urges Federal leadership and State and local action in developing and adopting land use and control measures, building codes, and similar construction standards to reduce loss of life and property damage when earthquakes strike.

"Among other possible roles," Mr. Bernstein wrote, "we also recommend the continuation and extension of studies by Federal agencies that will contribute to the development of more sophisticated earthquake insurance techniques and more reliable earthquake hazard reduction methods."

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Unlike floods and hurricanes, Mr. Bernstein observed, there is at present no capacity to predict earthquakes.

Although California and Alaska are the most earthquake-prone States in America, all but six of the States have experienced earthquakes or tsunami (seismic sea-wave) occurrences in the past 200 years. The most dramatic and damaging earthquake in U.S. history occurred in San Francisco in 1906. The severest earthquakes in this 200-year period took place in and around New Madrid, Mo., in 1811 and 1812.

The HUD report was based in part on an underlying three-year study by the Environmental Science Services Administration (since succeeded by the National Oceanic and Atmospheric Administration) of the Department of Commerce.

Copies of the main body of the report are available from the FIA's Washington office. The three documents representing the underlying ESSA study are available from the National Technical Information Service in Springfield, Va.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

FILE COPY

HUD-No. 72-110
Phone (202) 755-5277
(Bacon)

FOR RELEASE:
Friday
February 18, 1972

HUD OFFICIAL SAYS MINORITY CONTRACTORS NEEDED TO MEET NATIONAL HOUSING GOALS

Minority contractors have a vital role to play, and substantial profits to gain in Federal programs geared to meeting the nation's housing needs, a key official in the Department of Housing and Urban Development said today.

Addressing the Miami, Fla., Minority Contractors Association, HUD General Assistant Secretary Samuel C. Jackson reported housing production across the nation at a record high, but still critically short of the President's goal of "'a decent home for every American.'"

He told the group that the pace set in production of HUD-assisted housing, coupled with numerous actions taken by the Department to support the mortgage market, helped the housing industry achieve an all-time record high of two million housing units in 1971.

Mr. Jackson emphasized, however, that despite this dramatic progress, much remains to be done. He pointed out to his audience that seven percent of the nation's dwelling units is dilapidated: "in people terms, this means 14 million Americans are living in housing you would not live in, and certainly they should not be condemned to live in." Some eight percent of the nation's housing is overcrowded, he added, and more than 700,000 units are abandoned each year.

- more -

He urged MCA members to investigate the economic opportunities inherent in these housing needs, and to become familiar with those Federal programs designed to meet them.

"Much more housing needs to be built", he declared, "and we need more contractors to build it. We can offer you opportunities and we need your help."

Emphasizing the Federal commitment to equal employment opportunity for minorities, Mr. Jackson cited a number of Federal programs tailored to achieve that goal:

.... HUD's "set-aside" program, under which a number of HUD-assisted housing units are set aside for production by minority sponsors, builders and developers;

.... HUD establishment of new dollar goals for minority contractors in various FHA programs, including those for low-income homeownership, low-income rental and rent supplement housing;

.... To solve the bonding problems encountered by minority contractors, HUD has given local offices authority to accept personal indemnity agreements in lieu of bonds on projects of $500,000 or less;

.... HUD regulations implementing Executive Order 11246, requiring federally-assisted construction contractors to take affirmative action to provide equal employment opportunity;

.... HUD's contract with the Urban League to update a registry of minority contractors, a listing that will identify more than 40,000 minority specialists in housing construction, financing and apprisal;

.... SBA loans to minority entrepreneurs in 1971 totaling $213.8 million, a 24 percent increase over 1970;

.... SBA's Section 8 (a) program, enabling contracting agencies to let prime contracts to SBA, which in turn offers them to small, disadvantaged contractors on a negotiated basis, rather than a bid basis;

.... SBA's pilot program with the Bank of America to create a revolving line of credit. The bank will advance funds to finance construction against pledges of contract rights by the minority contractor;

.... EDA (Economic Development Administration) provision of technical assistance to minority contractors, and assistance at the national level to the Minority Contractor Assistance Project. This financial aid to the MCAP permits redistribution of money and national assistance to local contractor associations in Atlanta, New Orleans, Los Angeles and Detroit;

.... OMBE's (Office of Minority Business Enterprise) Task Force on Minority Construction, which developes recommended solutions to problems confronting the minority contractor. OMBE collects and disseminates pertinent information to the minority enterprise area and supports local business development organizations.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-111
Phone (202) 755-5277
(Bacon)

FOR RELEASE:
Friday
February 18, 1972

NEW HUD FILM ON CITIZEN PARTICIPATION AVAILABLE

A uniquely animated film concerning effective citizen participation in community planning was released today by the U.S. Department of Housing and Urban Development.

Produced for HUD by a young black Chicago filmmaker, Jamus Grant, on a special contract arrangement through the Small Business Administration, the new 14.5 minute, 16 mm color film emphasizes the need for citizens to have a voice in shaping plans for development of their communities.

Mr. Grant's film, The Process Works, is one of four recent HUD-assisted films featuring black production talent. It makes use of an innovative technique of animation featuring clay figures, mixed with actual films of planning sessions and committee meetings.

The film reveals in committee scenes and citizen interviews in several Chicago neighborhoods the effectiveness of various methods for involving community groups and their concerns throughout the urban planning process.

- more -

From public hearings, committee interaction and advocacy planning, the film moves to the "charrette", a dynamic, confrontation-style session in which all responsible parties in an urban plan get together, work together and stay together in a single room until problems in the plan are resolved. In such a setting, all participants quickly get down to business.

A proven technique for opening lines of communications with groups that demand their problems be solved expeditiously, the "charrette" proved effective in solving potentially-explosive school problems in the Takoma section of Washington, D.C., and in Prince Georges County, Maryland.

Implicit throughout the film is the focal role of the planner, who must act as communications link between the community and the technical assistance people, as well as between community residents and the various government agencies involved in planning the development.

HUD General Assistant Secretary Samuel C. Jackson, on reviewing The Process Works, commended the producer on his work, and expressed his pleasure that HUD, through its special efforts to aid minority group entrepreneurs, was able to enlist his talents. "The end product", he said, "more than justifies our action, and will provide a valuable introduction to citizen inolvement in communities undertaking Federally-aided redevelopment projects."

The Process Works, produced by Reels and Reality Film Company, Inc. of Chicago, is available on free loan from Modern Talking Picture Services, Inc., 1212 Avenue of the Americas, New York, N.Y., or at MTPS offices in the following cities: Atlanta, Los Angeles, San Francisco, Chicago, Washington, D.C., and Dallas, Texas.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD No. 72-114
(202) 755-6980
(Gross)

FOR RELEASE AFTER:
10:30 A.M., Tuesday
February 22, 1972

ROMNEY ANNOUNCES REFORMS TO PROTECT HOME BUYERS, RENTERS

Additional reforms to protect home buyers and renters using interest subsidy programs were announced today with the release of nationwide internal HUD audits revealing flagrant abuses of the three-year old programs.

Secretary George Romney, who commissioned the audits a year ago, has continually acted to tighten administrative procedures to eliminate the windfalls of dishonest contractors, real estate operators and speculators who have preyed on the programs designed to bring homeownership (Section 235) and provide rental properties at reasonable cost (Section 236) to low and moderate income families.

In addition, HUD revealed that it has referred to the Department of Justice for investigation 362 alleged violations of the 235 program, involving application falsifications and fraudulent certifications of repairs to existing properties, and 27 alleged violations of the 236 program, involving fraudulent applications.

Currently HUD is cooperating with grand jury investigations of housing in Philadelphia, New York, Detroit, and Newark, N.J. During the past two months, seven HUD employees have been separated from the Department after being presented with charges of wrong doing.

- more -

"We are taking the exceptional course of releasing these final reports completed by our Office of Audit in December and January to show the gravity of the situation and the need for HUD having taken these remedial actions," the Secretary declared.

The Office of Audit review covered new and existing housing provided under the Section 235 program. Although the contract authority for existing homes is administratively limited to 10 percent of the program, existing units, at the time of the audit, represented 25 percent of the homes completed. It was in these units of existing housing that the majority of the problems were identified.

"While our review showed that most home buyers received good value from the program, in many cases, particularly involving used houses in the inner city, there was too high a percentage of significant defects," the Secretary said.

"Our continuing effort in this and other housing programs is geared to improving the quality of housing. Our primary interest is not in the number of housing units, but in the quality of housing."

The findings revealed in the 235 program that:

* Many appraisals were defective and failed to require full needed repairs or improvements.

* Controls over the quality of appraisals was inadequate.

* The interests of mortgagors required better protective actions.

The Section 236 program review disclosed that "prescribed underwriting procedures were followed (although underlying data often was inadequate) and

that for the most part eligible tenants were provided housing of good quality."

The review, however, uncovered weaknesses in the program, including such areas as cost certification, criteria for tenant admission and financial requirements for nonprofit mortgagor projects, and in inducements to encourage long-term ownership and efficient management.

To correct these and other inefficiencies, the audit report called for the establishment of additional guidelines, reconsideration of some existing policies, and improvement of operating practices.

"The programs were enacted at the end of 1968," Mr. Romney said, "without having been adequately tested to determine whether they could work well, whether they would even work at all, or whether they were structured in such a way as to invite abuse.

"They were far more complex programs that HUD-FHA personnel had previously administered. Furthermore, the programs were placed under HUD-FHA which, in 1967 and 1968, was told to relax underwriting requirements and simultaneously told to take 'special risks' so as to provide housing in greater numbers for the 'neediest families' in the inner city.

"And this was done on a volume basis for the first time. But with the increased volume came an increase in housing problems of an unprecedented character.

"As soon as these problems came to the surface, we began to take remedial actions. A year ago, we halted portions of the 235 program and took

an intensive, searching look at the way the program operates. We have been taking aggressive action ever since. We recognize the weaknesses in the 235 and 236 programs and we are determined to correct them."

The Secretary said that new instructions call for strict compliance with existing requirements for mortgage processing and clarify some apparent misunderstandings.

In the case of the 235 program, the instructions stress that a "modified cost approach" is mandatory in "speculator dominated" areas, where there is a lack of market transactions, both FHA and conventional, other than those involving speculators.

A portion of the instructions state:

"The modified cost approach must be used on each of the cases submitted in such areas, not just those cases that are submitted by a known speculator, as the speculator activity has an effect on all cases."

The instructions call for mandatory pre-commitment and post-commitment reviews of each case in a "speculator dominated" area.

Fee appraisers, as opposed to HUD-FHA staff appraisers, will not be assigned to cases in such areas and the use of fee appraisers in older declining areas, inner city areas, or problem areas shall only be in cases of "emergency or when unusual staffing conditions exist." (HUD's Philadelphia and Detroit Area Offices have suspended all fee appraisers.)

Commitments issued in code enforcement areas must specify that the property meets local codes. This applies also to other areas" where code

inspections are expected to be made by a local authority."

Recommendations on improved and increased training have been implemented and a clearer position of the Department's responsibility with respect to mortgagor complaints will soon be issued. A recommended revision of HUD-FHA Minimum Property Standards will be completed by June.

In an effort to strengthen the consumer protection aspects of HUD programs, an expanded educational program has been undertaken. In this same area, the Department will require that the mortgagor be notified of repairs needed on the property to qualify for mortgage insurance. In addition, a standard form of sales contract and settlement sheet will be introduced.

Mr. Romney said steps already have been taken to correct some of the deficiencies found in the Section 236 program. These include the updating of cost data banks to insure accurate cost estimating, the use of Project Site Selection Criteria to eliminate undesirable sites, and the prohibition of construction advances on other than a "due and payable" basis.

Additional improvements in processing and administrative procedures are being prepared and will be issued in the immediate future.

The Office of Audit review summarized its findings in the 235 program in the following categories, to which the remedial actions are directed:

"Many appraisals were defective in that values were questionably supported and inadequate requirements were written up for repairs/improvements which were needed...

"Supervision, review and other control over the quality of work performed by appraisers was generally insufficient...

"More aggressive follow-up is needed on detected instances of apparent violations or irregularities involving the activities of outside participants in the Section 235 program...

"The handling of mortgagors' complaints about existing housing was generally inadequate and improvement is needed in the handling of complaints involving new construction...

"To better protect the interests of mortgagors, we believe they should be informed before the sale closing of repairs/improvements required by the commitment; standard or pro forma sales contracts and settlement sheets should be considered; and a pamphlet should be published and furnished to prospective buyers on homeownership problems, costs, and responsibilities.

"Certain underwriting and servicing areas... and the monitoring of the activities of mortgagees need attention and improvement."

The audit report on the Section 236 program resulted in the following findings:

"HUD policies stemming for legislative requirements and ineffective project application processing practices have contributed to increased insured mortgage amounts... (Thus) the market rents for Section 236 projects were generally higher than for comparable conventional projects. Additionally, HUD's interest assistance liability has been significantly increased.

"Inadequate cost certification reviews... resulted in the inclusion of... ineligible and... questionable costs.

"Outdated and incomplete data banks...

"There is a need to restructure the inducements to encourage long-term ownership and efficient management.

"On 4 of 62 projects reviewed, Section 236 program funds rather than College Housing program funds have been allocated to insure projects constructed primarily for housing college students.

"Eligibility criteria for admission of tenants... need upgrading...

"The criteria governing financial requirements for nonprofit mortgagor projects need strengthening...

"Numerous projects were situated on sites that... were undesirable for multifamily housing...

"Existing policy pertaining to cancellations of insured commitments needs modification..."

The Section 235 review, made last February and March, involved a sample of nearly 1,300 houses. The review covered 52 of the 77 HUD field offices and involved the interior and exterior inspection of 1,281 houses -- 672 new houses, 609 used -- with about half of them in the inner city. The teams reviewed more than 2,000 complaints and made physical inspections of 284 houses about which complaints had been received. Representative cases involving allegedly high profits were reviewed.

The Section 236 review, which was completed January 29, involved the review and evaluation of procedures in 21 field offices and a study of the quality of construction of 62 projects with 9,450 units. The units represented about 25 percent of the total units ready for occupancy on June 30, 1971. The audit teams visited and inspected 62 Section 236 projects and 124 conventionally financed projects.

(Note: Attached are the actions taken by the Department in each of the audit reports findings.)

# # #

SECTION 235 AUDIT FINDINGS AND THE DEPARTMENT'S RESULTING ACTIONS:

Finding #1 - Improve Guidelines and Performance to Assure Satisfactory Appraisals:

Instructions have been issued to all Area and Insuring Offices reinforcing the need for emphasizing quality appraisal practices on behalf of all appraisers. Consistent with this emphasis on quality the instructions indicated that the volume of appraisals may have to be reduced to allow for quality processing.

Training sessions are being held in all Regions to ensure that all appraisers are familiar with, and fully understand, current Departmental directives in this area.

To guard against speculator abuse in the program new procedures will be implemented and new forms issued which will prevent a speculator from obtaining a HUD appraisal in advance of his acquisition of the property.

The 77 HUD field offices have been instructed to work actively with VA and USDA officials to encourage them to set up similar requirements and property standards for appraisals and inspections that now prevail at HUD.

Revised certifications required from trademen on inspections of roofing, heating, electrical, plumbing and termite infestation have been put into circulation. These new forms include a warning of the penalties for fraudulent certification.

Finding #2 - Need for Better Supervision and Review of Staff and Fee Appraisers:

Staffing patterns in the field offices have been re-examined, and steps have been taken to strengthen supervision in those field offices where this has been found necessary.

Field reviews will continue to be used to evaluate the performance of staff and fee appraisers. Where weaknesses exist, continued training will be given, along with follow-up reviews.

Field offices have been instructed to seek inspection of properties by local authorities prior to endorsement. In cities with code enforcement or urban renewal projects, where a request for inspection is not honored, a report will be made to the Regional Administrator for his attention and follow-up.

Finding #3 - Upgrade Minimum Property Standards:

HUD is revising and upgrading its Minimum Property Standards and publication is expected by June 1972. Review and monitoring procedures will be re-examined when the revised property standards are published.

The Department examined the question of whether too much money was being spent in repairing properties for subsequent resale, which were acquired by the Department, as a result of mortgagee foreclosures. This study concluded that the existing policy regarding repairs results in greater marketability of the properties thus permitting the Department to reduce its inventory more rapidly.

Finding #4 - More Aggressive Administrative Actions are Required on Violations or Irregularities:

Field office employees have been reminded that reports of all irregularities are to be made without delay and without local screening, to the Office of Investigation in HUD Headquarters. Each field office director is to assure himself that each of his employees has received, reviewed and understood pertinent parts of the handbook on Audit and Investigation. When the irregularity results in financial loss to the Government, the question of reimbursement will be considered, including the possibility of action by the Civil Division of the Department of Justice.

In order to deal more effectively with matters involving alleged employee misconduct, the Department has created the Office of Inspector General and appointed a new head of that office.

Finding #5 - Improved Handling of Mortgagors' Complaints:

The Department will further improve procedures for more effectively handling mortgagors' complaints on existing housing. Included in these procedures will be guidelines outlining field office responsibility regarding follow-up of VA and USDA approvals when certifications have been made to this Department.

Under a new file system appraisal reports will be retained in the field offices for ready reference thus making it unnecessary for the field offices to obtain these reports from Central Office.

Although protection under Section 518(b) now is available only to purchases of existing houses under the Section 235 program, HUD has proposed legislation to extend Section 518(b) protection to buyers of 221(d) (2) housing in the inner city.

Finding #6 - Require Increased Emphasis on Protection of Consumer Interests:

Proposed instructions will require that, prior to closing, the mortgagor be provided with a list of repairs or improvements that HUD has required as a condition to the issuance of mortgage insurance. In addition, these new instructions will include a procedure for informing each mortgagor, before or at the time of closing, of HUD's responsibilities in connection with the property involved.

HUD is developing a standard sales contract and standard settlement sheet that will be used by all field offices in connection with the sale of a house on which HUD has issued mortgage insurance.

On January 12, 1972 HUD expanded the existing Section 237 counseling program to include applicants for Section 235 in 15 HUD field jurisdictions. Further expansion is being considered. A "Homeownership Preparedness" booklet is being prepared that includes money management, property purchase procedures, property care and maintenance, and other pertinent subjects. The Department is planning a public education campaign using newspapers, television and other media to provide consumers with appropriate information on homeownership problems and responsibilities.

Finding #7 - Improvements Needed in Underwriting and Servicing:

Instructions have been issued requiring reinspection of all properties and the updating of appraisal reports, where necessary, prior to approval of any extension of a commitment.

HUD has published in the Federal Register proposals to require recertification of occupancy, employment, income, and family composition on an annual rather than biannual basis of Section 235 homeowners. These procedures will minimize the issuance of assistance payments to ineligible homeowners. These instructions also provide for suspension, rather than termination, of the assistance payments contract under certain conditions.

Field offices have been instructed to be especially alert to the financial problems that homebuyers face if the estimated costs of monthly utility service and maintenance expenditures are unrealistically low. In this connection greater emphasis is being placed on maintaining current utility and maintenance cost data banks.

Under the expanded homeownership counseling service (see Finding #6) the counseling agencies contracting with HUD are required to screen all applicants for Section 235 and 237 programs referred to them by HUD. Upon referral the counseling is mandatory under Section 237, which provides families with marginal credit records or irregular income patterns an opportunity to acquire home mortgages. Section 237 counseling is being conducted by more than 125 voluntary agencies in 36 states.

SECTION 236 AUDIT FINDINGS AND THE DEPARTMENT'S RESULTING ACTIONS:

Finding #1 - Potentials Available to Reduce Interest Assistance

A comprehensive study is being undertaken to determine whether the Department is allowing too high a fee for the architectural services that are being rendered and further, to determine whether all the architectural services now required by the Department are needed.

The Office of General Counsel is studying whether the Department could waive collection of the HUD inspection fee and mortgage insurance premium during construction of Section 236 projects.

A study is being made of the involvement of housing consultants in the housing programs, toward the end of eliminating abuses and retaining their appropriate use.

Cost data banks are being updated in all of the field offices to insure an accurate cost estimating process.

A policy prohibiting the approval of construction advances on other than a "due and payable" basis already is in existence.

Finding #2 - Improve Cost Certification Review System

The Department is engaged in an effort which will lead to the issuance of revised instructions strengthening the cost certification process. Particular emphasis is being placed on detection of non-allowable costs.

Finding #3 - Need For Improved Data Banks

Cost data banks are being updated in all field offices to permit the careful analysis of sponsor estimates of operating expenses and documentation of land valuation.

Instructions are being revised requiring sponsors to provide detailed information and estimates of operating budgets at the conditional and firm commitment stages of processing.

Additional emphasis will be placed on the need for documentation of any differences between the "as is" value of land and the actual arms length cost.

-more-

Finding #4 - Inducements Needed to Promote Project Continuity

A study is being made of all fees authorized by the Department in the construction of a Section 236 project. Included in this study will be an examination of the Builder Sponsors and Risk Allowance (BSPRA) to determine whether or not the amount of the allowance is justified.

Finding #5 - Section 236 Funds Used for Housing College Students

The Department will bring the apparent overlap of the Section 236 Program and the College Housing Program to the attention of the Congress.

Finding #6 - Establish Minimum Income Limits and Strengthen Verification of Tenant Income

Instructions have been prepared and approved to establish a specific rent-to-income ratio (35 percent of "adjusted income") which will serve as an economic floor for admission to assisted occupancy in Section 236 projects.

Instructions have been issued requiring more frequent and more effective verification of tenant's income.

Finding #7 - Need to Strengthen Eligibility Criteria for Non-Profit Mortgagors

The Department is examining the need for strengthening the existing non-profit mortgagor eligibility criteria with particular emphasis on the desirability of establishing minimum mortgagor performance criteria.

Finding #8 - Undesirable Site Location

The Department has recently issued Project Selection Criteria which are to be used by all field offices in selecting between competing projects. The utilization of these criteria should eliminate undesirable sites.

Finding #9 - Provide for Cancelling Projects Prior to Firm Commitment

Instructions are being developed which will preclude the automatic extension of a letter of feasibility or conditional commitment. These instructions will indicate that letters of feasibility and conditional commitments should not be extended if market and cost data change so as to render the proposed project infeasible.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD No. 72-115
(202) 755-6980
(Gross)

FOR RELEASE AFTER:
10:30 A.M., Tuesday
February 22, 1972

MAXIMUM ALLOWABLE SETTLEMENT COSTS TO BE ISSUED BY HUD, VA

In an effort to lower the cost of purchasing single family homes, the Department of Housing and Urban Development and the Veterans Administration today announced they will issue maximum allowable costs for items included in settlement fees on HUD-insured and VA-guaranteed houses.

A joint announcement of a report to Congress by HUD Secretary George Romney and VA Administrator Donald E. Johnson revealed that HUD-FHA and VA will not provide government insurance or guarantee for a single family house when charges exceed any one of the maximums set for settlement cost items.

Testifying before the Housing Subcommittee of the House Banking and Currency Committee, Mr. Romney explained that such maximums will be established for each identifiable housing market area, printed in the Federal Register for comment, and then issued to each field office of HUD and the VA.

Mr. Romney indicated these maximum figures would be reviewed regularly to be sure that they are realistic.

The maximum allowable limits will cover all settlement cost items paid by both the buyer and the seller, except loan discount payments (mortgage points) and costs fixed by State and local statutes.

Other significant recommendations growing out of the massive 18-month national survey of settlement costs are:

*HUD and VA will require the use of a single uniform settlement statement for all HUD and VA insured or guaranteed transactions (except loans on mobile homes). Sworn affidavits and certifications will be obtained to assure that no party to the transaction has received or paid a fee not explicitly authorized by HUD or VA.

*HUD and VA will require that buyers and sellers receive detailed estimates of probable individual settlement costs which are applicable to the transaction.

*HUD's Office of Audit will undertake a study to provide additional needed data for establishing appropriate limits on lenders' origination fees and validating data concerning such fees.

*HUD and VA will require that initial deposits in the mortgagee's escrow account should be collected so that when

the tax bill is paid, only 1/12 of the estimated annual tax bill remains in the account. Both agencies intend to keep all escrow deposits at a minimum

*HUD and VA will continue to prohibit mortgagees from charging the buyer a fee for the preparation of Truth-in-Lending statements and recommend that the Congress enact legislation prohibiting all fees for the preparation of disclosure statements.

The joint report proposed that a federally sponsored, computerized land parcel recording system be authorized and funded in selected jurisdictions throughout the country, with a view toward developing a uniform nationwide system. This would simplify procedures and result in reduced costs.

Secretary Romney and Administrator Johnson pointed out that while the Federal Government is taking steps to reduce and standardize settlement costs, "the responsibility for improving and modernizing the local conveyancing system rests with the States."

"Excessive settlement costs are symptomatic of a much more serious problem," they stated. "The Federal proposals treat only the symptoms. Effective State actions recommended are designed to attack the underlying causes of inefficiencies in the system."

The HUD-VA report recommended that the States:

*Give immediate attention to the elimination of referral fees, and investigate the propriety of bar association minimum fee schedules and brokers' commissions.

*Establish stricter regulation of title insurance rates and practices.

*Move to establish standards for requiring that charges for services that are performed to update prior materials upon which lenders or title insurers may rely, are made only for the actual work involved.

*Consider enacting marketable title legislation in order to facilitate title seraches by limiting the extent to which title records must be examined.

*Consider reorganizing their recording offices and establishing a tract index as the primary indexing system.

The HUD-VA report, ordered by the Emergency Home Finance Act of 1970, summarized its findings as follows:

1. High cost and other problems of settlement stem in no small part from basic inefficiencies in the multiple and complex systems of conveyancing, recording, and assuring validity of title to parcels or real estate.

2. Settlement practices and costs vary between geographic areas and within the same metropolitan area.

3. The settlement cost problem is more complex and costs tend to be higher in metropolitan than in non-metropolitan areas.

4. Costs appear to be high in some areas, but unreasonable costs probably occur in fewer areas than may be popularly assumed.

5. State regulation of title insurance and other title related costs is essential but presently is largely ineffective.

6. The buyer seldom decides who will provide settlement services for him. If there is a choice, he usually depends upon advice of the broker, escrow agent, seller, or settlement attorney. Often the buyer is or believes he is required to deal with a particular source for some or all settlement services.

7. Competitive forces in the conveyancing industry manifest themselves in an elaborate system of referral fees, kickbacks, rebates, commissions and the like as inducements to those firms and individuals who direct the placement of business. These practices are widely employed, rarely inure to the benefit of the home buyer, and generally increase total settlement costs.

8. Settlement charges often are based on factors unrelated to the cost of providing the services. The overall level of charges tends to be significantly lower when the charge for a service is not directly related to the sales price of the property.

9. Minimum or recommended fee schedules by local legal or real estate groups often do not reflect the actual work done and tend to increase settlement costs.

10. Most public land record systems need to be improved in order to facilitate title search and eventually reduce title related and other settlement costs.

The study was prepared in two stages -- First, in March 1971 data was compiled in each HUD and VA local office on a sample of cases submitted for insurance or guaranty. These involved only single-family, owner-occupied homes. Second, American University was awarded a contract to investigate existing recording procedures and title insurance practices in 12 representative metropolitan jurisdictions.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-126
Phone (202) 755-5284
(Beckerman)

FOR RELEASE:
Monday
February 28, 1972

LAND SALES RULES TIGHTENED BY HUD

The Department of Housing and Urban Development has announced additional safeguards to protect the interests of individuals who buy land subject to the Interstate Land Sales Registration Act.

Among the features that extend the coverage of the Act in its primary mission of consumer protection, the "intrastate or almost entirely intrastate" exemption as such has been eliminated for subdivisions of less than 300 lots.

The Office of Interstate Land Sales believes that many developers who assumed they were eligible for the "intrastate" exemption in the original regulations were in fact selling interstate. The new HUD regulation clarifies the requirements for this exemption. Accordingly, title companies, finance companies and related industries will be able to place greater confidence in the commercial paper sold or pledged incidental to such transactions and in the title conveyed by developers engaged in this type of operation.

The new regulations also tighten the "on-site" exemption, thus providing assurance that the buyer has made an on-the-lot inspection of the property he is purchasing. This will enable OILSR to pinpoint responsibility in the event of a violation of the Act.

- more -

There has also been significant expansion of the material to be included in the Property Report which each buyer must receive prior to consummation of the sale. This improves the safeguards which insure that the buyer knows exactly what he is getting.

Changes have also been made in the procedures governing formal investigations and hearings connected with the Act. The new regulations are intended to provide for simple expedited hearings consistent with the legal requirements that will avoid or minimize the delays and procedural maneuverings often associated with hearings before regulatory agencies.

The regulations, as amended, are the result of proposed revisions announced February 24, 1971, informal hearings held August 16 and 17, 1971, and further proposed revisions of November 3, 1971. They became effective on publication in the Federal Register January 27, 1972.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-131
Phone (202) 755-5277
(Bacon)

FOR RELEASE:
Monday
February 28, 1972

HUD GUARANTEE OF TEXAS NEW TOWN CONTINGENT UPON WATER PROTECTION STUDIES

An $18 million Federal pledge to guarantee development of a 9,318-acre Texas new town 20 miles northwest of San Antonio was announced today by Secretary George Romney of the Department of Housing and Urban Development.

Construction, however, will be banned over a vital underground water source on the site until anti-pollution measures are further studied and implemented.

Development of San Antonio Ranch will provide more than 28,000 sale and rental dwellings designed to attract residents in a broad range of incomes, family sizes, age groups and life-styles, with special emphasis on needs of the Spanish-speaking community.

Twenty-five percent of the housing units will be for families with annual incomes of $7,500 or less. Population of the new town will be 88,000 at the end of the 30-year development period.

The developers plan parks, schools, a 500-acre technical education center, shopping, business and industry, with development carefully controlled by covenants.

- more -

Neighborhoods will be linked to the town center by pathways for pedestrians, horseback riders and cyclists. Residential areas on the largely hilly site are planned so that major streets need not be crossed to reach major activity areas, such as schools, shops and parks.

Two golf courses are planned, as are three lakes and three recreational centers which will include swimming pools, tennis courts and game fields.

"A prime goal of the new town will be to curb the adverse ecological and environmental effects of uncontrolled urbanization", Mr. Romney said. "It will serve as a model to the Southwest on how best to preserve what is best in the environment."

The HUD Secretary noted that San Antonio is the largest city in the United States dependent upon ground water as its principal water source, and the new-town site is over part of this source. "If uncontrolled residential development were to take place in this critical area, the City of San Antonio would face the risk of eventual pollution of its major water source", he said. "Instead, a series of planned steps will be taken by the developer, in conjunction with the City of San Antonio, the Texas Water Quality Board and the Federal Government to guard this precious resource from pollution."

One of the steps being considered is construction of a seven-mile-long interceptor sewer to join with San Antonio's sewage treatment system. Others include diversion or treatment of storm water from the new town into man-made lakes, protection of natural slopes and vegetation from erosion, and retention of more than 2,200 acres as parks, nature trails, tree nurseries, golf courses and other open space uses.

A full-scale environmental study of the potential impact of San Antonio Ranch on the six-county underground water source is underway, headed by Dr. L.J. Turk, geologist-hydrologist with the University of Texas. Included will be studies of soil permeability, storm water run-off, bacteria and viruses, and development of a continuous monitoring system for the underground water source. Results of the studies will be made available to the public and an inter-agency board for review and comment.

Meanwhile, the private developers of the new town, San Antonio Ranch, Ltd., have agreed to ban building on most of the site until the environmental studies have been completed and the recommendations implemented. They have further agreed to halt construction should continuous monitoring indicate any deterioration in water quality.

Plans for the new community have been favorably reviewed by the San Antonio City Council. Future annexation of the new town by San Antonio is under consideration by the city and the developer. Opportunities for involvement of the Spanish-speaking and black communities in the new town development will be encouraged.

The conditional commitment to guarantee up to $18 million of the debt of the developer requires that "all measures to protect the water source must be acceptable to the Texas Water Quality Board and the Community Development Corporation", said Mr. Romney. The HUD Secretary also is chairman of the CDC, which administers new community assistance programs. Following commitment, a project agreement must be negotiated before Federal assistance is forthcoming.

SUMMARY

SAN ANTONIO RANCH

1. **Project Name:** San Antonio Ranch New Town

2. **Developer:** San Antonio Ranch, Ltd., a limited partnership, with New Town Management, Inc. serving as the general partner. The development team includes: Hayden W. Head and Lawrence Wood, original land owners, both of San Antonio; Robert B. Russell, president-owner of Ruscon Construction Company, Charleston, S.C.; William L. Gunter, Board Chairman, the S. Hammond Story Agency, Inc., Atlanta, Ga.; Robert Honts and W.O. Rothwell, both of Dallas, Tex., president and financial vice president, respectively, of the development organization;

3. **Location:** Approximately 20 miles northwest of downtown San Antonio, in Bexar County, Texas. The project is entirely outside of the corporate limits of the City of San Antonio and, with exception of less than 25 percent, is outside the extra-territorial jurisdiction of San Antonio and any other city or town.

4. **Acres:** The project consists of 9,318 acres.

- more -

5. **Terrain:** Fifteen percent of the project (1,200 acres) is basically flat, with agriculturally productive soil. Eighty-five percent of project (8,118 acres) is located in the Texas hill country, an area characterized by rocky soil, with extreme elevation differentials of 100 to 200 feet.

6. **Access:** By the Bandera Freeway (Highway 16) from the City of San Antonio and the Culebra Road. The Bandera road will be improved, in the future, to a four-lane highway up to the boundary of San Antonio Ranch. The metropolitan area has access to the Bandera Freeway from the Outer Loop.

7. **Population:** 87,972 persons within 30 years.

8. **Dwelling units:** 28,676 total: 13,181 sales housing and 15,495 rental.

9. **Low and moderate-income housing:** 7,169 units (25 percent of total housing stock), of which 3,874 will be rental units and 3,295 for sale, to be made available to persons with incomes under $7,500 annually.

10. **Land use:**

Type	Percentage
Residential	45%
Retail and Office	2%
Industrial	13%
Open Space	24%
Technical Center	5%
Roads	7%
Schools	4%
Total:	100%

-more-

11. **Innovations Under Study:** Modular systems housing, recirculation of water, mass transportation system, community-wide centralized heating and air-conditioning, and advanced solid waste disposal.

12. **Consultants:** William L. Pereira Associates, Irvine, Calif., planning; Christian, Miller & Honts, Inc. of Austin, Texas, management and governmental liaison; Gladstone Associates of Washington, D.C., economic; W. O. Rothwell, CPA, financial and accounting; and the law firm of Head and Kendrick, Corpus Christi, legal.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

Phone (202) 755-5284

FOR RELEASE AFTER:
2:00 P.M., Monday
March 6, 1972

Remarks Prepared for Delivery

by

Norman V. Watson

Assistant Secretary for Housing Management
U.S. Department of Housing and Urban Development

before

The National Housing Conference

Statler Hilton
Washington, D. C.
March 6, 1972

Good Afternoon. It's a pleasure to be with you today.

After I received an invitation to participate in this session, members of my staff had several conversations with officials of the National Housing Conference to discuss the subjects I would cover in my speech. The suggestions we received from your officials all seemed to radiate from one focal point -- the Public Housing Model Lease and Model Grievance Procedure Circulars. It seems that the status and future of these circulars are of great concern to those of you involved in the Public Housing Program.

First, for those of you who have not been following the course of these circulars, let me briefly sketch their background.

In 1969, the Department began to get increasingly concerned about the state of management-tenant relationships in the Public Housing Program. Friction seemed to be increasing with no end in sight. It appeared that changing social conditions and attitudes were foreclosing the possibility that traditional management practices would quickly resolve the problems.

Public Housing tenants were becoming more vocal and expressing their grievances more audibly. As we examined their complaints and charges, we found them often justified. In addition, we were discovering that resident grievances were forming a pattern, and that they were often concerned with particular features of leases used by local housing authorities or with allegedly arbitrary treatment received by tenants from various LHA personnel.

These complaints were not isolated and unsupported. In fact, they were complemented by a series of Federal court cases which was expanding the constitutional concept of due process to cover many of the situations in which tenants found themselves.

In December 1969, the Secretary held a two-day conference on the rights and responsibilities of tenants in the public housing program. Present were representatives from many of the major public interest groups which are concerned with public housing.

Growing out of this meeting was a decision to formulate a public housing model lease and model grievance procedure. A working committee was established which included representatives of NAHRO, the National Tenants Organization, and several other organizations.

This group met fairly regularly for almost a year. The culmination of its efforts was the issuance of two circulars on February 22, 1971, containing a model lease and model grievance procedure.

Throughout the course of the development of this policy, there was much debate as to whether or not HUD had the statutory power to issue these regulations. The circulars were put forth only after much attention had been given this question and the General Counsel of the Department had decided that HUD indeed did have this legal authority.

Once this decision was made, and the policies were issued, it remained to be decided how these circulars were to be enforced. Although many persons favored a vigorous enforcement campaign, we decided against that course. Implementation was handled informally, and local authorities were given a great amount of flexibility in the development of their particular leases and grievance procedures, and were granted a reasonable amount of time to adopt them. HUD regional and area office personnel were instructed that formal enforcement actions and the use of formal sanctions for non-enforcement were to be the sole province of the central office. We never used such sanctions. To the best

of my knowledge, no LHA ever had any Federal funds withheld because it was not in compliance with these policies.

As you know, in the Summer of 1971, ten local housing authorities filed a suit, in the form of a class action on behalf of all housing authorities, in the Federal district court of Nebraska. The plaintiffs in this suit, in which HUD was the defendant, alleged that the issuance of these circulars was beyond the power of the Department. On February 10, 1972, the judge, in upholding the plaintiffs' Motion for Summary Judgement, ruled that the circulars were invalid and that the Department was enjoined from their enforcement.

I am not going to discuss the substance of Judge Denny's memorandum, or its merits or shortcomings. This would not be proper, as this litigation has not yet seen its final stages.

I do think it incumbent upon me, however, to relate to you HUD's position on the model lease and grievance procedure circulars at this point in time.

Following our receipt of Judge Denny's order and memorandum, we issued to all of our regional offices the following simple, succinct telegram:

"The United States District Court for the District of Nebraska has declared HUD's Circulars HM 7465.8 and 7465.9 to be invalid and has enjoined the Secretary from enforcing them. Pending a possible appeal and a stay of that Decision pending appeal, or further instructions from this office, no effort should be made to enforce these circulars. The decision does not prohibit HUD's encouragement of voluntary adoption of the procedures prescribed in those circulars by local housing authorities."

This telegram portrays our current posture. We must await the further course of litigation in the Omaha case before we modify that posture in any way.

I do not want to spend all afternoon talking to you about these two circulars. I have gone into them as deeply as I have for two reasons. First, because they have engendered so much interest and concern. Second, because they typify a question which affects the entire future of the public housing program. It is to this latter point that I would like to direct your attention.

As I implied earlier, the questions being raised about the lease and grievance procedure circulars relate not so much to the strengths and weaknesses of the documents, as they do to the statutory authority of HUD to issue them. It is a question of the "autonomy" which the Housing Act gives to the local authorities as opposed to the rulemaking power which various Federal statutes give the Secretary.

Public Housing has been with us for well over thirty years now and as I look about this room, I see many people who have been with the program since its inception. There is no reason for me to attempt to relate to you the history of this program, a history which you and your organization helped write. Suffice it to say that there has always been present in the program a touch of schizophrenia, a built-in conflict between the Federal and local participants.

The surfacing of this conflict was inevitable. It was clear from the beginning that localities of this great nation were not going to accept a large-scale, Federally administered public housing program, over which they exerted no control, to operate within their boundaries. At the same time, it was equally clear that only the Federal Government could provide both the impetus and the financial means necessary for a truly nationwide program to house the poor.

Thus a very unusual mechanism was set up to run the public housing program, a mechanism which gave responsibilities to both local and Federal levels of government and required close cooperation between them.

For a while, the program worked very smoothly. But, over the past several years, there has seemed to be a breakdown in some of the aspects of the public housing program. The reasons for this breakdown are clear to all of us. I don't feel I must dwell on them here. Some have to do with the tremendous growth of the program, making it more difficult to manage and control in an over all sense. Some have to do with changing social conditions, and other factors affecting the very fabric of our domestic society. Some are the results of economic problems, which have necessitated increasing Federal participation in the program. And some have come about because, over this thirty plus year period, both the Federal Government and the local authorities have built up large bureaucratic mechanisms which tend to act protectively, defensively and, all too often, self-righteously.

The modification of the United States Housing Act over the years reflects most of these considerations. We find increased authorizations reflecting program growth. We find new occupancy and rent level provisions reflecting changing social priorities. We find

provisions relating to the payment of an operating subsidy, which reflects the difficult economic considerations with which the program has been faced.

I feel that almost all of the additions and changes which have been made to the public housing program over the years have benefitted the program and made it more responsive to the needs of those whom the program is to serve. I have great hopes that there will be a Housing and Urban Development Act of 1972 which will continue this tradition, and believe that the Senate bill in its present form contains many items which will assist the administration of the program.

Although the President has not yet signed a 1972 bill into law, and many of us, as well as the members of Congress, are still hard at work developing the particulars of the current legislation, I believe that it is not too early to think about legislation for 1973 for the public housing program.

And I propose to you we do just that. I propose that we really begin to think about next year's public housing legislation and that we dedicate ourselves to the development, if need be, of an entirely new organizational framework in which to carry out the program.

You may have noted, when I categorized the various problems confronting the public housing program, I listed four types of problems. When I spoke of recent legislative enactments, however, I only related such legislative changes to three of these problem areas. For we have not yet overcome our own bureaucratic hang-ups and feelings of indispensibility to a point where we can sit down dispassionately and structure a public housing program which would end the present sense of schizophrenia and make the responsibility of the various levels of government clear and distinct from each other. Yet it is essential that we do this. In this undertaking, of course, we must not be satisfied simply by a clear demarcation of responsibility. We must also develop a mechanism which will provide for the best, most responsive, and most efficient administration of the public housing program.

We at HUD have begun to look at the existing problems in the public housing program in this manner to see if we can develop the framework of such a new system. We believe you, in your individual and organizational capacities, should be doing the same.

So far, I have been alluding to the types of problems which currently affect the public housing program. Perhaps, I should stop speaking about negative matters, and begin to talk more positively. What sorts of questions should we be asking as we restructure the program? We believe that the basic questions may be these:

Is there a necessity to maintain a special public housing program, or can the need for low income housing be met more efficiently in other ways?

If it is desirable to retain public housing, should the program be directed towards more than shelter? Should it be concerned with all of the needs of its low-income residents?

Can we develop a delivery system which will provide a sufficient and smooth flow of funds to meet both the need for housing and the need for related services? Can we insure that such a system will permit adequate coordination of services and avoid duplication of services and avoid duplication of efforts within a community?

Should we insist that state governments be involved to any great extent?

Can we insure that the public housing programs will be responsive to needs throughout the nation and that maximum reliance will be placed on local responsibility and local decision making authority?

Finally, can we at long last develop a public housing program which will both be effective in meeting its goals and will achieve general public acceptance and support?

In attempting to develop a public housing program to answer these needs, we must be bold and imaginative. We must look at a broad variety of alternative organizational structures. We should consider replacing the local housing authority by the metropolitan authority, or the regional authority. We should consider changing the current Federal role through the establishment of a special revenue sharing approach, which could include a transfer of much of HUD's regulatory powers to newly created state, regional or metropolitan agencies which would supervise individual authorities and allocate funds among them. We must think of better ways to determine program financial requirements and to best utilize available funds.

The National Housing Conference is in a unique position, and has a membership replete with a vast amount of expertise, to assist in, or even to lead, this effort. As we at HUD move forward in

attempting to develop a new framework for the public housing program, we invite you to do the same. For the task is extremely important - much too important to be left to simply one segment of the public housing industry.

I thank you for the opportunity to present these ideas to you today and look forward to continued contact with you over the course of the coming year.

Thank you.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-138
Phone (202) 755-5277

FILE COPY

FOR RELEASE AFTER:
11 AM, Monday
March 6, 1972

HUD OFFICIAL SAYS LEAD PAINT POISONING PROBLEM CAN BE SOLVED

FILE COPY

Threatened lead-based paint poisoning of 50 - 100,000 city children can be eliminated by joint efforts of industry, labor, volunteer and community groups and all levels of government, a top HUD official testified today.

Assistant Secretary Harold B. Finger, who heads HUD's Research and Technology programs, told the Subcommittee on Health of the Senate Committee on Labor and Public Health that:

* Of the Nation's 17.1 million urban children, six years old or younger, 2.5 million live in older, substandard homes where a lead hazard may exist and estimates are that from 400,000 to 600,000 urban children may have excessive blood lead levels.

* Between 50,000 and 100,000 of these children may have so much lead in their bodies that they require treatment.

* Relatively few newer houses have significant lead levels and technological developments in paint production offer real promise for elimination of this hazard in new paint.

Mr. Finger said that the National Bureau of Standards, working under a contract with HUD, has been examining techniques and equipment which can

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FILE COPY

be used to detect lead levels and is evaluating available detection instruments.

He told the subcommittee that the cost of hazard elimination is high and the cost ranges from 50 cents to $1.50 per square foot. Mr. Finger went on to say, "Another reason that the cost for hazard removal is an important concern is that this additional cost imposed on an owner of a building that may have marginal economic value, might cause the owner to abandon it.

"Both Chicago and Philadelphia report that abandonment has resulted when orders were issued to remove the lead based paint hazard. In Philadelphia, about 10 percent of the units were abandoned as a result of compliance orders."

"If we are to make any headway in the elimination of lead-based paint poisoning and if we are to protect future generations of children from this disease," he said, "it is important that we not add to the supply of hazardous dwelling units.

"This can be accomplished if local communities can prevent or control the deterioration of dwelling units which contain lead-based paint and if paint with hazardous lead levels is not applied to new or existing units."

Mr. Finger said that to help HUD operating programs and those of other Federal agencies to implement the prohibition against using paint with more than one percent lead, the Department is developing a program to determine the lead content of household paints. A nationwide sampling of about 400 samples is under way and of 198 samples already analyzed, 51 -- 26 exterior and 25 interior paints -- were found to have more than one percent lead in the dried solids.

He said that the fact that so many custom-mixed paints had high lead levels gave rise to the possibility that the tint added by the retailer introduced the excessive lead levels. This is being studied further.

Mr. Finger told the subcommittee, which is considering a change in the one percent lead level, that "we cannot at this time state what that level should be."

"It is, we feel, a complex issue," he said. "The determination should be made on the basis of the evaluation of existing technical and medical data and should be periodically revised as new data becomes available."

The Assistant Secretary advised the subcommittee of some actions already being taken by the Department to combat lead based paint poisoning:

1. An order has been issued to agencies involved in HUD programs prohibiting the use of such paint.

2. Model Cities agencies in Washington, Philadelphia, New Orleans, Boston, Worcester, Mass., and Chicago are involved in lead poisoning prevention programs. The Model Cities Service Center, a HUD-supported activity, is studying the possibility of holding a workshop this Spring to plan and implement further programs.

3. Funds for the modernization of public housing have been used to eliminate the hazard in Philadelphia and Lackawanna, N. Y.

4. HUD is working with major model code groups to develop an effective and enforceable housing code which will cover the problem.

Mr. Finger advised the subcommittee that the proposed Urban Community Development Special Revenue Sharing, now before Congress, could help communities in combatting the lead based paint problem. Federal assistance could be used at local discretion to help eliminate the problem through code enforcement and other means.

"I believe we are making good progress in our research and demonstration program," Mr. Finger said. "Our operating programs -- most notably Model Cities -- have encouraged action programs by local communities to attack this serious problem of lead poisoning in children. Much more remains to be done, however, by all levels of government, industry, labor, volunteer groups, and community groups to eliminate this problem.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-151
Phone (202) 755-5277
(Bacon)

FOR RELEASE AFTER:
4:00 P.M. Tuesday
April 4, 1972

HUD GUARANTEES TEXAS NEW TOWN NEAR HOUSTON

A Texas new community--the largest yet to receive an offer of Federal help--today became eligible for $50 million in guarantee assistance from the Department of Housing and Urban Development.

HUD Secretary George Romney announced the tentative commitment to the developer of The Woodlands, a new town of 150,000 population north of Houston proposed for development over a 20-year period on a 17,000-acre wooded tract. The HUD offer is subject to findings of a study, due in two months, on the effect of ground water withdrawal on water table levels and soil settlement.

The developer is The Woodlands Development Corporation, a subsidiary of the Mitchell Energy and Development Corporation of Houston.

Seven villages and a town center are proposed to contain 49,000 homes, about a third of which will house low- and moderate-income families, including the elderly. In addition to 26 neighborhood and village shopping areas, The Woodlands plan calls for a major regional shopping area of 1.5 million square feet.

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The Woodlands Development Corporation has donated a 400-acre site for proposed construction of a 15,000-student branch of the University of Houston. Three elementary schools, two intermediate schools and a junior high school are planned for The Woodlands during the next five years.

Located 30 miles north of Houston, west of I-45, the site will include 2,000 acres for industrial use. It is estimated The Woodlands will provide industrial and business jobs for 30,000 people, in addition to on-site construction employment.

About 3,359 acres of open space are being allocated for wildlife "corridors" through the development, parks, buffer zones between land uses, and for pedestrian trails and pathways.

Urban activity areas of 1,263 acres are designed to include commercial, business, institutional and governmental establishments. A metro center will provide regional facilities, while a town center is proposed to meet shopping needs of The Woodlands residents.

The 6,172 acres in residential land-use will be divided into seven villages, each carefully planned to provide a mix of income and ethnic groups in rental and sale of homes.

Some 4,200 acres in The Woodlands will be retained as open space or developed as recreation areas. Sewage treatment systems, storm water drainage, roadways and paths have been designed to minimize air, ground and water pollution and to preserve wildlife.

-more-

A pre-paid total health-care plan, including preventative medical help and treatment, is under design for The Woodlands by staffs of the Texas Medical Center and Baylor University medical schools. A two-way cable communication system linking homes, community centers and schools is under study, and programs of shared religious facilities within The Woodlands also are planned.

Three highly efficient pure oxygen sewage treatment systems are planned for The Woodlands to prevent possible contamination of ground water sources under the new town. A unique system of storm water drainage using grass swales, flood control dams and ground water recharge areas is proposed, and the use of porous concrete for roads and paths is under study to allow retention of rainwater in the soil on site.

Fiscal impact studies indicate that local tax revenues generated by the new community development will exceed outlays by Montgomery County and the Conroe Independent School District, of which The Woodlands is a part.

The city of Houston has included The Woodlands site in its area of extra-territorial jurisdiction, paving the way for possible annexation to that city at a later date.

The Woodlands $50 million commitment is the largest amount pledged by HUD to any of the nine new community developments approved to date and is the maximum permitted under Title VII, Housing and Urban Development Act of 1970.

(Summary attached)

HUD-No. 72-151

THE WOODLANDS SUMMARY

1. Project Name: The Woodlands. Project entirely within Montgomery County, Texas.

2. Developer: The Woodlands Development Corporation, a subsidiary of Mitchell Energy and Development Corporation of Houston.

3. Location: Approximately 30 miles north of downtown Houston.

4. Acres: The project consists of 16,937 acres.

5. Terrain: Relatively flat to rolling woodlands.

6. Access: Project lies immediately west of Interstate Highway #45 (Dallas Expressway) to which it will be connected at four interchanges.

7. Population: 150,000 residents in 20 years.

8. Dwelling Units: Total = 49,160 Single Family = 19,660 Multi-Family = 29,500

9. Land Use:

	Percent
Primary Open Space	16.5
Secondary Open Space	7.7
Primary Road System	8.9
Industrial/Employment	12.0
Residential	36.4
Town/Village/Neighborhood Centers	5.8
University	2.4
Regional Office/Commercial/Retail/Hotel	1.7
Reserve	8.6
	100.0

10. Low- and Moderate-Income Housing: Developer plans to provide between 30-40 percent of the housing in the low- and moderate-income range. The amount of Federal assistance required is not known at the present time.

11. Innovation: Ecologically analyzed land plan; conservation and recharging water table with storm drainage; and pure oxygen sewage treatment; effluent recycling.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-152
Phone (202) 755-5284
(Dan Day)

FOR IMMEDIATE RELEASE:
Monday
March 13, 1972

FEDERAL ADMINISTRATOR URGES INDUSTRY ATTACK ON ARSON

Expressing concern over the mounting incidence of arson for profit, Federal Insurance Administrator George K. Bernstein today urged the insurance industry to use its existing underwriting authority to curb these illegal practices.

In a letter to the Chief Executive Officers of all insurers purchasing Federal riot reinsurance, Mr. Bernstein expressed hope that the arson problem would not be used by the industry "as an excuse for further underwriting restrictions not related to arson frauds."

The Federal Insurance Administration, a part of the U.S. Department of Housing and Urban Development, has long been critical of those insurance industry underwriting practices which arbitrarily deny coverage to insureds on the "whim of an underwriter," thereby forcing applicants for coverage into the FAIR Plans and other residual markets.

FAIR (Fair Access to Insurance Requirements) Plans are associations of insurance companies set up to make essential property insurance more widely available in inner-city and urban areas.

- more -

Mr. Bernstein cited the recent report of a St. Louis, Mo., Grand Jury which criticized the insurance industry for improperly claiming that Federal restrictions on denial of FAIR Plan coverage were impeding the industry in its fight against arsonists.

The Grand Jury, in rejecting the industry's attempt to shift responsibility for failure to cope with the arson problem to the Federal Government, was generally critical of the failure of the industry to adequately police the overall arson problem.

A copy of Mr. Bernstein's letter is attached.

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

IN REPLY REFER TO:

TO THE CHIEF EXECUTIVE OFFICER OF EACH PROPERTY INSURER
HOLDING A HUD REINSURANCE CONTRACT

Arson for Profit

In recent months there has been considerable concern on the part of the public, this office, several Commissioners, and many in the insurance industry about the increasing incidence of arson related to property insurance, both in the voluntary market and in the FAIR Plans.

In order to encourage more effective coordination of various efforts to reverse this trend, our office called a December 14 meeting in Chicago of Federal, State, and local officials, and of industry representatives. Continuing efforts were pledged to stem the tide of arson for profit.

Unfortunately, certain insurance industry spokesmen have suggested that the Federal regulations applying to FAIR Plan operations, which seek to assure a broad and equitable availability of essential property insurance at reasonable rates in all areas, have contributed to the inability of the insurance industry to properly police the arson situation. Such a position is totally unsupported by the facts and is refuted by the express provisions of our existing regulations.

The following excerpt from the report of a recent St. Louis, Missouri, Grand Jury, which investigated the problem of arson for profit, gives a less-biased assessment of the facts. The Grand Jury addressed itself specifically to the claim by certain industry representatives that pressures from Washington forced insurers writing coverage under the FAIR Plan to accept many risks contrary to their best judgment, and it totally rejected all such assertions. Its findings were as follows:

"F. Federal Controls

"State laws set up the FAIR Plan operation and these laws are undergirded by the Federal legislation of 1968, implementation of which is under the jurisdiction of the Department of Housing and Urban Development.

> "We have been led to believe that pressures from Washington force insurers writing coverage under the FAIR Plan to accept many risks contrary to their best judgment. Our understanding is directly contrary to this. Nowhere did we find that the Federal directives or guidelines required insurers to assume questionable, let alone ridiculous, risks. The plan established for the States included a list of ten provisions, one of which says in part, 'if the risk meets reasonable underwriting standards at the applicable premium rate', it shall be written. Additional latitude is given insurers under the Federal rule which states, 'plans may vary from state to state due to local conditions'. Taking local conditions here into consideration, it seems to us that the FAIR Plan should have eliminated some of the worst of their risks without any hesitation. The defense that the Federal regulations did not permit this was not supported in our investigation."

In addition to rejecting the industry's attempt to shift responsibility, the Grand Jury report was generally critical of the failure of the insurance industry to police the overall arson problem.

At the Chicago meeting there was a clear indication by both State officials and industry representatives that arson fraud is not a new problem and that it is probably just as prevalent outside the FAIR Plans as within it. Despite these observations, little has since been done either to organize or reinstate appropriate industry investigatory bodies, such as the American Insurance Association's former Fraud and Arson Bureau (discontinued in 1970), or to set up or update appropriate arson loss reference files either nationally or within individual States.

If it exercised the necessary initiative, the insurance industry already has adequate underwriting powers, and nothing in the Federal Insurance Administration's FAIR Plan regulations impinges upon its ability to apply the sound and proper underwriting standards needed to deter a high incidence of arson for profit. This underwriting freedom can be exercised without refusing to write insurable risks, and, of course, also exists with respect to voluntary writings outside the FAIR Plan.

It would indeed be unfortunate if the industry succumbed to the popular social convention and claimed that it was the victim of its environment.

Sincerely,

George K. Bernstein
Federal Insurance Administrator

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-153
Phone (202) 755-5277
(Servoss)

FOR RELEASE AFTER:
10 A.M., Wednesday
March 15, 1972

BREAKTHROUGH PHASE III HOUSING DEVELOPMENTS NAMED

Twenty-four housing developments utilizing Operation BREAKTHROUGH housing systems were named today by Secretary George Romney of the U.S. Department of Housing and Urban Development.

The 24 projects, containing 5,068 housing units, are in addition to the Phase II Operation BREAKTHROUGH activity being conducted on nine demonstration sites across the Nation. The developments named today are part of BREAKTHROUGH's Phase III volume production stage. They have all qualified under priority review procedures as "BREAKTHROUGH Phase III Housing Developments."

Speaking at a ceremony in Kalamazoo, Mich., marking the first occupancy of homes on a BREAKTHROUGH demonstration site, Secretary Romney said, "The volume housing production promised by Operation BREAKTHROUGH is now well under way. As we mark the first movement of families into homes on a BREAKTHROUGH site today, Phase III volume production of BREAKTHROUGH units is taking place in scattered areas across the United States."

The Secretary repeated his earlier prediction that by 1980, "two-thirds to three-fourths of all housing in this country will either be factory-built or will use prefabricated components."

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To qualify as BREAKTHROUGH Phase III Housing Developments, projects must meet the following criteria:

(1) They must consist of units furnished by one of the Operation BREAKTHROUGH system producers, or an approved franchisee.

(2) They must meet all standard processing requirements and procedures of the local FHA Office having jurisdiction and have been issued a formal FHA letter of feasibility.

(3) They must pass a second and more stringent review by Operation BREAKTHROUGH Washington staff for the design and site planning quality and for the advanced procedures to be used in housing management.

(4) They must have fully completed their Phase II testing and evaluation and therefore be eligible for Operation BREAKTHROUGH contract authority for Sections 235, 236, or rent supplement housing.

"These projects can only be identified as BREAKTHROUGH Phase III Housing Developments when the FHA has formally issued a feasibility letter," Secretary Romney said, "and the 24 projects named today all have reached this stage.

"The Phase II BREAKTHROUGH demonstration housing on the nine original prototype sites has been subjected to the most rigid on-site and off-site tests to develop and assure quality control methods," the Secretary noted.

"HUD is assuring that Phase III developments associated with BREAKTHROUGH will result in the same high quality. We have learned many valuable lessons during our prototype development, and these lessons are being applied to Phase III developments."

The 24 Phase III projects which have been issued FHA feasibility letters are scattered through 14 States and Puerto Rico. According to Secretary Romney, an additional 20,000 units are now in various stages of processing. By June 30 these units are expected to have reached feasibility clearance making a total of nearly 25,000 Phase III units. "This will essentially conclude HUD's program of providing priority incentives for the BREAKTHROUGH housing systems now participating," Secretary Romney added.

The following is a listing of the BREAKTHROUGH Phase III Housing Developments, the systems procedures involved, and the number of units in each of the projects:

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BREAKTHROUGH PHASE III HOUSING DEVELOPMENTS

HUD REGION I

Name	Location	System Producer	Units
Sherred Village	Bath, Maine	Hercules	200
Brook Village	Nashua, N.H.	General Electric	160
Spring Meadow	Springfield, Mass.	Hercules	270
Chatham Village	Providence, R.I.	General Electric	40
Bella Vista I	New Haven, Conn.	Rouse Wates	620

HUD REGION II

Monaco Apartments	San Juan, Puerto Rico	Shelley	279

HUD REGION III

Spruce Park	North Lebannon, Pa.	Hercules	150
Abbott House	Columbia, Md.	Rouse Wates	100
Southmoor	Charleston, W. Va.	Scholz/Hercules	248

HUD REGION IV

West Hills Community	Corinth, Miss.	National Homes	193
Hathaway Court	Covington, Ky.	FCE Dillon	159

HUD REGION V

Autumn Woods	Detroit, Mich.	National Homes	286
Parmatown Woods	Parma, Ohio	FCE Dillon	201
Parkview Place	Detroit, Mich.	FCE Dillon	179
Spring Hill	Akron, Ohio	FCE Dillon	349
East Pointe	Toledo, Ohio	Scholz	164
Winchester Gardens	Columbus, Ohio	Levitt	206
Amberly Apartments	Columbus, Ohio	Scholz	112
Ashwood Center	Cincinnati, Ohio	Scholz	152
Avon	Detroit, Mich.	Levitt	100
Fellows Creek	Detroit, Mich.	Levitt	146

HUD REGION VII

Riverbend	St. Louis, Mo.	Rouse Wates	102
Parvin Estates	Kansas City, Mo.	Home Building	300

HUD REGION IX

Sierra Nevada	Las Vegas, Nev.	General Electric	352
		TOTAL-----	5,068

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-156
Phone (202) 755-6980
(Gross)

FOR IMMEDIATE RELEASE:
Tuesday
March 14, 1972

ROMNEY NAMES TWO SPECIAL CONSULTANTS FOR "TOP" MEETINGS

Secretary George Romney today announced the appointment of an urbanologist and a former state director of HUD-FHA as part-time special consultants.

They are Lawrence S. Katz, former Wisconsin state director of HUD-FHA, and George Sternlieb, professor of urban and regional planning and director for the Center for Urban Policy Research at Rutgers University.

"Mr. Katz and Mr. Sternlieb will be involved in an advisory capacity in the planning and structuring of a series of five meetings in the metropolitan areas of Boston, Detroit, Philadelphia, St. Louis, and Wilmington," Mr. Romney said.

The meetings, jointly sponsored in each city by the Governor of the State, Secretary Romney, and the Regional Council of all domestic Federal Government agencies, will assemble private leaders and government officials at all levels.

The purpose of these "TOP" meetings will be to determine whether these metropolitan areas want to employ available resources and leadership in developing metropolitan solutions to metropolitan problems or whether they want to continue to seek solutions on the basis of the present balkanized local government structure. "TOP" stands for The Option Process and refers to the alternative choices which will be outlined at the sessions.

- more -

"Mr. Katz and Mr. Sternlieb, by virtue of their long and varied experience, will be able to assist us in this effort," The Secretary declared.

In addition to his part-time duties for the Secretary, Mr. Katz will continue in his position of vice president of urban affairs and finance for the Midland National Bank of Milwaukee, a position he has held since August 1971.

From 1962 to 1971, he was the Wisconsin state director of HUD-FHA. Between 1946 and 1962, Mr. Katz was the owner and president of Metropolitan Construction Company in Milwaukee and for 10 years, beginning in 1936, he was an attorney with the Wisconsin Industrial Commission.

A graduate of Marquette University and its Law School in 1934, Mr. Katz practiced law for two years prior to joining the Industrial Commission.

Mr. Sternlieb has served in his dual capacity at Rutgers University since August 1962. Prior to that time, he served as a research assistant at the Joint Center for Urban Studies at Harvard University for two years and as a research analyst for the Harvard Business School from 1958 to 1960. Mr. Sternlieb was an executive with a major New York City department store from 1953 to 1958.

He received his doctorate degree in business administration at Harvard University in 1962.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-153
Phone (202) 755-5277
(Servoss)

FOR RELEASE AFTER:
10 A.M., Wednesday
March 15, 1972

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HUD REGION VII

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Parvin Estates	Kansas City, Mo.	Home Building	300

HUD REGION IX

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		TOTAL-----	5,068

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-162
Phone (202) 755-5277
(Norris)

FOR RELEASE AFTER:
2 P.M., Thursday
March 16, 1972

FILE COPY

NEW GNMA SECURITY ANNOUNCED FOR FHA TITLE I MOBILE HOME LOANS

A new mortgage-backed security to facilitate financing under the FHA Title I Mobile Home Loan Program was announced today by the Government National Mortgage Association of the Department of Housing and Urban Development.

In a speech to the 1972 Institute of Investment Banking at the Wharton School of Finance and Commerce in Philadelphia, Woodward Kingman, President of GNMA, said the program will become operative on April 25, following a 30-day waiting period after publication of regulations in the Federal Register later this week.

Under the proposed regulations, GNMA securities can be issued against a pool of FHA Title I mobile home loans in the minimum amount of $500,000. With a minimum denomination of $25,000 each, a maturity of 12 or 15 years, and a face interest rate of 6 percent, the securities can be sold at a discount to provide the yield required by investors.

Under the "modified pass-through" concept, payments of principal and interest will be passed through to the investor each month, whether or not collected from the borrower, under the guaranty of GNMA representing the full faith and credit of the U.S. Government.

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"The program will offer two important advantages to the consumer," Mr. Kingman emphasized. "First, it will assure the buyer a substantially lower down-payment and monthly payments from 15 percent to 20 percent less than would be possible in conventional financing through commercial banks or finance companies. Second, because all mobile homes financed under the program must meet FHA minimum property standards, the consumer will be assured better quality of construction than might be obtained through conventional financing."

In a concurrent statement, Charles E. Walsh, FHA Assistant Commissioner for Property Improvement, said that the FHA insurance premium for Title I mobile home loans had been reduced from .70 percent to .50 percent (approximate simple interest basis) to facilitate the program. Mr. Walsh explained that financing for mobile home loans previously available under the FHA Title I program had not been attractive to lenders, since commercial banks and finance companies can charge from 12 percent to 15 percent on installment loans. Thus, while over $10 billion in mobile home loans are outstanding, only $34 million of such loans have been financed through FHA. With mobile home production expected to total about 500,000 units again this year, the potential amount to be financed under the new GNMA program is considerable.

To be eligible for the program, loans must be made for a term of either 12 years at 7.97 percent simple interest (the maximum statutory limit) in an amount not to exceed $10,000 on single-wide units, or for a term of 15 years at 7.61 percent simple interest in an amount not to exceed $15,000 on double-wide units.

Out of the mobile home loan rate are taken fees and charges as shown below, so that the resulting face interest rate on the security is 6 percent:

Single-wide units		Double-wide units
7.97 percent	Loan rate	7.61 percent
.47 percent	FHA Insurance	.51 percent
1.00 percent	Servicing fee	.60 percent
.50 percent	GNMA fee	.50 percent
6.00 percent	Security rate	6.00 percent

The issuer receives a larger servicing fee on the smaller mobile homes because the principal amount of such loans is smaller, while the cost of collection is the same. As an incentive to minimize losses, GNMA will set aside 70 percent of its guaranty fee in reserve for payment, less any amounts paid by GNMA in claims, as additional servicing compensation to the issuer/servicer upon satisfaction of all outstanding security obligations with respect to each pool.

Manufacturers or sellers of mobile homes can either form their own finance subsidiaries to issue the securities, or can use traditional mortgage lenders. In either case, the issuer must be an approved FHA Title I lender and have a net worth in assets acceptable to GNMA of no less than $100,000 and in a ratio of (1) not less than 3 percent for the first $5 million of guaranteed securities outstanding after such issue, (2) not less than 2 percent on the succeeding $5 million, and (3) not less than 1 percent on all over $10 million but in no case need such net worth exceed $500,000.

-more-

Pricing of the GNMA securities is determined solely by the issuer and investor. With the face interest rate at 6 percent, prevailing market conditions would dictate discounting the securities to provide the investor a yield commensurate with that of other GNMA securities which currently yield about 6.8 percent to 7 percent, taking into account the fact that the expected average life of the mobile home securities will be a few years less than for the GNMA securities backed by FHA/VA residential mortgages. Discount points may be charged only to the manufacturer/seller.

The original GNMA mortgage-backed securities program was launched in February, 1970. In the two years since the first issue, a total of $3.9 billion of these "pass-through" securities have been sold.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-172
Phone (202) 755-5284
(Dan Day)

FOR IMMEDIATE RELEASE:
Tuesday
March 21, 1972

FIRM ORDERED TO HALT SALES OF LOTS IN PENNSYLVANIA

George K. Bernstein, Interstate Land Sales Administrator in the U.S. Department of Housing and Urban Development has announced that all sales of lots in the Charnita Incorporated subdivision in Pennsylvania have been suspended.

Mr. Bernstein, who is also Federal Insurance Administrator, said the suspension order was issued to Charnita by the Office of Interstate Land Sales Registration (OILSR) on March 17. The firm may not resume sales until the suspension order is lifted.

The suspension occured after the Pennsylvania Department of Environmental Resources, which had earlier restricted the use of septic tanks or holding tanks for sewage in Liberty and Hamiltonban Townships (in which the Charnita subdivision is located), on March 6 suspended the issuance of all sewage disposal permits in the two townships, except for certain restricted areas in which septic tanks may be used.

Under Pennsylvania law, a local authority may not issue a building permit on any property for which a sewage disposal permit has not been obtained.

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Mr. Bernstein pointed out that, under the Federal land registration law which became effective in April 1969, land developers selling subdivisions of 50 or more unimproved lots in interstate commerce must give purchasers a report making full disclosure of significant factors which affect the buyer's interest in his lot, such as the kinds of community facilities to be provided, and when, and the nature of its surroundings.

Whether the suspension order is lifted at all will depend on the action taken by the State of Pennsylvania and whether Charnita, in its Property Report, accurately reflects the effect of such action on prospective purchasers.

The Property Report must be in the form and contain the material required by the Office of Interstate Land Sales, but the action of OILSR in permitting the filing to become effective does not constitute an endorsement by the Federal Government of its contents or its representations. If a copy of the Property Report is not given to the buyer before or at the time he signs a purchase agreement, he may void the purchase agreement.

Mr. Bernstein stated that "anyone buying a lot in a subdivision subject to the Federal law must be provided all relevant information about the lot and the uses for which it is suitable. If the buyer can't build a house, for example, because he can't obtain a building permit or normal utility services or cannot legally dispose of sewage and waste, he should be told so in plain language. He should be told in advance of his purchase when utilities will be available and when he can expect to get a building permit from local authorities, and the developer should be held to his promises."

-more-

Mr. Bernstein added that HUD in sponsoring amendments to the Federal law, which have already passed the Senate and which he hopes will soon become law. The proposed amendments would extend the 48-hour recision period during which purchasers may rescind the sale if they did receive a property report prior to sale but did not receive it more than 48-hours prior to sale. They would also prohibit developers from inducing purchasers to waive in advance of purchase their statutory right to rescind the contract. These changes, he noted, are being opposed by the land development industry.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-173
Phone (202) 755-5277
(Spiegel)

FILE COPY

FOR RELEASE:
Wednesday
March 22, 1972

HUD, TSU CONTRACT TO USE BLACK COLLEGE RESOURCES TO AID COMMUNITY DEVELOPMENT

The U.S. Department of Housing and Urban Development today signed a contract with Texas Southern University of Houston, Texas, to find new ways to utilize the resources of black colleges in fostering community development activities.

Texas Southern, a predominantly black college with more than 6,000 students, is the first institution to receive a national contract as the result of recommendations to President Nixon by presidents of black colleges formulated at a HUD-sponsored conference in February, 1971.

TSU is situated in the model neighborhood impact area in Houston. The $135,000 contract covers a 13-month period starting April 1. In addition to these funds, other Federal agencies have been encouraged to participate in aiding the predominantly black college to increase its urban involvement. The contract brings with it an additional $70,000 commitment of funds from the Office of Education in the Department of Health, Education and Welfare, and the HUD Community Planning and Management Office.

- more -

This contract brings the level of TSU's involvement with the Model Cities program in Houston to more than $1 million in Federal and local funds.

Signing the contract today were Floyd H. Hyde, HUD Assistant Secretary for Community Development, and Dr. Granville M. Sawyer, President of Texas Southern University.

Specific aims of the program are:

. To halt the urban decay that surrounds the university by utilizing the institution's expansion plan as a community development program;

. To mobilize the broad resources of the university to complement the efforts of local government in the local Model Cities program;

. To train and mobilize neighborhood youth and college students to assist in community development projects;

. To make available university personnel as technical assistants to community groups active in the Model Cities program; and

. To document the procedures, organizational models, and results of the university's urban involvement for distribution to similar institutions, with recommendations to HUD for participation of higher education in urban affairs.

Robert L. Moore, HUD Special Assistant to Mr. Hyde for Citizen Participation, will be HUD's representative during the life of the contract.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-186
Phone (202) 755-5277
(Ervin)

FOR IMMEDIATE RELEASE:
Tuesday
March 28, 1972

HUD TO MARK ANNIVERSARY OF 1968 CIVIL RIGHTS ACT

Four years ago, on April 11, 1968, the Civil Rights Act of 1968 was signed, giving minority Americans for the first time--equal housing protection under a Federal law.

Today, U.S. Department of Housing and Urban Development Secretary George Romney announced that plans are underway for commemorative events during the month of April to mark the fourth anniversary of that historic signing.

"The signing of the Civil Rights Act of 1968," Secretary Romney said, "gave 25.5 million Americans a legal right to equal choice in housing and provided the legal impetus for the components of an equal housing opportunity program entrusted by the Law to this Department."

Mr. Romney said the purpose of the April month-long schedule of diverse events is to appeal to the American people for their support of equal housing opportunity. "These events," he said, "will involve top HUD officials in Washington and in the Department's 76 field offices, State and municipal officials, public and private agencies nation-wide and other Federal departments."

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He said special appeals will go out to the press and broadcast media asking them to help dramatize the need for public support to achieve the aims of Title VIII. Secretary Romney noted that a new poster calling public attention to the fair housing anniversary would be widely distributed during the month of April.

"All of the components of the Department's Equal Housing Opportunity program cannot stem widespread discrimination in housing without public support from all sectors of society", the Secretary said.

Mr. Romney said that the President signaled the call to action in a statement last year on equal housing opportunity.

"In that message," Secretary Romney said, "the President charged this Department with the responsibility for designing a basic program to achieve equal housing opportunity.

"Such a program was to correct the effects of past discrimination, ensure against future discrimination, and was to be results-oriented so as to spur progress toward the overall goal of increasing housing opportunity for all Americans."

Secretary Romney said that over the past year a number of these components have gone into effect, providing for the first time in the regulatory procedures for implementation

and enforcement of equal housing guidelines. The Secretary stressed that this institutionalization of equal opportunity considerations and protections was a decisive step forward in guaranteeing the rights of minority Americans and focusing continuing attention on the problems of disadvantaged non-white citizens and other low-income persons.

He cited some examples, such as an agreement between HUD and the General Services Administration to work together to prevent movement of Federal installations to locations where housing is unavailable to low-income and minority employees or where no provision exists to make such housing accessible.

He noted recent implementation of project selection criteria to disperse HUD-FHA assisted housing, thereby giving prospective tenants and/or buyers broader options in their choice of neighborhoods. The Secretary also stated that community development programs, such as urban renewal, open space, new communities and water and sewer must be part of a comprehensive plan which expands low- and moderate-income housing on a nondiscriminatory basis. Mr. Romney pointed out that HUD has been guided since July 1971 in its water and sewer grants by a project

selection system under which points are awarded for factors such as health and need and on the basis of whether or not housing is accessible on a nondiscriminatory basis in the area. He emphasized that proposed new HUD application procedures would favor applications for other community development programs from those communities which have or plan the nondiscriminatory expansion of low- and moderate-income housing outside low-income or minority areas.

Mr. Romney also called attention to proposed fair housing advertising guidelines which have been published in the Federal Register, and which are designed to eliminate discriminatory advertising of housing and to help newspapers, advertising agencies, and real estate industry meet requirements of the Federal Fair Housing Law. The Secretary pointed out that the advertising guidelines were complemented by a requirement that realtors and developers must display in their place of business a poster informing the public of Federal law prohibiting discrimination in housing.

Secretary Romney also pointed to regulations recently implemented prohibiting discrimination in the marketing of housing and noted that complaints of housing discrimination have tripled since the Department's Fair Housing advertising campaign went into effect last August. Mr. Romney also

declared that all FHA subsidized and unsubsidized housing, with few exceptions, is now required to be marketed in accordance with HUD's Affirmative Fair Housing Marketing Regulations. They require a sponsor to carry out affirmative programs to attract buyers or tenants of all races into his projects--typically, this requires advertising in minority media, nondiscrimination in choosing sales personnel, and the use of a HUD-approved Equal Housing Opportunity logo, slogan, or poster.

"These are among a catalogue of affirmative actions taken by this Department," Secretary Romney said.

"They are required under Title VIII of the Civil Rights Act of 1968, which directs the Secretary of Housing and Urban Development to 'administer the programs and activities relating to housing and urban development in a manner affirmatively to further the policies of this title.'"

Mr. Romney said that further details on specific commemorative events in connection with the anniversary will be announced at a later date.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-208
Phone (202) 755-5277
(Bacon)

FOR RELEASE AFTER:
3:00 P.M., Friday
April 7, 1972

NEW TOWN NEAR ROCHESTER, N.Y.
TENTH IN U.S. TO GET HUD GUARANTEE

A new community designed around family needs today became the 10th federally-assisted new town in the Nation.

Secretary George Romney of the Department of Housing and Urban Development announced approval of a $22 million Federal pledge of guarantee assistance for Gananda, a new community planned 12 miles east of downtown Rochester, N.Y. At full development in 30 years, Gananda will accommodate more than 82,500 people on an 8,705-acre site. The Federal guarantee will insure development of 5,842 acres over a 20-year period, providing housing, jobs and recreation for some 50,000 people.

Developer of Gananda is New Wayne Communities, Inc., a New York State charter corporation organized by Rochester business and community leaders.

Gananda reverses the traditional planning approach by basing its physical development on the results of social studies and surveys completed in the early phases of its inception.

-more-

Focal points of this concept will be family centers offering resident services well beyond those available in typical suburban neighborhoods, and multi-use community centers housing educational, cultural, health, government and religious facilities. The 12 family centers will provide child-development activities for pre-schoolers and elementary students, and the community centers will offer residents legal advice, consumer protection information, senior citizen activities, rental service and community meeting rooms.

Gananda is the second HUD-assisted new community in the Rochester area. Riverton, the first, will be developed on a 2,560-acre site 10 miles south of Rochester's central business district.

HUD is cooperating with the Genesee-Finger Lakes Regional Planning Board and State and local agencies to develop a planning program to assure the harmonious development of land related to the new communities of Gananda and Riverton and other developments in the Rochester area.

During its 20-year development period, Gananda will provide 17,200 housing units, 5,835 of them, or 34 percent, for sale or rental to low- and moderate-income families. A mix of housing types and income levels is planned for each neighborhood.

Residential areas will be scattered throughout the site, with access to community facilities by streets, pedestrian walkways and cycle paths. A "dial-a-ride" system for residents and others in the Rochester area is under study.

-more-

The Gananda site covers parts of the towns of Macedon and Walworth, and is within a special-purpose New Community District of 10,500 acres established by the towns. The terrain is mainly hilly farmland and wooded areas, with several streams and wetland sections. Trees, topographic and geologic features will be preserved.

Gananda will provide a full range of recreational facilities for its residents, including year-round swimming pools, basketball and tennis courts, gymnasiums, outdoor playfields, bowling lanes, ice-skating rinks and golf courses.

A flexible and unique zoning ordinance will control land use in Gananda and the surrounding New Community District. It requires a full range of housing opportunities, inter-mixing of housing types and densities, and retention of an 800-yard greenbelt surrounding the new town.

Major industrial growth is planned for the Gananda community where existing lines of the Penn-Central Railroad will meet needs of heavy manufacturing. Light industrial and research-oriented industry will be located on other sites compatible with neighboring land usage.

Innovations planned or under study for Gananda include: creation of a comprehensive, regional health-care program, with a medical team on site when the first neighborhood is occupied; establishment of a performing and fine arts program; and an "environmental facilities park" whose by-products will be used by on-site industries.

The HUD guarantee commitment is subject to approval of a project agreement outlining new community development and phasing over the 20-year development period.

(Summary attached)

HUD-No. 72-208

SUMMARY

1. **Project Name:** Gananda New Community, New York

2. **Developer:** New Wayne Communities, Inc., a New York State Charter Corporation organized by local and community leaders. Officers are: Stewart D. Moot, attorney, President; Phillip A. Kemp, former executive with the Urban Design and Development Corporation, Vice President; and David M. Strasenburgh, former official with Strasenburgh Industries, Treasurer.

3. **Location:** In Wayne County, N.Y., one mile from the Monroe County line, 12 miles east of the center of Rochester.

4. **Acres:** The site is within a New Community District of 10,500 acres, 8,700 acres of which are under option by New Wayne Communities, Inc. The Title VII project guaranteed by HUD will involve 5,842 acres, to be developed over a 20-year period. HUD guarantee assistance has not been requested for the mature community which will be completed within 30 years, covering 8,705 acres and accommodating a population of 82,500 people.

5. **Terrain:** The site consists predominantly of hilly farmland and wooded areas. The southern boundary of the New Community District, in which Gananda is located, is the New York State Barge Canal.

6. **Access:** The most direct existing highway link between Rochester and the Gananda site are New York State (NYS) Route 441, NYS 31 F, and NYS Route 31. All three connect with Interstate 490, which links Rochester with the New York State Thurway at Exit 45, six miles southwest of the Gananda site.

7. **Population:** 49,650 within 20 years.

8. **Dwelling units:** 17,200 total units

9. **Low- and moderate-income housing:** 5,835, or 34 percent of total housing stock, for sale or rental.

-more-

HUD-No. 72-208

SUMMARY
(Cont'd)

10. Land Use:
(20-year period)

Type	% of Total
Residential	42.7
Commercial	4.1
Industrial	13.7
Open Space	27.3
Educational	1.4
Public and Semi-Public	2.0
Major Roads	8.8

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-216
Phone (202) 755-5284
(Evans)

NOTICE OF PUBLICATION
FOR RELEASE:
Wednesday
April 12, 1972

HUD RELEASES NEW BIBLIOGRAPHY ON CONDOMINIUMS AND COOPERATIVES

A new bibliography, Condominium and Cooperative Housing, 1960-1971 has been issued by the U.S. Department of Housing and Urban Development.

The 32-page publication, prepared by HUD's Library and Information Division, lists some 250 references, including books, periodicals, articles, surveys, reports and legal references published from 1960 to 1971. United States and Canadian practices are included in the survey.

The bibliography was prepared as a service to fill requests to HUD's Division of Condominium and Cooperative Housing for information on the subject. The requests, which reflect the rising popularity of condominiums and cooperatives as a form of homeownership, have come from homebuyers, builders, planners, lawyers, students and others.

The publications lists references under the following headings: General Background, Appraisal and Taxation, Legal Aspects of Condominium, Cooperative Housing, State Laws on Condominiums and Co-ops, and Information on HUD Programs.

- more -

Other sections list some 90 general and specialized periodicals which carry articles on the subject from time to time, addresses for periodicals cited and publishers addresses.

Condominium And Cooperative Housing, 1960-1971, (Stock No. 2301-0007) may be purchased for 45 cents a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-219
Phone (202) 755-5277
(Spiegel)

FOR RELEASE:
Thursday
April 13, 1972

NEW HUD PROJECT SELECTION SYSTEMS TO BE IN FEDERAL REGISTER, APRIL 14

The U.S. Department of Housing and Urban Development said today that details of revised, simplified project selection systems for four major programs, will be published in the Federal Register, April 14.

Programs covered by the new regulations which take effect May 15 are Neighborhood Development, Neighborhood Facilities, Public Facility Loans, and Open Space Land.

Floyd H. Hyde, Assistant Secretary for Community Development, who is responsible for the programs, said "the new systems provide field office staffs with a fair, equitable, and expeditious system for approving applications for funds in these programs.

"To accomplish this goal a team approach will be used, with maximum reliance on information available to HUD area offices, with minimal additional data being submitted by the applicant. Staff judgments will be based on information in the application, or currently on file in the area office, local staff discussions, and site visits."

In short, the new system will operate as follows:

-more-

All applications will be reviewed against stated legal prerequisites to eliminate immediately clearly ineligible or inappropriate proposals.

The applications remaining after this screening will be rated against criteria established for each program, and will competite against all other applications received in the Area Office for a given period. Applications receiving the highest numerial ratings will get conditional recognition, within the available funds for that period. Prompt notifications will be made, either for conditional acceptance or rejection. If the proposal is rejected, applicants will receive notices of the areas of deficiency.

Mr. Hyde said the new system, worked out over a period of nearly a year, with open hearings held to obtain the suggestions, criticisms, and amendments of the public and public interest groups, "will result in uniform evaluation and cut very substantially processing time. Most importantly it will relieve applicants of the need to prepare extensive and more often expensive technical material if the application is found ineligible in the early screening, and, in general, provides applicants with conditional acceptance of their applications within a three-month period, or at most, within two consecutive three-month periods."

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-219
Phone (202) 755-5277
(Spiegel)

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# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-243
Phone (202) 755-5284
(Anderson)

FOR RELEASE AFTER:
1:30 P.M., Friday
April 21, 1972

ROMNEY ANNOUNCES CREATION OF CENTER FOR HOUSING MANAGEMENT

Secretary George Romney, of the Department of Housing and Urban Development, today announced a National Center for Housing Management to train and certify approximately 60,000 housing managers needed to operate the 5 million federally-assisted rental housing units expected by 1980.

The Center, a private, not-for-profit organization, was created by an Executive Order announced today by President Nixon. Secretary Romney today named the 15 incorporators, who will organize the Center to be located in the Washington, D.C. metropolitan area.

"The Center will develop and direct a new expanding profession offering employment and career opportunities to thousands of Americans," Mr. Romney said. "It will focus national attention on the need to increase available skilled housing management personnel and upgrade and improve the housing management field. The Center will develop a course of study and training of housing managers and a system whereby this curriculum can be used by agencies and institutions throughout the country.

- more -

"Today's Executive Order reasserts this Administration's commitment to the national goal of a decent home and suitable living environment for every American family," the Secretary said. "In the first two fiscal years of this Administration, five times as many assisted units were produced than the average of the years in the 1960s. But housing production must be balanced by good management so that durable housing is ensured while the housing supply is being increased."

Good management, the Secretary said, will help assure a suitable living environment for the residents, preserve physical assets, and protect the public and private investments in these units for many years.

The 5 million government assisted rental housing units expected by 1980 will shelter some 20 million Americans, many of them elderly. The operation of 5 million units will require 60,000 professional housing managers, almost 112,000 maintenance and clerical personnel, and 93,000 craft service individuals.

"Housing production -- a process covering about two years -- is a professional effort," Mr. Romney said. "Yet the management of housing -- spanning 40 years -- is only now being recognized as a profession."

He pointed out that there are only about 2,500 people nationally who have been certified as housing managers under private association training programs and few of these professionally trained persons are involved in managing federally-assisted housing.

The Center will combine educational and training skills, organizational capacity, and practical management experience to build a well-based nationwide housing management industry that provides the recognition and compensation needed to attract the talent for the industry.

A component of the Center -- the Institute for Housing Management Training -- will initiate a pilot program to train and certify managers of low and moderate income housing. The Institute will design a system to extend nationwide the basic training program to provide the geographical distribution needed to develop the manpower resources for assisted housing.

"At present," Mr. Romney said, "the assisted housing management industry is fragmented and unorganized and lacks the kinds of incentives, prestige, professionalism, and career opportunities needed to attract and retain talented people.

"Housing management is a long-range responsibility and mission, requiring long-range and dedicated public attention and interest which the Center can provide. We expect that the Center will in time benefit not only low-income families living in government assisted housing, but all Americans."

The Center is an outgrowth of a study by a task force of the National Corporation for Housing Partnerships, ordered a year ago by Secretary Romney. The group's conclusions and recommendations on the practices and needs in government assisted housing led to the Presidential decision to establish a Center.

# # #

NATIONAL CENTER FOR HOUSING MANAGEMENT INCORPORATORS

The incorporators for the National Center for Housing Management, which was announced today to spur the training of housing managers for government assisted housing, were named today by HUD Secretary George Romney.

They are:

Carter L. Burgess, Chairman of the Board of Sky Chefs Inc. and the first Chairman and Chief Executive of the National Corporation for Housing Partnerships. Mr. Burgess directed the task force of the NCHP which recommended the National Center. He has served as Ambassador and Assistant Secretary of Defense and is currently on the boards of several business and financial organizations.

Mr. Burgess was designated as temporary chairman until the incorporators organize a permanent organization.

Lester P. Condon, Executive Vice President of the Federal National Mortgage Association (FNMA) and former HUD Assistant Secretary for Administration. He has wide experience in housing, having served eight years as an official in HUD's predecessor agencies.

Cleveland L. Dennard, President of the Washington Technical Institute, Washington, D.C., since its formation in 1967. During his tenure, the Institute's student body has grown to more than 5,000. Dr. Dennard previously served as director of the Carver Vocational and Adult Schools in Atlanta and as Deputy Commissioner for Human Resources in New York City.

- more -

Mrs. Dorothy S. Duke, housing specialist for the National Council of Negro Women. Mrs. Duke has spearheaded the development of home-ownership opportunities for low-income families using the public housing program.

Arthur A. Fletcher, Executive Director of the United Negro College Fund and chairman of the Domestic Council's Cabinet Committee to Eliminate Economic Discrimination. He has served as alternate representative for the United States to the U.N. General Assembly and is a former Assistant Secretary of Labor.

William C. Haas, President of the building, rehabilitation, and management firm of William C. Haas & Co., Kansas City, Mo., and former President of the Institute of Real Estate Management. He has been active in many Kansas City organizations in the real estate and management field.

William J. Hamilton, Chairman of the Board and past President of the National Association of Real Estate Brokers. He is owner of the R & H Realty Co. in Cleveland, a firm involved in real estate sales, management, and appraisal. Active in business and civic organizations, Mr. Hamilton has been vice president of the Minority Economic Developers Council.

Lloyd D. Hanford, former President of the Institute of Real Estate Management, is President of Lloyd Hanford Jr. and Co., specializing in appraisal and consulting on urban real estate. He has been active in many professional and business organizations in San Francisco.

Anthony R. Henry is Director of the National Tenants Information Service Inc. and former Director of the National Tenants Organization. Previously he directed the nationwide tenants rights program of the American Friends Service Committee and served with tenants and housing organizations in Chicago.

Alex B. Lacey, Dean of the School of Urban Life, Georgia State University in Atlanta. He has been active in many community organizations, including the Citizens Advisory Committee for Urban Development, the Legal Aid Society, the Governor's Commission on Housing, and HUD's Urban Studies Fellowship Advisory Board.

Fred B. Morrison, President of Lomas & Nettleton Co., a mortgage banking firm in New Haven, Conn. He has served as an investment officer for the Metropolitan Life Insurance Co. and was Executive Secretary of the Voluntary Home Mortgage Credit Program of HHFA, HUD's predecessor.

William F. Rafsky, Executive Director of Greater Philadelphia Movement. He served as Director of the Philadelphia Redevelopment Authority and as Executive Secretary to the Mayor. He is a past President of the National Association of Housing and Redevelopment Officials and has received awards for his service from local and national organizations.

Mrs. Edna Torres de Ranck, Sub-Administrator of the Urban Renewal and Housing Administration in Puerto Rico, where she directs research and planning for urban renewal and housing programs. She has been involved in numerous international activities in research, economics, and urban affairs.

Daniel Robinowitz, President of Daniel Investment Co., a large developer of apartments in Dallas, Houston, and New Orleans.

Mrs. Mary L. Scranton of Dalton, Pa., is a former member of the Governor's Council on Housing. She has been active in non-profit and land bank organizations promoting low and moderate income housing. Among other civic activities, she has served as urban ombudsman in housing, recreation, and environmental pollution.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

Phone (202) 755-5284

STATEMENT BY GEORGE ROMNEY, SECRETARY
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Senior Citizens' Month
May 1972

The Department of Housing and Urban Development is marking Senior Citizens' Month with a series of actions designed to improve the quality of housing for older Americans and to provide them with increased opportunity for participation in community betterment. These actions are responsive to the ACTION NOW goals set by President Nixon in designating May as Senior Citizens' Month and to the recommendations of the White House Conference on Aging.

First, I have released instructions today to all HUD Field Offices to the effect that those persons 62 years of age or over whose accumulated assets total not more than $25,000, shall be eligible to buy homes under our assisted homeownership program (Section 235). For persons 65 years of age or over, the limit shall be $35,000. In the case of persons 62 years of age or over and who are handicapped to the extent that they require a constant companion, the limit shall be $50,000.

- more -

Also, during the current fiscal year ending June 30, HUD expects to approve 66,000 dwelling units designed specifically for the needs of older people. Most of this federally-assisted housing is within the means of lower income persons. Other unassisted housing programs continue at a high production level.

HUD is making it possible for more and more non-profit organizations to sponsor housing for the elderly by providing them with planning assistance funds under existing programs, Section 106 (a) grant and 106 (b) loan programs.

We are working with HEW on volunteer programs that permit retired persons to use their talents and experience in behalf of the elderly who need a variety of services. Residents of HUD-assisted housing will lead this movement to involve older people in community activities.

We are encouraging the development of congregate housing so that older Americans can retain their independence at the same time they are assured good nutrition and personal services when needed. We recognize that well-run congregate housing can forestall premature reliance on medical facilities and prevent unnecessary institutionalization.

For those who need medical care, however, HUD is expanding its nursing and intermediate care programs. During the current fiscal year we expect to increase HUD-assisted nursing home beds by more than 14,000, bringing the total to over 98,500. We have recently extended to 40 years the mortgage period on structures in this program, which should result in lower costs to the patients.

Also, in order to give greater emphasis to both new and expanded programs within the Department, I have established within my office the new position of Assistant for Programs for the Elderly and Handicapped. We will thus provide coordination and continuous assessment of all HUD programs to ensure responsiveness to the needs of our older Americans.

As President Nixon stated in his Proclamation on Senior Citizens Month, an "important challenge is to help all our people develop a new attitude toward aging, one which stops regarding older Americans as a burden and starts regarding them as a resource. For such an attitude will not only contribute to the dignity of life for older Americans, it will also give our country the immense benefit of their skills and their wisdom."

We at HUD believe our housing and environmental programs for senior citizens play an important part in making the President's goal a reality.

# # #

May 9, 1972

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

DEPARTMENT OF HOUSING
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
1972
WASHINGTON, D.C. 20410

STATEMENT

OF

GEORGE ROMNEY

SECRETARY OF HOUSING AND URBAN DEVELOPMENT

BEFORE THE

LEGAL AND MONETARY AFFAIRS SUBCOMMITTEE

OF THE

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

ON

THE OPERATION OF THE FEDERAL HOUSING ADMINISTRATION

MAY 3, 1972

Mr. Chairman and Members of the Committee:

I am pleased to be here, and to continue our Department's cooperation with your Subcommittee's inquiry into the operations of federal housing programs. Your invitation is timely and can be helpful, since it is urgent that we continue to reassess our housing and community development programs and determine whether they are capable of meeting our future rural and urban needs.

Mr. Chairman, your letter of invitation states that "the public, in our judgment, is entitled to know the true magnitude of the FHA foreclosure problem, involving both inner city and suburban subsidized housing," I fully agree, and I believe that our efforts to inform the public and take action against wrongdoing prove it.

In spite of our best efforts, getting a clear and balanced set of facts before the public has not been easy. The problems and the programs are exceptionally complex; the terminology used is frequently misunderstood. As a result, there is confusion between subsidized and unsubsidized housing programs; between such terms as "mortgage defaults" and "mortgage foreclosures"; actual costs and potential costs; between claims against FHA insurance funds and alleged "costs to the taxpayers"; between physical problems and social problems; between private wrong doing and governmental laxity; between problems in federal housing programs and the far broader problems of over-all housing abandonment--which are often erroneously equated. Because of these complexities, figures on housing units in difficulty, and confusion between insurance losses and subsidy costs are often transposed from one account to another--sometimes resulting in highly misleading conclusions.

In my testimony today, I will try to put into broad perspective the factual situation with respect to problems in federal housing programs. I do not believe, however, that we can stop with looking at housing in isolation. Therefore, I will also comment on some of the more fundamental forces in our nation's communities which bear importantly on the housing picture.

First, a look at federal housing programs in the broad context of housing generally.

There has been so much talk lately about housing problems and "failures" that it is worth calling attention to the amazing over-all improvement in the nation's housing during the last two decades.

The 1970 census showed America had 69,000,000 housing units. That was a 50 percent increase over the number of units we had in 1950, while population growth during the same 20-year period was about one-third. At today's record pace of homebuilding, we are now producing about two units for every new household formed.

The number of units that lack complete private plumbing facilities decreased from 37 percent in 1950 to only eight percent in 1970--mostly in rural areas. The number of overcrowded units--as indicated by the number of units averaging more than one person per room--decreased from 16 percent in 1950 to eight percent in 1970.

Almost two-thirds of our families are homeowners, and single-family houses still account for over two-thirds of our housing inventory. More housing was produced in 1971 than ever in our history. I expect 1972 to add a new record.

More federally-assisted housing for lower and moderate income families has been funded and started in the past three years than in the previous 31 years.

That list of statistics does not represent a picture of a housing crisis. Rather it represents a picture of success in providing decent housing for our people. The American people generally speaking are better housed than any people, present or past. It should hardly be surprising that there is no longer a viable market for our oldest and least desirable housing units, particularly because there is more housing per person than any nation has ever seen before.

The federal government entered the housing field in the 1930's as an insurer of home mortgages. For most of its history, and even today, the Federal Housing Administration has operated like a successful, well-run insurance company: it charges a premium for insurance coverage; it screens out poor risks to minimize losses; it covers its administrative costs and losses, and has built up reserves of over $1.7 billion.

Since its establishment, FHA has played a significant and constructive role in the nation's housing, but never a dominant role. Out of the total national housing stock of some 70 million units, FHA insurance stands behind about 5.3 million single-family homes, and over 12,000 multifamily projects containing approximately 1,210,000 units. Thus, only about 9 percent of the total stock is FHA-insured although the proportion may vary greatly from locality to locality, depending on the extent of FHA activity in an area over the years. Unlike earlier years, however, private lenders have completely withdrawn from many central city areas, and FHA alone provides the financial basis for housing transactions.

FHA's role with respect to inner city housing was minimal until the mid-1960's. Recall the atmosphere at that time. This was the period of President Johnson's "Great Society" and "War on Poverty." It was a time of urban unrest and rioting.

Until that time, FHA had limited its home insurance programs largely to the suburbs, because it was required by law to apply the test of "economic soundness" to each piece of property which it insured. Deteriorating central city areas of high risk were "red-lined." FHA would insure no mortgages in such areas. Residents of "red-lined" areas had no alternative but the use of land contracts, and they were left to the mercies of loan sharks and speculators.

Ironically, FHA--which <u>now</u> is being blamed for central city deterioration because of its <u>activity</u> in central cities--then was blamed for urban decay because it was <u>not</u> active in central cities.

Reacting to this criticism, FHA moved vigorously to change its approach. For example, the then FHA Commissioner, Philip N. Brownstein, on October 23, 1967, told an FHA Director's conference:

> "We have got to recognize that stimulating a flow of mortgage funds into the Inner City, yes, even into the slums, for the transfer of houses, for rehabilitation, and for new construction, is an FHA mission of the highest priority... I want you to go looking for applications...
>
> "Since nobody has ever invested extensively in reviving the rebuilding of the inner city and since there has been little private experience in providing housing for low and moderate income families, I do not believe anyone is prepared to say exactly how much risk is involved."

FHA's move away from the "economic soundness" test in the inner city was spurred by passage of the Housing and Urban Development Act of 1968.

In that Act Congress changed the "economic soundness" prerequisite for mortgage insurance for families in need "in older, declining urban areas." It substituted an "acceptable risk" test for a property located in such an area, provided the area itself is "reasonably viable." In addition, Congress established a Special Risk Insurance Fund, which the House Committee Report stated "would not be intended to be actuarially sound," to cover anticipated losses.

These rapid changes in FHA's mandate thrust the agency into the inner city housing market without sufficient preparation at a time when this housing market was being impacted by three fundamental and related forces of deterioration. First, the market consisted of older housing which was physically deteriorating, and whose owners were increasingly unable or unwilling to invest heavily in maintenance. Second, the conventional market value of inner city housing was deteriorating rapidly because of out-migration from central cities to better housing being built in the suburbs. Third, there was increasing social deterioration because the concentration of crime and other social problems, the decline of basic public services, high unemployment, and heavy taxes were making large areas in the central city almost unlivable.

The Federal government's decision to move into the inner city was an effort to buck these three fundamental trends. There was widespread sentiment at the time that homeownership opportunity by itself could reverse advancing decay and growing social and economic problems, and would stop out-migration. It was also believed that the availability of federal insurance in declining areas, together with other federal programs such as urban renewal, would lure private investment back into the inner city. This bundle of hopes and beliefs about what new federal policies could achieve, and the availability of federal insurance, subsidies, and other forms of assistance, necessarily had the effect of pumping up the value of properties which otherwise were rapidly declining or practically worthless in a conventional housing market sense. In other words, in the central cities the traditional mode of appraising "fair market value" was effectively uprooted from the realities of the marketplace.

This ambiguity about the true value of inner city property, as well as FHA inexperience and frequent laxity, produced a situation which was tailormade for speculators. The scenario which followed is familiar to this Subcommittee: the speculator's cheap buy, the quick cosmetic fix-up, the inflated FHA appraisal, the sale to a low income family with an FHA-insured mortgage, the rapid accumulation of major maintenance problems, the low equity in relationship to selling costs, and abandonment or eventual default and foreclosure of the mortgage on the victimized family.

How extensive is the problem we now face? First, I will try to summarize the general picture with respect to FHA-insured single-family homes, both the current status and our best judgment as to what we can generally expect in the months ahead. Then I will present the facts on multi-unit rental projects other than public housing.

One measure of the problem is the inventory of HUD-owned units at a given point in time. The inventory represents the net difference between units acquired following mortgage foreclosure, and units sold in order to recoup as much as possible of insurance losses.

In the last ten years, the single-family inventory has ranged from a high of 51,971 in mid-1964 to a low of 22,101 in mid-1969. The current inventory is 44,396 homes as of April 1, which is still well under 1 percent of total insurance in force, and less than 1964 when production volume was only a fraction of what it is today. Over half of this inventory is concentrated within the jurisdiction of just seven HUD Area or Insuring Offices, and over three-fourths is located in just 20 office jurisdictions. The top seven cities are: Detroit, Seattle, Dallas, Los Angeles, Lubbock, Hempstead, and Philadelphia. The Subcommittee will immediately recognize that the areas served by the Seattle office (which alone accounts for over 10 percent of the entire national inventory), and the Lubbock office do not generally reflect the inner city housing syndrome we have been discussing, but rather local economic circumstances in those areas.

As the size of the inventory has been increasing, it is obvious that the characteristics of housing in the inventory have also been changing. The flow of acquired housing into the inventory since 1968 clearly reflects the impact of stepped up activity in the inner city. In fiscal years 1968 through 1971, acquisition under FHA's major insurance program 203(b) steadily declined from 31,000 units in 1968 down to under 20,000 units in 1970 and 1971. During the same period, however, acquisitions under the three programs most active in the inner city increased from 4,769 in 1968 to 12,557 in 1971. About 7,100 of these units were insured under the 221(d)(2) program which was enacted in 1961 to assist in relocation from slum clearance areas by encouraging homeownership with very low down payments. The other two programs were enacted in 1968: the Section 223(e) Special Risk program (3,034 units), and the Section 235 subsidized homeownership program (2,420 units).

The trend of acquisition is continuing to rise in these programs. As of January 1, 1972, 7,402 properties had been acquired in six months as opposed to 12,557 during the entire fiscal year 1971.

As a higher proportion of inner city properties enters the inventory, insurance losses also increase accordingly. As you know, HUD policy is either to repair and sell any acquired property to minimize losses or if a property is beyond repair, we demolish it. HUD does not abandon any property. The average loss for properties sold during Fiscal Year 1968 was $2,716, but during the first six months of Fiscal Year 1972, the average loss had increased to $5,084.

This increase obviously reflects the fact that older inner city properties cost more to repair or rehabilitate, and are much harder to sell than newer homes in good neighborhoods.

On the multifamily side of FHA activities, the overall picture includes a HUD-owned inventory of 186 multifamily projects out of total project mortgages in force of 12,626--a rate of 1.4%. The number of projects currently in the inventory is less than during the 1963-67 period when there were over 200 at the end of each fiscal year.

Of the 186 projects, 90 are located in just ten major cities. Four of these cities containing 46 projects--Washington, D. C., Newark, New York City, and Philadelphia--can be identified as instances where inner city decline has affected a number of FHA projects adversely.

In general, insurance losses are being paid out of FHA reserves which are accumulating over the years from premiums and fees. These funds are not appropriated by Congress. For example, in F.Y. 1972, FHA insurance operations, excluding the Special Risk Fund, will generate income of over $498 million, of which about $169 million will be required to cover losses connected with turning over acquired properties (both single and multifamily); almost $209 million will be used to cover FHA operating expenses and participation payments to mortgagors; and $120 million will be added to reserves.

Thus, even with the prospect of increased losses, FHA is obviously in good shape financially.

With respect to the Special Risk Fund, however, Congress did not intend that it be actuarially sound. This Fund was initially capitalized by an advance from the General Insurance Fund of $20 million, and takes in revenue from fees and premiums generated by the Section 223(e) program for housing in older declining neighborhoods, the Section 235 subsidized homeownership program, and the Section 236 subsidized multifamily program, both of which were enacted in 1968. Because the Special Risk Fund is not generating at this time enough revenue to cover anticipated losses, HUD's FY 1973 budget includes a request for an appropriation of $195 million to cover all losses to date plus those estimated for Fiscal Year 1973.

In many discussions of the housing situation, one persistent misconception is that the subsidized programs enacted in 1968 are the main programs involved in inner city housing problems. This is not true. New construction under these programs is generally outside of deteriorating core areas and frequently takes place in suburban areas. Hundreds of thousands of low and moderate income families have found decent homes in good community environments--in many cases far beyond their dreams.

There are some problems in these programs, too, but of a somewhat different character.

Some new homes built for low income families under Section 235 were subject to corner-cutting. New owners complained of leaky basements and plumbing, inadequate insulation, inferior wiring, and other evidences of sloppy construction and poor materials.

Multifamily rental properties built under Section 236 showed some of the same defects. In addition, some of the "packagers" and contractors undertaking these projects were motivated by the promise of large and quick profits on the proposed project sites or from project construction or, in the case of housing consultants, were motivated by the substantial fee involved. In other cases the investors in these projects were attracted by the tax savings offered by accelerated depreciation and had little interest in the long-term viability of the projects.

Mr. Chairman, I have tried to review highlights of the foreclosure and inventory problems faced by our Department in the last few years. There can be no question but that the double impact of inner city activity and complex new subsidy programs has put great stress on our organization without increasing its staff resources. Concurrently, we have been taking essential steps to organize the Department functionally, to decentralize program operations and decision-making to our field offices, and to realign our personnel from Central and Regional Offices to the Area and Insuring Offices where the main burden of our operations lies. However, this was not accompanied by any significant change in FHA field personnel, particularly those involved in the processing and supervision of single-family unit programs.

Currently, as a result of the President's across-the-board anti-inflationary directive to reduce federal employment, our objective has been the reduction of 800 positions--about 20 percent--in the Central Office, and 400 positions in the ten Regional Offices. This

would reduce regional employment from about 1,620 to about 1,200--a reduction of about 25 percent.

Of the total reduction of 1,200 positions in the Central and Regional Offices, 400 would be assigned to the HUD Area and Insuring Offices where the real workload is.

Achievement of this plan is designed to produce a dramatic change in staffing ratios. On June 30, 1971, the Department had one employee in Washington for every three in the field. A year later, this ratio would improve to just about one Central Office employee for every four in the field offices.

I have concluded, however, that there are still serious gaps in employment in the Area and Insuring Offices. I am concerned that even after their vacancies are filled, and even after they absorb the additional positions we are sending them, that there will still be a lack of skills in certain critical areas and in certain offices.

In housing production, there is a shortage of appraisers and inspectors and cost analysts. Neither should we have to rely as heavily on the use of fee appraisers and inspectors as we now do. The cost data banks which are so critical to sound underwriting are not as current as they should be.

In housing management, we do not have enough of the specialists that should be conducting continuous management review and budget reviews of the local housing authorities who are going to receive more than a billion dollars in subsidy payments next year. Housing

Management needs more staff to handle the growing volume of property acquisitions and mortgage assignments. Their property disposition responsibilities grow in direct proportion to the levels of property acquisitions, and I expect acquisitions to substantially increase.

We have added to the burdens of the field staff in other ways, too. It is taking more staff time to process applications under our programs as a result of recent environmental quality legislation, the promulgation of Project Selection Criteria and Affirmative Marketing Guidelines. These were necessary steps that we had to take to comply with statutory guidelines. We had to take them to protect the rights and opportunities of the citizens and communities that our programs are designed to benefit.

I don't question the fact that the combination of new programs, organizational changes, and personnel cutbacks have sometimes affected the quality of our performance. The cutback in particular, while necessary to achieve broader objectives, has been difficult to carry out and still maintain high morale. I recognize that the Area and Insuring Offices of this Department require more manpower. I am going to continue to hold down the Central and Regional Offices. But, at the same time, I am going to work to beef-up the Area and Insuring Offices where processing and decision-making now occurs so that they can do a quality job and still handle the increased workload on time.

I have made these problems known to the Office of Management and Budget, and we are exploring several possible approaches. I hope that one or more of them will lead to the relief that I believe is

absolutely necessary. Furthermore, the Department's FY 73 budget calls for an additional 750 people.

While the staffing situation has unquestionably contributed to our problems, it is also obvious that the Administration of housing programs, particularly in some cities, has been imprudent, negligent, and in some cases, plainly corrupt. In cases involving corruption, we are working closely with the Justice Department and grand juries in five cities to identify the offenders and secure indictments. For example, a lawyer from our Central Office staff has spent to date about five full work weeks assisting the U. S. Attorney in Brooklyn, and we have also recently assigned two mortgage insurance evaluation specialists to full-time duty until further notice to help that U. S. Attorney.

In Philadelphia we have furnished to the United States Attorney full-time assistance of HUD employees from the areas of technical standards, investigations, audit and legal. In the past six months, I would estimate we have invested over four man years of our employees' time, which has contributed to the indictment of numerous individuals, including two FHA employees. The investigation and our cooperation are continuing and in addition to the convictions already obtained in Philadelphia, we expect further significant developments.

This Subcommittee is familiar, of course, with the full cooperation between the Department and the United States Attorney in Detroit, where, since July of 1971, our Area Director, Mr. Whitbeck, has worked closely with Ralph Guy, the United States Attorney, as well as State and local law enforcement agencies. We are currently

in the midst of a detailed audit of our home mortgage program there, the results of which will lead to criminal prosecutions, if appropriate.

To the extent Civil Service permits, we will replace people who can't or won't do the job properly. For example, in Philadelphia we have brought in a new Regional Administrator, a new Area Director and new appraisal supervisors. We temporarily stopped using all fee appraisers and we are now reinstating only those of real ability. We have barred several brokers entirely from doing business with us. Similar action has been taken elsewhere. We will not rest until our offices throughout the nation are functioning properly and effectively in the public interest and for the benefit of homebuyers and tenants.

We have recently appointed a departmental Inspector General who has full authority and backing to audit and investigate the operation of our programs, and who reports directly to me.

During the past year, our Office of Audit has made detailed reports on the Section 235 and 236 housing programs. Ordinarily, such reports are not made public by government agencies. Parts of these reports bear on the inner city housing problem, and since I believe that the public cannot get the total picture of the problems and the steps we have taken to meet them without an opportunity to review these reports, I took the exceptional course of releasing them to the public in February.

We have required all staff appraisers to make full disclosure of their personal financial condition.

Appraisal procedures have been strengthened, particularly in inner city areas, in order to obtain more thorough and realistic appraisals. An intensive training program has been instituted for all staff and fee appraisers handling inner city work. Sketch floor plans and front and rear photographs are being required in these areas. All appraisals of existing properties in such areas are to receive a full desk review and 10 percent are to receive further field review including an additional inspection prior to the issuance of the commitment. Appraisal techniques have been improved. We now make a practice of identifying ownership where the seller is not the owner-occupant and use a modified cost approach to appraisal in areas dominated by speculator activity. As presently applied this has ended speculator profiteering.

For existing properties, the requirements concerning repairs to be made before commitment are being strengthened. We have given particular attention to contractors' certifications concerning the condition of the mechanical equipment and the structure, and more careful inspection to determine whether required repairs have been satisfactorily completed before the property is sold. In Detroit, and in code enforcement areas in other cities, we require that city inspections be performed as an additional prerequisite for mortgage insurance. This procedure has provided an outside check on our own inspections.

With research funds, HUD is sponsoring the development of a computerized "early-warning system" on defaults of FHA-insured homes which has been installed in the Detroit Area Office. The computerized information system, which will consist of a comprehensive list of properties in default and their location, will enable the Detroit Office to take timely and effective remedial actions, such as forebearance, counseling mortgagors and assisting lenders in providing relief to homeowners, to reduce HUD acquisition of such properties.

Overzealous efforts to place very low income families in home-ownership in the last few years have resulted in far too many cases where the prospective homebuyer does not have sufficient income to manage a home purchase successfully. We have now instituted a more careful screening of applicants.

Our revised instructions to the field make clear that a firm commitment for mortgage insurance is to be issued only when the mortgage credit analysis indicates that the mortgagor can be reasonably expected to meet the mortgage obligation as well as other recurring family needs, property maintenance and repair expenses. More emphasis is being placed on determining that the prospective mortgagor will not be obligating himself to spend a greater portion of his income for housing than he can reasonably be expected to carry. Also, the credit history of the borrower will have to indicate that he is able to accept the responsibility of homebuying, or that counseling is being provided for that purpose.

The counseling program has been operated with volunteer agencies that have varying programs of counseling. The Department does not have hard statistical data on the effects of this counseling. We are initiating, on a demonstration basis, in at least fifteen cities, including Detroit, a new counseling program for purchasers under Section 235 and 237. The new program provides for payment of a fee that will be negotiated, but cannot exceed $100 for each counseled applicant obtaining HUD mortgage insurance. The fee is to be withheld from the sales proceeds at time of settlement--it is not to be paid by the homebuyer.

Counseling agency contracts with HUD require them to screen all applicants for Section 235 and 237 programs and to structure a counseling program to meet the individual needs of each applicant. Depending on the applicant, counseling will include information on finances, housing selection, purchase procedures and property maintenance. The agencies will also provide referrals to other community services. Post occupancy counseling under this program will be made available, as needed.

A second demonstration counseling program has been initiated on a limited basis which will provide counseling to 235 and 237 homeowners who are in default or who have a pattern of payment delinquencies. Under this program, a mortgagee will immediately give notice of a 235 or 237 default and refer it to a HUD approved counseling agency. The homeowner in difficulty will be contacted by the agency, and will be offered counseling assistance in an effort to cure the default, if possible. HUD will contract with and pay the counseling agency to provide up to

12 counseling sessions for each homeowner approved for counseling. Cooperation of lending institutions will be sought by HUD during the course of this counseling.

These efforts should provide some statistical evidence of the effect of counseling on defaults and foreclosures. If the program proves effective, we will consider expansion to include other homeownership programs for low and moderate income families and to provide such assistance on a nationwide basis.

We are working with HEW to secure greater assistance in housing welfare families and in the use of their other social programs.

We have taken remedial actions to reduce the adverse impact of past abuses. Regulations and instructions implementing Section 518(b) were issued in April of 1971 and have been periodically supplemented to improve our efforts to assist owners of homes which we improperly appraised. We will continue to emphasize to our field offices the need for prompt equitable relief which fully compensates owners within the limits of the statute. Moreover, we support an extension of statutory time limits for filing claims for mortgages insured prior to December 31, 1970 and have instructed our field offices to continue to accept claims filed after the December 31, 1971 deadline so that we can provide prompt relief if and when the Congress extends the deadline. We also support the prospective extension of 518(b) benefits to the 221(d)(2) program.

Above all, we will insist on quality production and have instructed area and insuring offices to restrict their processing and supervision to what can be done on a quality basis--even if that means reduction of

total production levels from 1971 highs. We won't be satisfied with anything less than quality that will hold up for the long pull.

In addition to insisting on quality ourseves, we are preparing a consumer education program to help homebuyers and renters look out for themselves. We will attempt to reach buyers and renters in the conventional market, as well as those using HUD programs. TV spots, as well as written material, are being used and more are being prepared to implement this effort. A concerted effort will be made to educate the public about the potential pitfalls of purchasing housing--both subsidized and conventional.

I cannot overemphasize that while the Department's attitude until mid-1970 was "let the buyer beware," the steps we have taken make it clear we are implementing a policy that recognizes the essential identity of interest between consumers (homebuyers and tenants) and the Department.

Mr. Chairman, so far I have been discussing the questions raised by your Subcommittee in the narrow context of housing problems and housing programs. However, my responsibility does not stop there, and I owe the Congress and the public my best judgment as to the underlying causes of what we are facing in the nation's metropolitan communities where our present serious housing problems are concentrated.

The forces that cause abandonment and decline in our central cities are not primarily physical, but are primarily human, social, and governmental. We will not solve these problems if we pretend that housing is the cause. FHA housing programs did not start blockbusting. Housing didn't take the jobs away. Housing didn't reduce the population.

Housing didn't reduce the public services. Housing didn't destroy the quality of education in the schools. Housing didn't bring the drug addiction in. Deep social changes are at work that have little if anything to do with housing. Yet too often the result is accused of being the cause.

Mistakes have been made in the design and administration of the programs that were proposed to alleviate this human suffering. But if we had been able to avoid all of the mistakes that have occurred, we would still be up against the larger tragedy--the growing "critical mass" of people with problems in our central cities.

I believe it is time we face the real dimensions of our problem. I do not believe that any useful purpose can be served by holding out the false hope that we have the programs on the books, and the appropriations necessary, and all that we need to do is to clean up the administration of our housing programs. This is being done. But this will not reverse the housing mistakes of 1967, 1968 and 1969, though it has largely ended them. Nor will it make other programs that have failed to stop the decay of our central cities, except for some central business districts, effective and adequate.

In summary, in my own thinking about these problems, I always come back to these fundamentals that are frequently overlooked in seeking answers:

First, the housing problem in our central cities results from all the social, economic and physical problems now afflicting our urban areas.

As a recent article in the Washington Post succinctly put it: "...the Federal Government may be able to provide a 'decent home' but that doesn't guarantee 'a suitable living environment'."

Second, the worst problems in our urban areas are concentrated at the core of the central city--which was once the entire city, but is now only a shrinking segment of the "real city" or the metropolitan area. And the multiplicity of autonomous governments within all our metropolitan areas impedes or prevents those areas from developing metropolitan solutions for metropolitan problems.

Third, States bear the responsibility for the creation, maintenance and supervision of local governments. They should exercise their authority to help overcome the mounting human and economic costs that result from the balkanization of the "real city" among multiple general purpose governments.

Fourth, the widespread abandonment of the central city, except for the downtown business district, by private investors and private leadership, is continuing. Indeed, there are several major cities in this country where there is hardly any purely private money for mortgages in most of the central city. FHA has moved in to help as private money, experienced builders and contractors have moved out. There is reason to consider whether FHA should also abandon areas that are clearly no longer "reasonably viable" or areas of "acceptable risk." In weighing this question, consideration should also be given to whether the availability of FHA programs in both the central cities and suburbs is now contributing to the movement to the suburbs and the abandonment and decay of the central city.

Additional, or even better housing programs, better administered, will not solve the housing problems of the inner city. We need to find cures for the social conditions--chiefly poverty, racial prejudice, economic classism, and also crime, drug addiction, lagging education, poor health care facilities and inadequate public services. And we must provide relief from soaring taxes and disproportionate inner city unemployment.

In January I called attention to some of these problems, and indicated that we would undertake--with the cooperation of other Federal departments and agencies--to discuss them with State and local leaders in several key metropolitan areas. We have already held meetings for that purpose in Wilmington and St. Louis, and we are planning similar meetings in Detroit, Philadelphia, and Boston. We call these meetings TOP meetings--T.O.P.--standing for The Option Process. These meetings are not being held just to discuss housing questions. We are exploring, with Governors, local officials and private leadership, ways in which they can employ the entire range of available Federal assistance more effectively to help them.

We seek the ideas of State and local leaders, public and private. Would they be interested, for example, in developing coordinated "packages" of Federal program resources from several departments, as we at HUD have done in "annual arrangements" with some cities? Do they believe it is possible to attack the problems of the "real city" on an areawide basis? Or should the Federal departments continue to deal city-by-city, as in the past?

The concept of coordinated use of Federal resources has received recent impetus from the President's Executive Order No. 11647, in which he formalized the 10 Federal Regional Councils of all domestic U.S. Government departments, and charged them, among other things, with "the development of integrated programs and funding plans with Governors and local chief executives."

If the meetings indicate that State and local leaders have the desire and capacity to pursue such a course, the Federal departments and agencies represented on the Federal Regional Councils will be prepared to work with them.

At the same time, it is essential to recognize that the future of our central cities will be different from their role in the past as the economic core and functional center of large population groupings. We are seeing the emergence of multiple-centered metropolitan regions where the old central city will take its place as one of the centers, perhaps with specialized functions of its own.

But to cope with this transition, we will need to rebuild major portions of the old central city along new lines. The process of abandonment and neighborhood decay, and the related out-migration may be the essential step to make available large blocks of cleared central city areas for large-scale redevelopment within the new metropolitan system.

We also need to recognize that at present we face different problems and different needs in different neighborhoods of the central city itself.

There is need for fresh thinking and a different application of available resources to the differing problems of the different types of central city neighborhoods.

We will not abandon the central city as so many have done. But we are convinced we must "think anew and act anew." The abandonment crisis is a real human tragedy with immense pathos. It poses an as yet unanswered challenge to our whole society.

I am prepared to use the flexible authority granted to us by Congress last year to determine how to deal with abandonment, and to devise improved methods of housing subsidies to try new and more effective remedies in abandoned neighborhoods and those in varying stages of decline. My action will be contingent upon the continuing involvement of local, State, and private leadership and a commitment of their resources that gives reasonable promise of meaningful and lasting action and results.

In addition to the problems I have already discussed, there are other basic obstacles to meeting housing needs without steadily increasing federal involvement and subsidization. Land costs are increasing exhorbitantly,largely as a result of unsound state and local property tax and land use policies. Labor costs are going up faster than in any other major industry as a result of union restrictions and swollen union power made possible by lopsided national economic policies. Use of modern methods in volume housing production is hampered by varying state and local building codes, zoning and other barriers.

I direct your attention to these problems because they are forcing expansion of federal housing programs despite the much higher inherent cost of FHA financed housing. Congress has already enacted housing subsidy programs that make almost half the nation's families eligible for such subsidies while setting a goal that will subsidize only about 25% of those eligible.

It is time to not only determine the cause of current housing problems in our central cities, but to anticipate the more serious problems that lie ahead as a result of policies that are pricing families out of the private housing market faster than Congress is extending subsidization for such families.

We will not solve these problems until we are willing to face the facts. We will not solve them by hiding behind scapegoats. We need to make the hard admission that we don't yet know how to solve the mounting crisis of people with problems in our central cities--but we must find out before it is too late. We also need to correct the policies that are increasing the need for housing subsidies before we weaken and possibly even destroy the competitive private home building industry that has made Americans the best housed people in history.

SINGLE-FAMILY HOME INVENTORY - APRIL 1, 1972 (CONT'D.)

HUD OFFICE	INVENTORY	% OF NATIONAL INVENTORY
ATLANTA	1,110	2.50%
TAMPA	1,076	2.42%
CINCINNATI	1,052	2.36%
INDIANAPOLIS	1,044	2.35%
COLUMBIA	1,025	2.30%
FT. WORTH	914	2.05%
KANSAS CITY	890	2.00%
CHICAGO	833	1.87%
SANTA ANA	663	1.49%
NEWARK	635	1.43%
HOUSTON	589	1.32%
TOPEKA	556	1.25%
SAN FRANCISCO	550	1.23%
TOTALS	10,937	24.63%
TOTAL NATIONAL INVENTORY	44,396	

SINGLE-FAMILY HOME INVENTORY - APRIL 1, 1972

HUD OFFICE	INVENTORY	% OF NATIONAL INVENTORY
DETROIT	7,574	17.06%
SEATTLE	4,743	10.68%
DALLAS	2,960	6.66%
LOS ANGELES	2,246	5.05%
LUBBOCK	2,178	4.90%
HEMPSTEAD	1,974	4.44%
PHILADELPHIA	1,243	2.79%
TOTALS	22,918	51.62%

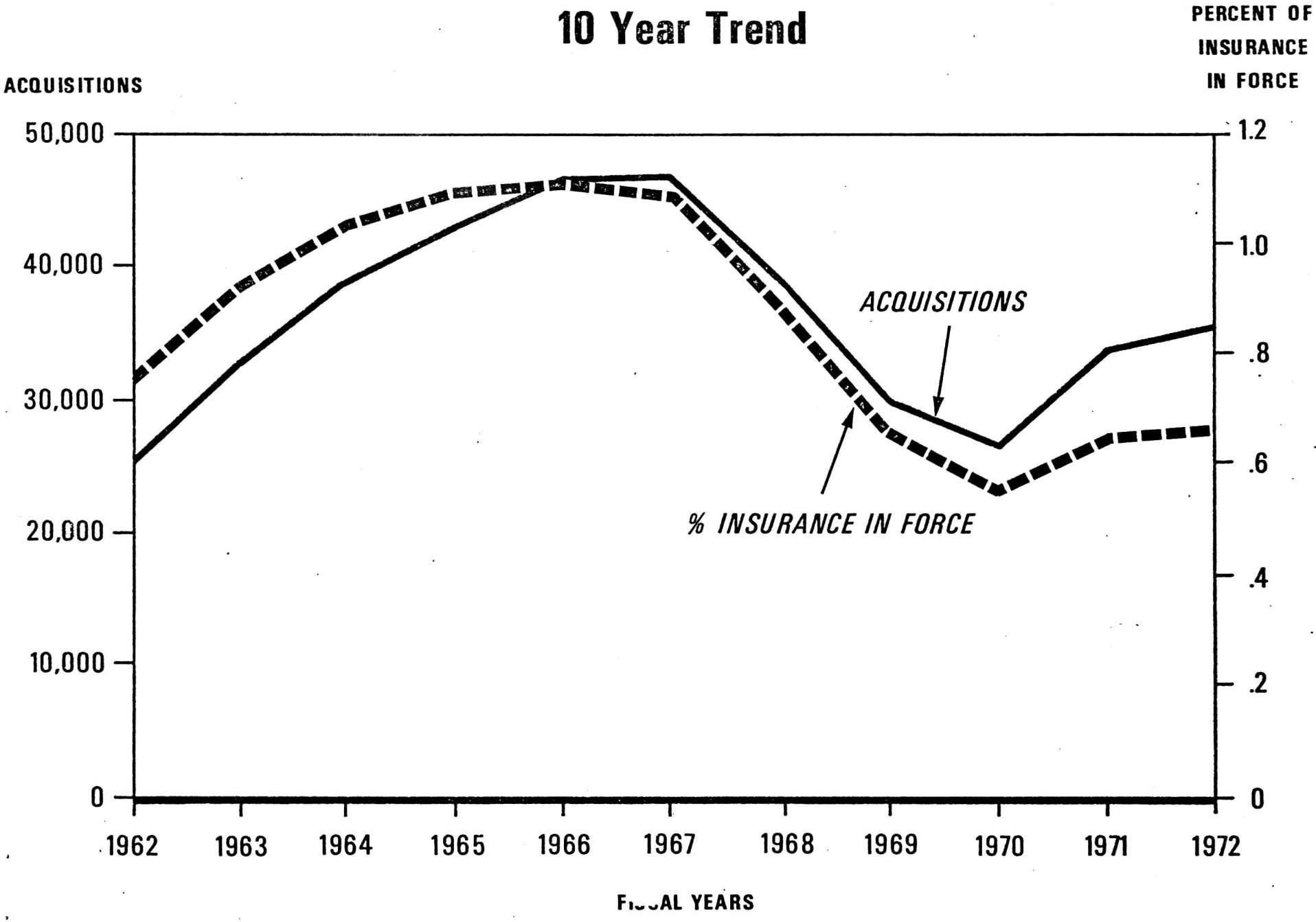
TOTAL NATIONAL INVENTORY 44,396

SUMMARY OF ACTIVITY - HOME PROPERTY PROGRAMS

FISCAL YEAR	NUMBER INSURANCE IN FORCE	ACQUISITIONS	% OF INSURANCE IN FORCE	YEAR END INVENTORY
1962	3,393,914	25,508	.75%	34,280
1963	3,551,340	32,692	.92%	46,268
1964	3,727,424	38,470	1.03%	51,791
1965	3,944,015	42,959	1.09%	45,515
1966	4,180,810	46,677	1.12%	43,000
1967	4,307,674	46,760	1.09%	36,247
1968	4,474,225	38,880	.87%	25,391
1969	4,661,484	29,910	.64%	22,101
1970	4,882,017	26,438	.54%	23,364
1971	5,231,562	33,598	.64%	32,064
1972 (4-1-72)	5,372,870	35,054	.65%	44,396

SINGLE FAMILY ACQUISITIONS AND INSURANCE IN FORCE

10 Year Trend

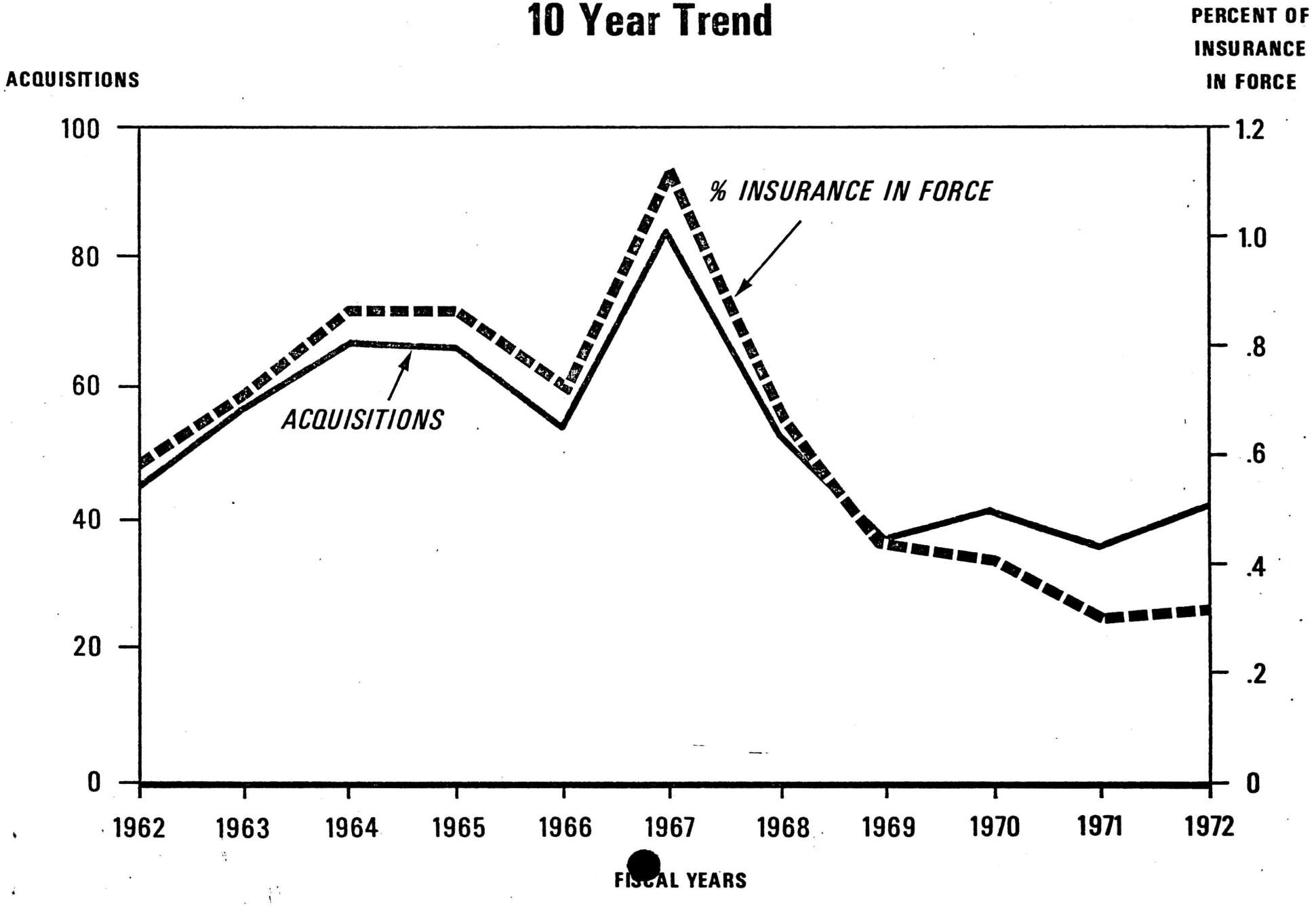


SUMMARY OF ACTIVITY - MULTIFAMILY PROPERTY PROGRAMS

FISCAL YEAR	INSURANCE IN FORCE - PROJECTS	ACQUISITIONS	% OF INSURANCE IN FORCE	YEAR END INVENTORY
1962	7,940	45	.57%	184
1963	7,998	56	.70%	214
1964	7,824	67	.86%	234
1965	7,706	66	.86%	228
1966	7,552	54	.72%	205
1967	7,597	84	1.11%	208
1968	7,988	53	.66%	185
1969	8,698	37	.43%	179
1970	9,934	41	.41%	168
1971	11,822	36	.30%	165
1972 (4-1-72)	13,028	42	.32%	186

MULTI-FAMILY ACQUISITIONS AND INSURANCE IN FORCE

10 Year Trend



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HUD VIEW OF HOUSING MANAGEMENT

Remarks Prepared for Delivery
by G. Richard Dunnells
Deputy Assistant Secretary for Housing Management
U. S. Department of Housing and Urban Development

before the

Subsidized Housing Conference
New York Law Journal

May 12-13, Beverly Wilshire, Los Angeles
May 18-19, Gotham Hotel, New York City

HUD VIEW OF HOUSING MANAGEMENT

The conventional view of housing management covers those routine but necessary burdens of tenant selection, rent collection, evictions, maintenance, etc., which an owner must assume if for nothing more than to protect his investment. This view causes the term "housing management" to carry a somewhat pedestrian connotation for those who have never managed rental housing -- while for those that have, it often stands for a thicket of never ending tenant, maintenance, and financial problems.

Irrespective of the experience involved, there is little glamour or sex appeal associated with the term "housing management". We all know who built or developed the big or controversial project. We've never even heard of the fellow who's called in to manage it.

The conventional approach to housing management is one of an afterthought. It operates on the theory that once the project is built than we'll worry about how it's going to be managed and who's going to manage it.

This conventional view and approach to housing management has, in my judgment, contributed to producing a number of deficiencies in our national housing policy, in our national housing industry, and in our Federal housing programs.

For example, our national housing goals call for the production of some 26 million new or rehabilitated units within this decade -- 6 million of which are to be Federally subsidized. This production strategy -- which has received the support of powerful constituencies -- measures success in terms of units produced, mortgages underwritten or subsidy allocations disbursed.

But relatively little attention has been given in either the articulation of national housing goals or in the design of national housing strategy to the question of what happens to our housing after it has been produced.

In other words, there has been little "balance" between housing production and housing preservation in our national housing goals and national housing strategy. It is disappointing, but not terribly surprising, that we've only recently acknowledged, in a meaningful way, that housing production is but the first response to our housing needs -- that new construction or rehabilitation does not necessarily produce good housing.

An overriding reliance on a production strategy without a corresponding reliance on a strategy to preserve the financial, physical and social viability of the housing we produce -- is, at best, a short sighted approach. The anomaly of a national focus on a two to three year production process with a corresponding lack of focus on the 40 year process of preserving the housing speaks for itself.

Another by-product of this conventional view and approach to housing management is the current state of the housing management industry -- and I use the word "industry" somewhat optimistically -- which lacks the depth of skilled and trained people needed to manage the conventional, much less the subsidized, rental housing we produce.

Part of this particular problem stems from the absence of adequate financial and professional incentives in housing management today. Part of it stems from the absence of an adequately structured program for the recruitment, training and placement of large numbers of housing managers.

Yet another by-product of this conventional approach to housing management is the situation wherein management concerns, which speak to the 40 year long-haul, are either neglected or excluded from the project development stage which is the first and certainly the most basic stage in deciding the long term success of any type of housing.

This neglect of long term management and failure to create a role for management concerns during project development stems in part from the theory that management can be dealt with at a later point in time.

But a far more basic reason, in my judgment, is that the whole development process tends to work against a proper surfacing of management concerns. This has been particularly true in HUD's 236 program where, for example, owners will tend to over-estimate construction budgets to get larger mortgages and under-estimate operating expenses so that the numbers come out pointing to a financially feasible project.

For whatever reason, there can be little argument that housing management has heretofore been something of the stepchild to housing production in national housing policy, in the housing industry and in the design and administration of our Federal housing programs.

As far as HUD and the current administration of our subsidized housing programs are concerned, I believe it fair to say that HUD has succeeded in breaking with this conventional view and approach to housing management. From a housing management program which was little more than a fragmented series of policies, procedures, decisions, etc., basically designed to firefight or eliminate financial, social or physical problems once they surfaced in housing already produced, HUD has gone to a housing management program administered by an Assistant Secretary with defined responsibilities, both preventive and corrective, in all phases of the housing cycle -- from project design, to production, to rent up, to sustaining occupancy and management, to annual subsidization, to mortgage servicing and even through the unhappy process of foreclosure and resale of a property.

The objective of HUD's housing management program, simply stated, is to protect the Federal investment in HUD insured and HUD subsidized housing and to assure, to the greatest extent practicable, that housing produced with Federal assistance remains viable from a social and physical, as well as from a financial, standpoint.

In my view, there were two overriding considerations which led to HUD's increased emphasis on and attention to housing management.

The first was a sharpened awareness of the complexity and difficulty involved in preserving and managing HUD assisted housing for lower income families. This was brought on in part by rent strikes, in part by watching newly produced housing quickly slide into semi-slum status, and in part by a recognition that our housing programs were being called upon to solve a variety of social, racial and economic problems in addition to providing basic shelter.

There is no question that failures in low income, subsidized housing produce particularly traumatic social costs ranging from bitter rent strikes, to worsened living environments, to a deep questioning of our basic ability to provide decent housing even with public assistance.

The second consideration was the basic concern and responsibility for protecting the Federal investment in subsidized housing in terms of actual Federal dollar investment, long term financial commitment and potential financial exposure on mortgage insurance.

This Federal investment is impressive now and will be even more so in the future.

For example, a conservative estimate of the current Federal investment in the public housing program alone (which now has over 1 million units under management) runs in the neighborhood of $15 billion. Annual subsidies are running at about $890 million.

For only those 236 and subsidized 221(d)(3) projects now under management, you're talking about a current mortgage insurance exposure in excess of $5.5 billion and an annual subsidy cost of about $240 million. These figures, of course, don't take account of those projects coming on stream and not yet under management.

With these types of numbers confronting us, one could say that if nothing more, HUD's concern for and emphasis on housing management was a manifestation of enlightened bureaucratic self interest.

Before covering some of the major management issues and the management outlook for HUD's insured subsidized multifamily rental housing programs, I thought it might be useful to first sharpen the picture of the universe we are dealing with.

As of March 31, 1972, approximately 400,000 dwelling units were under management in the major insured subsidized rental programs -- 221(d)(3) BMIR, Rent Supplement, and 236. By the end of June 1972, we estimate that this number will be upped to 438,000 units. We expect an additional 234,000 units to come under management in Fiscal 1973 under these three programs, bringing the total number of units under management to 672,000 as of June 30, 1973.

As I indicated, these 438,000 units under management as of June 1972 represent a Federal mortgage insurance exposure of about $5.5 billion. Annual subsidy costs now run about $240 million but this annual subsidy figure will spiral upward as new 236 projects come out of production and come under management.

Turning to the darker side of the coin, as of March 31, 1972, 67 mortgages under the Section 236 program were in default; 27 mortgages had been assigned to HUD, and 4 projects had to be acquired by the Department. As of that date, under the 221(d)(3) BMIR and Rent Supplement programs*, 224 mortgages were in default, 147 had been assigned, 29 projects had been acquired by foreclosure or deed in lieu of foreclosure.

The rate of defaults in 221(d)(3) BMIR, Rent Supplement and 236 programs currently run at about 12% of the total number of projects with insurance in force under these three programs. The rate for unsubsidized insured multifamily projects in default, on the other hand, runs about 1.3% of the total insurance in force.

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* Other than 236

Focusing solely on the 236 program, as of March 31, 1972, for those projects under management 11.2% were in default, 4.2% were assigned mortgages with insurance claims paid, and only .7% were projects acquired by foreclosure or deed in lieu of foreclosure.

One should take care to note that a default does not necessarily mean foreclosure. Currently, only about 20% of our multifamily default cases end in insurance claims which means that the mortgage is then either assigned to HUD and we step into the shoes of the mortgagee or the mortgage is foreclosed and title to the property is conveyed to HUD for eventual resale.

Obviously, many different factors have contributed to the financial difficulties and defaults that have occurred in some of our 236 and 221(d)(3) projects. In some instances, the major problem may have been poor site selection. Lack of market or poor underwriting practices may also have been a factor.

But in far too many instances, the major or at least a very important contributing factor has been poor management or poor sponsorship or both.

Before focusing on some of these specific management/sponsorship problems and issues, there is a need to touch on some of the broader considerations which fall under the heading of the ownership and management of HUD insured, subsidized low and moderate income housing.

I am directing my remarks primarily to the 236 program but they apply generally to the ownership and management of 221(d)(3) BMIR and Rent Supplement projects as well.

First, the ownership and management of a 236 project is no job for amateurs. For example, the financial incentives for investment in one of these projects can be quite attractive. But you need a firm understanding of the intricacies of tax law and the use of tax shelter; a clear awareness of limits placed on builder/sponsor profits, on cash return on equity and on the ability to sell one of these projects.

You need to be aware that there is a public interest and stake in this housing which translates into the need for management and ownership to be responsive to tenant social and economic needs -- not just physical property problems. Then too, you need a sophistication and ability to work with the HUD bureaucracy in the design, development and operation of one of these projects.

Second, the Department has become more and more aggressive in its focus on the long-term, successful operation and management of these projects. The quality and professionalism of both ownership and management is getting much closer scrutiny these days. We're requiring more from both sponsors and managers (both during feasibility processing and during project operation).

We're attempting to shift some of the focus from a front-end loading of profit potential to long-term profitability from project operations. This effort has led us to exploring changes in tax laws; to exploring means of tapping profits from project syndication to backstop successful long-term ownership and management; to considerations which would restructure current methods for computing management fees and allowable cash return on equity.

Third, these Federally subsidized housing programs are constantly under attack -- from those who consider them too expensive; from those who think there is too much profit in them; from those who don't want low income housing in their communities or neighborhoods; and from tenants who want lower rents, more services and a greater role in project management.

Finally, as is apparent from my earlier remarks, defaults and foreclosures are as much a fact of life in HUD subsidized projects as they are in conventional projects. Anyone who contemplates going into one of these programs laboring under the assumption that if he defaults and the mortgage is assigned to HUD by the mortgagee, he can simply sit back and let the project slide until he has milked the tax shelter out of it -- had better think again.

Turning to those major problems or issues which confront the management of HUD subsidized 236 projects, I would list the following -- not necessarily in their order of priority.

First, there is the problem of rising operating costs which, of course, confront the manager of conventional housing as well as the manager of 236 housing. The cost of maintenance, utilities, taxes, salaries and materials have been increasing rapidly over the past few years. For example, maintenance costs have been increasing at a rate in excess of 12 percent a year; payroll costs are increasing at a rate in excess of 8 percent a year; and we have come across some situations where property taxes are literally driving the owners of 236 and 221(d)(3) BMIR projects into default.

The problem that we are running into in the 236 program is that many times management or ownership has no control over increased operating expenses -- such as property taxes and utility costs.

In the aggregate, operating expenses are rising on an average of in excess of 6 percent per year. This escalation of operating costs is compounded in the 236 program by two additional considerations.

As I indicated before, the entire development process in the 236 program tends to work against a sponsor's accurate initial estimation of operating expenses. The sponsor wants to obtain as large a mortgage as possible. But he has to convince HUD that the proposed project is feasible -- i.e., that rents will cover operating expenses and required debt service. The typical pattern was to over-estimate the construction budget while under-estimating operating costs.

This natural tendancy on the part of project sponsors coupled with a less than tight program administration on the part of some HUD underwriting led to a situation where operating expenses for 236 projects were being consistently under-estimated by anywhere from 30 to 40 percent. Under-estimates of operating expenses, of course, manifest themselves in one of two ways in the 236 program. Either the project owner comes to HUD for a rent increase which, in turn, leads to both tenant resentment as well as forcing lower income tenants to pay a higher percentage of income for rent, or it leads to a situation where project income simply cannot cover debt service, much less throw off any cash return on invested equity.

It must be remembered that under the present subsidy structure for the Section 236 program, subsidies are linked to the capital costs of construction. The effect of tying subsidy to capital costs, of course, is to place an arbitrary limit on the maximum amount of subsidy which can be provided to a given unit irrespective of a rise in operating expenses. There is no relationship between 236 subsidy and operating efficiency. And there is no operating subsidy in the 236 program as there is in the public housing program.

Considerable effort and significant steps have been taken by HUD to ensure that operating expenses are estimated accurately during project application stages. However, even with the best of estimates the only real relief for rising operating expenses in 236 projects is to cut cash return on equity, go to a more efficient operation and/or seek HUD approval for a rent increase and prepare to take some heat from the tenants.

A second management issue in the 236 program is one I alluded to earlier -- that being the need to force increased attention to management considerations during the pre-construction phase. The failure to provide meaningful attention to management during this phase of project life has cost both sponsors, residents and the Federal government dearly.

Too often, project design and composition is developed with little regard for management concerns; operating expenses are not estimated with a view to the actual costs of project management; little attention is given to a management plan or a tenant selection policy. The result is that management is later called in to perform an impossible task once the project is operational and under-estimated operating expenses and other built-in management problems surface.

Again, a number of steps have been taken by HUD to force greater attention by both sponsors and our own staff to long-term management during the pre-construction phase. But the real answer lies in the recognition by sponsors that it's in their interest to insure that long-term management gets adequate attention in project design and development.

A third issue is a need for increased financial incentives for management and long-term ownership.

In my judgment, the profit incentives for managing 236 housing are presently not adequate to broadly attract and hold qualified managers or management companies.

In fact, the actual across-the-board financial incentives and fees for management in the 236 program are, at best, marginal. Management entities, by and large, do not receive adequate fees to perform the services needed from them, if these 236 projects are to be operated effectively and efficiently.

Typically, the on-site manager in a 236 project, whether limited dividend or nonprofit sponsored, will be asked to supply more services for less money than his colleague in a conventional project. He may have to win over a hostile community and try to cope with large families of lower income living in a physical plant that, as a consequence, deteriorates faster. He often lacks status with the residents, yet he is ofttimes expected to be something of a community leader, social worker and project manager all at the same time.

Under our current practices, we regulate 236 management fees by testing the management market and determining the price which reputable firms are charging to manage other multifamily projects. By and large, the setting of these fees are governed by individual HUD field office judgments as to the management fees which each project's rental schedule can bear.

I believe it fair to say that there is a general dissatisfaction within HUD as to the existing management fee structure which many believe offers little or no incentive for attracting qualified management firms into 236 housing. As a consequence, we are about to scrap our existing methods for computing allowable management fees for 236 projects. We are leaving the old percentage of gross collection technique and adopting an approach which first sets a 236 management fee comparable to conventional management fees; then adds an additional fee which is designed to cover HUD 236 regulatory requirements, then adds an additional allowable fee if special 236 tenant services such as counseling, day care, etc. are provided. Fees to cover these services can, under this new system be added to and taken out of mortgage proceeds up to $100 per unit for 236 projects.

The fact remains, however, that in the 236 program the profit potential is largely generated up-front and is directed primarily to the builder/developer and to the equity investor.

The profit opportunities in 236 projects do not differ "in kind" from profit opportunities which exist in conventionally financed multifamily rental projects. But they do differ in the magnitude of their importance to the investor in 236 versus the investor in a conventional project. For example, of the four principal profit opportunities associated with multifamily rental projects -- cash fees for building or managing; annual cash distributions from rents; tax shelter during construction and operating periods; proceeds from sale or refinancing -- most equity investors in conventionally financed projects look to annual cash distributions as the single most important profit opportunity, with tax shelter and capital appreciation on sale as lesser considerations.

But in 236 projects, annual cash distributions are limited to 6 percent of initial stated equity. And prospects for profits on sale are, at best, questionable due to the interaction of the same limitations on the purchaser's annual cash distributions, the operation of IRS "recapture" rules (which, when coupled with very slow 236 mortgage amortization and the use of accelerated depreciation can cause a large tax on gain from the sale), the purchaser's right to use a maximum of only 125% depreciation on the project and the low income character of the project itself.

In short, as between a conventionally financed and a 236 financed project, the relative importance of annual cash distributions and tax shelter are reversed for the passive equity investor in a 236 project. Although the profitability of any multifamily rental investment draws heavily upon the availability of tax losses, in the case of the investor in a 236 project, he can look to tax losses (or tax shelter) as the major (and possibly only) real profit opportunity. He pays little real attention to the "rent generated" maximum cash return on invested equity.

This interaction of tax shelter being a prime inducement to enter the 236 program and the diminution of tax shelter the longer the project is held, has prompted some to take the position that most limited dividend sponsors have little real interest in long-term project management or ownership. And that this interest diminishes as the milk of accelerated depreciation begins to run dry.

It has been urged that for the tax oriented invester there is little real incentive to maintain or successfully manage a 236 project by putting dollars back into upkeep or management once the project beings to experience operating difficulties. The rationale being that even if a foreclosure occurs after approximately the 10th year of project occupancy, the average annual tax rate of return for a taxpayer in the 50 percent bracket may still be as high as 25 percent. And if the foreclosure is as early as the 8th year, it would still leave the high bracket investor with an adequate after tax rate of return on his investment.

There has been much discussion back and forth as to the net and real impact on long-term 236 ownership and management of the operation of tax incentives in the 236 program and of the very heavy reliance that the 236 program places on the existance of tax shelter to attract equity investments. But at this point in time, the arguments pro and con are largely theoretical. To date, we have no hard evidence and no data that demonstrates that the operation of the tax laws or the widespread syndication of equity interests for tax shelter are acting as an actual impediment or deterrent to successful long-term 236 ownership or management. I would note, however, that this issue is receiving close scrutiny both within the Department as well as in the Congress.

A fourth 236 management issue is the problem of sheer sponsor inexperience in managing housing for lower income families.

Many of the management problems confronting some 221(d)(3) and 236 projects are very much akin to those facing the public housing program. And for all the time, talent and commitment that has gone into attempts to successfully manage and operate public housing we have still not arrived at any lasting solutions or foolproof techniques.

We have some limited dividend sponsors in 236 who have their own management capability and are strong on the business side of housing management for middle income families but who lack sufficient sensitivity to the special problems and needs in the low income area. We have some nonprofit groups who contract with local management agents and, having delegated the management function, forget about their responsibilities until they find out one day that they have a project going sour. Then again, we have some nonprofit sponsors who assume the management responsibility directly but lack sufficient knowledge and experience in the very complex business of managing housing for lower income families.

On this point, HUD is simply requiring a higher level of sponsor and managing agent qualification, experience and capability before it gives the "green light" to a project application. In project processing we're requiring a much deeper review of a sponsor's ability to operate and manage as part of our project selection system and as a condition precedent to project approval.

A final issue confronting housing management whether we're talking about public housing, 236 housing or even conventional housing, is the current shortage of an experienced manpower base in the housing management industry and the lack of training and professional development resources for this industry.

The need for skilled housing management personnel is indeed staggering. By 1980 there will be approximately 5 million Government assisted rental housing units under management, housing some 20 million people. This will represent a Federal investment of more than $150 billion over the life of the mortgages.

This figure, by the way, does not include the Federal investment in public housing. To manage these units will require at least 60,000 professionals by 1980, an increase from the estimated 20,000 at work today.

Moreover, at present, the housing management industry as a whole lacks the kinds of incentives, prestige, professionalism and career opportunities to attract and retain qualified people. Without these incentives and opportunities, there is little reason for an individual to seek or the industry to provide the training.

To meet these twin needs, training and the recruitment, placement and professionalism of housing managers, President Nixon recently signed an Executive Order creating The National Center for Housing Management. The objectives of the Center are (1) to help upgrade and professionalize the housing management field, (2) to focus national attention on the problems of housing management and provide leadership toward the solution, and (3) to spearhead the training effort that would provide the industry with the quality and caliber of trained personnel that will be needed in the years ahead.

The Center will be both publicly and privately supported and, in addition to providing a supply of trained management personnel, will plunge deeply into the area of developing improved management techniques and disciplines as well as to upgrade the financial incentives for housing managers -- particularly in the lower income publicly assisted housing field.

As I stated, the Center was created through an Executive Order signed by the President, has been announced, and a Board of Incorporators selected. It is now in its initial stages of organization and will be located in Washington, D.C. We have high hopes for the contribution it can make to solving many of the housing management problems and issues I've covered here today.

Summary

As you can see, the management of subsidized low income housing poses a variety of problems which differ markedly in quality and quantity from those in conventional rental housing. Because of these problems and the lack of adequate compensating incentives, many professional management firms have heretofore stayed away from managing subsidized housing.

But Government assisted housing appears to be here to stay irrespective of the form such assistance ultimately takes. And subsidized housing is being increasingly relied upon to serve a greater segment of our population. This expanding role of Government assisted housing quite clearly calls for a massive injection of trained and qualified personnel to manage and preserve the housing produced. This in turn calls for the development of new incentives, prestige, professionalism and career opportunities that will attract and retain talented people.

Earlier I pointed out that the Department is giving greater and greater attention to the quality and professionalism of project management. I can foresee no lessening of this attention on management. Such attention is possibly the best insurance we can buy for the success of our subsidized housing programs -- and we're out to buy it before HUD gives its approval on a project application.

This means that the role of management in the subsidized housing cycle is being redefined and given far greater emphasis. Management is finally being given a cutting edge in the development process.

This fact, coupled with the sheer demand for qualified housing management in all phases of the housing cycle presents the housing management industry with a great opportunity to expand in terms of profitability, manpower and technology. HUD has a very large stake in the success with which the housing management industry avails itself of this opportunity.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-290
Phone (202) 755-5277
(Spiegel)

FOR RELEASE:
Friday
May 12, 1972

FAR LESS VIOLENT CRIME IN PARKS THAN PUBLIC THINKS, HUD STUDY SHOWS

Contrary to popular belief, there is far less violent crime or even anti-social behavior in parks than on streets, and much less than in the home. Further, parks aren't being used as much as they should, mainly because they aren't as much fun as they should be.

These are the conclusions of a study recently completed by Harold Lewis Malt Associates of Washington, D.C., for the Department of Housing and Urban Development.

The study disclosed that of 7,858 crimes reported in 20 study area parks and the neighborhood areas around them, 2,633 occurred in the streets of those areas, and just over one percent, or 108 crimes occurred in the parks. Eight of the parks had no violent crimes; three had only a single offense each.

The report's complete findings are based on a study of 64 parks, four of them in each of 16 cities throughout the country. In each city, the parks consisted of a mini-park of about one acre, two neighborhood parks ranging in size up to 20 acres, and a community park of about 100 acres.

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If parks are not used, the survey found, it is because the parks are not serving the public adequately. Among the reasons were these:

... Almost all the parks scored poorly on apparent security as represented by lighting, communications, access and control, visibility, and similar factors.

... Physical facilities were inadequate. For example, 49 of the parks had toilet facilities, but most were locked and unusable.

... Facilities were mostly designed for teenage males. Teenage girls have nothing; the elderly have little. There is almost a total lack of innovative opportunities for adults.

Researchers questioning a group of users and non-users (balanced for age, sex, and race) of the 64 sites, found these reactions:

Parks still enjoy goodwill. Most people, users and non-users, consider parks as important, or more important than other city services such as garbage collection.

About half express concern over their personal safety in parks.

About a third are confirmed non-users, and nothing will bring them to parks. The remainder simply prefer forms of recreation not found in parks.

The biggest issue that bothers park users is the deficiencies of physical facilities.

One of the least significant issues is crime.

Major consumer groups, teenage girls, blacks, elderly, are inadequately served.

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Some of the correlations between crime, environment, and attitudes were these:

The larger community parks have the greatest incidence of crime, but they also have the lowest security measures among the study sites.

Neighborhood park crime is only slightly correlated with area or street crime, more correlated with population density.

The great majority of criminal incidents are "victimless," such as vandalism, petty theft, or larceny.

Most feared neighborhood parks are those used for a single purpose such as a playground, found near public housing projects and used primarily by teenage males.

Most feared community parks are the older, passive facilities, such as scenic areas, which offer few recreation facilities.

Planning, design, and construction do not now provide for real or perceived risks of criminal attack.

Lighting, communications, and other physical security features are grossly inadequate.

Few cities have used park police, rangers, or other personnel trained to improve security and reduce anti-social incidents.

In short, says the report, "the majority of our parks are aesthetically impotent...most are sterile and incapable of giving pleasure to the people who would use them."

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Parks, it says, have not changed much in 100 years. They are under-utilized. People who use them feel isolated and lonely. The parks are not serving their purpose.

Briefly, the report recommends that instead of presupposing what the public wants in its parks, that cities find out what the public wants from the people who will, or may, use them.

And, "if more people used parks, or enjoyed them more, they might have less fear of violent crime in their parks," the report concludes.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No 72-307
Phone (202) 755-5277
(Farley)

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FOR RELEASE:
Friday
May 19, 1972

HUD CONTRACTS FOR PORTABLE NOISE METER

The U.S. Department of Housing and Urban Development is sponsoring research to develop an inexpensive, self-operating, portable device for measuring exposure to noise at proposed housing sites.

HUD, last Fall, established specific requirements for noise abatement and control in projects subject to its approval. Under this policy Federal aid is withheld from new housing that would be affected by excessive noise pollution.

Noise Assessment Guidelines were developed by HUD to screen bad sites from good ones. The Guidelines, available to the public at 70 cents a copy from the U.S. Government Printing Office, can be used by anyone and do not require instruments.

To resolve doubtful cases, however, accurate measurements are required, usually calling for expensive instruments operated by highly trained acoustical experts.

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In these indeterminate cases, the instruments eventually would be replaced by a small black box capable of operating unattended outdoors for at least 24 hours in all kinds of weather.

The research will be undertaken by the National Bureau of Standards, which will plan, construct and demonstrate prototypes that will allow evaluation of several approaches toward solving the problems of accurate measurement. HUD, assisted by NBS, will then evaluate the systems in the field, including related costs and benefits.

NBS was chosen for this work because it is the national laboratory where the development of methods of measurement is one of its fundamental missions. The inherent difficulties involved in making unattended noise measurements in urban areas demands an interdisciplinary approach from the Bureau's physicists, engineers, psychologists, sociologists and economists.

It is estimated that the work will cost about $110,000 and will be completed by the end of this year.

For further information:

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

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Equal Opportunity Housing

HUD-No. 72-339
Phone (202) 755-5277
(Ervin)

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FOR RELEASE:
Wednesday
June 7, 1972

FEDERAL EMPLOYEES ASSURED ACCESS TO HOUSING BY NEW HUD PROCEDURES

The U.S. Department of Housing and Urban Development today adopted procedures to ensure that minority group and low-income employees working in new and relocated Federal buildings and leased space have access to an adequate supply of housing that they can afford, without discrimination.

The guidelines, which have been amended since they were first published in the Federal Register last December, are HUD's blueprint for implementing an agreement with the General Services Administration signed June 12, 1971.

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Under the agreement, known as the HUD-GSA Memorandum of Understanding, the two agencies are committed to use their resources and coordinate their responsibilities to ensure that adequate low-and moderate-income housing will be available on a nondiscriminatory basis in areas around or convenient to new or relocating Federal work facilities.

"HUD's involvement in this agreement coincides with its responsibility under the Federal Fair Housing Law for coordinating the efforts of all Federal Departments and agencies to administer their programs of housing and urban development in a manner that will further the goals of fair housing.

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"These procedures focus on what is currently one of the most serious problems of low-income and minority employees in both the Federal and private sector. It is on these groups that the impact of job relocation is the greatest. The problem of near-the-job housing confronts these groups of workers in cases involving new facilities as well as in instances where job installations relocate to other sites," Assistant Secretary for Equal Opportunity Samuel J. Simmons, declared.

By statute and executive order GSA has authority for determining sites of new Federal installations and for acquiring space for leasing. These determinations must, at times, take into account factors other than those which are the subject of the Memorandum of Understanding between HUD and GSA. Mr. Simmons is responsible for implementing HUD's responsibilities under the Memorandum.

This fact prohibited HUD from complying with a number of comments from organizations suggesting that GSA should not be permitted to select a site which HUD has reported as inadequate in respect to accessibility of low- and moderate-income housing.

"In light of this," Mr. Simmons said, "HUD procedures require a written Affirmative Action Plan which guarantees an adequate supply of low- and moderate-income housing on a nondiscriminatory basis no later than six months after the building or space is to be occupied.

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"This six month period is based on the HUD-GSA Memorandum of Understanding."

According to Mr. Simmons, the agreements constituting the Affirmative Action Plan will be signed not only by HUD, GSA, and the Federal agency involved, but also by community bodies and agencies, and other interests, such as real estate brokers, whose cooperation and/or participation is needed to fulfill requirements of the plan.

The plan also requires assurance that adequate transportation facilities will be available for low- and moderate-income workers, as well as appropriate provisions to promote non-discrimination in the sale and rental of all housing.

The procedures specify that the Affirmative Action Plan will be made public after the final site selection decision has been made by GSA.

The procedures reflect consideration given to comments from a number of interested organizations after publication of the procedures in the Federal Register last December 11.

Mr. Simmons stated that "the definition of 'low- and moderate-income' was revised to take into account the variations in income levels in different housing market areas."

"A detailed handbook explaining the procedures and their implementation is now being prepared," the Assistant Secretary added.

Each HUD Regional Administrator will monitor compliance with the Affirmative Action Plans within his jurisdiction.

HUD and GSA will undertake action to secure compliance in cases of noncompliance.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-341
Phone (202) 755-5277
(Spiegel)

FOR RELEASE:
Thursday
June 8, 1972

HUD ISSUES EVALUATION OF NEIGHBORHOOD FACILITIES

The U.S. Department of Housing and Urban Development today published the first in a series of evaluation reports on its Community Development grant-in-aid programs, and Federal policies and procedures involved.

The report today, from the office of Floyd H. Hyde, Assistant Secretary for Community Development, is titled Neighborhood Facilities - A Study of Operating Facilities, and is designed to inform the public on the operation of the program.

Mr. Hyde noted that the Community Development evaluation "will be of great help to us, as well as the public, in improving the program's effectiveness and management."

The 76-page report covers 145 facilities built with Neighborhood Facilities grants under Sec. 702 of the Housing Act of 1965, and represents 76 percent of the facilities authorized and operating when the study was conducted. Personnel from all divisions of HUD's Office of Community Development participated in the study, including surveys of facilities, site visits, and seminars.

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Included in the report are:

- Findings relating to neighborhood services, operations, and Federal administration of the program

- Recommendations for policies, procedures, guidance to neighborhood center operators, and HUD program management

- Actions taken as a result of the study

- Methodology and an appendix of statistical data, survey questionnaires, and evaluation guides for site visits.

Single copies of the report may be obtained free by writing to:

Department of Housing and Urban Development
Room B-258
Washington, D.C. 20410

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-359
Phone (202) 755-5277
(Spiegel)

FOR RELEASE AFTER:
12:00 Noon, Tuesday
June 13, 1972

URBAN RENEWAL SEEN RESCUER OF HUNDREDS OF COMMUNITIES

Urban renewal operations have kept hundreds of communities from becoming disaster areas, and criticism of some parts of his own program by Secretary George Romney of the Department of Housing and Urban Development have been misinterpreted as a condemnation of the whole program.

The statement was made today by Floyd H. Hyde, Assistant Secretary for Community Development, who directs the Urban Renewal program for HUD.

Addressing the Southeast Regional Council of the National Association of Housing and Redevelopment Officials at New Orleans, Mr. Hyde said the Secretary's remarks to a House subcommittee, were taken out of context, and referred only to problems arising in some inner city urban renewal operations.

"His (Romney's) exact words were: 'If you take a look at the national result in housing, it has been a great success in what has been done here in terms of meeting housing needs in the country.

"'But, on the other hand, if you deal with the problems in these central cities, you have a different situation, and the same thing is true of urban renewal. It depends a good deal on the particular area you are talking about.'"

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The Romney comments resulted from criticism of a "write down" in one of Washington's urban renewal areas, Hyde said, which was caused by the need to alter the use for which the land was originally acquired.

This sometimes happens, he pointed out, as in the case of the need to protect a partly residential, partly commercial neighborhood from commercial encroachment. The result might be the need to pay owners of the commercial property a higher price before converting the land to residential use.

But, he said, there are also areas where the local renewal agency has actually sold land for more than it paid. "A renewal program in any city must be balanced, taking a loss in one area to achieve a desirable objective of providing housing for low-income residents, and operating at a profit elsewhere in the city.

"While we must constantly strive for improvement which I am certain is attainable, you will be interested, I am sure, in some recent data which our computers have produced on the achievements of the urban renewal program:

"At the end of the last fiscal year, in 2,160 conventional urban renewal and neighborhood development project areas throughout the Nation, the program has produced, after complete or partial renewal operations: a 422 percent increase in assessed valuation of taxable acres, from an average value per acre of $47,034 to $245,362; a 395 percent increase in average tax revenues per taxable acre, from $3,021 to $14,945 an acre.

"Construction value was shown at $12.3 billion completed or underway, with $8.4 billion representing private investment, plus $750 million more for renewal land; and $2 of private investment for every $1 of Federal disbursements; and, for the first time in the history of the program, more low and moderate income housing than high priced housing; and, not least, 200,687 completed housing units, with 43,185 more under construction.

"Incidentally, one of the improved approaches would be through Revenue Sharing, which, as you know, is now moving its way through Congress.

"A city cannot think of urban renewal narrowly as a project here and a project there. It cannot isolate the cost of redeveloping a particular part of the city. Urban renewal is an intricate inter-relationship of physical, social, and economic facts, all brought to bear on the single objective of improving the total environment in a community....And that community is the "real urban community" which eliminates the artificial political boundaries and barriers, and looks at our metropolitan areas as they really are," Hyde concluded.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-395
Phone (202) 755-5277
(Bacon)

FOR RELEASE AFTER:
12:00 Noon, Friday
June 30, 1972

HUD GUARANTEES NEW TOWN IN RURAL NORTH CAROLINA

A Federal pledge to guarantee up to $14 million for the development of Soul City--a free-standing new community proposed for a 5,180-acre site in rural Warren County, N.C.--was announced jointly today by Secretary George Romney of the Department of Housing and Urban Development and Governor Robert W. Scott of North Carolina.

Soul City is the first rural new town to receive a commitment of Federal assistance. It is also the first in which the principal sponsor will be a black-owned enterprise.

Secretary Romney said development of Soul City will mean "new hope for people of all races" in a county which has "suffered severely from a decline in agricultural production" and "experienced the largest rate of out-migration of any county in the State."

Federal new-town aid to Soul City is contingent upon the ability of the developer to attract industry to the new community. Major emphasis during the first few years of development will be upon industrial rather than residential construction.

-more-

Governor Scott pledged full cooperation of the State in providing manpower training for jobs to be created by industry locating in the new town. He called development of Soul City consistent with the overall policy and economic development strategy of the new State development plan and cited the new town as a model of intergovernmental cooperation. The State participated in matching grants for overall planning for the region, he said. Initial capital for the venture, Governor Scott noted, was provided by North Carolina financial institutions and the Chase-Manhattan Bank of New York City.

Area financial institutions involved are the North Carolina National Bank of Raleigh and Mechanics and Farmers National Bank of Durham.

Soul City is expected not only to create a job and tax base for the area, but also to help stem the movement of young residents out of the region in search of jobs. Proximity of Soul City to Interstate Highways I-85 and I-95, main north-south routes near the East Coast, and to Raleigh-Durham, N.C., 45 miles to the south, is expected to aid in this effort to attract new industry.

Soul City Development Company has been formed to build the new town. President is Floyd B. McKissick, a lawyer and head of Floyd B. McKissick Enterprises, a firm formed in 1968 to foster minority-owned and controlled businesses.

In addition to the McKissick firm, the development company will consist of the National Corporation for Housing Partnerships, a federally-chartered corporation authorized under the 1968 Housing Act to promote development of low and moderate income housing; and Building Systems Housing Corporation, an affiliate of Building Systems Incorporated, a Cleveland, Ohio-based construction and modular housing firm.

The new community, 10 miles south of the Virginia border, is expected to house 44,000 residents in 12,096 homes over a 30-year period. Residential development will include apartments, town-houses, garden apartments, single-family detached homes and medium-rise apartments grouped near commercial, educational and recreational facilities and linked by bicycle and pedestrian pathways separate from the internal road network.

The town center will contain retail stores, offices, hotel facilities and restaurants. An educational park is proposed as the site for all public educational facilities above the elementary school level.

The 1,495 acres designated for recreational and open space use will include a 180-acre municipal park next to the town center, five community parks of 33 acres each, and a 160-acre 18-hole golf course. Three man-made lakes totalling 120 acres will be created in stream valleys. Seven hundred acres will be retained as permanent open space and wilderness area.

Plans for a pre-paid, comprehensive group medical program are being developed by the Soul City Foundation--a nonprofit organization--in conjunction with the North Carolina Memorial Hospital. A $99,000 grant has been obtained from the Office of Economic Opportunity for this purpose.

Kerr Lake Utilities Company, a private nonprofit firm, has been formed to construct water and sewer facilities to serve industrial, residential and commercial development during the initial four-year development period.

Plans are to create a multi-county authority to provide water facilities to meet the long-range needs of Soul City, Henderson, Oxford, and other communitites in the area.

Sewage treatment will be three-stage, and industries locating in the new town will be required to pre-treat all industrial waste and to follow strict environmental control standards. Water will be supplied from Kerr Lake Reservoir on the Virginia border.

The commitment for guarantee assistance is authorized under the Urban Growth and New Communities Development Act of 1970. Soul City is the eleventh new community development to receive such assistance.

# # #

(To accompany HUD-No. 72-395)

BASIC DATA

1. Project Name: Soul City New Community

2. Developer: Floyd B. McKissick Enterprises, Inc., National Corporation for Housing Partnerships, and Building Systems Housing Corporation.

3. Location: Near Manson, Warren County, N.C., between towns of Henderson and Warrenton, site is 45 miles north of Raleigh and Durham lying between Routes U.S. 1 and U.S. 401.

4. Acreage: The site, at completion, will contain 5,180 acres.

5. Ultimate Population and Dwelling Units: Approximately 44,000 residents in 12,906 dwelling units at project completion in 30 years.

6. Guarantee Amount: Loan Guarantee Commitment $14 million.

7. Significant Characteristics: Located in a rural economically-depressed area, this proposed new free-standing community would provide a new growth center. Also useful in producing approaches that could be applied to other free-standing new community developments.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-398
Phone (202) 755-5284
(Brown)

FOR RELEASE:
Monday
July 3, 1972

HUD MAKES FIRST GRANTS TO AID LOCALITIES IMPROVE THEIR LOW-COST HOUSING TECHNIQUES

Secretary George Romney of the U.S. Department of Housing and Urban Development has announced grants totaling $999,952 to 13 organizations to help them improve their effectiveness in developing housing for low- and moderate-income families.

The organizations will provide advice and technical assistance to non-profit sponsors and mutual self-help associations directly engaged in the development of such housing.

These are the first grants made under Section 106(a) of the Housing and Urban Development Act of 1968, as amended. This legislation authorizes HUD to provide, or to contract with public or private organizations to provide, information, advice, and technical assistance concerning the construction, rehabilitation, and operation of low- and moderate-income housing.

"In many areas, the need for low- and moderate-income housing is largely unmet," stated Robert E. Philpott, Director of the 106(a) program. "The reasons may be found partly in the lack of local knowledge and in the lack of local capacity to operate under the various federally subsidized housing programs available to families of limited income.

-more-

"The Section 106(a) program is expected to help fill the void and provide a vehicle for broader use of the federally subsidized housing programs. In addition to materially increasing the effectiveness of nonprofit sponsors, Section 106(a) can be an important resource in HUD's endeavors to involve nonprofit groups in the national housing effort."

Names of grant recipients and their geographical location are:

CALIFORNIA Self-Help Enterprises, Inc., of Visalia.

FLORIDA Cathedral Foundation, Inc., of Jacksonville.

HAWAII Hawaii Council for Housing Action of Honolulu.

INDIANA Southern Indiana Housing Development Corp., of Columbus.

MARYLAND Department of Economic and Community Development, of Annapolis.

MASSACHUSETTS South Middlesex Opportunity Council, of Framingham.

MICHIGAN Greater Grand Rapids Housing Corp., of Grand Rapids.

NEW JERSEY and PENNSYLVANIA (Delaware River Valley) Housing Advisory Service Corp., of Philadelphia.

NEW YORK Better Rochester Living, Inc., of Rochester.

NORTH DAKOTA Basin Electric Power Cooperative, of Bismarck.

OREGON State of Oregon, Housing Division, of Salem.

PENNSYLVANIA (Six County Region in Southwestern Pennsylvania) The Mini-Corporation Association, of Pittsburgh.

TEXAS National Spanish Speaking Housing Development Corp., of Del Rio.

-more-

HUD's selection of the grantees was based on composite ratings derived from the evaluation of each proposal in terms of: area of need; viability; field evaluation; services to be performed; cost of services; housing cost reduction; capacity to assume responsibility; and background and experience.

To be eligible for a Section 106(a) grant, an applicant must be a nonprofit or cooperative organization or public body and have: (1) the financial, legal, administrative, and actual capacity to assume and carry out the responsibilities imposed; (2) the necessary background and ability to perform responsibly in the field of housing production; (3) provisions for maintaining an accounting and control system in compliance with HUD regulations.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-399
Phone (202) 755-5284
(Beckerman)

FOR RELEASE:
Monday
July 3, 1972

HUD ACTS TO LOWER MORTGAGE SETTLEMENT COSTS

The U.S. Department of Housing and Urban Development has proposed standards for seven metropolitan areas governing the amounts of settlement costs allowable in connection with HUD-FHA insured mortgage transactions.

The areas are: Cleveland, Newark, N.J., San Francisco, Seattle, St. Louis, and Washington, D.C., and the Maryland and Virginia suburbs, which are considered as one area for the purposes of setting the new standards.

The proposed standards will be published in the Federal Register July 5, 1972. They are a first step toward establishing maximums for specific areas where the HUD Secretary determines that excessive charges are being collected from mortgagors and sellers in connection with HUD-insured mortgage transactions.

While the proposed maximums are limited to the seven areas mentioned, it is contemplated that standards will be set in the near future for additional areas where the Secretary deems such action advisable.

Pursuant to the Emergency Home Finance Act of 1970, Secretary George Romney was authorized to establish these settlement cost standards, based on his determination of reasonable charges for necessary services. Accordingly, a comprehensive survey was made of all HUD and VA closings during March of 1971.

-more-

It was the analysis of this cost data plus information as to the nature of the services rendered that resulted in the development of proposed maximum charges, which were then reviewed by HUD Insuring Offices personnel for the seven areas. Following this, the maximums published in the Register were established.

For the Washington, D.C. area, the proposed costs for a $20,000 home are approximately as follows:

Survey	$ 55
Closing Fee	50
Termite Certificate	15
Title Examination	90
Title Insurance	85
Total	$295

These figures would result in a reduction from average costs revealed in the survey of $216, and from maximum costs, of $394.

For Cleveland, the estimated reduction from maximum costs would be $318, for Newark, $407, for San Francisco, $591, for Seattle, $509, for St. Louis, $276, and for the Maryland-Virginia area, $451.

Also to be published in the Register will be a proposed "Settlement Cost Reporting Form," to be submitted to HUD by the mortgagee following the settlement of each loan to which these regulations apply.

Comments on the proposed settlement cost maximums and the "Settlement Cost Reporting Form" are solicited from mortgagees, mortgagors, persons who supply services in connection with real estate settlements, public interest grou and other interested parties.

-more-

Persons wishing to comment may do so by writing to the Rules Docket Clerk, Office of the General Counsel, Department of Housing and Urban Development, no later than July 31, 1972.

The proposals presently published in the Register may be changed in the light of comments received. A copy of each submittal will be available for public inspection at the Rules Docket Clerk's Office, Room 10256, HUD Building, 451 Seventh St., S.W., Washington, D.C.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-397
Phone (202) 755-5284
(Savage)

FOR RELEASE:
Thursday
July 6, 1972

HUD, THREE AGENCIES TO PROVIDE SOCIAL SERVICES FOR OLDER AMERICANS

Based on a common interest in improving the well being of older Americans living in federally-financed housing, the U.S. Department of Housing and Urban Development has signed an agreement of cooperation with three other national organizations.

The Agreement calls for the establishment of broad social programs that make wider use of volunteers and para-professionals from the elderly population, many of them living in federally-subsidized housing. The programs will not only be staffed by older volunteers but will provide a wide range of social services for other older persons, also living in federally-financed housing.

The other participating agencies are the U.S. Department of Health, Education and Welfare's Administration on Aging, ACTION and the National Center for Voluntary Action, a private organization.

Special training programs for volunteers are an important feature of the agreement.

"We know that in many towns and cities there is a scarcity of people available or willing to work in social and service-type jobs that retired people can fill with the proper training," said Secretary George Romney, who signed the agreement for HUD.

-more-

"We believe a deeper involvement of older citizens will provide a sense of usefulness and accomplishment that comes with doing productive work and helping others."

Government-supported programs for older Americans now being carried out such as Foster Grandparents and Retired Senior Volunteer Programs will be incorporated into the overall plan.

"Although the program is necessarily limited to public housing tenants at this first stage, we expect that the idea will take hold among other interested individuals which will improve the quality of life for all older citizens," Mr. Romney said.

Each of the four signatory agencies will contribute within its own sphere of responsibility, generally along these lines:

-- HUD will provide facilities, usually within the project or nearby, and financial and other support to local housing authorities;

-- The HEW/AOA, through its State organizations, will develop programs and conduct training of those older tenants who wish to participate, also working with local housing authorities;

-- ACTION will provide VISTA volunteer workers, mostly elderly, to help in a wide range of services and to mobilize, train and orient other volunteers to expand the program;

-- The National Center for Voluntary Action will serve as a national program clearing housing and contact point for national organizations interested in older citizens.

-more-

Other officials signing the agreement were John G. Veneman, Under Secretary for HEW; J. H. Blatchford, Director of ACTION, and Douglas K. Kinsey, President, National Center for Voluntary Action. Secretary Elliot Richardson, Secretary of HEW and Walter Howe, Deputy Director of ACTION also attended the formal occasion for the signing of the agreement.

# # #

NOTE TO EDITORS: A photograph of the signing ceremony is available upon request to the News Services Division, Office of Public Affairs, Department of Housing and Urban Development, Washington, D.C. 20410.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-426

Phone (202) 755-5284

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# # #

July 26, 1972

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-437
Frank Desiderio (717-961-3841)
Harry Spiegel (202-755-5277)

FOR IMMEDIATE RELEASE:
Wednesday
July 26, 1972

HUD ANNOUNCES REHAB PROGRAM FOR PENNSYLVANIA FLOOD VICTIMS

The U.S. Department of Housing and Urban Development today announced that it will assist in a self-help rehabilitation program to speed the return of Pennsylvania families to their own homes. This program is in addition to the growing number of temporary housing units being provided by HUD to the disaster areas.

Under the new rehabilitation program, financial aid will be provided applicants to restore their homes to liveable conditions, until permanent repairs can be made. The rehabilitation to minimum living standards must be completed within three weeks.

The U.S. Army Corps of Engineers, which will determine the extent of the work required to make the homes liveable, will arrange for the contractors who will do the work. Contractors must be able to restore power, water, sewer facilities, security, and safety facilities within three weeks.

To prevent excessive delays, families found eligible for the rehabilitation program may cancel their agreement with contractors if work is not started within two weeks. In that event, the families can reinstate their applications for HUD temporary housing.

-more-

HUD said families receiving this rehabilitation assistance will not be eligible for other housing. Weekly reviews will be made of the rehabilitation work to assure that repairs are done well and quickly.

The new rehabilitation program is expected to place many families back into their own dwellings, rather than temporary housing. Funds for the program will come from President Nixon's Disaster Relief Fund.

Meanwhile, HUD is continuing to provide additional temporary housing units to the areas damaged by Tropical Storm Agnes. Nearly 1,900 families in Pennsylvania already have been provided housing, with more than half of them in the Wilkes-Barre area, which was hardest hit.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-440
Phone (202) 755-5284
(Dan Day)

FOR RELEASE:
Tuesday
August 1, 1972

THE FEDERAL CRIME INSURANCE PROGRAM

Questions and Answers

1. Q. What is the purpose of the Federal crime insurance program?

   A. The program was established under Title VI of the Housing and Urban Development Act of 1970 which authorizes the Federal Government, as an insurer, to provide crime insurance at an affordable price in any State which after August 1, 1971, has a critical crime insurance availability problem and does not have an appropriate State program to provide a solution. The program became effective on August 1, 1971. Reduced rates were made applicable to policies issued after August 1, 1972.

2. Q. In which States is the program available?

   A. In Connecticut, Illinois, Maryland, Massachusetts, Missouri, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, and the District of Columbia.

3. Q. Who is responsible for operation of the program?

   A. The Secretary of HUD has delegated administration of the program to the Federal Insurance Administrator in the U. S. Department of Housing and Urban Development (451 Seventh Street, S. W., Washington, D. C. 20410). Acting for the Secretary, the Federal Insurance Administrator conducts a continuing nationwide review of the market availability situation. In those States in which he concludes that a critical problem exists which is not being resolved at the State level, the Federal Insurance Administrator provides insurance against losses due to burglary and robbery through licensed insurance agents and brokers and private insurance companies acting as servicing companies for the Federal Insurance Administration.

4. Q. Will the program be expanded to additional States?

   A. If the Federal Insurance Administrator finds a critical problem of availability in additional States which is not being resolved at the State level, he will designate such additional States as eligible for the purchase of crime insurance. The State of Tennessee became eligible for the first time as of August 1, 1972.

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5. Q. Who can buy Federal crime insurance?

A. A property owner or tenant or businessman within an eligible State or the District of Columbia may apply for crime insurance by (a) signing an application, and (b) paying a 6-month premium installment due at time of application. To be eligible for burglary insurance coverage, his premises must meet the protective device requirements of the program referred to in Questions 14 and 15 below. Such requirements do not apply to commercial insurance against robbery only.

6. Q. Where does a property owner or tenant obtain an application form?

A. Federal crime insurance applications may be obtained from any licensed property insurance agent or broker in any eligible State in which the premises to be insured are located or from the appropriate servicing company in that State as follows:

CONNECTICUT	- Aetna Casualty & Surety Company 111 Pearl Street, Hartford, Connecticut 06103
DISTRICT OF COLUMBIA	- Aetna Casualty & Surety Company Commerce Building, 1700 K Street, N. W. Washington, D. C. 20006
ILLINOIS	- Insurance Company of North America 167 W. Jackson Boulevard Chicago, Illinois 60604
MARYLAND	- Insurance Company of North America 303 E. Fayette Street Baltimore, Maryland 21202
MASSACHUSETTS	- Aetna Casualty & Surety Company 10 Post Office Square Boston, Massachusetts 02109
MISSOURI	- Aetna Casualty & Surety Company 1600 Pierce Building, 112 N. 4th Street St. Louis, Missouri 63102
NEW YORK	- Aetna Casualty & Surety Company 151 William Street, New York, New York 10038
OHIO	- Aetna Casualty & Surety Company Union Commerce Building, 925 Euclid Avenue Cleveland, Ohio 44114
PENNSYLVANIA	- Insurance Company of North America 625 Walnut Street Philadelphia, Pennsylvania 19105

-more-

RHODE ISLAND - American Universal Insurance Company
144 Wayland Avenue, Box 6328
Providence, Rhode Island 02904

TENNESSEE - Insurance Company of North America
480 James Robertson Parkway
Nashville, Tennessee 37219

7. Q. What kind of criminal acts and losses can be covered by Federal crime insurance?

A. (a) Burglary and larceny incident thereto, which means the stealing of property from within a premises which has been forcibly entered by means which leave physical marks of such forcible entry.

(b) Robbery, which means the stealing of personal property from the insured in his presence and with his knowledge both inside the premises and outside the premises. The term robbery includes observed theft.

(c) Damage to the premises committed during the course of a burglary or robbery, or attempted burglary or robbery.

(d) In the case of the residential insurance policy, the burglary of an enclosed locked storage compartment of an automobile.

(e) In the case of commercial insurance against burglary, the theft from a night depository and burglary of a safe, subject to a $5,000 limit on claims with respect to safes of less than insurance Class E quality.

8. Q. How much insurance can an individual buy?

A. Residential insurance coverage may be purchased in amounts up to $10,000. Commercial insurance may be purchased in amounts up to $15,000. Such limits apply on a per-occurrence basis.

9. Q. Can an applicant choose the peril he wants to be insured against?

A. The residential insurance policy is a combination burglary and robbery package policy that is not sold in separate parts. However, a commercial applicant can purchase robbery insurance only or burglary insurance only or combinations of both. A policy that protects against robbery only costs 60% of the cost of a package burglary and robbery policy. A policy that protects against burglary only costs 50% of the package policy rate. Robbery and burglary coverage purchased in a combination of different amounts costs the sum of the rates for the separate parts.

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10. Q. What kind of personal property is covered?

A. The residential policy insures against loss of all personal property including jewelry, after application of the $75 deductible. However, loss of money is covered only up to $100. The commercial policy can insure against burglary and larceny of merchandise, furniture, fixtures and equipment and against stealing of money, securities, and merchandise by safe burglary and against robbery of money, securities, merchandise, fixtures and equipment.

11. Q. Are claims payments subject to deductibles?

A. (a) Claims under the residential policy are subject to a deductible of $75 or 5% of the gross amount of the loss, whichever is greater.

(b) Claims under the commercial policy are subject to minimum deductibles which vary according to the annual gross receipts of the insured, as shown in the following table, or to 5% of the gross amount of the loss, whichever is greater:

Gross receipts	Deductible
Less than $25,000	$ 50
$25,000 - $49,999	75
$50,000 - $99,999	100
$100,000 - $299,999	150
$300,000 or over	200

The deductible for nonprofit or public property risks is $100 or 5% of the gross amount of the loss, whichever is greater.

12. Q. How does a property owner or tenant report claims for losses?

A. Losses which exceed the applicable deductible should be reported to the agent or broker through whom the application was submitted, or directly to the servicing company designated for the State in which the premises are located. A sworn proof of loss statement must be submitted.

13. Q. Will policies be cancelled or not renewed if insureds submit claims?

A. No. The Federal crime insurance program was established to make crime insurance more readily available in areas where people have been unable to buy or retain crime insurance. Federal crime insurance therefore will not be denied to any eligible insured because of the frequency or amount of his claims.

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14. Q. What protective devices are required on a residential property before it is eligible for Federal crime insurance?

A. For a residential property to be eligible for Federal crime insurance, its exterior doors, other than sliding doors, must be equipped with either a dead bolt, or a self-locking dead latch. Dead bolts or self-latching dead latches must have a throw of at least 1/2 inch or be equipped with interlocking bolts and striker. (The term "dead" bolt refers to the fact that the bolt cannot be made to retract except by turning a knob or key. The term "throw" refers to the distance which the bolt or latch protrudes from the body of the lock when the bolt or latch is in a locked position.)

All sliding doors and windows opening onto stairways, porches, platforms or other areas affording easy access to the premises, must also be equipped with some type of locking device.

15. Q. What protective devices are required on a commercial property before it is eligible for Federal crime insurance?

A. For a commercial property to be eligible for Federal crime insurance against burglary, its doorways or doors and accessible openings must be adequately protected during nonbusiness hours. The commercial requirements, which are more extensive than those for residential properties, vary by types of business. They are listed on the commercial application form and will be explained by the agent or broker. Such requirements do not apply to insurance against robbery only.

16. Q. What is the result if the requirements are not followed?

A. Failure to comply fully with substantive requirements or the making of a false statement will result in refusal of coverage or cancellation and the denial of claims for losses. Intentionally false or misleading statements, either in the application or in connection with the submission of a claim, may also result in criminal prosecution.

17. Q. What are the rates for residential or personal coverage?

A. Annual rates for residential crime insurance coverage are the following:

Amount of coverage	In lowest crime areas	In average crime areas	In highest crime areas
$1,000	$20	$30	$40
$3,000	30	40	50
$5,000	40	50	60
$7,000	50	60	70
$10,000	60	70	80

-more-

18. Q. What are the rates for nonresidential or commercial coverage?

A. These rates cannot be shown on a simple table since they are based on the class and location of the business and reflect the gross receipts from the previous year, as well as the amount of coverage selected by the insured. Complete details are contained in the program manual but, for example--

(1) A grocery store having gross receipts of under $100,000 located in a high crime exposure territory such as Baltimore, the District of Columbia, or New York City would pay annual rates as follows (only 1/2 of the shown amount must be paid in advance):

Amount of coverage	Burglary and robbery in equal amounts (Option 1)	Robbery only (Option 2)	Burglary only (Option 3)
$1,000	$120	$72	$60
$5,000	480	288	240
$10,000	660	396	330
$15,000	690	414	345

Option 4 (varied amounts of both coverages): Assuming a selection of $1,000 robbery and $5,000 burglary, the premium would be $72 plus $240, or $312.

(2) A drug store having gross receipts of between $100,000 and $299,999 located in an average crime exposure territory such as Boston, Chicago, Cleveland, Hartford, Memphis, Philadelphia, Providence, and St. Louis would pay annual rates as follows (only 1/2 of the amount shown must be paid in advance):

Amount of coverage	Burglary and robbery in equal amounts (Option 1)	Robbery only (Option 2)	Burglary only (Option 3)
$1,000	$150	$90	$75
$5,000	600	360	300
$10,000	825	495	413
$15,000	863	518	432

Option 4 (varied amounts of both coverages): Assuming a selection of $1,000 robbery and $10,000 burglary, the premium would be $90 plus $413, or $503.

-more-

(3) A book store having gross receipts of under $100,000 located in a low crime exposure territory such as Albany, New York; Harrisburg, Pennsylvania; Meriden, Connecticut; and Steubenville, Ohio; would pay annual rates as follows (only 1/2 of the amount shown must be paid in advance):

Amount of coverage	Burglary and robbery in equal amounts (Option 1)	Robbery only (Option 2)	Burglary only (Option 3)
$1,000	$70	$42	$35
$5,000	280	168	140
$10,000	385	231	193
$15,000	403	242	202

Option 4 (varied amounts of both coverages): Assuming a selection of $1,000 robbery and $5,000 burglary, the premium would be $42 plus $140, or $182.

The cost increases for stores having higher gross receipts.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-448
Phone (202) 755-5277
(Bacon)

FOR RELEASE:
Tuesday
August 1, 1972

HUD AWARDS 104 FELLOWSHIPS FOR STUDY IN URBAN FIELDS

Secretary George Romney of the Department of Housing and Urban Development today announced award of Urban Studies Fellowships to 104 students working toward Masters degrees in urban studies at 50 colleges and universities across the Nation. Graduate students receiving the grants reside in 29 States, plus the District of Columbia.

The District of Columbia led the field with 13 successful candidates, while California and New York State tied with 11 student residents each. Sixty-seven minority students and 49 women were among the 104 awardees. More than 1,300 applications for Fellowships were received by HUD for the 1972-73 academic year. Awards are based on such factors as commitment to public service, ability and financial need.

Urban Studies Fellowships cover a wide range of urban-related fields of graduate study for qualified students preparing for careers in urban public service at the State, areawide and local levels. Students pursue full-time degree work in studies involving social, economic and physical development of communities and regions, with emphasis on coordination of all aspects of community development.

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Students receive grants up to $3,000 for a year of study, plus $500 for each dependent up to two. A cost-of-education allowance covering tuition and fees is paid directly to the institutions at which the Fellows are studying.

More than 500 such grants have been made to graduate students through HUD's Urban Studies Fellowship Program since its inception in 1967.

In announcing today's sixth annual awards Secretary Romney termed the program "an integral and vital part of HUD's strong concern for the future of American communities. Revitalization of local areas and redirection of urban growth into orderly, more liveable patterns demands the services of urban professionals, particularly minority professionals, trained as urban planners, city managers and municipal finance officers." HUD's goal, under the Fellowships and related work-study program, is to accelerate training in these critically-short professional fields, he said.

The Urban Studies Fellowship Program, authorized by Title VIII of the Housing Act of 1964, is administered by HUD's Office of Community Planning and Management, headed by Assistant Secretary Samuel C. Jackson.

The HUD Fellows, their home addresses and the institutions they will attend during the 1972-73 academic year are as follows:

ALABAMA

Jacqueline W. Craig, 429 - 53rd St., Fairfield; Antioch Law School
Lawrence Gil Scott, 404 LaRose Dr., Mobile; Michigan State University

ARIZONA

David C. Brunt, P.O. Box 94, Tuba City; University of Arizona

CALIFORNIA

Michael Dennis Rancer, 2404 Fulton St., Berkeley; U. of California, Berkeley
Cydronia Valdez, Mead Hall, Pitzer College, Claremont; U. of Southern California
Joaquin G. Avila, 2122 E. Hatchway St., Compton; Harvard University
Patrice D. Edwards, 1508 N. Elva Ave., Compton; Syracuse University
Robert John Martinez, 1813 N. Dillon St., Los Angeles; U. of California, L.A.
Sally S. Masek, 17511 Mayall St., Northridge; University of North Carolina
Charles Edward Loggins, 7717 Ney Ave., Oakland; Harvard University
Marta K. Samulon, 180 Parkside Dr., Palo Alto; U. of California, Berkeley
Darrell H. Cozen, 3640 Greenhill Rd., Pasadena; Cornell University
Janet M. Ruggiero, 3708 Second Ave., Sacramento; San Jose State
Darnell L. Hayes, 230 N. Pardee St., San Diego; San Diego State

COLORADO

James I. Bailey, 800 Willow Brook Rd., Boulder; University of Washington

DISTRICT OF COLUMBIA
(Washington, D.C.)

Marsha N. Allgeir, 3971 Langley Court, N.W.; University of North Carolina
Henriette C. Bungie, 929 - 48th St., N.E.; University of Pittsburgh
Patricia A. Burks, 119 Urell Pl., N.E.; University of Pittsburgh
Annette Chiles, 334 - 34th Pl., N.E.; Harvard University
Lillian A. Curley, 4116 Ames St., N.E.; American University
James W. Johnson, 2325A - 37th St., N.W.; Case Western Reserve
Edward A. Lynch, 3609 - 18th St., N.E.; Columbia University
William E. Mizelle, 1758 U St., N.W.; Howard University
Roger H. Neely, 4229 - 7th St., S.E.; Howard University
Nathaniel Sims, 1714 Lang Pl., N.E.; Georgetown University
Nadine G. Thompkins, 1416 - 35th St., S.E.; Columbia University
Amos A. Williams, 108 Galveston St., S.W.; Howard University
Gilbert V. Williams, 417 - 19th St., N.E.; Howard University

-more-

FLORIDA

Rhoda P. Glasco, 2150 N.W. 50th Ave., Fort Lauderdale; U. of North Carolina
Susan E. Philipson, 1640 W. 72nd St., Hialiah; Harvard University
Earlene V. Burney, 1478 W. 11th St., Jacksonville; Georgia State University
Dominic M. Healey, 1233 Walnut St., Jacksonville; New York University
Carol D. Ferguson, 2101 S.W. 11th St., Miami; Georgia Inst. of Tech.
Dorothy J. Clark, 6924 Westmar Dr., Orlando; Emory University
Doby Lee Flowers, 1222 Ford St., Tallahassee; Florida State University

GEORGIA

Michael McNamara, 3030 Cardinal Dr., Augusta; U. of California, L.A.

HAWAII

Mary L. Yuen, 1008 Kahoa St., Hilo; University of Washington

ILLINOIS

Marguerite T. Green, 9941 S. Princeton, Chicago; Southern Illinois University
Thomas D. Tincher, Tower Lake Apartments, Edwardsville, U. of Southern California
James M. Kane, 147 N. Ridgeland, Oak Park; Syracuse University
Dennis R. Pescitelli, 2112 N. 21st St., Springfield; University of Illinois

INDIANA

Paul L. Garrett, 1939 W. 21st Ave., Gary; American University
John Stafford, 2706 Martin Manor Dr., Goshen; University of Illinois

IOWA

Robert Overhulser, 1102 Burnett, Ames; Syracuse University
Dennis O'Rourke, 1600 Oakland, Des Moines; U. of Southern California
Carolyn L. Green, 2803 Lafayette, Waterloo; University of Iowa
Obert L. Tisdale, 526 Iowa St., Waterloo; University of Iowa

KANSAS

Debera C. Weaver, 3800 Weaver Court, Kansas City; Kansas State University
Donna J. Hull, 2310 Wildwood Lane, Manhattan; Harvard University
Barbara K. Stricker, 9255 Conser, Overland Park; Kansas State University

-more-

KENTUCKY

Phyllis J. Shanks, 460 Walnut St., Lexington; Washington University

MARYLAND

Burley Coleman, 2324 E. Federal St., Baltimore; Morgan State
Shirley E. Cooke, 2811 Virginia Ave., Baltimore; Morgan State
Mitchell G. Williams, 4317 Garrison Blvd., Baltimore; Syracuse University
Ellen M. McCarthy, 6201 - 20th Pl., Hyattsville; Harvard University
Tedd H. Jett, 4412 Windy Hill Rd., Randallstown; Duke University

MASSACHUSETTS

Robert N. Werlin, 130 Avon St., Malden; Tufts University
Marsha F. Zimmer, 6 Valley Spring Rd., Newton; Boston College

MICHIGAN

Robert C. Brinkman, 5740 Bloomfield Glens, Birmingham; Stanford University
Penelope D. Clute, 16940 Log Cabin, Detroit; Wayne State University
Marva J. Smith, 5267 Vancouver, Detroit; U. of Southern California
Michael A. McCormick, 211 Kendall, Kalamazoo; University of Michigan

MISSOURI

Paula L. Schwach, 1501 W. Webster, Springfield; St. Louis University

MONTANA

Robert Bellandi, 1911 Hamburg Ave., Anaconda; Syracuse University

NEBRASKA

Michael T. Uberuaga, 1524 Coventry Lane, Grand Island; U. of Southern California

NEW JERSEY

John Evans, 301 Sherman Ave., Newark; Princeton University
Joseph C. Tempel, Mountain View Rd., Skillman; University of Colorado

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NEW YORK

Deborah Binstock, 4022 Hillman Ave., Bronx; University of North Carolina
Ruth A. Williams, 250 Baldwin Rd., Hempstead; University of Pennsylvania
Jerome G. Wiggins, 110-39 - 196th St., Jamaica; U. of California, Berkeley
David Arthur, 61 Hamilton Pl., New York; University of Pittsburgh
Larry S. Englisher, 10 Hillside Ave., New York; Massachusetts Institute of Technology
Julio Vazquez, 2999 - 8th Ave., New York; Hunter College
John T. Nagle, 1478 Wyoming Ave., Schenectady; University of Pennsylvania
Denise G. Griffin, 121-27 Milburn St., St. Albans; University of Pennsylvania
Regina M. Kelly, 44 Fairway Ave., Staten Island; University of Pennsylvania
Elizabeth Yu, Box 527, Tallman; U. of California, Berkeley
James F. Capalino, 79 Delamere Rd., Williamsville; New School for Social Research

NORTH CAROLINA

Isaac Heard, 1623 Madison Ave., Charlotte; Harvard University
Gloria J. Smith, Route 5, Box 528, Lincolnton; University of Washington
Diann Dawson, 313 Freeman St., Wilson; University of North Carolina

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Richard M. Evans, 413 Avery Ave., Bedford; Carnegie Mellon Institute
Patricia A. Suttman, P.O. Box 312, Bellbrook; Ohio State University
Sarah S. Boros, 2460 E. 124th St., Cleveland; University of Illinois
Hunter Morrison III, 2850 Concord Rd., Cleveland; Harvard University
Don C. Niehus, 1343 Phillips Ave., Dayton; University of North Carolina
Stephen C. Smith, 219 Wisteria Dr., Dayton; University of Cincinnati
Donald E. Eckhart, Rural Route 5, Sidney; University of Pennsylvania
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-more-

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VIRGINIA

Margaret P. Godsey, c/o James S. Godsey, Cumberland; University of Colorado
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Michael L. McCullough, 318 Parkview Terrace, St. Albans, Harvard University

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD No. 72-458
Phone (202) 755-5284
(Anderson)

FOR IMMEDIATE RELEASE:
Friday, August 4, 1972

ASSISTANT SECRETARY SIMMONS NAMED TO HEAD HOUSING MANAGEMENT CENTER

HUD Secretary George Romney today announced that the Directors of the newly-organized National Center for Housing Management of Washington, D. C., have selected Samuel J. Simmons, HUD's Assistant Secretary for Equal Opportunity, as the Center's new president and chief executive officer.

In accepting Mr. Simmons' resignation as Assistant Secretary, President Nixon wrote: "You have put the Federal Government firmly on course toward ending discrimination in housing and, although much remains to be done, there can be little doubt of the direction in which we are moving."

Mr. Simmons will assume his new duties on Monday, September 7. His appointment by the President as HUD Assistant Secretary was on January 25, 1969.

Carter L. Burgess, Chairman of the Board of Directors of the National Center for Housing Management, pointed out that Mr. Simmons, as Assistant Secretary, is "aware of the basic mission of the Center which focuses on the preservation and effective management of the Nation's housing stock, a most important national resource."

- more -

Mr. Burgess added that in his new post Mr. Simmons will "have general supervision over the property, business and affairs of the corporation and its officers, employees and agents. In general, he will have all the powers and perform all the duties normally the responsibility of the chief executive officer of a corporation." Mr. Simmons will also serve as a member of the Board.

Secretary George Romney commended Mr. Simmons for his "outstanding contribution in behalf of Equal Opportunity within HUD and throughout the Federal establishment. He has provided the leadership enabling us to systematically expand opportunities for minority entrepreneurs in the fields of construction, housing, and community development. As a result of his patience and persistent dedication, standards have been developed and are being implemented to insure that Federal housing programs will provide expanding options for all Americans.

"Through his efforts the Department has developed continuing relationships with the major minority group organizations in this country, who are also concerned with expanding the participation of all Americans in the benefits of the programs administered by this Department," Secretary Romney said.

Established by Presidential Executive Order on April 21, 1972, the National Center for Housing Management is expected to train and certify approximately 60,000 housing managers needed to operate the five million Federally-assisted rental housing units expected by 1980.

The Center, incorporated as a private, not-for-profit organization, was established to provide the national focus for upgrading and improving the housing management industry and for increasing the availability of skilled management personnel.

"The housing management industry, at this time, does not have the resources nor capability to meet the current or future manpower needs," Secretary Romney said. "The Center will be the focus for developing and directing a new profession with career opportunities for thousands of Americans."

Increased production of Federally-assisted housing has created an unprecedented demand for management manpower, a need that will continue and increase in the years ahead. And the required managerial manpower must possess the special skills required for effectively overcoming the social and economic problems facing many residents of Federally-assisted housing.

Initial pilot courses for approximately 20 trainees per session are scheduled for early fall. These first courses, combining seminar and classroom techniques, are experimental and will be the basis for developing several courses of study adaptable to the needs and demands of particular trainee groups and the industry.

To provide the objective and independent national leadership needed to help meet the housing management and training needs of the Nation,

activities of the Center to upgrade and professionalize the industry will concentrate on development, testing, and evaluation of a pilot training program for managers of assisted housing; establishment of accreditation standards for individuals and management entities; design and implementation of training requirements and techniques for adoption by qualified agencies and institutions; conduct research and serve as clearing house of information, techniques, and policies that promote sound housing management practices; and provide the advisory and coordinated support services relevant to needs of owners, residents, and managers of assisted housing.

During over three years as HUD Equal Opportunity Assistant Secretary, Mr. Simmons administered the Federal fair housing program, directing compliance with the 1968 Civil Rights Act provisions banning discrimination in the sale and rental of housing. Mr. Simmons also was responsible for ensuring equal opportunity in all HUD programs -- for minority contractors and craftsmen in HUD-assisted projects, for providing technical assistance to minority entrepreneurs, and for fostering involvement of lower-income persons and economically and socially disadvantaged businesses in HUD-assisted projects. He served, during the same period, as chairman of the Federal Interagency Committee on Minority Group Construction Opportunity and a subcommittee of the Federal Cabinet Committee on Construction Cost.

Mr. Simmons came to Washington, D. C., in 1962 as a member of the Board of Appeals and Review of the U. S. Post Office Department. From 1964 until his appointment at HUD, he served as Director of the Field Services Division of the U. S. Commission on Civil Rights.

He is a native of Flint, Michigan, and held positions in the Michigan Employment Security Commission and the State's Fair Employment Practices Commission, serving as Regional Director of the latter from 1956 until 1962.

Members of the Board of Directors of the Center, the individuals selected as incorporators for the Center by Secretary George Romney on April 21, 1972, are: Carter L. Burgess, Chairman and Acting President; Anthony R. Henry, Acting Vice President; Lester P. Condon, Acting Secretary-Treasurer; Cleveland L. Dennard; Dorothy S. Duke; Arthur A. Fletcher; William C. Haas; William J. Hamilton; Lloyd D. Hanford, Jr.; John C. Hart; Dr. Alex B. Lacy; Fred B. Morrison; William L. Rafsky; Edna Torres de Ranck; Daniel P. Robinowitz; and Mrs. William W. Scranton.

Temporary headquarters for the National Center for Housing Management is 1707 H Street, N. W., Suite 700, Washington, D. C. 20006.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-469
Phone (202) 755-5277
(Spiegel)

FOR RELEASE:
Friday, 8:00 A.M.
August 18, 1972

REVENUE SHARING BILL WOULD INCREASE FEDERAL AID TO MONTEREY AREA

Assistant Secretary Floyd H. Hyde, of the U.S. Department of Housing and Urban Development, today said that Administration proposals now pending in Congress would increase the amount of Federal aid available to the Monterey area.

Speaking before a group of Monterey County officials at a breakfast at which Rep. Burt L. Talcott (R-Calif.) was the host, Mr. Hyde disclosed that under the general revenue sharing bill now being considered, $4,306,277 would be made available to Monterey County annually, with $1,773,848 earmarked for city governments within the county.

Another bill, the Urban Community Development Special Revenue Sharing proposal, also under consideration, would provide the cities of Monterey, Salinas, and Seaside, with as much, or more, money each year, than they now receive through a variety of Federal grant programs, and, in addition, the Assistant Secretary said, funds would be made available for the remainder of the larger Monterey area.

- more -

Mr. Hyde, who heads HUD's Community Development programs, emphasized that "revenue sharing represents this Administration's faith in local public officials and the people who elect them. This Administration believes that representative government and the partnership of the people with their government are the real sources of our national strength, and the foundation for building a greater and stronger America.

"As a former mayor (of Fresno, Calif.) and with nearly four years of working with cumbersome, categorical programs, I am only too well aware of how complex the system is under which we must now work in rebuilding our cities, and the certainty that the present categorical cannot succeed, not matter how much more Federal money we pump into it."

Among the reasons for the certain failure, he said, were these: "The programs require cities to spend more time on paperwork and red tape than in actually doing the things that meet community needs; each program touches only one area of the city and only one type of need without realization that the problems of communities are more than brick and mortar, that the 'social, human, economic, and physical factors must be approached as a complete unit if we are to solve the problem causes and not merely the symptoms.'"

Fundamental to solution of our problems, he emphasized, "is that the categorical grant system developed by past Administrations has always tended to concentrate power in Washington, away from the people, and away from their elected officials.

"Each community is different and its problems are different, and this Administration is committed to returning the responsibility for solving these problems to the communities. To put it bluntly, previous Administrations have not trusted local government to handle the many responsibilities that are rightly theirs. We do not agree. These local governments are charged with these responsibilities, they are eminently qualified to cope with them, and we intend that they shall have that opportunity.

"Our function will be to assist in every way possible---but above all, not to interfere with local government as it undertakes its responsibilities.

"Most important, we are supporting our faith in local government with flexible funding to be made available to communities through revenue sharing, to meet the priorities they have themselves identified in their own communities."

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-470
Phone (202) 755-5277
(Spiegel)

FOR RELEASE:
Noon, Friday
August 18, 1972

REVENUE SHARING BILL WOULD INCREASE FEDERAL AID TO SANTA CRUZ AREA

Assistant Secretary Floyd H. Hyde, of the U.S. Department of Housing and Urban Development, today said that Administration proposals now pending in Congress would increase the amount of Federal aid available to the Santa Cruz area.

Speaking before a group of Santa Cruz public officials at a meeting with Rep. Burt L. Talcott (R-Calif.) as host, Mr. Hyde disclosed that under the general revenue sharing bill now being considered, $1,377,880 would be made available to Santa Cruz County annually, with $390,395 earmarked to city governments within the county.

Another bill, the Urban Community Development Special Revenue Sharing proposal, also under consideration, would provide the city of Santa Cruz with more money each year than it now receives through a variety of Federal grant programs, and, in addition, the Assistant Secretary said, funds would be made available for the remainder of the larger Santa Cruz area.

- more -

Mr. Hyde, who heads HUD's Community Development programs, emphasized that "revenue sharing represents this Administration's faith in local public officials and the people who elect them. This Administration believes that representative government and the partnership of the people with their government are the real sources of our national strength, and the foundation for building a greater and stronger America.

"As a former mayor (of Fresno, Calif.) and with nearly four years of working with cumbersome, categorical programs, I am only too well aware of how complex the system is under which we must now work in rebuilding our cities, and the certainty that the present categorical cannot succeed, not matter how much more Federal money we pump into it."

Among the reasons for the certain failure, he said, were these: "The programs require cities to spend more time on paperwork and red tape than in actually doing the things that meet community needs; each program touches only one area of the city and only one type of need without realization that the problems of communities are more than brick and mortar, that the 'social, human, economic, and physical factors must be approached as a complete unit if we are to solve the problem causes and not merely the symptoms.'"

Fundamental to solution of our problems, he emphasized, "is that the categorical grant system developed by past Administrations has always tended to concentrate power in Washington, away from the people, and away from their elected officials.

"Each community is different and its problems are different, and this Administration is committed to returning the responsibility for solving these problems to the communities. To put it bluntly, previous Administrations have not trusted local government to handle the many responsibilities that are rightly theirs. We do not agree. These local governments are charged with these responsibilities, they are eminently qualified to cope with them, and we intend that they shall have that opportunity.

"Our function will be to assist in every way possible---but above all, not to interfere with local government as it undertakes its responsibilities.

"Most important, we are supporting our faith in local government with flexible funding to be made available to communities through revenue sharing, to meet the priorities they have themselves identified in their own communities."

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-484
Phone (202) 755-5277
(Bacon)

FOR RELEASE:
Friday
August 25, 1972

FIRST STATE-SPONSORED NEW TOWN IN NATION ELIGIBLE FOR HUD AID

The first State-sponsored new town in the nation to qualify for new community assistance from the Department of Housing and Urban Development was announced today by HUD Secretary George Romney.

The new town of Lysander, to be developed 12 miles northwest of Syracuse, N.Y., on a 2,700-acre site, will be eligible for 20 percent grants from HUD supplementing 13 basic Federal grant programs for such facilities as water and sewer works, hospitals, libraries, parks and playgrounds.

The Urban Development Corporation (UDC), a New York State land development agency, bought the site near the west bank of the Seneca and Oneida rivers in 1968, and will use proceeds of a previous bond sale to develop the land.

Lysander is the twelfth new community to receive Federal assistance under Title VII, Housing Act of 1970. It is the first to receive a determination of eligibility for grant assistance rather than a Federal guarantee of its debt for land acquisition and development.

The new town will provide housing, jobs, shopping and recreation and education facilities for 18,000 residents over a 20-year development period.

- more -

"UDC and the State of New York are to be congratulated for the vision and leadership they have demonstrated in planning and providing for a community which will meet the needs of tomorrow as well as today," Secretary Romney said.

Five thousand homes for families of all income levels, sizes and age groups are planned for Lysander, including 500 dwelling units for low-income elderly persons and another 1,000 for other low-income families.

Lysander's town center will contain shops, offices and public service and recreation facilities. High and medium-rise apartments will be built near the center to house the elderly and families without children.

Neighborhood centers, developed around four elementary schools, each will contain indoor and outdoor recreation and day care facilities. No home will be more than 700 feet from a recreation area nor more than one-half mile from an elementary school. Foot and cycle paths separated from the major road system will connect homes with activity areas.

A marina will be built by the State Office of Parks and Recreation at the confluence of the Seneca, Oneida and Oswego rivers on the new town site, opening the area for boating, fishing and other water sports, and providing water access to the New York Barge Canal system and to Lake Ontario.

UDC plans to donate 100 acres to the Baldwinsville Central School District to provide 10-acre sites for each of the four elementary schools planned for the new town and a 60-acre educational center. Proposed is a program of occupational education for high school students and adult residents to take advantage of employment opportunities offered by industry locating in Lysander.

- more -

More than one in every five acres in the new community will be preserved as open space. Lysander will be developed next to a 3,700-acre State game management area. Construction of a number of ponds is proposed to provide storm water drainage protection for parts of the new town and to prevent any possible adverse environmental impact on the game preserve.

Community facilities to be built on-site include schools, fire stations, playgrounds, neighborhood centers, a library, a health clinic and religious institutions.

The Lysander site was part of a munitions works used in World War II, declared excess property after the war and finally purchased by UDC in 1968.

Federal grant assistance is subject to negotiation of a project agreement. New community supplementary grant assistance can go as high as 20 percent of the cost of certain community facilities provided under Federal basic grant programs. Total basic and supplementary grants may not exceed 80 percent of total project costs.

(SUMMARY ATTACHED)

To Accompany HUD-No. 72-484

SUMMARY

1. Project Name: Lysander New Community, New York.

2. Developer: The New York State Urban Development Corporation (UDC).

3. Location: In the Town of Lysander, in Onondaga County, 12 miles northwest of downtown Syracuse.

4. Acres: An area of 2,670 acres in the Town of Lysander owned by UDC, 2,649.2 acres of which are to be used for the new community site.

5. Terrain: Primary feature is a centrally located drumlin which divides the site. (Drumlins are large oval hills of glacial drift)

6. Access: Approximately 10 miles from the junction of the New York State Thruway and Interstate 81. A proposed expressway will connect Routes 48 and 57 which are now under construction. Airport facilities are available in Syracuse, 30 minutes away. Access to the 552-mile New York Barge Canal system.

7. Population: 18,334 individuals or 5,000 households are projected by 1980.

8. Dwelling Units:

Type	Number of Dwelling Units	%
Single Family Detached	2,000	40.0
Single Family Attached	1,000	20.0
Walk-up Apartments	1,500	30.0
Elevator Apartments	500	10.0
	5,000	100.0%

- more -

To Accompany HUD-No. 72-484

SUMMARY

9. Low and moderate income housing: 1,500 dwelling units, 500 of them for low-income elderly people

10. Land use:

Type	Acres
residential	910
industrial	795
commercial/community centers	24
educational facilities	100
community facilities	18
open space	597
church, clubs, nursing home, etc.	26
land reserves	200
Total:	2,670

11. Housing Mix:

Income Groups	%	Resultant Number of Dwelling Units
Lower Income/Elderly Housing for elderly persons fitting the local eligibility standards	10%	500
Lower Income/Other Housing for persons and families fitting local eligibility standards for low income housing.	20%	1,000
Moderate Income Housing for persons and families eligible for housing subsidies under FHA Sections 235 and 236.	20%	1,000

- more -

To Accompany HUD-No. 72-484

SUMMARY

11. Housing Mix: (Contd.)

Middle Income Market rate housing. (approximate income, $10,000 to $15,000 per year)	25%	1,250
Upper Income Market rate housing. (approximate income, more than $15,000 per year)	25%	1,250
TOTAL	100%	5,000

12. Innovations: New methods and materials to cut construction costs and erection time; an ecumenical center; communication versatility with the installation of coaxial cable system; possible centralized heating and cooling capacity.

13. Developer seeks finding of general eligibility as a new community under the Urban Growth and New Community Development Act of 1970.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-505
Phone (202) 755-5284
(Beckerman)

FOR RELEASE
Wednesday
September 6, 1972

HUD SOLICITS PUBLIC COMMENTS ON PROPOSED SETTLEMENT COSTS

The period for public comment on the settlement cost standards recently proposed by the U. S. Department of Housing and Urban Development has again been extended until October 15, 1972. The notice of extension was published in the Federal Register September 1.

The Department has received a voluminous number of comments, as well as numerous requests for extension of the time during which comments may be submitted.

In addition, this extension was prompted by the publication of proposed regulations governing the amount of settlement cost allowable in connection with home loans guaranteed by the Veterans Administration. HUD believes that persons may wish to make further comments on its proposed standards in the light of those published by the Veterans Administration.

The proposed standards, first published in the Federal Register on July 4, are an initial step toward establishing maximums for specific areas where the HUD Secretary determines that excessive charges are being collected from home buyers and sellers in connection with FHA-insured mortgage transactions. At the time of original publication, persons desiring to comment were given until July 31 for that purpose. The period was subsequently extended to August 31.

- more -

Comments on the proposed settlement cost maximums, as well as on a proposed "Settlement Cost Reporting Form," are solicited from mortgagees, mortgagors, persons who furnish services to the public in connection with real estate settlements, public interest groups, and other interested parties.

Persons wishing to comment may do so by writing to the Rules Docket Clerk, Office of the General Counsel, Department of Housing and Urban Development, Washington, D. C. 20410, no later than October 15, 1972.

# # # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-519
Phone (202) 755-5277
(Bacon)

FOR RELEASE:
Wednesday
September 13, 1972

HUD OFFICIAL SAYS NON-PROFIT SPONSORS VITAL IN HOUSING GOALS

A key official in the Department of Housing and Urban Development today credited non-profit housing sponsors with a major assist in the Federal government's record production of low- and moderate-income housing, but urged renewed efforts toward full achievement of national housing goals.

Addressing the Non-Profit Housing Center's three-day national conference in Washington, D.C., HUD General Assistant Secretary Samuel C. Jackson acknowledged that conferees and their parent organization have contributed "substantially" to housing production records established over the past three years: "400,000 units in 1970, and more than 450,000 units in 1971, in comparison to some 186,000 housing units constructed in 1969. This year, we expect to top 500,000.

- more -

"Despite this progress...and your substantial role in it...we still face the serious and persistent problems of housing deterioration, overcrowding of families and the mounting rate of housing abandonment in our central cities", Mr. Jackson continued. Seven percent of the nation's housing units..."some 14 million Americans"...still live in dilapidated housing, eight percent are seriously overcrowded and more than 700,000 housing units across the nation are abandoned each year, he reported.

"The need is evident, and your opportunities as non-profit sponsors of low- and moderate income housing are unlimited", he pointed out.

Expanding on program opportunities within HUD, Mr. Jackson listed:

--HUD's "seed money" program providing interest-free "front-end" money needed by non-profits starting a development;

--New opportunities for non-profit involvement in HUD's research and technology programs, particularly Operation BREAKTHROUGH, and in planning research.

--Additional opportunities for non-profits are opening up in the agency's programs for New Communities Development and Model Cities, he observed.

Mr. Jackson refuted the accuracy of statements made earlier in the three-day conference that HUD's new site selection criteria prohibit construction of low- and moderate-income housing in central city areas.

- more -

"The impression that any of these criteria prohibit approval of projects in areas of minority concentration is simply not true", he emphasized. "Such projects...and good ones...can be and are being approved; under some circumstances, construction in these areas is the only solution," he observed. "HUD's criteria do mean that we hope to provide a wider range of housing choices for minority areas in other areas."

HUD is concerned with more than providing additional housing and improving existing housing, Mr. Jackson concluded. "We are concerned, sincerely and with dedication, to improving the quality of life in our nation."

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-515
Phone (202) 755-5277
(Farley)

FOR RELEASE:
Thursday
September 14, 1972

PUBLIC NEEDS TO KNOW MORE ABOUT HOUSING CODES

Many of the conflicts over housing codes can be resolved by stimulating greater public awarness of the importance of the codes in helping to create a better housing environment.

This is the essence of a report by the University of Georgia, supported by an Urban Renewal and Demonstration Grant from the U. S. Department of Housing and Urban Development.

The report was prepared by Howard Schretter, a geographer and planner with the University's Institute of Community and Area Development. It explains the purpose, content and use of a series of films, video tapes and brochures which are designed to help housing inspectors, and educate the public on the need for concrete realistic housing regulations.

"Everyone in the community is affected by building codes, and yet few people know much about them," Schretter said. "At the same time people must know how they work and why, if housing codes are to succeed in creating a better housing environment.

"Time is running out on housing problems," he added, "just as it is on other environmental problems."

- more -

At least part of the answer, according to Schretter, lies in getting more facts about housing code procedures and pitfalls to the public.

"We can't even get local governments to adopt housing codes in the first place," he said, "if people remain unaware and unconcerned about what they're for and how codes can help us."

Available for television, civic clubs and special group showings, the films present the case for laws that set minimum housing standards, and how they can be maintained by cooperative tenants, homeowners and inspectors. One cartoon type presents ways in which even children can help.

"The accent is on the positive side of code enforcement," Schretter said. "We have tried to present housing codes as potentially sound, realistic means of saving, protecting and improving our homes."

The two 16mm color sound films, This Is No Slum and Its Your Choice, are available on free loan from the Sponsor Desk, Modern Talking Picture Service, 2323 New Hyde Road, New Hyde Park, Long Island, New York 11040.

Information about the use of the video tapes, Looking for Trouble, People or Property: Which Matters More?; You Gotta Have House Rules; and Better Housing Code Enforcement, can be obtained from the Coordinator of Media Utilization, Georgia Center for Continuing Education, University of Georgia, Athens, Georgia 30601.

Single copies of the final project report, Yesterday's Houses, are available free of charge from the Institute of Community and Area Development University of Georgia, Athens, Georgia 30601.

PROJECT NO.: Ga. D-3

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-532
Phone (202) 755-5284
(Savage)

FOR RELEASE:
Friday
September 22, 1972

NEW BIBLIOGRAPHY ISSUED BY HUD LIBRARY

The Department of Housing and Urban Development today announced the release of a new publication, Information Sources in Housing and Community Development.

Prepared by the HUD Library and Information Division, the 44-page bibliography was compiled in response to requests for basic sources that would be helpful to individual practictioners and researchers as well as to organizations developing collections in the subject areas.

In addition to lists of general reference sources for books, periodicals and films, separate sections are devoted to directories, handbooks, statistical and factual data sources, laws and legislation, and HUD publications. There is an extensive list of special subject bibliographies. Names and addresses of core periodicals and key organizations are provided.

Many of the items listed will be available in college, university or public libraries. Addresses of publishers are provided as an aid to ordering both free and purchase publications.

Information Sources in Housing and Community Development is on sale at 50 cents a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-528
Phone (202) 755-5277
(Ervin)

FOR RELEASE:
Saturday - Sunday
September 23 - 24, 1972

HUD HOUSING FOR ELDERLY REACHES RECORD HIGH IN 1972

An unprecedented number of older Americans benefited last year from major rental, home purchase, and rehabilitation programs of the U.S. Department of Housing and Urban Development, it was reported today.

HUD Secretary George Romney said that in Fiscal Year 1972, nearly 68,000 units of subsidized housing specially-designed for the elderly were funded under the 21 HUD programs offering some form of assistance to the elderly.

During this period, an alltime high of more than 37,000 low-rent public housing units, or 37 percent of the total Low-Rent Public Housing Program, were approved for elderly with limited incomes.

Preliminary reports indicate a record number of almost 22,000 units of specially-designed rental housing for older Americans were reserved under the Section 236 program of interest subsidies. Rent supplement assistance was also provided for some 8,900 units occupied by elderly tenants. Much of this assistance meant additional subsidies for low-income residents in Section 236 housing.

- more -

Also during FY 1972, FHA insured mortgages on nursing and intermediate care facilities provided almost 12,000 beds. Applications are now being processed for about 30,000 more beds.

"In keeping with the Administration's objectives," Secretary Romney said, "new policy initiatives are emerging to boost HUD's responsiveness to the growing number of elderly needing adequate housing and improved overall quality of living environment."

Mr. Romney added that increased emphasis is being placed on supportive services to help the elderly maintain independence as recommended by the White House Conference on Aging.

"These efforts," Mr. Romney said, "are being coordinated with the Administration on Aging to assure a total living environment relating to the income and health needs of the older population."

Secretary Romney noted a recent HUD policy that provides for apportionment of funds for housing on the basis of geographic distribution of the elderly, rather than on a previous national goal of two-thirds family and one-third elderly in any given community.

This change is expected to result in 40 percent of low-rent public housing units in fiscal year 1973 being specially-designed for the elderly.

"This new policy is intended to make the Department's assistance more responsive to local need," Mr. Romney said.

Fiscal year 1973 will see $32.5 million targeted for specially-designed Section 236 rental housing for elderly which should produce roughly 32,000 dwellings, and rent supplement assistance is expected to remain at the same level as the previous year.

"The President's 1973 forecast of over 82,000 dwelling units is conservative," Mr. Romney said.

"If we include the nursing and intermediate care programs used largely by the elderly we will produce more than 100,000 units of housing or care facilities. If other HUD programs used heavily by older people such as mobile homes, condominiums, and home ownership mortgage insurance are included in our forecast, there is little doubt that this Nation will reach or exceed the 120,000 unit goal recommended by the White House Conference on Aging."

Secretary Romney said that since the appointment last March of Mercer Jackson of Wichita Falls, Texas, as Assistant to the Secretary for Programs for the Elderly and Handicapped, Regional Office Specialists have been designated in each of the four major HUD program areas, and specialists are now being trained and designated in HUD Area and Insuring offices.

Specialization requires recognition of special needs of the elderly and knowledge of HUD and other Federal resources for meeting the needs of the elderly.

"The wealth of HUD programs gives us plenty of latitude in combining health services and other essentials with housing programs," Secretary Romney said.

"My interest is not limited to numbers. More important is the quality of the living environment, the services provided and the responsiveness of the programs to paying ability and health needs. Our emphasis, therefore, is on quality design to provide safe, comfortable and fulfilling living environments for the later years as well as those services that will extend the span of independent living. This is our basic goal."

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-539
Phone (202) 755-6130
(Hall)

FOR RELEASE:
Saturday - Sunday
September 30 - October 1, 1972

HUD HOUSING ANALYSIS SHOWS MINORITIES PAY MORE FOR LESS THAN WHITES

Blacks and Spanish-speaking Americans living in low-income areas of major cities pay more for less housing than whites living in the same areas, according to an analysis of 1970 Bureau of the Census figures made by the Office of the Assistant Secretary for Equal Opportunity of the U.S. Department of Housing and Urban Development.

The two minority groups also devote a higher percentage of their incomes to housing expense, and yet a higher percentage than whites live in overcrowded housing.

These findings are based on an analysis of data on housing expenses and overcrowding contained in "Employment Profiles of Selected Low-Income Areas," published by the U.S. Bureau of the Census this year.

- more -

The Bureau of the Census surveyed 51 cities, delineating in each the areas with substantial numbers of low-income people. Total population in the areas studied was nearly nine million, about half black, 12 percent Spanish, 36 percent white non-Spanish, and 2.6 percent "other," meaning Orientals and American Indians.

The HUD analysis was based on figures averaged out for families with male heads for the 51 cities. Based on this procedure, the median monthly housing expense for blacks is $95 compared to $79 for whites, and $85 for Spanish-speaking. Housing expense absorbs more than 25 percent of income in about 20 percent of the black and Spanish-speaking families and in 14 percent of the white families. In spite of higher housing costs, blacks live in overcrowded housing twice as frequently as whites and Spanish-speaking three times as frequently as non-Spanish whites.

These differences are further enhanced by variations in median incomes between blacks, whites, and Spanish in low-income areas. Among families with male heads, black median income is 95 percent of white, and the Spanish median is 84 percent of white. The income difference is greater among the smaller number of households headed by women.

The HUD study showed wide variations when data for individual cities was analyzed.

In low-income areas of Chicago, the monthly housing expense for black families with male heads is $123, compared to $88 for whites, and $97 for Spanish-speaking families. Housing expense absorbs more than 25 percent of family income in 35 percent of black families, 19 percent of Spanish, and 13 percent of white families. Yet, 30 percent of Spanish and 22 percent of black families live in crowded housing as compared to 10 percent of white.

But in Louisville, Kentucky, in contrast, the differences between black and white are insignificant. Whites pay $68 and are 16 percent overcrowded; blacks pay $71 and are 19 percent overcrowded.

Variations among Spanish-speaking and black households are also considerable in different locations. In Chicago, the dollar housing expense of Spanish families is lower than that of blacks, but the degree of crowding is higher.

In Miami, in contrast, the housing expense of Spanish families is higher than that of both non-Spanish whites and blacks. Forty percent of Spanish families in low-income areas spend more than 25 percent of income for housing compared to about 25 percent of blacks and non-Spanish whites. Yet about 20 percent of Spanish are overcrowded compared to about six percent of non-Spanish whites.

In Fort Worth, also, the Spanish families have the highest ratio of families with excessive housing expense and by far the highest degree of overcrowding.

The HUD analysis showed that there are differences in the characteristics of white, black and Spanish-speaking families that have a bearing on the crowding factor. The black and Spanish-speaking families are somewhat larger than the white families, thus a slightly higher degree of crowding would be expected. The report said: "But the difference in family size is not great enough to explain why crowding is twice as frequent among blacks and three times as frequent among Spanish-speaking as among whites."

One reason for the differences in family size was age. The report showed that more than one-fifth of the white families, compared to one-tenth of the black and less than one-twelfth of the Spanish-speaking persons are in older age brackets, 65 and over.

The report noted: "The data provided here document what has long been known to the observer concerned with the effects of discrimination in the housing market and the results of a dual market system, the fact that blacks and families of Spanish origin pay more for less."

Single copies of the report are available without charge from the Office of the Assistant Secretary for Equal Opportunity, Room 5202-1/2, HUD, Washington, D.C. 20410.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-544
Phone (202) 755-5277
(Servoss)

FOR RELEASE:
Thursday
September 28, 1972

LINCOLN VILLAGE BREAKTHROUGH
A MILESTONE IN U. S. HOUSING

The unquestionable success of industrialized housing and Operation BREAKTHROUGH is demonstrated in the soon-to-be Worcester, Massachusetts community of Lincoln Village. Over 80 percent of the 1,200 houses in the new development will be built in the New England factories of three BREAKTHROUGH producers.

Lincoln Village is not only one of the largest planned unit developments the Department of Housing and Urban Development has been involved with, it is the one of the largest such projects ever funded by a State agency. Another 8,000 factory-built homes are currently being developed by other State and metropolitan agencies across the nation.

The Lincoln Village development will combine the new technology of the three industrialized housing producers-Rouse Wates, General Electric and National Homes--with 200 conventional townhouses to provide homes for families with incomes ranging from low to upper levels.

- more -

During a joint announcement with Massachusetts Housing Finance Agency officials, HUD Secretary George Romney lauded the development as a milestone in the history of American housing. He pointed out that although Lincoln Village is a large development--indeed the largest such development in New England--it represents only a part of the 30,000 homes now being developed under Operation BREAKTHROUGH's Phase III volume production stage. A total of 28,000 homes are being developed with subsidy funds in 29 States for low and moderate income families. An additional 2,000 unsubsidized units are being developed for middle-income families. The total replacement value of the 30,000 homes is over $700 million. The total Federal investment in BREAKTHROUGH was $65 million.

Mr. Romney said the volume production of housing is now well on its way in this country. He said he felt comfortable with his prediction that by 1980, "two-thirds to three-fourths of all housing in this country will either be factory-built or will use prefabricated components."

Critics have charged that the industrialized housing industry has not made expected advances in the past three years. However, a total of 35 new or expanded housing plants have either been built or are planned by BREAKTHROUGH producers as a result of that program alone. This represents the creation of 5,000 new factory jobs, and the generation of another estimated 15,000 jobs outside the factories. There is also clear evidence that these investments have been the stimulus for millions of dollars in investments by other housing producers as well.

A number of producers have failed in the industrialized housing field, but supporters claim a certain percentage of failures is to be expected in any industry--particularly a fledgling industry not yet fully established. It has been proven that even an established company can fail if its management techniques are not in step with the times. But supporters point out that the net effect is to clear the field for those producers who can build and market the better product. Survival of the fittest is the unchanging rule in the housing business as in all other industries.

Because modular stocks have been disappointing to them, financial critics have been harshest with industrialized housing. Still the Wall Street speculator's view of an industry is not necessarily a key to the industry's underlying health.

Even the severest critics concede that large numbers of new companies are entering the industrialized housing field. Recent positive encouragements by both Federal and State governments must be given much of the credit for this accelerated interest.

To date 27 States have enacted industrialized housing laws or State-wide codes that will allow factory producers of housing to market their units anyplace in a State, local codes notwithstanding. In mid-1969 there were no such laws. Instead there were 30,000 communities with as many as 13,000 building codes totally restricting any effort toward new factory technology.

In the important area of transportation, reductions of highway transport constraints have been achieved, and railways have also been opened for industrialized components.

Precedent-setting labor agreements that encourage the building of housing in factories have been signed in the past two years. These agreements cover all aspects of labor related problems and allow special factory wage levels, larger proportions of lower skilled workers, training opportunities for minorities and permission for crossing jurisdictional skill lines to facilitate work.

New forms of building technology have undergone rigorous evaluation and testing as a result of Federal involvement and interest. Many of the most innovative have been found to be both sound and feasible. These include sprayed fiberglass structures, stressed skin foamed plastic core panels, high rise structures of concrete modules, snap-in electrical connections and many others that had never before been evaluated.

Perhaps the most encouraging aspect of the program has been the consumer's new acceptance of industrialized housing. The new factory-built houses look like houses, and the public's response has been overwhelmingly positive. Over 35 percent of the 2,900 prototype units on the nine BREAKTHROUGH demonstration sites has already been either sold or rented. This appears to be a clear indication that the negative public image of "pre-fab" housing has finally been put to rest. No small feat in itself.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-527
Phone (202) 755-5284
(Dan Day)

FOR RELEASE:
Wednesday
September 20, 1972

HUD ISSUES STUDY ON CONDOMINIUMS

The U.S. Department of Housing and Urban Development today announced publication of a study on Condominiums: Their Development and Management.

Based on the condominium program administered by HUD-FHA, the study was prepared by Anthony D. Grezzo, an expert in mortgage finance, who, prior to his recent retirement, was Deputy Director of the Division of Technology and Documentation in HUD's Office of International Affairs.

The 71-page study traces the origin of the condominium movement, which began with the Romans and continued through the Middle Ages to modern times. Condominiums, meaning individual ownership with group management, were first employed by the Romans to help solve the same problem faced today by the United States and other countries - the scarcity and high cost of urban land. To deal with the problem of the city's burgeoning population, and scarcity of desirable sites near the Forum the Roman Senate passed a law permitting Romans to own individual units in multi-unit structures.

- more -

Down through the years, condominiums have been popular in western Europe. In the first half of the 20th Century, Spain, Italy, Germany, Belgium and France enacted statutes permitting condominiums. This form of housing was also widely popular in Latin America. A few condominiums existed in the U.S. as early as 1947, but they were not legally established here until 1951, when the then Territory of Puerto Rico enacted legislation giving condominiums legal status.

In 1962, the U.S. Congress amended the National Housing Act to extend the FHA mortgage-insurance program to condominiums. Condominiums provide a "new means of using land and air space, new ways of combining housing and offices, and additional opportunities to extend homeownership to many who cannot otherwise afford it."

The Appendix provides model forms for such things as a master deed, enabling declaration, by-laws, management agreement, regulatory agreement, and subscription and purpurse agreement.

Copies of the study may be obtained without charge from the Information Services Branch, Office of International Affairs, HUD, Washington, D.C. 20410.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-555
Phone (202) 755-5284
(Dan Day)

FOR RELEASE:
Wednesday
October 4, 1972

HUD NAMES EXPERT TO INSURANCE POST

The U.S. Department of Housing and Urban Development today announced the appointment of Howard B. Clark as Assistant Administrator for Urban Property Insurance of the Federal Insurance Administration.

Federal Insurance Administrator George K. Bernstein said "Mr. Clark will supervise the Riot Reinsurance and FAIR Plan Review and Compliance Units as well as other insurance matters with which our office is concerned."

Before his appointment, Mr. Clark, 58, was Senior Insurance Analyst and a member of the Automobile Insurance and Accident Compensation Study at the U.S. Department of Transportation. He joined DOT in 1969 and is recognized as one of the few real experts in the area of auto no-fault legislation.

Prior to joining DOT, Mr. Clark was affiliated with the South Carolina Insurance Department for five years, serving as Chief Deputy Insurance Commissioner for three years.

"The combination of strong regulatory background and such deep expertise in problem solving as he has evidenced in his no-fault work gives Mr. Clark unique attributes to serve FIA as an Assistant Administrator," Mr. Bernstein said.

-more-

Prior to working for the South Carolina Insurance Department, Mr. Clark had over 20 years of experience in various executive capacities within the insurance industry.

Mr. Clark, a native of Maysville, Ky., graduated from the University of Cincinnati and the Salmon P. Chase College of Law. He is a member of the Ohio Bar and the International Association of Insurance Counsel.

He is married to the Former Loretta Boehm of Cincinnati, Ohio.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-557
Phone (202) 755-5277
(Bacon)

FOR RELEASE AFTER:
4:00 P.M., Wednesday
October 4, 1972

NEW TOWN NEAR COLUMBIA, S. C. 13TH TO GET HUD ASSISTANCE

A Federal pledge of $13 million in guarantee assistance will help a non-profit firm build Harbison--a new community for 23,000 people near Columbia, S. C., Secretary George Romney of the Department of Housing and Urban Development announced today.

Harbison will be developed on a 1,740-acre site acquired by the United Presbyterian Church almost a century ago. A total of 6,750 homes is planned for construction over a 20-year period to meet the needs of families of all income levels and family sizes. The project will provide a substantial amount of housing for families of low and moderate income. A full range of schools, shopping centers, offices and job opportunities is planned for residents.

Secretary Romney said plans for Harbison, "respond sensitively to the needs and desires of the local community. The project has widespread support from public and private institutions in the area. Some members of these local organizations will be directly involved in planning and developing Harbison through membership on the Board of Directors."

-more-

A 13-man Board will provide leadership for the Harbison Development Corporation. Eight of the directors will be selected from local community groups, governmental units, planning agencies and business and financial organizations including several persons with land development experience. The remaining five will be named by the South Carolina-Georgia Synod of the United Presbyterian Church.

Harbison is the 13th new community to receive Federal Assistance under Title VII, Housing Act of 1970.

Harbison is the first project approved to date for new community guarantee assistance in which the developer will be a private non-profit organization. Developers use the guarantee to sell bonds for new town land acquisition and development. The developer builds the new community according to a development plan agreed upon with HUD.

A full range of public facilities is planned for Harbison. They include four elementary schools and neighborhood parks, all within walking distance of homes. A town center will contain major department stores and offices, secondary schools, library, center for the arts, and a community recreation center for organized sports in the Dutch Fork area, of which Harbison will be a part.

-more-

Three artificial lakes are planned. Fourteen miles of walkways for pedestrians and bicyclists through 49 acres of greenways will tie residential areas to schools, parks, playgrounds, shopping areas and other community facilities. Walkways will be separated from streets, with grade crossings at major intersections.

The 196-acre industrial corridors will flank I-26, the north-south interstate highway which bisects the site. Parts of the new town will be screened by earth mounds planted with trees and shrubs and designed to deflect highway noise from residential areas.

A health maintenance organization is planned. Child care centers are planned in conjunction with elementary schools. Columbia will supply water to the site, while sewage will be treated in the Columbia Metropolitan Sewage Treatment Plant. Harbison is expected to have a favorable impact on the tax structure of neighboring communities.

/Summary Attached/

To Accompany HUD-No. 72-557

S U M M A R Y

1. Project Name: Harbison, South Carolina

2. Developer: Harbison Development Corporation, non-profit, organized under eleemosynary corporation laws of South Carolina, created by the South Carolina-Georgia Synod of the United Presbyterian Church to develop a new community on land owned by the church in Richland and Lexington counties, South Carolina.

3. Location: Within the Columbia, S. C. (300,000 pop.) Standard Metropolitan Area, 8 miles northwest of the City of Columbia in Richland and Lexington Counties, adjacent to the Town of Irmo.

4. Acres: Site comprises 1,740 acres. Development is projected over 20 years for 6,750 dwelling units.

5. Terrain: Gently sloping, wooded, some streams, no flood plain or wetlands. Contiguous on one border with State Forest.

6. Access: Direct access from Columbia on I-26, 8 miles to northwest. Site is 3 miles north of I-26/I-20 intersection providing direct route to Augusta and Atlanta to the southwest, Raleigh-Durham to the northeast and Charleston to the southeast. Air access provided by the Columbia Metropolitan Airport, a regional terminal, 16 minutes from the site. Served by Eastern, Delta, Southern and Piedmont.

7. Population: 23,075 within 20 years

8. Land Use:

	Acres	Percent
Residential	829	48
Industrial	196	11
Office	37	2
Commercial	48	3
Public-Semi-Public	44	2
Reserve	179	10
Other Open Space & Public Land Uses	406	24
Total	1,739	100

- more -

9. Housing Mix: Harbison will make substantial provision for families of low- and moderate-income, closely reflecting the household income derived from on-site jobs.

10. Innovation: Social planning and objectives are emphasized.

Planning calls for innovative methods of protecting residential area from noise generated by highway traversing site. Includes high earth berms, special plantings, setbacks.

Developer is a non-profit church-organized group.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-669
Phone (202) 755-6980
(Gross)

FOR IMMEDIATE RELEASE:
Friday
December 8, 1972

MOST PROPOSALS FOUND APPROVABLE UNDER HUD SUBSIDIZED HOUSING PROJECT SELECTION CRITERIA

An initial evaluation of HUD's Project Selection Criteria for subsidized housing in effect since February, 1972, indicates that most housing proposals from a wide variety of urban, suburban, and non-metropolitan locations are being approved under the criteria.

The evaluation was carried out under the direction of Charles J. Orlebeke, Deputy Under Secretary for Policy Analysis and Program Evaluation, and covers 3,273 proposals for 226,520 housing units processed by HUD's 77 Area and Insuring Offices between February 7, and June 30, 1972.

On a nationwide basis, 13 percent of all proposals were rejected under the criteria. Contrary to early speculation, the criteria did not prevent HUD approval of selected proposals in areas of minority concentration.

During the five-month evaluation period, 313 housing proposals were identified by HUD field staff as being within areas of minority concentration, and 83 percent were found to be approvable under the criteria. Within such areas, subsidized multifamily proposals under Section 236 had the highest rejection rate--31 percent.

- more -

The data on rejection rates include only those proposals actually rated under the criteria; most HUD Field Offices also reported "discouraging" some applicants informally if it seemed obvious that a proposal could not be approved under the criteria.

"Our evaluation of the first five months of operation identified some problem areas requiring further analysis and follow-up," Mr. Orlebeke stated. "On balance, however, we believe the criteria are imposing a much-needed discipline both on HUD field staff, and on the public and private developers of housing who are seeking subsidy assistance. This initial evaluation gives us a grasp of where applications for subsidized housing are coming from, and also provides the base for continuing assessments of the criteria's effectiveness."

A major purpose of HUD's Project Selection Criteria is to implement Title VIII of the 1968 Civil Rights Act which requires the Secretary "to administer the programs relating to housing and urban development in a manner affirmatively to further the policies of this title." The criteria also respond to several court decisions which require the Department to assess specifically the impact of proposed subsidized housing on areas of minority concentration, as well as the availability of nonsegregated housing opportunities for minority citizens.

In addition to equal opportunity considerations, the eight criteria include assessments of the need for low and moderate income housing, environmental impact, the adequacy of community facilities, the relationship to metropolitan planning, the ability of the applicant to perform efficiently, opportunities for minority enterprise and employment, and the provision of sound housing management.

For each criterion, a housing proposal receives a rating of "superior", "adequate", or "poor." A proposal receiving a "poor" rating on any criterion is rejected.

The 3,273 housing proposals rated were broken down in the evaluation by type of subsidy program and by geographical location category. Location categories used were the officially designated Standard Metropolitan Statistical Areas (SMSA). Within SMSA's, the data was divided between Central City and non-Central City sites. There were also three non-metropolitan categories based on population size. In addition, special locational categories--Urban Renewal area, Model Cities area, and area of minority concentration--were used to permit analysis of proposals from these specific areas.

The 3,273 proposals included 1,372 under the Section 235 homeownership program, 996 under the Section 236 multifamily rental program, 730 under the Public Housing program, and 175 under the Rent Supplement program.

Proposals from the Nation's 267 Standard Metropolitan Statistical Areas (SMSA) constituted a majority (56 percent) of all proposals rated. Within SMSA's, 61 percent of the proposals were for Central City locations and 39 percent were for locations outside Central City jurisdictions. Among all proposals, HUD field staff identified about 10 percent as being in areas of minority concentration.

While the rejection rate for all proposals was 13 percent, there was considerable variation in the rejection rate by program types. The highest rejection rate was for the Section 236 program with 20 percent, while the lowest rate was for Public Housing proposals with 5 percent. The Section 235 program had a 12 percent rate, and the Rent Supplement program 14 percent.

- more -

The rejection rate by geographical category showed virtually no variation from the 13 percent national average. The rate for Central City locations was 14 percent, for "suburban" locations (areas outside Central Cities, but within SMSA's) 13 percent, and for nonmetropolitan areas 13 percent. Within SMSA's, however, Section 236 proposals and Rent Supplement proposals were more likely to be rejected in Central Cities than outside Central Cities: 24 percent of the 236 proposals and 18 percent of the Rent Supplement proposals were rejected in Central Cities, compared to 19 percent and 4 percent respectively outside of Central Cities. In the 176 proposals for Urban Renewal and Model City areas (which frequently overlap with the "area of minority concentration" category), the combined rejection rate was only 15 percent.

It is important to note that the Project Selection Critieria represent an evaluation and screening device, and do not supercede normal HUD technical processing of housing applications. Such processing includes determinations with respect to financial feasibility, market conditions, site evaluation, etc.

Therefore, a proposal which is approvable under the Project Selection Criteria may still not succeed in being funded because of failure to meet other processing standards. In addition, some proposals found to be approvable during the evaluation period--February 7 to June 30, 1972--were not actually funded in that time period because of lack of subsidy funds in relation to demand, or because proposals had not yet reached the processing stage when funds are actually committed.

- more -

On the average, 70 percent of all projects which were approvable under the Project Selection Criteria (no "poor" ratings on any criterion) were actually funded as of the end of the fiscal year, June 30. The 235 homeownership program experienced a 90 percent funding rate, apparently reflecting the greater availability of funds in relation to demand. The funding rate for approvable proposals was 56 percent for Section 236 and 52 percent for Public Housing.

In addition to the quantification of ratings under the criteria, the evaluation included a field review by Central Office and Regional Office teams of Project Selection Criteria administration in 25 selected Area and Insuring Offices. This review consisted of structured interviews of field personnel responsible for rating housing proposals submitted to the Department.

The field review component of the evaluation revealed many variations in the way the criteria are being administered. One of the main objectives of the criteria is to assure that all of the professional skills available in an office--equal opportunity, planning and relocation, housing management, and legal counsel--are brought to bear on the decision to approve or reject a housing proposal. This objective is being achieved in various ways, and with varying degrees of success.

Some field offices hold regular "project selection conferences" which provide the opportunity for all relevant staff to participate directly in rating decisions through face-to-face discussions. Other offices rely much more on written staff comments which are recorded on housing application forms as they move through office processing.

In general, the project selection criteria have clearly increased the involvement of equal opportunity and housing management staff in evaluating housing proposals. However, the active involvement of Planning and Relocation staff and legal staff, has not been achieved in many offices.

As indicated previously, field review also disclosed that the survey of housing proposals actually rated did not capture all of the contacts between interested housing sponsors and the Department. All but one of the 25 field offices visited reported "discouraging" prospective sponsors informally if it seemed obvious that proposals could not be found approvable under the criteria.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-566
Phone (202) 755-6980
(Judge)

FOR IMMEDIATE RELEASE:
Friday
October 6, 1972

$100 MILLION MINIMUM
HUD RAISES LHA SUBSIDIES
REVEALS NEW FUNDING PLAN

HUD Secretary George Romney today announced action to provide substantial relief to assist local housing authorities in meeting rising operating costs. The action will result in an increase of more than $100 million in federal subsidies to many of the Nation's more than 3,000 public housing authorities, and at the same time avoid an open-ended Federal subsidization problem.

"This action to meet the legitimate needs of the public housing program is a reflection of the Administration's commitment to help local housing authorities maintain decent living conditions for the three million low income people in public housing," said Mr. Romney, "while protecting taxpayers through prudent future limitations on the amount of subsidy that will be provided."

Implementation of this action depends, in part, on Congressional approval for additional contract authority which would include new operating subsidies for public housing. Action on added contract authority for subsidies is now pending in the Senate as part of a resolution to extend HUD's authority to insure home mortgages and home improvement loans.

- more -

Operating expenses have been rising by more than five percent a year, while a succession of Congressional amendments have caused major reductions in rental revenue available to local housing authorities.

The subsidy to be paid to a given housing authority will be based on:

1. The amount of estimated operating deficit of the local housing authority's budget, adjusted for inflation.
2. An amount equal to the rent reduction caused by Congressional legislation.
3. An amount sufficient to provide a reasonable level of operating reserves for the local housing authority.

Mr. Romney stated that the Department plans to work with the local housing officials and others in the coming months to develop additional ways to limit the present open-ended subsidy approach and to put the program on a strong and viable basis.

"Our objective," he said, "is to strengthen the capacity of the local housing authorities to provide effective management and to ensure decent living conditions for public housing residents."

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

Phone (202) 755-6980

FOR RELEASE
Monday
October 16, 1972

REMARKS PREPARED FOR DELIVERY BY

Richard C. Van Dusen
Under Secretary

Department of Housing and Urban Development

before the

HUD-SFRC Revenue Sharing Conference

Hilton Inn
Dallas, Texas

October 16, 1972

During my first year or so in my present office I gave -- by ordinary standards applied to public officials -- relatively few speeches. It seemed prudent to do more listening than speaking, in the hope that silence would pass for inscrutability or sagacity.

However, I am informed with some reliability that the average tenure of the Mayors represented here today is in the neighborhood of two years. As a veteran of nearly four years in the housing and urban development business, I am less diffident than I used to be. I have no intention of telling any mayor how to run his city. But at least I don't feel uncomfortable giving advice to a substantial group of mayors.

In the last few years, mayors have viewed with concern the deepening crisis facing many of our cities, and have wondered -- to paraphrase a Red Cross first aid slogan -- "What to do until revenue sharing comes".

Revenue sharing is almost upon us. General revenue sharing -- over $5 billion a year of Federal funds -- should begin to flow to states and local units of government within a very short time.

And I am satisfied that enactment of Community Development Revenue Sharing, which will replace many complicated categorical grant programs such as urban renewal, neighborhood facilities and others, is just a matter of time. As you heard this morning, it failed to pass this year, not because of any Congressional disagreement with its basic concept, but because it was included in an omnibus housing and community development bill which had accumulated many controversial amendments. The fact that the House Rules Committee was unwilling to burden the House of Representatives with the 322 page omnibus bill in the closing days of the session doesn't mean that Community Development Revenue Sharing is dead. It means only that it has been postponed.

So General Revenue Sharing is almost here, and Community Development Revenue Sharing is coming. The focus is beginning to shift from "What to do until revenue sharing comes" to "What to do when revenue sharing comes".

The first step, of course, is to recognize that revenue sharing will impose on general purpose local government -- and on its chief executive -- major new responsibilities. No longer will a mayor who is reluctant to take controversial action be able to take comfortable refuge in such propositions as "the Federal government made me do it" or "don't blame me, that was the Urban Renewal Agency". The responsibility for deciding how these resources are to be used will rest importantly with you.

Your budget processes vary, of course, but the chief executive is necessarily involved in the development of budget proposals. Whether general revenue sharing is used to increase salaries or to increase services will be up to you. Whether the new Federal funds are used to pay for improvements of special benefit to a relatively small segment of the community, or to pay for improvements of broader impact, will also be up to you.

These will not be easy decisions.

In meeting those challenges there is no substitute for your own good sense and hard work. But let me give you a few suggestions which I hope may be helpful.

The President accompanied his revenue sharing proposals with expanded Federal support for state, regional and local planning and management activities. Note that I didn't just say "planning" -- but "planning and management". With this financial assistance you can build capacity -- hire, train and support competent staff and engage consultants for specialized services -- to help you work out and manage a development strategy for your community.

How do you plug in to this Federal planning and management assistance? See your friendly HUD Area Office Director. He's close at hand. He and his staff already know a good deal about your community. And one of their charges is to provide assistance in strengthening the institutional capacity of local government. For communities under 50,000 population, this help will be routed through the state, but you shouldn't hesitate to ask the HUD Area Office about it.

Many of you, of course, have already been participating actively in HUD's Community Planning and Management Assistance Program -- known as the 701 program. You may have developed a good deal of the planning base you need to make effective use of revenue sharing. I emphasize it, however, because of the new help it can provide to you in carrying out expanded responsibilities.

Let me suggest some additional sources of guidance in preparing a community development strategy.

Those of you who have been involved in the Urban Renewal Program already have what is known as a "Workable Program for Community Improvement". This is required by statute of every city seeking urban renewal assistance. For many years it was regarded, both by cities and by HUD, as a burdensome paper requirement. Many "workable programs" were full of "boiler-plate" provisions and broken promises.

But in the last few years HUD has regarded the workable program as a valuable planning tool, and as a means by which the activities of the local renewal agency could be related to the overall goals and objectives and plans of the general purpose city government. Take a look at your city's workable program. See how well it identifies problems, and check on progress toward their solution. This may be very helpful to you in getting ready for revenue sharing.

Next, I would urge you to get acquainted with the regional planning body which covers your community. The chances are you are represented on its governing body. In all likelihood it has done a substantial amount of planning involving your community -- planning which should help you as you seek to use the new resources of revenue sharing in the most effective way.

If it's not functioning effectively, that ought to concern you, because decisions made by neighboring communities can affect your own community for good or for ill. The regional planning body is the best device available to let you know what's going on outside your borders which will have an impact on you. You owe it to your own community to see that your own participation, and that of your fellow officials from other communities, is active and effective.

Let me place some special emphasis on the importance of regional planning and cooperation in the context of revenue sharing. There may be some tendency, as the revenue sharing dollars start to flow, for a community to adopt the attitude that "now that we're independently wealthy we can forget about our neighbors". This can manifest itself in a variety of ways. I can remember that in my home state, when state aid first became an important part of local school budgets, there was an outbreak of conspicuous consumption, exemplified by some of the best dressed high school bands in the nation.

The fact is that the need for cooperation between the many separate political jurisdictions in any metropolitan -- or for that matter, non-metropolitan -- region will continue under revenue sharing. Because there will be fewer separate applications for Federal aid the discipline of the so-called "A-95" review won't be as effective. A city can use its general revenue sharing funds for projects of potential regional impact without first submitting an application for review and comment by the regional clearinghouse.

I would hope and expect, however, that the benefits of cooperation and regional coordination would be so obvious that the individual cities will continue to make maximum use of regional mechanisms -- COGs, Planning Commissions, Sub-state planning districts -- in their own self interest. And not just on systems which are mechanically interdependent, like sewers and transportation, but on aspects of development where the interdependence of separate jurisdictions may be less obvious, but is no less real -- such as health facilities, park systems, and education.

The A-95 process will apply to the Community Development and other Special Revenue Sharing programs. Although there will be fewer separate applications, under CDRS, the discipline of relating local programs to regional planning and development remains. We expect that the A-95 process under CDRS will be more effective than now, since A-95 agencies will be focusing on strategies and programs, rather than individual projects.

Vice President Agnew spoke to this challenge with eloquence in an address a year ago to the National League of Cities. He said:

> "There must be adopted in America a truly metropolitan approach to the city's problems. And this is going to require great changes in attitude by mayors and city councilmen, as well as by county and State officials.
>
> "These governmental units can no longer view themselves as isolated enclaves, independent of each other's problems. A new spirit of cooperation is essential if we are to solve this Nation's domestic problems.
>
> "Crime, poverty, unemployment, inadequate housing and transportation are problems that respect no geographic boundaries or mythical lines. Unless they are attacked on a regional basis -- rather than in fragmented, piecemeal fashion -- they will continue to prevail against our best separate efforts."

The Vice President's comments will be just as valid under revenue sharing. The big change will be that you, as mayors, will have a greater responsibility than ever before to see

that these problems are attacked on a regional basis. Of course, another big change will be that you'll have more resources to bring to bear on the problems.

Coming back to matters within your own jurisdiction, revenue sharing will give you new opportunities to pull together the activities of semi-autonomous organizations, such as urban renewal agencies, which have historically received direct Federal funding -- by-passing the Mayor's office entirely. Community Development Revenue Sharing, in particular, and the other forms of special revenue sharing proposed by the President, will give general purpose local government a much larger role in the use of funds which formerly by-passed city hall. It is by no means too soon for you, as Mayors, to start really integrating the activities of these relatively independent agencies into your overall community development strategy.

One way to get ready for revenue sharing is to participate in HUD's "annual arrangement" process. Some of you have already done so, others may be about to start. The "annual arrangement" is not a device to get more Federal money into your city. It's a means by which we at HUD try to fit our resources into your plans. And it imposes some discipline on the participating city. Instead of piecemeal, unrelated applications for various forms of HUD assistance, the city has to develop an annual plan, tying together the various forms of help HUD can give which respond to the city's needs -- such as housing, water and sewer, open space, and the like. This is the kind of planning a recipient of revenue sharing -- and particularly Community Development Revenue Sharing -- should be doing in any event. We urge you to get involved now. Let our Area Office staff help you to consider the various options, and work with you to put together a strategy for your city.

Thus far I've been talking largely about HUD assistance, and how it can help you to make the most effective use of general revenue sharing, and to prepare for Community Development Revenue Sharing.

But you shouldn't overlook the help available from the seven Federal Departments and Agencies represented on the Federal Regional Council. In addition to HUD, they are HEW, DOL, DOT, EPA, LEAA, and OEO. These Departments and Agencies are just as committed as HUD is to making the New Federalism work. And this includes a commitment to strengthen the institutional capacity of state and local government. The

Regional Administrators and Regional Directors of these agencies want to help you to do a better job. Their own programs will do more for people to the extent that you use their resources more effectively.

The President has, by executive order, directed the agencies represented on the Federal Regional Councils "to the maximum extent feasible, [to] conduct their grant making activities in concert". One of the specific charges to the Federal Regional Councils is "the development of integrated program and funding plans with Governors and local chief executives". This points to inter-departmental "annual arrangements" -- really large scale "packages" of Federal assistance covering a broad range of activities.

What does this have to do with revenue sharing? Well, a city which can handle an interdepartmental annual arrangement is probably pretty well equipped to take on the responsibilities of revenue sharing. And, as you know, the President has proposed special revenue sharing not only for Community Development assistance, but also for Education, Manpower Development, Transportation, and Law Enforcement.

One more point. Until the several forms of special revenue sharing become law, the current categorical assistance programs will continue to involve some requirements which may seem burdensome. We're trying to eliminate those which are unnecessary. The "planned variations" experiment expressly involves waiver of administrative requirements which may impede the achievement of local objectives. But some of these requirements are statutory and can't be waived. Others are needed to carry out statutory directives in the field of equal opportunity. Still others enable HUD to allocate scarce resources to the best of the projects seeking our approval.

I would urge you and your staffs to familiarize yourselves with the basic elements of these requirements. In using the resources of revenue sharing, you ought to be just as concerned as the Congress has been with the avoidance of negative environmental impact, and the promotion of equal opportunity. You will have to be concerned about relocation of persons and businesses displaced by Federally assisted activity. And because your resources will continue to be limited you will want to use them for only the best projects, for activities which complement one another, and for projects consistent with your own plans, and with regional plans.

The point I've tried to make is this: Revenue Sharing will give you resources to be used in a far more flexible way than has been the case in the past. But revenue sharing, in addition to shifting control of resources from Washington to the State and local level, shifts responsibility to the State and local level. The exercise of that responsibility will not be easy.

Many of the Federally imposed constraints will disappear under revenue sharing. But the factors motivating those constraints will not disappear. There will still be a need for planning for orderly growth, and for the avoidance of waste and duplication. There will still be a need to relate the growth and development of a single community to that of its neighboring political jurisdictions. The need to improve our environment will not disappear. It will still be important to administer public funds without racial discrimination.

In short, the needs won't have changed. But the institutional locus of responsibility for meeting these needs will shift, under revenue sharing, to the States and local governments. Meeting them effectively will call for sound planning, managerial skill, and a good deal of self-discipline.

If the New Federalism is to succeed it will be because you are equal to these new responsibilities. President Nixon is convinced that you can do the job. We're counting on you to measure up to that confidence.

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-619
Phone (202) 755-5277
(Ervin)

FOR RELEASE:
Friday
November 10, 1972

HUD HOLDS REGIONAL CONFERENCES ON PROGRAMS FOR ELDERLY AND HANDICAPPED

Following the appointment of Regional, Area, and Insuring Office specialists on programs of the elderly and handicapped, the U.S. Department of Housing and Urban Development has been conducting regional conferences on housing and related services for this growing segment of the country's population.

The series of workshops began last month with a two-day conference in the Boston Regional Office that brought together top officials from the Department of Health, Education and Welfare, the Legal Enforcement Assistance Administration, the National Council on Aging, architects, developers, and social scientists along with HUD specialists from the six-State region.

A one-day conference in the Fort Worth Regional Office involved HUD specialists, representatives from the National Council on Aging, and the Department of Health, Education, and Welfare.

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A November 1-2 conference sponsored by the Seattle Regional Office involved the National Council on Aging, and some 25 Office of Economic Opportunity and Community Action agencies in meetings with HUD housing counselors, community service advisers, and specialists on programs dealing with the elderly and handicapped.

Agendas at the workshops have included: the social scientists' role in planning and designing housing for the elderly and handicapped; coordinated roles of Federal, State and community programs for this group; subsidized homeownership and means of improving the delivery of services to the elderly and handicapped.

"The underlying consideration of each of these conferences," said Mercer L. Jackson, Special Assistant to Secretary Romney for Programs for the Elderly and Handicapped," is the importance among the aging and handicapped of adequate choices and options in housing and health and social services planned for their use.

"The Regional workshops are part of a Department-wide effort to spur greater responsiveness to the mounting needs of the elderly and handicapped and another step toward fulfillment of the HUD challenge that emerged from the White House Conference on Aging," Mr. Jackson said.

Schedules for the remaining Regional conferences have not been completed, but Mr. Jackson said each HUD Region will "plan and conduct its own workshop around activities designed to prepare specialists throughout each Region to make effective use of HUD programs from which the elderly and handicapped can benefit."

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-635
Phone (202) 755-5277
(Farley)

FOR RELEASE:
Monday
November 20, 1972

CONTRACT AWARDED BY HUD FOR URBAN PLANNING STUDY

The theoretical Urban Dynamics Model developed by Dr. Jay Forrester as an aid to urban administrators will be put to a practical test against the current problems of a medium-sized city under a contract from the U.S. Department of Housing and Urban Development.

Lowell, Mass., was chosen for the experiment. The Massachusetts Institute of Technology, which received the $210,000 contract from HUD's Comprehensive Planning Research Program, will apply the principles of the present model to Lowell's existing operations. MIT also will consider any changes or improvements in the model which may be dictated by the experiment.

The model, designed by Dr. Forrester as a tool to stimulate the policy development and decision making processes in local government, has been widely publicized in academic journals. Dr. Forrester also is the author of a book which stirred waves in housing and urban planning circles in 1969.

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As part of the study, MIT professors will work with the city to define a set of goals for the community and to test the soundness and effectiveness of the theoretically-developed model as a means of evaluating a range of urban management actions.

Among the many types of urban development issues to be considered are:

--Whether to grant tax abatement requests, and when and under what circumstances and on what kinds of properties.

--The desirability of tax assessment differentials between apartments and privately owned homes.

--The use of assessment differentials between industrial and residential structures.

--The direction to shift zoning to divide land usage between categories of city activity.

--The type and quality of housing to be encouraged.

--The effect of rent control on the development of the city.

--How strongly should building code regulations on housing quality be enforced.

The development and testing of a refined urban dynamics model will hopefully produce the beginnings of a realistic urban simulation model which

will enable local officials to test selected policies for their likely effects on complex city systems before they are enacted.

Dr. Jay Forrester
Massachusetts Institute of Technology
50 Memorial Drive
Cambridge, Mass. 02139
Phone: (617) 253-1571

CONTRACT NO.: H-2000-R

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-652
Phone (202) 755-5284
(Anderson)

FOR RELEASE AFTER:
11:00 A.M., Friday
December 1, 1972

HUD TO PROVIDE MORE FUNDS TO LOCAL HOUSING AUTHORITIES

Secretary George Romney of the Department of Housing and Urban Development today announced the guidelines governing the allocation of additional operating subsidies to help meet the financial problems facing the public housing program.

The new circular implements the policy announced by the Secretary on October 6 to make available an excess of $100 million in operating subsidies over the $170 million in the President's FY 1973 budget.

This policy provides a uniform basis for allocating operating subsidies nationwide. As such, it responds to the Congressional concerns mentioned in the Senate report on the HUD Appropriations Bill for 1972, which states:

> "The spiraling annual contributions payments under this account are of concern to the Committee, and to add the burden of meeting undetermined deficits over which the Department does not have adequate control will increase these payments."

Norman V. Watson, Assistant Secretary for Housing Management, said the new guidelines provide a uniform basis to insure equitable allocation of funds.

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He said an additional and broader purpose of the policy is to strengthen local responsibility for the administration of the low rent housing program by reducing the degree of Federal oversight of the program and to encourage greater management efficiency on the part of Local Housing Authorities.

The circular announced today establishes the following guidelines for computing the amount of operating subsidies to be made available. The funds will be allocated to the local housing authorities (LHAs) in an amount sufficient to:

1. Meet operating deficits of each LHA. The deficit will be calculated by taking the actual approved operating income and expenses of the LHA's 1971 fiscal year, and adjusting both income and expenses upward by three percent a year.
2. Compensate for rent losses due to legislation. The amount of the deficit will be further adjusted to reflect in full rent losses resulting from P.L. 92-213, the amendment limiting welfare rents.
3. Provide a buildup of reserves to 10 percent of normal maximum for LHAs whose reserve levels have fallen below that level. LHAs with reserves above 40 percent will be expected to utilize them before payment of any operating subsidies.

LHAs with reserves between 10 and 40 percent will be authorized to maintain them at the same levels. Reserves, however, utilized to meet deficits exceeding the calculated level will not be restored in subsequent funding.

4. Provide operating subsidies for new units placed under annual contributions contract on or after January 1, 1972 in an amount not to exceed that calculated in the Department program on which a determination of economic feasibility was based. In no case, however, should the amount exceed the authorized special family subisidies ($120 per unit per year).

With the above limitations placed on Federal funding for operating subsidies, Mr. Watson stated that LHAs wishing to incur additional expenses or provide expanded services would be expected to absorb such additional costs through more efficient management, or development of local funding sources.

"We hope," he said, "that both the LHAs and the local governments will work much more closely together to make this an effective local program as Congress intended."

The new circular also reduces Federal oversight of the program by waiving the present requirements for detailed review and approval of LHA budgets under specified conditions. If the budget is submitted with a certification that it has been reviewed and approved by the LHA Board of Commissioners, and that certain findings have been made, the HUD review will normally be limited to a verification of the figures.

The circular announced today applies only to authority-owned rental programs. Procedures for the leased housing programs and homeownership programs will be issued in the future.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-669
Phone (202) 755-6980
(Gross)

FOR IMMEDIATE RELEASE:
Friday
December 8, 1972

MOST PROPOSALS FOUND APPROVABLE UNDER HUD SUBSIDIZED HOUSING PROJECT SELECTION CRITERIA

An initial evaluation of HUD's Project Selection Criteria for subsidized housing in effect since February, 1972, indicates that most housing proposals from a wide variety of urban, suburban, and non-metropolitan locations are being approved under the criteria.

The evaluation was carried out under the direction of Charles J. Orlebeke, Deputy Under Secretary for Policy Analysis and Program Evaluation, and covers 3,273 proposals for 226,520 housing units processed by HUD's 77 Area and Insuring Offices between February 7, and June 30, 1972.

On a nationwide basis, 13 percent of all proposals were rejected under the criteria. Contrary to early speculation, the criteria did not prevent HUD approval of selected proposals in areas of minority concentration.

During the five-month evaluation period, 313 housing proposals were identified by HUD field staff as being within areas of minority concentration, and 83 percent were found to be approvable under the criteria. Within such areas, subsidized multifamily proposals under Section 236 had the highest rejection rate--31 percent.

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The data on rejection rates include only those proposals actually rated under the criteria; most HUD Field Offices also reported "discouraging" some applicants informally if it seemed obvious that a proposal could not be approved under the criteria.

"Our evaluation of the first five months of operation identified some problem areas requiring further analysis and follow-up," Mr. Orlebeke stated. "On balance, however, we believe the criteria are imposing a much-needed discipline both on HUD field staff, and on the public and private developers of housing who are seeking subsidy assistance. This initial evaluation gives us a grasp of where applications for subsidized housing are coming from, and also provides the base for continuing assessments of the criteria's effectiveness."

A major purpose of HUD's Project Selection Criteria is to implement Title VIII of the 1968 Civil Rights Act which requires the Secretary "to administer the programs relating to housing and urban development in a manner affirmatively to further the policies of this title." The criteria also respond to several court decisions which require the Department to assess specifically the impact of proposed subsidized housing on areas of minority concentration, as well as the availability of nonsegregated housing opportunities for minority citizens.

In addition to equal opportunity considerations, the eight criteria include assessments of the need for low and moderate income housing, environmental impact, the adequacy of community facilities, the relationship to metropolitan planning, the ability of the applicant to perform efficiently, opportunities for minority enterprise and employment, and the provision of sound housing management.

For each criterion, a housing proposal receives a rating of "superior", "adequate", or "poor." A proposal receiving a "poor" rating on any criterion is rejected.

The 3,273 housing proposals rated were broken down in the evaluation by type of subsidy program and by geographical location category. Location categories used were the officially designated Standard Metropolitan Statistical Areas (SMSA). Within SMSA's, the data was divided between Central City and non-Central City sites. There were also three non-metropolitan categories based on population size. In addition, special locational categories--Urban Renewal area, Model Cities area, and area of minority concentration--were used to permit analysis of proposals from these specific areas.

The 3,273 proposals included 1,372 under the Section 235 homeownership program, 996 under the Section 236 multifamily rental program, 730 under the Public Housing program, and 175 under the Rent Supplement program.

Proposals from the Nation's 267 Standard Metropolitan Statistical Areas (SMSA) constituted a majority (56 percent) of all proposals rated. Within SMSA's, 61 percent of the proposals were for Central City locations and 39 percent were for locations outside Central City jurisdictions. Among all proposals, HUD field staff identified about 10 percent as being in areas of minority concentration.

While the rejection rate for all proposals was 13 percent, there was considerable variation in the rejection rate by program types. The highest rejection rate was for the Section 236 program with 20 percent, while the lowest rate was for Public Housing proposals with 5 percent. The Section 235 program had a 12 percent rate, and the Rent Supplement program 14 percent.

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The rejection rate by geographical category showed virtually no variation from the 13 percent national average. The rate for Central City locations was 14 percent, for "suburban" locations (areas outside Central Cities, but within SMSA's) 13 percent, and for nonmetropolitan areas 13 percent. Within SMSA's, however, Section 236 proposals and Rent Supplement proposals were more likely to be rejected in Central Cities than outside Central Cities: 24 percent of the 236 proposals and 18 percent of the Rent Supplement proposals were rejected in Central Cities, compared to 19 percent and 4 percent respectively outside of Central Cities. In the 176 proposals for Urban Renewal and Model City areas (which frequently overlap with the "area of minority concentration" category), the combined rejection rate was only 15 percent.

It is important to note that the Project Selection Critieria represent an evaluation and screening device, and do not supercede normal HUD technical processing of housing applications. Such processing includes determinations with respect to financial feasibility, market conditions, site evaluation, etc.

Therefore, a proposal which is approvable under the Project Selection Criteria may still not succeed in being funded because of failure to meet other processing standards. In addition, some proposals found to be approvable during the evaluation period--February 7 to June 30, 1972--were not actually funded in that time period because of lack of subsidy funds in relation to demand, or because proposals had not yet reached the processing stage when funds are actually committed.

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On the average, 70 percent of all projects which were approvable under the Project Selection Criteria (no "poor" ratings on any criterion) were actually funded as of the end of the fiscal year, June 30. The 235 homeownership program experienced a 90 percent funding rate, apparently reflecting the greater availability of funds in relation to demand. The funding rate for approvable proposals was 56 percent for Section 236 and 52 percent for Public Housing.

In addition to the quantification of ratings under the criteria, the evaluation included a field review by Central Office and Regional Office teams of Project Selection Criteria administration in 25 selected Area and Insuring Offices. This review consisted of structured interviews of field personnel responsible for rating housing proposals submitted to the Department.

The field review component of the evaluation revealed many variations in the way the criteria are being administered. One of the main objectives of the criteria is to assure that all of the professional skills available in an office--equal opportunity, planning and relocation, housing management, and legal counsel--are brought to bear on the decision to approve or reject a housing proposal. This objective is being achieved in various ways, and with varying degrees of success.

Some field offices hold regular "project selection conferences" which provide the opportunity for all relevant staff to participate directly in rating decisions through face-to-face discussions. Other offices rely much more on written staff comments which are recorded on housing application forms as they move through office processing.

In general, the project selection criteria have clearly increased the involvement of equal opportunity and housing management staff in evaluating housing proposals. However, the active involvement of Planning and Relocation staff and legal staff, has not been achieved in many offices.

As indicated previously, field review also disclosed that the survey of housing proposals actually rated did not capture all of the contacts between interested housing sponsors and the Department. All but one of the 25 field offices visited reported "discouraging" prospective sponsors informally if it seemed obvious that proposals could not be found approvable under the criteria.

# # #

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-670
Phone (202) 755-5277
(Servoss)

FOR RELEASE AFTER:
1:00 P.M., Sunday
December 10, 1972

OPERATION BREAKTHROUGH SITE DEDICATION IN SEATTLE, WASHINGTON

In Seattle, Wash., Theodore R. Britton Jr., of the U.S. Department of Housing and Urban Development formally welcomed the occupants of the recently completed Operation BREAKTHROUGH development during a dedication ceremony held today.

The sponsor of the project is the First African Methodist Episcopal Church Housing Corporation, a non-profit corporation established by the church to further its social concerns.

Mr. Britton, HUD Deputy Assistant Secretary for Research and Technology noted that the successful completion of the innovative 58-units in Seattle proves that the interests of the Federal Government, the city and individual communities need not be at variance with each other. "We have proven here that the community's need for better housing, the city's need for redevelopment assistance with the active involvement of minorities and HUD's desire to demonstrate new methods in industrialized housing can compliment each other in reaching a common end," he said. "The success achieved through this type of close cooperation is borne out by the fact that all 58 units on this site were rented before the construction was even completed."

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The Operation BREAKTHROUGH site will provide rental housing for low and moderate-income families under the authority of Section 236 of the National Housing Act. Rents range from $137.30 per month for a 2-bedroom garden apartment to $187.00 per month for a 4-bedroom townhouse.

The Operation BREAKTHROUGH sites have all displayed new technology, and nowhere is innovation more evident than on the Seattle site. The Townland system employed in the construction of the units utilizes concrete columns across which beams and deck slabs are placed to, in effect, create "elevated urban land" platforms at two or three-story intervals. Garden apartments and townhouses are constructed on the separate platforms using lightgauge steel-framed panels and modules which are later covered with attractive cedar paneling. Building up rather than out, the system allows for pedestrian walkways and individual yards, trees and playgrounds above the ground on a site less than two acres in size. High density living for families is achieved without the cramped feeling so often evident in high-rise apartment complexes.

As the developer for the site, the Boeing Company was especially successful in carrying out its affirmative action program to involve minority contractors. During construction half of the personnel employed on the site were minority members, and nearly 25 percent of the subcontractors and suppliers to the general construction contractor were minority firms.

BREAKTHROUGH is the national demonstration program launched by HUD in mid-1969 to modernize the American housing industry and to remove barriers to volume-produced housing. A total of 22 housing system producers were selected to demonstrate their units on nine sites in various parts of the United States. The city of Seattle is one of these sites.

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HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

HUD-No. 72-673
Phone (202) 755-5277
(Bacon)

FOR RELEASE:
Wednesday
December 13, 1972

HUD OFFICIAL OUTLINES CODES FIELD, OPPORTUNITIES FOR SPECIALISTS

If national needs for decent, safe and affordable housing for all people are to be met, the nation's communities must keep pace with advancing building technology, and they must modernize and actively enforce their construction and related codes if they are to qualify for Federal aid from the U.S. Department of Housing and Urban Development.

This firm restatement of HUD's codes policy was expressed in Austin, Texas, today by HUD General Assistant Secretary Samuel C. Jackson at a symposium for code enforcement officers, sponsored at the University of Texas by the National Academy of Code Administrators (NACA).

Codes and code enforcement are essential elements of HUD's Workable Program for Community Improvement, a long-range planning requirement for communities requesting a variety of renewal-related assistance. HUD requires that codes of all localities seeking Workable Program approval permit the use of any nationally-recognized materials or construction technique, with limited exceptions. Modernized codes permitting the use of all such materials can lower housing and labor costs.

- more -

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
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Reaffirming the Department's commitment to codes adoption and enforcement, Mr. Jackson told the NACA group that HUD's primary focus under the codes policy, beyond requiring compliance, is to strengthen State and local management capabilities to use codes as a means of securing and maintaining decent standards of community development. "The expertise you can offer State and local codes officials, particularly in work definitions and training of minority codes specialists, can help State and local governments carry out their responsibilities for code adoption and enforcement", he said.

Mr. Jackson emphasized that HUD's concern for codes is not limited to housing. "Our legislation recognizes the relationship between housing and decent communities, and the extent to which people are being priced out of the housing market. You do not achieve decent housing without decent neighborhoods, and you certainly cannot achieve decent neighborhoods or communities when housing is deplorable, when people lack adequate shelter and there are not enough housing units to meet current needs as well as future demand." The same legislation that establishes this full dimension for HUD calls upon local governments to assume full responsibility for the quality of development throughout their communities, he pointed out.

Commenting on the recent outbreak of fires in high-rise buildings across the country, Mr. Jackson acknowledged: "There is a legitimate question as to whether local or model codes sufficiently require the use of safety devices, fire stops and sprinklers in high-rise buildings. There is growing sentiment," he noted, "that more effective fire prevention measures be taken, that high-rise construction is an area in which national standards and model code provisions need to be strengthened." HUD believes that model codes offer the best systematic and overall assurance of safe and adequate construction, he noted, but would "wholeheartedly endorse a methodical analysis of model codes and standards, along with an examination of the cause of these fires."

HUD, he noted, relies solely upon non-Federal, professional codes organizations for establishment of model codes, and has no intention of dictating standards or prescribing the content of model codes.

In conclusion, Mr. Jackson urged the NACA to lend its full support to recruiting, training and educating minorities for responsible jobs in the codes profession. "As you work to insure quality in community development, extend your efforts to include job opportunities for minorities, as inspectors, as plan examiners, as administrators and as model code staff men."

# # #