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

ACCOMPLISHMENTS OF HUD

1969-1971

by

Secretary George Romney
U. S. Department of Housing and Urban Development

January 6, 1971

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
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Housing Production

During the past two years, the Nixon Administration has taken unprecedented steps to stimulate housing production and has achieved record levels of output for low and moderate income families.

Two years ago the housing outlook was bleak. Housing was in short supply and the Nation was caught up in spiraling inflation and a credit crunch -- conditions that have always hit housing hardest.

The man who bought a $15,000 house in 1967 was fortunate indeed, because that same basic house, with the increased cost of land (up 30%) and construction (up 22%), would have cost him $18,500 if he had waited until 1970. His monthly payment of $87.30 would have been 56% higher at $136.11 in 1970, and that doesn't include taxes and insurance.

In spite of this adverse situation, the Department has helped the housing industry weather the worst credit crunch in this century and hastened a surge in housing production that could lead the Nation's overall economic recovery.

During 1969 and 1970, there were more than 2.9 million housing starts. Inflation and tight money caused an initial decline in housing starts during the first 15 months. Nevertheless, because of massive Federally assisted support of the mortgage market, the extent of this decline was less than half as great as in the previous less serious credit squeeze of 1966. Moreover, a sharp turn-around in activity has occured in the past several months. The outlook for 1971 points to production of considerably

more than 2 million housing units, including mobile homes. That would be the highest level of total housing production ever achieved

The production of assisted housing units is the only production over which the Department has direct influence. The previous record figure of 160,000 housing and apartment units for low-income families in 1969 increased by 250% to over 400,000 units in 1970, and if you add housing produced under the Farmers Home Administration, the 1970 figure exceeds 450,000.

This record level of assisted housing production required grouping all subsidized housing programs in the Department under Assistant Secretary Eugene A. Gulledge, who was able to unify property standards, establish guidelines and develop monthly quotas for each of HUD's field offices.

HUD also launched Project Rehab in 1970 to help cities undertake large-scale, low-cost rebuilding of absentee-owned apartment buildings. By year's end, 15 cities were involved in rehabilitating approximately 30,000 units.

Since a growing number of families own or are buying mobile homes, we took major steps to help provide mobile home parks. In mid-1969, the Department liberalized the regulations under which it helps developers finance mobile home parks. Builders now can provide individual spaces at lower monthly rentals and finance larger parks with more and better facilities. By the end of 1970, commitments were issued for some 220 projects representing approximately 35,000 spaces.

Economic Help to Housing

The Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), and the Federal Home Loan Bank Board (FHLBB) during the past two years provided an unprecedented volume of mortgage money to prevent a disasterous housing depression. Federal assistance in this area rose from $1.3 billion in 1966-67 to $8.2 billion in 1969-70.

Housing requires adequate financing. Recent financial innovations, together with new legislation, will reduce the basic cyclical instability of the housing industry.

GNMA, HUD's home mortgage assistance corporation, has instituted a program of guaranteeing mortgage-backed securities that will tap new sources of funds for the mortgage market, particularly pension and retirement funds. To date, more than $1.65 billion of these securities have been issued, providing for the financing of more than 90,000 housing units.

In addition, GNMA developed and implemented its Tandem Plan with FNMA to provide mortgages for subsidized housing on more favorable terms than available on the open market. Some $500 million has been allocated to assist in financing homeownership units (Section 235) and $650 million for rental assistance units (Section 236).

The Emergency Home Finance Act of 1970, developed jointly by the Department and the two Congressional Banking and Currency Committies, authorizes the long needed creation of a new secondary market for conventional mortgages. This will provide a major backstop to the largest portion of the mortgage market in much the same way that FNMA has been providing a backstop to FHA and VA mortgages.

Other provisions of this emergency legislation have the potential of helping more than half a million families obtain mortgage loans at more reasonable cost than would otherwise be possible. FHLBB has already begun implementing one of these provisions.

Proposed Consolidation of Housing Programs

HUD proposed legislation to eliminate obsolete or duplicating authorities and programs, and improve existing operations and subsidy programs.

It would reduce approximately 50 existing FHA programs to eight. Instead of over 50 existing authorities dealing with home ownership and rental housing, there would be only four: one covering all unassisted home mortgages, a second covering all subsidized home mortgages, and one each for unsubsidized and subsidized rental projects.

HUD also proposed consolidation and improvement of comprehensive community development planning and management as well as community development. The proposed Community Development Program would

combine all the various urban renewal programs with the basic water and sewer, neighborhood facilities, public facility loan, and open space programs.

The changes would permit greater administrative and budgetary flexibility, eliminate a substantial amount of Federal red tape and improve the capacity of our programs to promote national policies toward rural and urban community development, environmental improvement, both social and physical, and orderly population growth.

Organizational Changes

Two years ago HUD was a conglomerate of bureaucratic fiefdoms, each nearly autonomous. In the aggregate it was a confusing system of red tape, lengthy processing, and inefficiency.

Unified administration of programs along functional lines has been partically achieved. Housing production programs are now grouped under one Assistant Secretary, responsibility for housing management under another, most planning and related activities under a third, and research, technology and demonstration programs under another.

HUD also expanded its regions from six to ten and realigned them to conform to the same geographic boundaries of other major Federal domestic departments. We opened 23 Area Offices, and additional ones will follow this year when HUD completes its decentralization plan. Separate Insuring Offices not becoming Area Offices were continued, but both types will be under the supervision of their Regional Administrator.

Decision-making authority covering all HUD programs is delegated to the Area and Insuring Office level. Rarely will projects be referred to higher authority for decision.

HUD programs are streamlined to slash processing time, simplify requirements, and eliminate superfluous paperwork in areas comprising 75 percent of HUD's budget allotments -- Urban Renewal, Water and Sewer Facilities, Open Space Land, Low Rent Public Housing, Multi-family Housing, and Model Cities.

Comprehensive Planning

We at HUD have long recognized the need for expanded efforts at all levels in the area of comprehensive planning. This department has increased its support for comprehensive planning and programming at the state level from less than $8 million in 1968 to over $12.5 million in 1970--an increase of 62%. All states benefit from this HUD assistance. Such support, of course, strengthens the state's ability to meet its own growth and development needs, and also to provide guidance for regional and local development and to assist local communities in improving governmental operations. Although most states have a long way to go in providing the comprehensive planning really needed, several have responded to HUD assistance by increasing their own efforts. Connecticut, Minnesota and Texas have all nearly doubled their planning support.

It's certainly no secret that HUD has long advocated comprehensive planning and programming within metropolitan areas on an areawide or multi-jurisdictional basis for certain large-scale public services, such as water, sewer and transportation. There are over 200 metropolitan areas in this country, most of which have areawide comprehensive planning agencies supported in part by HUD planning grants matched with local governmental contributions.

In the last two years, working with other Federal agencies and state governments, HUD has extended this areawide planning concept into rural America. Only 55 of these non-metropolitan areawide planning agencies existed in 1968. HUD began supporting such agencies in 1969. By 1970 that number grew to 160, 122 (76%) of which requested and received HUD support. The services of these HUD-assisted agencies reach 627 counties in 32 states.

Water and Sewer Systems

Priority rating systems for Water and Sewer Facilities grants, and Public Facility loans, have been revised to ensure that assistance is given to the most needy communities and that contractors are given an opportunity to employ local residents in the assisted projects. HUD water and sewer projects for FY 1970 totaled 342 and benefit over 17,000,000 people. It is significant that over 80% of this support goes to communities of less than 50,000 population.

Operation BREAKTHROUGH

Operation BREAKTHROUGH was launched to remove barriers obstructing large-scale housing production.

BREAKTHROUGH seeks to demonstrate improvements in design, production, durability, land use, management, financing, marketing, and cost of housing systems that can occur with the elimination of building code, zoning, trade practice, and other constraints.

This effort has already succeeded in accelerating industrial housing technology and securing private and public cooperation in removing the constraints on modern management and production of housing.

Among these are the assumptions of a stronger state role in housing, including state-sponsored industralized housing laws and state building codes, building trade union agreements to build components and complete houses in factories and assemble them on site, development of performance criteria for housing, and new sources of competition to unleash new organizational structures and sources of progress throughout this previously highly fragmented industry.

Model Cities

During the past two years the Model Cities program has unquestionably demonstrated that flexible non-categorical Federal assistance can enhance the planning and management capacity of State and local government. All too often, localities having the greatest need have been short-changed in the delivery of social services and in the investment of capital funds. Federal funds, fragmented into a multiplicity of categorical programs, often have not reached those for whom they are intended.

But now, with Model Cities support and encouragement, States and localities are strengthening their planning and management capacities through a process of change and reform. A look ahead indicates the need for extensive expansion of the basic Model Cities process. For, just such a process is essential if States and localities are to be ready and able to use effectively and to distribute equitably available Federal resources.

Environmental Concern

In the Office of Metropolitan Planning and Development, a new Environmental Planning Division has been established to provide a focal point for environmental considerations throughout HUD programs. In addition to its responsibilities, it identifies environmental issues arising from planning urban design, water resources and transportation aspects of urban development, and acts as a liaison with the Environmental Protection Administration.

Equal Opportunity

Established in 1968, HUD's Office of Equal Opportunity actively engaged in educating Americans concerning their rights under the Fair Housing and Equal Opportunity provisions of the law.

HUD created a registry identifying and listing by bonding capacity and type of experience over 2,000 minority contractors. This registry serves as a ready reference for minority general and sub-contractors. We also showed over 3,500 minority contractors, developers, architects and others involved in the housing process how they could participate in HUD-assisted work.

We asked local HUD-funded agencies to work toward specific monetary goals for minority business participation. In our Urban Renewal program, for example, the sum was $80 million. In Los Angeles, HUD has helped to develop and is now coordinating a federal interagency effort to create minority business opportunities, and has set aside over $20 million of its own mortgage funds for Mexican-Americans, Blacks and other minority contractors to assure the success of this project.

In the area of employment, we not only expanded minority business opportunities, but strengthened our efforts in contract compliance. During this past year, in addition to our regular reviews, we conducted on a craft-by-craft basis eight city-wide reviews of all contracts involving HUD. Out of the 189 contractors reviewed, we found 138 out of compliance and referred them to the Labor Department for enforcement action. These reviews triggered city-wide agreements in three of these cities among the trade unions, the contractors and the minority community to expand substantially minority employment in construction.

Within our own Department, five of the 23 new Area Office Directors and three of our Deputy Regional Administrators plus other key officials in these offices are minority individuals.

Flood and Riot Insurance

The 1968-enacted Flood Insurance program now covers 400 communities in 34 States. Similarly, FAIR plans (fair access to insurance requirements) are now organized in 26 States, the District of Columbia, and Puerto Rico,furnishing cooperative services under the supervision of the State insurance authority of property insurance companies doing business in that State. These plans provide property owners in urban areas access to fire,extended coverage, and vandalism and malicious mischief insurance coverage.

Conclusion

With improved organization, clearer policies, and more definite goals HUD can apply its efforts more effectively toward achieving improved social and physical environments for American families through strengthening the institutional capacities of State and local units of government.

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

HUD-No. 71-13
Phone (202) 755-7174

FOR IMMEDIATE RELEASE:
Monday, January 11, 1971

SECRETARY ROMNEY INVITES GAO TO PARTICIPATE IN 235 STUDY

Secretary George Romney of the U.S. Department of Housing and Urban Development today announced that he has invited representatives of the General Accounting Office to participate in the Department's evaluation of the homeownership (Section 235) program.

In a letter to Comptroller General Elmer B. Staats, Mr. Romney invited him to send representatives to meetings of field personnel from HUD's Federal Housing Administration, which will be held January 13 and 25.

The January 13 meeting will be held in Washington for personnel from areas east of the Mississippi and the January 25 meeting, for those west of the Mississippi, will be held in Denver.

"At these meetings, we will secure detailed and up-to-date reports from the field on the actual condition of the Section 235 units now under subsidy," Mr. Romney said. "We will secure the first hand judgments and recommendations of the responsible officials closest to the situation. We will also review in detail the numerous extensive procedural improvements which we have instituted in the past 20 months."

Declaring that he views the current situation in the Section 235 program "very seriously," Mr. Romney went on to say:

"I am deeply concerned that unfair advantage might be taken of any individual homeowner. We are going to do everything we can to protect the individual homeowner, to identify any that may have been victimized, and to take whatever remedial action lies within our power."

"We are prepared to take any action, however drastic, that is warranted by the facts," the Secretary declared.

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STATEMENT ON SECTION 235 PROGRAM

by

George Romney
Secretary
U.S. Department of Housing and Urban Development

January 14, 1971

Yesterday and today Assistant Secretary-Commissioner Eugene A. Gulledge and I met with over 250 key FHA field personnel, representing the five HUD regions east of the Mississippi. A chief purpose of the meeting was to secure up-to-date field survey reports on the condition of existing Section 235 subsidized low- and moderate-income housing units.

The 235 program, passed by Congress in late 1968, represented a new concept in providing homeownership opportunities. There was no experience available to give this Department an adequate knowledge of the scope and kinds of problems that would be encountered as it was undertaken. It was launched under exceedingly difficult economic circumstances and with the aid of little additional staff.

Nevertheless, over 130,000 low- and moderate-income families have been helped to homeownership under Section 235 in approximately two years. The vast majority of these families are living in good houses that were fairly priced. During those same two years, also with only a slight increase in staff, the Department's housing production personnel have raised our total number of subsidized housing starts from 158,000 in 1968 to 410,000 in 1970.

Before the meeting began yesterday, however, we were aware -- both from our own investigations and from a Staff Report issued last week by the House Banking and Currency Committee -- that there are some significant problems in the Section 235 program. These problems include those related to the experimental nature of homeownership for families whose incomes (in the words of Congress) are "so low that they could not otherwise decently house themselves," the lack of home-ownership counseling for such families, and their excessive exposure to major repair and maintenance costs -- as well as instances of inadequate appraisals, exorbitant speculative profits, and shoddy workmanship.

As a result of information which field personnel presented at the meeting, it is apparent that abuses in the Section 235 program are more prevalent and widespread than had previously been evident. This is the case particularly with reference to the portion of the program which makes interest subsidy available to low- and moderate-income families, including those on welfare, for the purchase of <u>existing housing</u> -- that is, housing which is not newly built.

Therefore, I have today ordered the Section 235 <u>existing housing</u> program suspended until further notice. No additional commitments for this type of housing under the program will be issued until at least the following five conditions have been met to my satisfaction:

1. Until I am personally satisfied that the Department, using its full resources and cooperating with others as appropriate, has been able to adequately investigate the condition and circumstances of purchase of the Section 235 existing housing units now under subsidy;

2. Until I am personally satisfied that the Department has been able to institute such remedial action as lies within its power to protect and assist those Section 235 home buyers who have been victimized by basic deficiencies in the program and by unscrupulous or sloppy practices, whether on the part of private persons or public employees;

3. Until I am personally satisfied that adequate measures have been taken to assure the elimination of any incompetence, impropriety or fraudulent practices which may have existed, so as to protect the just interests of the users of the program, the public employees who carry it out, and the taxpayers who pay for it;

4. Until I am personally satisfied that FHA has established adequate training, informational and other administrative procedures to assure that employees are prepared and able to administer the program efficiently; and

5. Until I am personally satisfied that the workload levels which FHA establishes for this program are no higher than can reasonably be expected to be attained with available adequately trained personnel.

While these corrective actions are being taken with regard to Section 235 existing housing, we will continue to survey the new housing segment of the program to determine what improvements in it may be necessary. The freeze on further activity applies at this time only to existing housing and not to new construction. A decision will be made later with respect to new construction.

I am personally committed, as I have stated many times, to seeing that no individual or family is victimized through the operation of this or any other program for which the Department has responsibility.

I am personally committed to seeking redress of whatever just grievances may be established, and to the punishment of wrongdoers whether private or governmental.

I am confident that the overwhelming majority of our employees are capable men and women of integrity. Those who are have my thanks. Those who are not will be dealt with appropriately.

The Department will continue its vigorous efforts to fulfill the Congressional mandate to make the Section 235 program work. At this point in time, however, it is clear to me that the public interest -- which is the true interest of the Congress and the Administration -- will best be served by suspending this portion of the Section 235 program until all the pertinent facts can be fully known, corrective action taken, and confidence restored.

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FOR IMMEDIATE RELEASE:
Thursday
January 14, 1971

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NOTES SOLD TO FINANCE URBAN RENEWAL PROJECTS

Project notes totaling $244,898,000 were sold on January 12 by 82 local issuing agencies at an average interest rate of 2.0917 percent, the U.S. Department of Housing and Urban Development announced today.

Norman V. Watson, Acting Assistant Secretary for Renewal and Housing Management, said the average maturity of all notes, which will be dated February 9, 1971, is 9.3 months.

Maturities of the 91 issues sold January 12 ranged up to one year with six-month notes accounting for 22.3 percent of the total amount sold and one-year notes accounting for 53.6 percent.

The average interest rate for the $300,781,000 in project notes sold last December 15 was 2.9416 percent.

Notes in the current sale were awarded the following:

Bank of America, N.T. & S.A., and Bankers Trust Company, jointly	$129,619,000
Chemical Bank and John Nuveen & Company, Inc., jointly	33,410,000
National Bank of Detroit	16,688,000
Pittsburgh National Bank	13,234,000
Union Planters National Bank of Memphis	11,570,000
North Carolina National Bank	10,240,000
First National City Bank, Continental Illinois National Bank & Trust Company of Chicago, The First Boston Corporation, and Mellon National Bank & Trust Company, jointly	5,625,000
The Northern Trust Company and A. G. Becker & Company, Inc., jointly	5,127,000
Security Pacific National Bank	4,710,000
Manufacturers and Traders Trust Company (Dunkirk, N.Y.)	3,200,000
Morgan Guaranty Trust Company of New York and Salomon Brothers, jointly	3,055,000
Republic National Bank of Dallas	1,800,000

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The Chase Manhattan Bank and The First National Bank of Chicago, jointly	1,465,000
Detroit Bank and Trust Company	1,005,000
The First National Bank of Boston and Lehman Brothers, jointly	965,000
The Commonwealth National Bank (Harrisburg, Pa.)	905,000
Kohlmeyer and Company (New Orleans, La.)	900,000
City Trust Company (Bridgeport, Conn.)	500,000
Union Bank and Trust Company, N.A.	355,000
The First Agricultural National Bank of Berkshire County (Pittsfield, Mass.)	275,000
American Bank and Trust Company of Pennsylvania (Pottsville)	250,000

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

HUD-NO. 71-21
Phone (202) 755-7174

FOR RELEASE AFTER:
12 Noon, Friday
January 15, 1971

HUD OFFICIAL DEDICATES DETROIT HOUSING PROJECT FOR ELDERLY RESIDENTS

A top official of the U. S. Department of Housing and Urban Development today stressed the importance of assuring a total living environment for residents of housing designed particularly for elderly occupants.

Speaking at ceremonies marking the dedication of an elderly housing project in Detroit, Samuel C. Jackson, HUD Assistant Secretary for Metropolitan Planning and Development, lauded accomplishments of the private sponsor of the project, the Cathedral Church of St. Paul.

Mr. Jackson, noting the imaginative design and strategic location of the 238-unit Cathedral Terrace, said: "Housing broadly defined includes not only a physical dwelling, but the manner in which that unit is managed and the total environment which surrounds the unit. Cathedral Terrace symbolizes many of our ideas about good housing and good planning. This imaginatively designed structure is located in the heart of Detroit with easy access to public transportation."

Mr. Jackson also pointed out the cultural and intellectual activities available to residents with the Institute of Art, Cultural Center, Library, and Museum adjacent to Cathedral Terrace.

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The HUD official cited the cooperative efforts of Cathedral Church and the Woodward East Organization in acquiring and rehabilitating homes for rental to low income residents as reflecting a true "commitment to the needs of citizens and the community."

Mr. Jackson reported a substantially increased production of elderly housing units under HUD assistance programs in the past two years. The interest and efforts of this Administration in providing elderly housing places primary emphasis on "providing common activity spaces and other amenities which help insure that our senior citizens will be involved in meaningful activities and that alternative life-styles be preserved."

He outlined for the audience major features of the 1969 Housing Act signed by President Nixon that reflect "interest in building housing units and providing a suitable living environment for older Americans."

"In many ways the measure of a society is the way in which it cares for its elderly," Mr. Jackson concluded.

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HUD-No. 71-27
Phone (202) 755-7174

FOR RELEASE:
Wednesday
January 20, 1971

HUD EMPLOYEES OFFERED UNDERGRADUATE SUPPORT PROGRAM

A unique, on-the-job academic program, one of the first made available through Federal agencies, is being initiated by the U.S. Department of Housing and Urban Development to upgrade employees, Secretary George Romney announced today.

The program of undergraduate and related instruction will be conducted by the Center for Special and Advanced Programs of the University of Northern Colorado (UNC). The HUD Undergraduate Support Program courses are designed to develop a cadre of HUD employees possessing both work experience and college level academic training at the para-professional level. The program will also promote employees' academic development to enable them to move into para-professional positions or from para-professional into professional jobs. Shaw University at Raleigh, N.C., and Morgan State College at Baltimore, Md., will act in consortium with UNC to assist in counseling and instruction.

Classes for the 100 sub-professional student employees will begin early in March at HUD's Washington headquarters. Classroom schedules call for intensive one week sessions or three day segments of workshops or seminars, with required reading and assignments distributed six weeks prior to the sessions. Concentration of class work combined with individual, independent study makes simultaneous work and academic schedules possible.

A unique feature of the HUD program, administered by Assistant Secretary for Administration Lester P. Condon, is its adaptation of a HUD-developed national program. The curriculum format was developed under the direction of HUD's National Urban Studies Program (Community Development Training Program) to promote the sub-professional and professional training and development of full time Federal, State, and local government employees. That program which is administered by Samuel C. Jackson, HUD Assistant Secretary for Metropolitan Planning and Development, has 5,000 students and is now sponsored by 22 States.

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Specially trained counselors from UNC work with each student and his supervisor to develop personalized courses of study closely related to HUD needs. The counselor also evaluates individual on-the-job experience and awards equivalency credit for both existing capabilities and previous college level study. Completed courses in urban studies and related fields may be applied to meet Associate of Arts degree or Bachelor of Arts degree requirements. About 80 HUD employees are also participating at graduate level in the regular UNC National Urban Studies Program operating in the Washington Metropolitan Area.

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HUD-No. 71-31
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FOR RELEASE:
Friday
January 22, 1971

HUD URGES STATES TO MOVE ON CRIME INSURANCE

Federal Insurance Administrator George K. Bernstein has called the attention of the Nation's Governors to the new Federal crime insurance program in the 1970 Housing Act, urging them to set up legislative machinery at the State level where necessary to solve the public's growing need for reasonable crime insurance.

In individual letters to the Governor of each State, plus the District of Columbia and Commonwealth of Puerto Rico, Administrator Bernstein pointed out that the Housing Act recently passed by Congress authorizes the U.S. Department of Housing and Urban Development to step in with a direct crime insurance program where States in critical situations fail to take appropriate action before next August 1.

Similar letters were sent to all State Insurance Departments.

"We are writing to you at this time," Administrator Bernstein said, "to urge appropriate action. The more States that act, the fewer there will be in which Federal crime insurance will have to be sold."

The Federal crime insurance program, along with flood and riot insurance, is under the jurisdiction of the Federal Insurance Administration in HUD.

While welcoming public interest in the new program, Mr. Bernstein made it clear in a statement that HUD will not be in the crime insurance market until August 1.

In the intervening period, he said, individuals interested in crime insurance should direct their efforts towards encouraging action by their appropriate legislatures.

The grace period was given, Mr. Bernstein said, to allow the States a chance to act first before HUD moves in.

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Even after August 1, he explained, Federal crime insurance can be written only in those States where there is a crime insurance problem and where coverage has not been made available under State law. The Federal program, when implemented, will offer protection at "affordable rates," to be determined by the Administrator.

At the outset of the program HUD's riot re-insurance fund may be used to cover losses. The policies are expected to be sold through local insurance agents and brokers.

To become eligible, property owners will be required to take certain steps to prevent losses, just as communities must pledge to adopt land use and control measures in applying for Federal flood insurance.

The program was enacted by Congress in the face of growing evidence, buttressed by a report last July from Administrator Bernstein's office, that crime insurance by private insurers was either virtually non-existent or available at exorbitant rates in areas where it was most needed.

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HUD news feature
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

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FOR WEEKEND RELEASE:
Saturday-Sunday
January 23-24, 1971

MEXICAN-AMERICAN PLAYS IMPORTANT ROLE IN STREAMLINING HUD PROGRAMS

Ismael Melendez, a management analyst in the U.S. Department of Housing and Urban Development, is a long way from his native Roswell, New Mexico.

But in his position in the Organization and Management Branch of HUD's Office of Renewal and Housing Management in Washington, D.C., as well as in volunteer service to Mexican-American causes, Ismael Melendez, 53, is carrying on an old family tradition of being involved.

Mike, as he likes to be called, is a member of four internal task forces that are working to improve delivery of HUD programs and services through streamlined operations and smoother management techniques.

He views his activities at HUD just as he does much of his outside interests, which, he says, are "helping to increase the visibility of Spanish speaking Americans.

"It all boils down to finding ways to give the Spanish speaking, as well as other minorities, a voice in decisions affecting them," Mike explains.

"Improved efficiency of HUD programs," he says, "will lead to more meaningful participation of people of all races, especially minorities, in urban development programs, by bringing services within their reach--as well as within their scrutiny.

"This has got to be the way it's done," says Mike, whose early life in an active and well-known family of nine in Roswell prepared him for leadership and active involvement in later years.

His full day at HUD is usually followed by an evening at one or two meetings of the organizations to which he belongs.

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One demanding much of his time is the American GI Forum, with a membership of over 100,000 veterans, most of whom are Mexican-American.

The organization works toward leadership among Mexican-Americans, Puerto Ricans and Cubans, and promotes national legislation designed to serve the many interests of Spanish speaking Americans. The American GI Forum was instrumental in bringing about the creation of the President's Committee on Opportunity for the Spanish Speaking.

Mike is Chairman of the Washington Chapter.

Putting in perspective his duties at HUD and his outside activities, Mike says that improved management and delivery of HUD services will help answer many of the basic needs of underprivileged Spanish speaking Americans as well as other minorities.

A graduate of the University of Maryland with a Bachelor of Arts degree, Mike worked several years in industry with Philco Ford prior to coming to HUD. He is a retired U.S. Air Force lieutenant colonel, having spent much of his military career in logistics management, procurement and systems research. Early in his career he was a teacher and school principal.

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

HUD-No. 71-47
Phone (202) 755-7174

FOR RELEASE:
Friday
January 29, 1971

HUD-FHA MORTGAGE INSURANCE APPLICATION FEES INCREASED

Effective February 1, 1971, certain home mortgage insurance application fees for mortgages to be insured by the Federal Housing Administration of the U.S. Department of Housing and Urban Development will be increased.

The increases raise the fees from $35 to $40 for existing properties as well as for properties under construction which were not approved prior to the beginning of construction, and from $45 to $50 for applications for proposed construction . Other fees under the home mortgage insurance programs remain unchanged.

Eugene A. Gulledge, HUD Assistant Secretary for Housing Production and Mortgage Credit-FHA Commissioner, said, in announcing the increases, "The Federal Housing Administration has been engaged in extensive efforts with the cooperation of the housing industry to improve its service....The increase in application fees will support this improved service and meet necessary increases in operating costs."

"We are continuously making a concerted effort," Mr. Gulledge said, "to make the benefits of FHA insured mortgage financing terms conveniently available to the needs of the people....We are convinced that a need for FHA insured mortgage financing and a sound market for properties and mortgage investment continues to exist in all communities throughout the country."

A complete listing of home mortgage fee schedules is available at HUD Area offices and HUD-FHA insuring offices throughout the country.

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FOR RELEASE AFTER:
12 Noon, Friday
January 29, 1971

SECOND STAGE OF HUD ORGANIZATIONAL ALIGNMENT ANNOUNCED BY ROMNEY

Secretary George Romney today announced that implementation of the second stage of the functional alignment of the U.S. Department of Housing and Urban Development will begin March 1.

The changes in this further functional alignment are in line with the more comprehensive realignment on a functional basis of the Executive Department, including a broadened Department of Community Development, recommended in the President's State of the Union Address. The soundness of his recommendations are borne out by the 1970 subsidized housing production record, which resulted importantly from placing all HUD housing production under a single Assistant Secretary.

Under this second stage alignment, all community development assistance programs in the Department will be grouped under one Assistant Secretary; all community planning and management programs under another.

In the first stage of the Department alignment, all housing production programs were placed under the Assistant Secretary for Housing Production and Mortgage Credit; all housing management operations under the Assistant Secretary for Renewal and Housing Management.

The first stage also included the further decentralization of operations to ten Regional Offices and 23 newly-created Area Offices. Additional area offices are expected to be opened by September 30th of this year.

Secretary Romney explained that the second stage of the alignment will involve the immediate grouping of existing programs along functional lines. Community development assistance programs now administered by three different Assistant Secretaries will be headed by an Assistant Secretary for Community Development. All planning and management assistance programs will be administered by an Assistant Secretary for Planning and Management. Responsibility for housing management activity -- which assumes much greater importance as almost a half million units of federally assisted housing are added to the nation's housing stock each year -- will be placed under an Assistant Secretary for Housing Management.

- more -

Details of the HUD organizational alignment follow.

* * *

Community Development will be headed by Assistant Secretary Floyd H. Hyde, formerly head of Model Cities. This program area will cover the administration of such assistance programs of the Department as Urban Renewal, Model Cities, Water and Sewer Grants, Rehabilitation Loans, Neighborhood Facilities, Open Space, and Public Facility Loans. Upon its enactment, the Community Development grant legislation proposed by the President will also be administered by this Assistant Secretary.

Community Planning and Management will be headed by Assistant Secretary Samuel C. Jackson, formerly head of Metropolitan Planning and Development. He will continue in a policy role as General Assistant Secretary. This area will cover the expanded Comprehensive Planning Assistance program, including Section 701 Comprehensive Planning, Workable Program, and Community Renewal Planning; the New Communities Program, including the newly-enacted Community Development Corporation; and the Community Development Training Program.

Housing Management will be headed by Norman V. Watson, formerly Acting Assistant Secretary for Renewal and Housing Management. His responsibilities as Assistant Secretary will include all payments resulting from the contract authorities provided for home ownership assistance (Section 235), rental housing assistance (Section 236), low-rent public housing, rent supplements, and college housing. Additional management functions, such as the Community Disposal Operations Fund and Liquidating Programs, are being moved to this area.

Housing Production and Mortgage Credit-FHA will be headed by Assistant Secretary Eugene A. Gulledge. This area will continue to be responsible for processing applications, allocating contract authority, and monitoring construction of low-rent public housing, home ownership assistance, rental housing assistance, rent supplement and college housing units.

There are no alignment changes in:

Research and Technology, headed by Assistant Secretary Harold B. Finger.

Fair Housing and Equal Opportunity, headed by Assistant Secretary Samuel J. Simmons.

Federal Insurance Administration, headed by Insurance Administrator George K. Bernstein.

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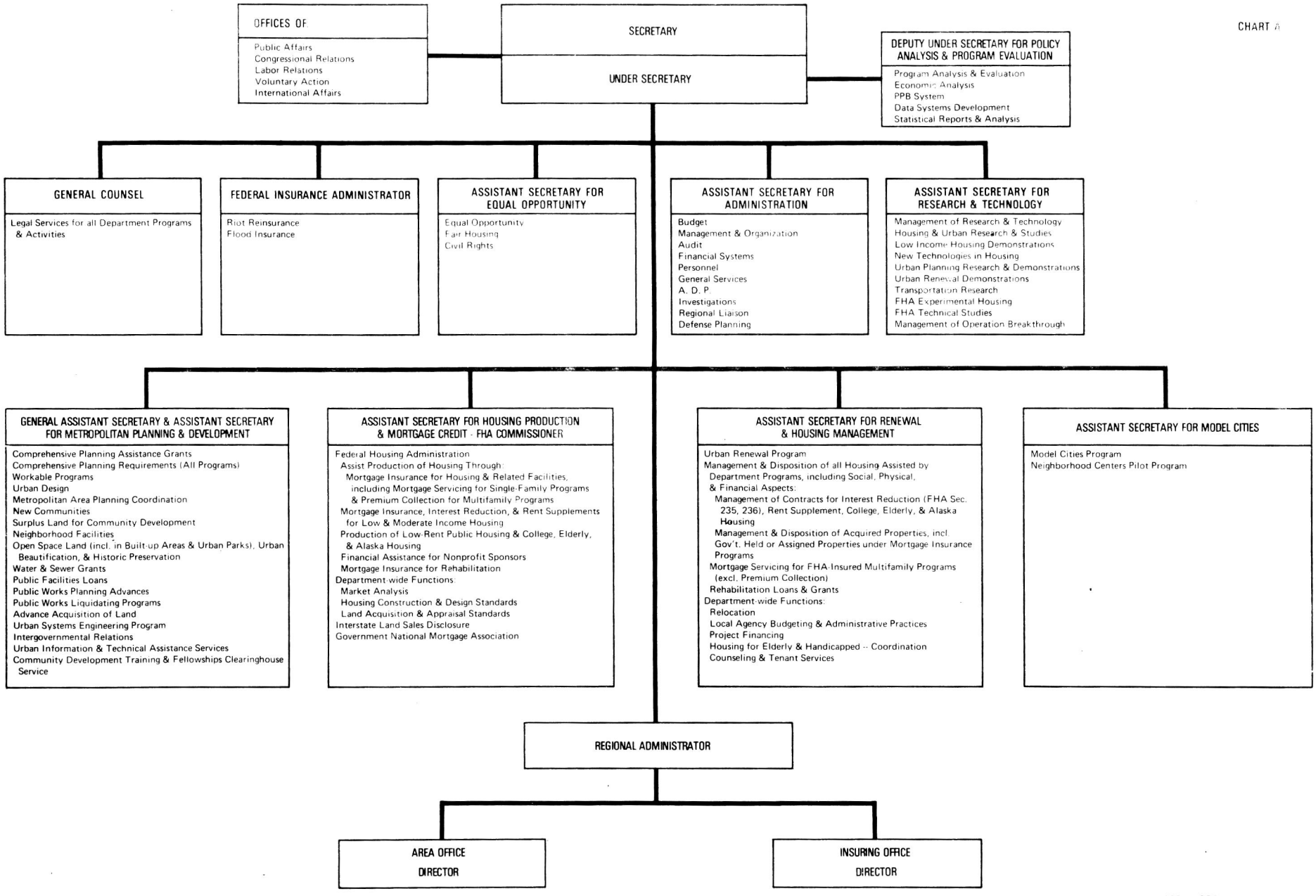
GR

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ORGANIZATION

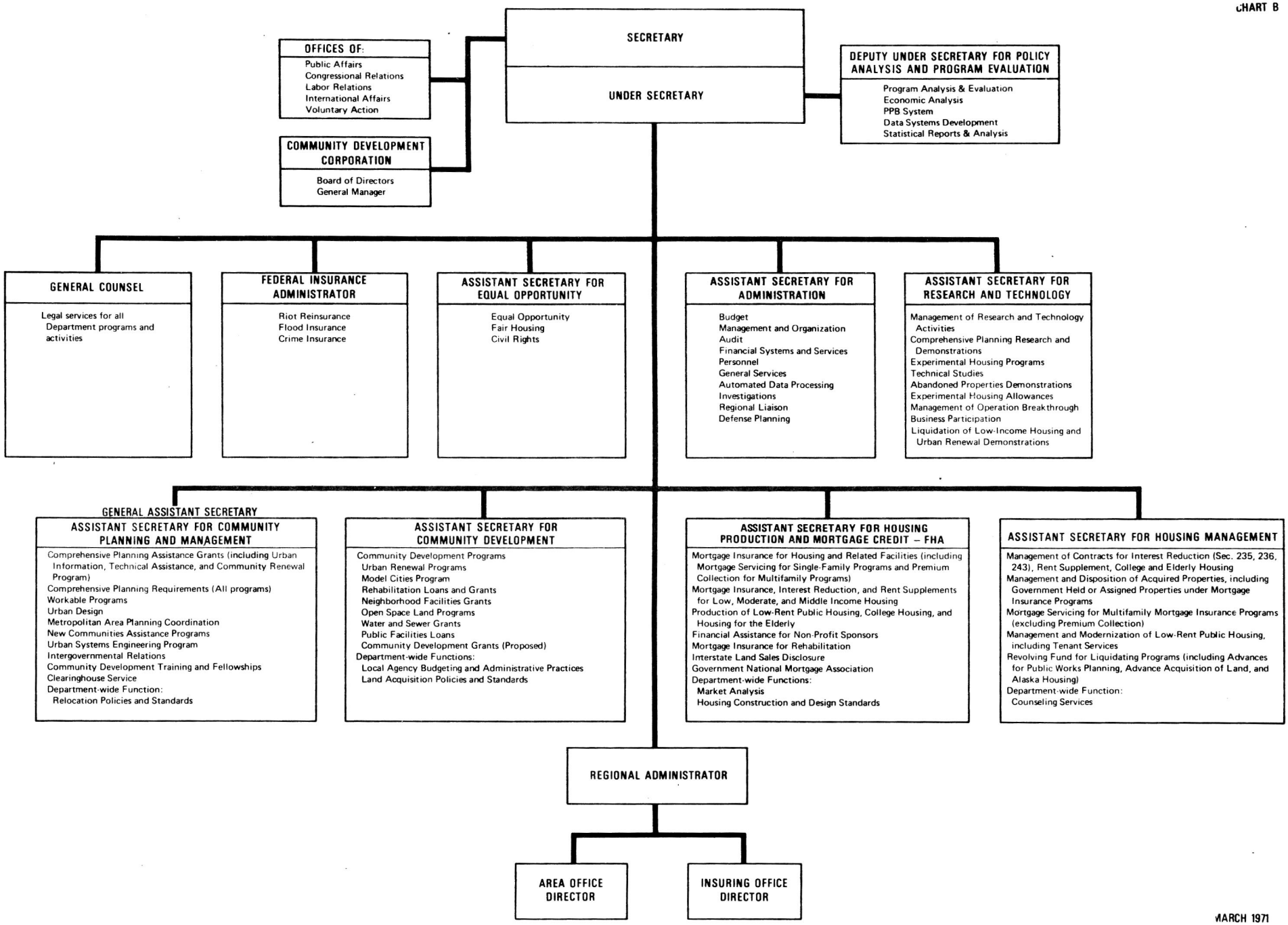
CHART A



CURRENT ORGANIZATION

DEPARTMENT OF HOUSING . RBAN DEVELOPMENT

CHART B



MARCH 1971

MOVEMENT OF MAJOR PROGRAMS AND FUNCTIONS

CHART C

PROGRAM OR FUNCTION	FROM	TO
URBAN RENEWAL PROGRAMS	RENEWAL & HOUSING MANAGEMENT	COMMUNITY DEVELOPMENT
REHABILITATION LOANS	RENEWAL & HOUSING MANAGEMENT	COMMUNITY DEVELOPMENT
MODEL CITIES PROGRAM	MODEL CITIES	COMMUNITY DEVELOPMENT
NEIGHBORHOOD FACILITIES	METROPOLITAN PLANNING & DEVELOPMENT	COMMUNITY DEVELOPMENT
OPEN SPACE LAND	METROPOLITAN PLANNING & DEVELOPMENT	COMMUNITY DEVELOPMENT
WATER AND SEWER GRANTS	METROPOLITAN PLANNING & DEVELOPMENT	COMMUNITY DEVELOPMENT
PUBLIC FACILITIES LOANS	METROPOLITAN PLANNING & DEVELOPMENT	COMMUNITY DEVELOPMENT
LAND ACQUISITION POLICIES AND STANDARDS	HOUSING PRODUCTION AND MORTGAGE CREDIT – RENEWAL & HOUSING MANAGEMENT	COMMUNITY DEVELOPMENT
COMPREHENSIVE PLANNING ASSISTANCE	METROPOLITAN PLANNING & DEVELOPMENT	COMMUNITY PLANNING & MANAGEMENT
PLANNING REQUIREMENTS	METROPOLITAN PLANNING & DEVELOPMENT	COMMUNITY PLANNING & MANAGEMENT
WORKABLE PROGRAMS	METROPOLITAN PLANNING & DEVELOPMENT	COMMUNITY PLANNING & MANAGEMENT
NEW COMMUNITIES ASSISTANCE	METROPOLITAN PLANNING & DEVELOPMENT	COMMUNITY PLANNING & MANAGEMENT
COMMUNITY DEVELOPMENT TRAINING	METROPOLITAN PLANNING & DEVELOPMENT	COMMUNITY PLANNING & MANAGEMENT
COMMUNITY RENEWAL PROGRAM	RENEWAL & HOUSING MANAGEMENT	COMMUNITY PLANNING & MANAGEMENT
RELOCATION POLICIES & STANDARDS	RENEWAL & HOUSING MANAGEMENT	COMMUNITY PLANNING & MANAGEMENT
REVOLVING FUND FOR LIQUIDATING PROGRAMS	METROPOLITAN PLANNING & DEVELOPMENT	HOUSING MANAGEMENT

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

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Address by

FLOYD H. HYDE

Assistant Secretary for Community Development

to

URBAN ISSUES SEMINAR

RICHMOND, VIRGINIA JAYCEES

at

John Marshall Hotel

Richmond, Virginia

March 16, 1971

SUMMARY

President Nixon has given the Nation its greatest challenge and opportunity to revitalize the American system of government. His Special Revenue Sharing proposal recognizes there are broad areas of national concern where States and localities should be allowed the freedom to solve pressing problems in their own way. These bold proposals mean that for the first time a total community development effort can be launched which reflects local priorities. What is being proposed is not simply a new program; it is, instead, a whole new structure that can make a new way of doing business possible. We propose a structure and a system that will utilize national resources with local energies and initiative for solving problems and for meeting great national goals.

President Nixon has given the nation its greatest challenge and opportunity since the signing of the Declaration of Independence - an opportunity to revitalize the American system of government.

In the President's own words, addressing the 92nd Congress on the State of the Union, ... "...a new American revolution - a peaceful revolution in which power is turned back to the people - in which Government at all levels is refreshed and renewed, and made truly responsive. This can be a revolution as profound, as far-reaching, as exciting as that first revolution almost 200 years ago ..."

Spelling out six great goals, the President offered a blue-print, a plan for action, that should be seriously considered by every American who is concerned about his country and its future. That is why I feel it such an honor and most appropriate of occasions that my first public statement concerning these proposals, is being made to you gentlemen, the members of the Richmond Jaycees. Your sponsorship, both last year and this, of an "Urban Issues Seminar" is but one indication of your concern and your commitment to better communities, and a better America for all citizens.

Unfortunately, time will not permit my discussing each of the six goals, but I believe that my remarks tonight, briefly about general revenue sharing and more specifically about Urban Community Development Special revenue sharing, will give you a frame of reference within which to assess, and, hopefully, act upon these far-reaching and long overdue basic reforms.

As Socrates observed, "The life which is unexamined is not worth living." So too, that government which is unexamined may well forfeit its right to continue to govern. It is time then, that we examine briefly the condition of our government - more accurately, our governmental system, for indeed, ours is a complex system of governments, Federal, State and local, the word "local" including counties, cities, towns, and numerous special purpose guasi-governmental districts. Included in the term "local" are some 80,000 separate jurisdictions. Is it any wonder the ordinary citizen is often confused, frustrated and angry in his attempts to determine who is responsible for public action or non-action which affects his home, his business, his life?

For nearly 40 years, since the early 1930's, the answer to that frustrated citizens pleas, the answer has been ...."some agency or department in Washington....they are the ones who make the rules."

This answer will no longer satisfy the American public. America today wants a government that is sensitive to the needs of its people, and a government that is responsive to those needs. The past three to four decades have demonstrated that the Federal Government alone cannot fulfill this role.

By way of illustration and as partial evidence of this, let us for a moment trace the evolution of Federal urban aid.

The concept of government, or the act of governing, means far more than our casual usage of the term would suggest. According to Webster, to govern "implies the aim of keeping in a straight course or smooth operation for the good of the individual and the whole."

Unfortunately, Federal programs have not contributed significantly to the ability of local government to carry out this function. Rather, Federal administrative policies and legislation have frequently undercut the role and authority of the local chief executive.

A new Federal program has generally brought with it a new local constituent agency -- a new money channel which by-passes the local chief executive. The result is a network of professional bureaucracies, each with its own particular mandate and authority. Special purpose agencies, focused on a relatively narrow function tend to work at cross purposes. All too often these agencies have become less and less responsive to the needs of citizens, leaving them with little recourse or forum for appeal. Whatever their good intentions, a single purpose agency cannot assume the responsibility of governing in the broadest sense.

On the other hand, the mayor left with little more than housekeeping functions theoretically remains responsible for the city government. Without control over such vital functions as housing, education and health, he is constantly frustrated in his attempts to govern.

In the search for efficiency, we have somehow lost sight of the need for effectiveness. In a real sense, we have sacrificed the ability to govern effectively.

Two added conditions make this breakdown of the system even more critical. Although the urban crisis is actually a series of conditions that have been building over the years, the recent recognition of that crisis and the seriousness of the problems, give new urgency to the need for action.

Secondly, there are the rising aspirations of low-income and minority citizens who want a responsive government that allows them a voice in decision making. I might add that these same desires increasingly surface among all other population groups -- and therein lies the strength and hope for the future.

From 1960 to 1968, the number of Federal Urban Programs leaped from 45 to 435. These programs were aimed at single needs and were conceived and born without consideration of existing programs, total needs, or a firm overall policy. Too often these programs raised expectations they could not possibly fulfill. Too often, one program defeated another and made the problems worse, rather than solving them. Additionally, power was permitted to shift away from the people and flow to Washington. And, perhaps most important, through the creation of a proliferation of new programs, government often failed to respond to current needs.

Although, obviously, some good resulted from these Federal programs, few can say that the results appear to fully justify the effort. In spite of a growth of Federal aid to States and localities from 1 billion dollars in 1946 to over 30 billion dollars this year, we still see a sorely inadequate supply of housing and community facilities with an estimated 24 million Americans living in substandard housing. Not only is the decay and blight of our central cities accelerating, but many suburban communities have begun to deteriorate. Essential public services in the fields of health, education and broadened opportunities for employment, simply are not reaching those in need.

During this same period of time, 1946 to 1970, State and local governments have made a great effort on their own, increasing revenues from 11 billion to 132 billion annually. Incidentally, Federal revenues, expenditures and our gross national product have increased at only 1/3 that rate. Ironically, however, for each 1% increase in our GNP, Federal revenues increase by 1-1/2%.

Clearly, our governmental system has broken down.

Drastic over-haul, not simple tinkering with the machinery, is needed.

This, then, is the President's challenge.

Recognizing the great effort State and local governments have made, that they are financially hard-pressed, with severe limitations upon their taxing sources, and recognizing that the whole Federal system depends upon strong State and local government as well as a strong Federal Government, the President proposed his general revenue sharing plan.

Under this proposal, Congress has been asked to adopt legislation which would annually provide financial assistance to State and local governments in an amount equivalent to 1.3% of the Federal individual income tax base. Initially this would mean some 5 billion dollars, with a built-in growth factor as our economy grows.

Now these funds, as distinct from special revenue sharing, would be unrestricted as to their precise use, except for the civil rights guarantees now provided by law. Already, many inside and outside of Government have expressed grave concern and opposition to such a thought. "How can we be sure State and local officials will act responsibly?" "One who doesn't raise the money in the first place shouldn't be allowed to spend it".

And some have even raised questions about the honesty of State and local officials.

Without taking the time this evening to go into detailed response, suffice it to say that I find it somewhat incredulous to suggest that elected State and local officials who now raise and administer 132 billion dollars of their constituents money would suddenly become reckless spenders, irresponsible or dishonest because of additional 5 billion dollars of revenue received from the Federal Government.

The Special Revenue Sharing proposal recognizes there are broad areas of national concern where States and localities should be allowed the freedom to solve pressing problems in their own way. Under this program, the Federal Government will determine the general purpose of the funds while allowing State and local officials considerably more latitude in deciding how to achieve these purposes.

Special Revenue Sharing will take narrow categorical grant programs and replace them with new grants which are far less restricted. In place of 130 separate grant programs, $11 billion of shared revenues will be grouped under six broad headings and the State and local governments will be permitted to spend them as they see fit provided they stay within the assigned purposes.

These six are: Urban Community Development

Rural Community Development

Education

Manpower Training

Law Enforcement

Transportation

State or local governments then can decide for themselves whether or not specific activities carried on under the categorical grant programs should be continued. Thus no present program deemed desirable at the local level need be terminated; in fact it can be greatly expanded with shared revenues. Furthermore, no State or community will receive less under revenue sharing than under the existing categorical grant programs. The Special Revenue Sharing fund is in fact $1 billion bigger than the sum of the old programs folded into it.

Now let us take a closer look at one of these six Special Revenue Sharing programs, Urban Community Development, and see how it will work, and what this could mean to a community.

As we have seen, the present system of categorical grants in aid has grown by bits and pieces over the years. The proliferation of separate urban development programs has brought into being counterpart independent, local bureaucracies, which frequently operate outside the control of elected local officials. This has fragmented local effort and made it difficult for cities to frame a community-wide development strategy. In addition, lengthy Federal reviews of applications and the imposition of Federal categorical requirements have excessively delayed action and distorted local priorities.

Urban Community Development Special Revenue Sharing would replace four categorical programs, now administered by the Department of Housing and Urban Development, with a single consolidated fund. The programs to be replaced are urban renewal (including so-called "conventional" urban renewal, the Neighborhood Development Program, code enforcement, interim assistance, demolition grants and rehabilitation grants), Model Cities, grants for the construction of water and sewer facilities, and rehabilitation loans.

To a community, such as Richmond, these bold, new proposals mean that for the first time, a total Community Development effort can be launched. The city, with assurances of more stable annualized funding from the Federal Government, can develop its program in a way that reflects local conditions and priorities - not Washington's; it means placing more responsibility upon local elected officials, and therefore, a greater role for citizens to help shape their community's future; it means a more responsive government.

What is being proposed is not simply a new program to replace other programs, it is, instead, a whole new structure that can make a new way of doing business possible. The resources and man's capacity to solve urban problems have existed for a long time, but with little positive result. And, one of the major reasons for the ineffectiveness of the traditional way we have done business is that the structure of government has channeled the resources and their accompanying powers in the wrong direction. Local people with imagination and with capacity have been denied the effective use of these resources in local problem solving - denied the use of these resources by the sheer weight of the Federal Government structure and its endless regulations.

What the President proposes is the streamlining of our structure of government. What we propose today is a structure and a system that will utilize the energies and the talents of devoted and committed Americans in every city and town in the country. We propose to make available to them the resources and the mechanisms which will make local initiative once again a viable instrument for solving problems and for meeting great national goals. We remain convinced that the greatest force for change lies in the dynamics of individuals and groups, intimately familiar with their specific, local problems, to think through answers that go to the heart of the challenge. We remain convinced that now is the time to change the structure so that these local talents and this local initiative can be unleashed for the common good.

To those of you who have long complained about the ineffectiveness of government, you are now being given a challenge - and an opportunity. If you merely sit back and continue to complain, nothing will improve. On the other hand, if you recognize the President's far-reaching proposals and their full implication; if you use this opportunity as a means of getting involved in the affairs of your community and your country; then and only then will we be able to build a better and a stronger America.

Given the tools which the passage of these proposals will provide, you, as members of the Richmond community, will be able to fulfill this challenge which is contained in the Athenian oath - ...."We will strive unceasingly to quicken the public sense of public duty; that thus....we will hand on this city, not only no less, but greater, better, and more beautiful than it was given to us."

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

FILE COPY

HUD No. 71-43
Phone (202) 755-7174

NOTICE OF PUBLICATION
For Release:
Tuesday
February 2, 1971

FILE COPY

CENTRAL BUSINESS DISTRICT STUDY PUBLISHED UNDER HUD GRANT

"People and Downtown," a report on techniques for determining the needs, habits, and attitudes of people who use central business districts, has been published by the University of Washington, the U. S. Department of Housing and Urban Development announced today.

The project was carried out at the University's College of Architecture and Urban Planning, under a HUD Urban Renewal Demonstration grant. Partial support was supplied by the University. Seattle was used as a test city.

The study develops, applies, and evaluates methods of behavioral analysis, and methods of applying these techniques to improve the environment of central business districts. The Portland Central Business District and a Seattle shopping center were studied for purposes of comparison.

Results of the study are expected to be used as a basis for future urban renewal planning in Seattle, and as a guide for other cities in urban renewal and other central programs.

Prof. Arthur L. Grey, Jr., Chairman of the Department of Urban Planning at the University, was the principal investigator. Associates were David L. Bonsteel, Associate professor of Architecture, Gary H. Winkel, formerly Assistant Professor of Architecture and Urban Planning and Psychology, and Roger A. Parker, applied mathematician and graduate student in Urban planning.

FILE

Single copies of the report are available free from:

Dr. Arthur L. Grey, Jr.
Department of Urban Planning
202 Architecture Hall
University of Washington
Seattle, Washington

COPY

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Project: Washington D-1 SP

HUD NEWS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON D.C. 20410

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HUD No. 71-45
Phone (202) 755-7174

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NOTICE OF PUBLICATION
Tuesday
February 2, 1971

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NAACP REPORT ON HOUSING PUBLISHED UNDER HUD GRANT

The National Association for the Advancement of Colored People has published a report on housing building systems in European cities, the U. S. Department of Housing and Urban Development announced today.

The report, "New Housing Concepts," was published under a HUD Urban Renewal Demonstration Grant.

The 120-page book is designed to bring to Americans related to the building industry, knowledge about the relatively new industrialized housing process, and its adaptability to overcome the housing shortage in the Nation.

HUD officials said they expect the report will have special value as a guide to local public and private organizations in their efforts to encourage greater use of minority group builders, planners, and other professional persons as well as skilled and unskilled workers in the development of housing.

Data for the report was gathered in the course of a tour organized by the NAACP and participated in by more than 100 minority entrepreneurs, architects, engineers, and community organization representatives. The group visited building system plants, construction sites and new towns in Milan, Amsterdam, Paris, London and Stockholm. William R. Morris, NAACP director of housing programs, was director of the tour, the expenses of which were borne by the participants.

Single copies of "New Housing Concepts" are available without cost upon written request to:

NAACP Housing Programs
1790 Broadway
New York, N. Y. 10019

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Project No. N. Y. D-14

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FOR RELEASE:
Friday
February 5, 1971

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SEATTLE RENEWAL PROJECT SHOWS BIG GAINS IN JOBS, TAX REVENUES

A Seattle urban renewal project has helped to take up the slack at a time when a decline in the city's aerospace industry has caused a critical dislocation in the economy of the area.

The South Seattle urban renewal project, only 4-1/2 years in execution, has produced an increase of 1,300 percent in permanent jobs, a 322 percent rise in annual tax revenues, and a 218 percent jump in the tax base of the project area.

In addition, reports Norman V. Watson, Acting Assistant Secretary for Renewal and Housing Management, U.S. Department of Housing and Urban Development, the Seattle project has produced $9 of private investment for every $1 of public expenditures for the development.

Annual tax revenues, Mr. Watson said, have reached $235,000, up from the $55,745 produced before renewal, and the tax base has hit $2.7 million, up from the $847,190 base before renewal.

With nine of the 78 acres in the project area still to be sold, Seattle expects to complete the project this year and to show substantial increases in all categories of project accomplishments, including another $2.6 million of private investment on the nine remaining acres.

According to John P. Willison, Director of Development for the Seattle Department of Community Development, the project has turned an area, once described as "plagued with summer dust and winter floods," into a highly competitive industrial park with firms employing 2,000 workers. Before renewal, there were only 140 jobs in the area.

HUD has approved $3,884,384 in renewal funds for the South Seattle project. Private investors have spent $6.7 million for land and improvements, and the city has spent $740,930 for sewers, water lines, streets, underground utilities, and landscaping.

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HUD-No. 71-59
Phone (202) 755-7174

FOR IMMEDIATE RELEASE:
Friday
February 5, 1971

ROMNEY EASES BAN ON SECTION 235 HOUSING

Secretary George Romney of the U.S. Department of Housing and Urban Development today announced that, for certain selected areas of the country, he has ended the suspension of the HUD-FHA Section 235 low- and moderate-income subsidized housing program.

Secretary Romney approved 21 HUD Area and HUD-FHA Insuring Offices to resume issuing mortgage commitments on existing housing where the prospective homeowner qualifies for Section 235 assistance. The suspension of the program, announced January 14, remains in effect for the rest of the country.

In announcing the partial lifting of the ban, Secretary Romney said, "I suspended the existing housing portion of the Section 235 program because of my determination to correct deficiencies, remedy abuses, protect the public, and salvage a valuable program. I ordered a full nationwide investigation of the program, prompt implementation of improved policies previously issued, and thorough training of employees in proper administrative procedures.

"Careful analysis indicates that a number of our offices are now prepared to resume issuing commitments. I see no need to hold up this important program any longer in areas where deficiencies either do not exist or have been largely corrected.

"The Section 235 program, despite the difficulties it has encountered, has made an enormous contribution to solution of our nation's housing problem. It opens the door to decent housing and homeownership for hundreds of thousands of Americans -- over 130,000 families in just two years. Most of them are better housed than they ever were before -- living in good houses that were fairly priced.

"The interest of these homeowners and the interest of this Department are essentially identical. The homeowner lives in the home, while HUD-FHA insures the home and assists in its purchase. If HUD-FHA is to protect its own interests, it must make certain that the insured property is structurally sound, functionally adequate, worth the price, and desirable for long-term use and enjoyment. Clearly, this serves the purchaser as well.

"To be sure that HUD-FHA improves its ability to fulfill its responsibility to homeowners, to the public at large, and to itself, we have substantially tightened administrative policies and procedures under Section 235. New regulations issued within the last six weeks require:

-more-

* Intensified valuation review of the appraisal before issuance of commitment on inner-city properties;

* Strengthened requirements for property repair inspections and certifications;

* Additional procedures for the information of prospective purchasers;

* New requirements, in areas of heavy speculator activity, that the owner's name, price paid, and cost of repairs be made known when the owner is not the occupant;

* Renewed emphasis on ineligibility of properties located in severely blighted or deteriorated areas; and

* Improved procedures for using sales of comparable property in determining value.

"We are prepared to make whatever additional policy changes may prove necessary as our review of the Section 235 program continues. We want to resume the program nationally as soon as it is soundly possible to do so.

"Our office-by-office analysis is continuing. We will apply criteria under which the ban will be lifted for other areas. As the facts warrant, individual offices will be allowed to resume issuing Section 235 commitments on existing housing."

The offices now authorized to resume issuing Section 235 commitments on existing housing are as follows:

Bangor, covering all of Maine;
Providence, covering all of Rhode Island;
San Juan, covering all of Puerto Rico;
Albuquerque, covering all of New Mexico;
Des Moines, covering all of Iowa;
Omaha, covering all of Nebraska;
Helena, covering all of Montana;
Fargo, covering all of North Dakota;
Sioux Falls, covering all of South Dakota;
Salt Lake City, covering all of Utah;
Casper, covering all of Wyoming;
Boise, covering all of Idaho.

Also, for the counties within their respective jurisdictions:

Albany, Hempstead, and New York City, New York;
Tampa, Florida;
Memphis, Tennessee;
Shreveport, Louisiana;
Tulsa, Oklahoma;
Houston, and Lubbock, Texas.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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HUD-No. 71-69
Phone (202) 755-7174

FOR IMMEDIATE RELEASE:
Wednesday
February 10, 1971

FILE

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$272,138,000 IN NOTES SOLD TO FINANCE RENEWAL PROJECTS

The U.S. Department of Housing and Urban Development today announced the sale on February 9 of 96 issues of urban renewal project notes totaling $272,138,000 by 82 local issuing agencies.

Norman V. Watson, Acting Assistant Secretary for Renewal and Housing Management, said the notes were sold at an average interest rate of 2.2792, the lowest since the 2.2193 percent rate recorded in February 1965.

The average interest rate for the $244,892,000 in project notes sold on January 12 of this year was 2.9017 percent.

Maturities of the 96 issues sold yesterday ranged up to one year with six-month notes accounting for 15.5 percent of the total amount sold and one-year notes accounting for 35 percent. Average maturity for the notes, to be dated March 9, 1971, was 8.5 months.

Notes in the February 9 sale were awarded the following:

The Chase Manhattan Bank, The First National Bank of Chicago, and Republic National Bank of Dallas, jointly	$179,549,000
Security Pacific National Bank	35,705,000
Discount Corporation of New York	24,904,000
Pittsburgh National Bank	7,530,000
First National City Bank, Continental Illinois National Bank & Trust Company of Chicago, The First Boston Corporation, and Mellon National Bank & Trust Company, jointly	7,193,000
Irving Trust Company	4,785,000
Bank of America, N.T. & S.A., and Bankers Trust Company, jointly	4,350,000
Chemical Bank and John Nuveen & Company, Inc., jointly	3,973,000
The Northern Trust Company and A.G. Becker & Company, Inc., jointly	1,849,000
First National Bank of Arizona	1,090,000
The First National Bank of Boston, Lehman Brothers, United California Bank, and Weeden & Company, Inc., jointly	800,000
Industrial Valley Bank and Trust Company (Jenkintown, Pa.)	410,000

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

HUD-No. 71-60
Phone (202) 755-7174

FILE

FOR RELEASE:
Thursday
February 11, 1971

COPY

ROMNEY HAILS SETTLEMENT OF COMPLAINTS BY CONCILIATION

Secretary George Romney of the U.S. Department of Housing and Urban Development said today that conciliation agreements reached during the past year in housing discrimination complaints constituted "a significant landmark in administrative enforcement."

A yearend review of individual complaints handled during 1970 under Title VIII of the Civil Rights Act of 1968, the Fair Housing law, showed that approximately 51 percent of HUD's conciliation conferences were successful, the Secretary said.

"That is a good average," he stated, "when you consider that our enforcement of such complaints under the law is confined to informal methods of conference, conciliation, and persuasion."

Enforcement of the law is administered by Samuel J. Simmons, Assistant Secretary for Equal Opportunity. HUD's 10 Regional Offices handle individual complaints of housing discrimination, based on race, color, religion, or national origin. Equal Opportunity specialists in these offices investigate complaints and recommend that conciliation be attempted if they find that actual discrimination exists.

"Since the law went into full effect on January 1, 1970," Mr. Simmons said, "our conciliators have brought complainants and respondents together and helped work out exceedingly good conciliation agreements."

He said the agreements have brought these major results to individuals who complained about acts of housing discrimination against them:

1. Provided them with the rental or sales housing sought, or satisfactory equivalent housing;

2. Provided complainants out-of-pocket travel and other expenses incurred while being deprived of housing they sought; and

3. Provided compensation by the respondent for insults or embarrassment suffered by the complainant as a result of alleged discrimination.

-more-

"These are vitally important items of relief to the individual involved," Mr. Simmons said. "Here is a person who goes out to rent or buy a place to live, and he is denied that property because of alleged discrimination, based on race, color, religion, or national origin. He knows there is a Federal law against discrimination, but he is not legally trained, and he may not want to go to court, as the law provides. In effect, he depends on the good offices of the Federal Government to provide relief."

Mr. Simmons noted that HUD Equal Opportunity specialists provide that service.

First, they must make a decision that the probability of discrimination exists. "But from that time on," said Mr. Simmons, "they do not make judgments. In fact, if a conciliation proceeding ends in a successful conciliation, the complainant waives his right to sue, and the respondent makes no admission of guilt. The complainant is protected, because the Secretary retains the right to reopen the case should the terms of the agreement not be honored by the respondent."

Mr. Simmons also pointed out that a number of successful conciliations had brought further results: "In addition to providing complainants with the housing in question, and getting them monetary settlements, most agreements have required signed pledges by owners and managers that they would correct their methods of operation so that discrimination would not occur in the future."

Mr. Simmons gave some examples of this affirmative action phase under a number of conciliation agreements:

- In one city, the complainant received $1,970 for loss of the residence, inconveniences, personal embarrassment, and mental hurt. But in addition the respondent agreed to include language such as "Equal Opportunity Landlord" in advertising all residential realty he owned or promoted. He also agreed to submit to HUD both a 90-day and a yearend report containing the name, address, and race of any minority person who inquired about rental or sales housing during the period covered by the report.

- In another city, a complainant who was refused a rental unit because of national origin (Mexican-American) received the house, and also got six months free rent.

- In still another agreement, the complainant not only got the housing involved, but the respondent agreed that in future advertisements minorities would be represented periodically in advertising showing individuals, and that minorities would be readily identifiable in any group pictures promoting the housing.

> A respondent in another case not only paid the complainant $1,000 in damages but also agreed to publish the following notice at regular intervals in a newspaper where he usually advertised:
>
> "Racial or religious discrimination in housing is illegal under Federal law. If you meet valid requirements and are refused access of housing for sale or rental, write to Equal Opportunity, Fair Housing Division in a HUD Regional Office."

"These agreements have a considerably wider impact than relief for an individual," Mr. Simmons said. "They can create a whole new atmosphere in the operations of a major owner or builder of housing. They can affect a whole city or metropolitan area. They have a ripple effect that reaches far beyond the original complainant."

Monetary agreements usually range from $250 to a high of $3,500, he said. He also noted that HUD's Equal Opportunity offices maintain follow-up monitoring on all conciliation agreements.

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

HUD-No. 71-73
Phone (202) 755-7174

FOR RELEASE:
Friday
February 12, 1971

NCHP TO ORGANIZE PILOT PLAN FOR HOUSING MANAGEMENT TRAINING

George Romney, Secretary of the U.S. Department of Housing and Urban Development, announced today he has requested Carter L. Burgess, Chairman of the National Corporation for Housing Partnerships, to lead a task force to plan and organize a pilot housing management training program.

The pilot program is the first step of a larger plan to overcome the serious shortage of persons skilled in housing management.

The Secretary said HUD expects in 1971 to surpass its record 1970 production of more than 400,000 units of publicly-assisted housing throughout the Nation, and this would greatly intensify the demand for qualified persons to work in the different jobs involved in housing management.

Harold B. Finger, HUD Assistant Secretary for Research and Technology, announced the award of a $200,000 non-fee contract to NCHP to undertake the planning project.

Under the contract, NCHP will organize a task force of experienced individuals from the fields of housing management, training, and education. The task force will determine the most effective management practices which can be used in housing for low-and moderate-income families. The task force will also be directed to make the best use of recent research undertaken by HUD on the various aspects of housing project management.

Based on these determinations and findings, a curriculum for the pilot training program incorporating the most advanced and innovative teaching methods will be designed and a more broadly based opportunity for the profession of housing management will be created, Secretary Romney said.

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Upon completion of the planning project, the pilot training program will be undertaken. This pilot effort will be comprehensive, covering such subjects as tenant relations and counselling, maintenance and repair, accounting, rent collections, safety and security, and will include curriculum for all levels of management, he added.

In addition to the task force, the Corporation will be assisted by several public advisory panels and committees composed of individuals with broad experience in the different phases of housing management and training.

Mr. Burgess said, "we must match our housing production efforts with much more intensified work on ownership and management -- focusing more of our time, money and professional skills on what happens to a housing project after it is developed and occupied. A nationally accepted pilot training program is a major first step in this direction."

Assistant Secretary Finger explained that the pilot training program will be evaluated and tested. He said that it will provide the experience and knowledge needed to organize a nationwide housing management training program which will create a professional resource for this critical and human responsibility.

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

Phone (202) 755-7174

FOR RELEASE AFTER:
Noon, Thursday
February 18, 1971

RESTRICTIVE HOUSING: AN AMERICAN ANACHRONISM

Remarks By

SAMUEL C. JACKSON
ASSISTANT SECRETARY FOR METROPOLITAN PLANNING
AND DEVELOPMENT
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C.

Before The

MID-WINTER CONFERENCE
NATIONAL ASSOCIATION OF REAL ESTATE BROKERS
HOTEL SONESTA
WASHINGTON, D. C.

February 18, 1971

SUMMARY

IT IS UP TO YOU TO SELL FEDERALLY ASSISTED HOMES AND TO HELP BREAK DOWN THE CODING AND ZONING BARRIERS WHICH PREVENT LOW AND MODERATE INCOME FAMILIES FROM BUYING THEM. For, as each of you probably knows, the fact is that the average buyer of subsidized housing is not a black family on welfare. As often as not, it is the young family of a policeman, a mechanic or elementary school teacher. These are the people who are being priced out of the market and penalized by restrictive local ordinances.

It is always an honor for me to have an opportunity to address the members of NAREB. I am particularly pleased, however, to have been asked to speak at this conference which has the theme: New Ideas, New Challenges, New Opportunities.

I congratulate you on dedicating your Mid-Winter Conference to this theme because this is indeed a time of renewal in our nation, a time of change in Federal, state, and local government and a time of growth and opportunity for all Americans.

After a decade of discontent and confusion, we are beginning to examine new solutions to our problems. This morning, I would like to discuss with you the nature of these problems; to outline the solutions recently proposed by the President; and to suggest how you, as real estate brokers, can contribute to orderly growth and expansion in our cities and suburbs.

The decade of the sixties saw an ever-growing awareness of the gulf between rich and poor; of the polarization between black and white; of the widening gap between city and suburb. The result of these divisions in our society was a series of violent eruptions in big-city ghettos and in academic communities.

The young--impatient with the slow pace of change--took to the streets of our cities in demonstrations that often bordered on civil disorder. In this connection, let us not forget that in its report to the nation on such disorders, the Kerner Commission stated that adequate housing is one of the greatest factors in removing divisive barriers in today's society.

Federal and local authorities, mortgage bankers, developers and real estate brokers have all been players in the dramatic sequence of events that helped shape the patterns of racial and socio-economic segregation which are today strangling the life of our metropolitan areas.

Let us consider what the pattern of living would be today if a segregated society had not been fostered by restrictive codes and covenants. The development of our urban areas for instance would have been vastly different if black citizens who had been displaced had the right as well as the ability to live where they chose. Certainly, many would have moved near their jobs when their jobs were relocated like many whites similarly-situated. The tragedy is not that whites left the city as the blacks moved in, the tragedy is that the jobs left with them.

After 1960, three-fifths of all new industrial plants constructed were outside of central cities. In some cities, as much as 85 per cent of all new industrial plants located outside the central city were inaccessible to blacks who swelled ghetto populations.

The traditional avenue out of the ghetto is education. However, as middle-and high-income families moved to the suburbs, cities, with declining tax-bases accompanied by an influx of school-age children, became unable to maintain the quality of their schools. As a result, the majority of students in inner-city schools are the children of the disadvantaged. These children, for the most part, receive an inadequate education which tends to guarantee continued poverty. A recent study by Howard University shows that of black 18-year olds entering the labor market, only about 10 per cent have the equivalent of a normal, white, middle-class education.

However, the urban crisis cannot be defined simply as a racial crisis. Max Ways points this out in a recent article in Fortune magazine:

> "The 'Negro Problem' represents a crisis, a specific and acute syndrome

> in a body already ill from more general disorders.... In short, the United States cannot be made fit for the black man unless it is also made fit for the white man."

If the segregation pattern I previously mentioned had not been condoned, all of us would today be living in cities with an entirely different image. There would be a much slower rate of growth of the poverty population that has swelled welfare roles and immobilized city budgets. The high-and middle-income residents would have remained to support such essential city services as good schools and hospitals.

The housing market would also have been different. It is certainly conceivable that prices in suburban communities would have been higher and central city prices lower if blacks had been able to compete in an open market. As a result, many white workers might have chosens to remain in central cities closer to their places of business; more blacks might have moved close to the industrial jobs in the suburbs.

However, we are not here to talk about what might have been. We must concern ourselves at this point with "what is"--with the here and now. Clearly, the city must loosen its virtual monopoly on housing the poor if it is to survive. As long as dilapidated areas are permitted to continue their rapid growth, housing costs in the central city will remain inordinately high and homebuyers will refuse to pay steep prices for homes in the decaying central city. To reverse this pattern is one of the great challenges of our time.

The housing market of the seventies will be a changing market posing new challenges, opportunities, and incentives to those who build and sell housing. Last month, Secretary Romney predicted housing production will reach two million units in 1971. He reaffirmed this Administration's commitment to increased housing production as a means of furthering the reality of a decent home for every family.

Now, what about the housing situation today? Certainly, it is not a bleak picture. Sustained levels of economic affluence have increased the demand for better housing and raised housing standards in the nation as a whole.

The 1960 census revealed that substandard housing had decreased substantially between 1950 and 1960. In the short span of ten years, one-third of the nation's substandard housing had decreased by one-third. Standard-quality vacancies tripled during this decade, rising from one-half million to a million and a half units. The American people enjoyed more housing space in 1960 than ever before. In short, by easily measurable standards, the Fifties were notable for significant housing improvements.

But let us not comfort ourselves with such summary data for it is only a reflection of what has yet to be accomplished in the Seventies. We must build more quality housing with more space at a price low-and middle-income Americans can afford.

But the concept of housing "need" has social as well as market overtones. Although the number of substandard units declined between 1950 and 1960, a far higher proportion of these substandard units were inhabited by the poor.

Two major changes had occurred. The number of owner-occupied units increased by 73 per cent while substandard-

owner units fell by 16 per cent. As a result, owner-occupied substandard housing fell from 23 to 11 per cent of all owner-occupied units. One of the results of this growth in the numbers of owner-occupied housing was that while the number of substandard units among poverty households remained constant, poverty households now accounted for 60 per cent of all owner-occupied substandard housing compared to 51 per cent in 1950.

The experience in rental housing was along the same lines. Poverty families constituted roughly the same proportion of the rental sector both in 1950 and 1960--about a third of the total. With a substantial decrease in the number of rental substandard units during the decade, poverty-income renters accounted for 64 per cent of all occupied substandard units in 1960 as compared to 58 per cent in 1950.

This data simply emphasizes that increased housing production does not necessarily mean increased opportunities for the low-and moderate-income buyer. It certainly does not mean that adequate housing will be provided for blacks, Chicanas, and poor whites. In fact, the increased production of the 1950's, emphasizing houses, rather than

the needs of people, was largely responsible for the segregation patterns confronting us today.

And it is precisely these segregation patterns that are largely responsible for today's high cost of housing. These patterns are the result of the fragmentation of housing markets by special-interest building codes and zoning ordinances, often designed to segregate Americans economically and socially and to keep all the poor trapped in the central cities where housing and building costs are highest and educational and job opportunities are lowest.

Those who fled to the suburbs in the past two decades have begun to learn that they cannot escape the blight of the cities. The high incidence of drugs and crime, spiralling welfare costs, ugly urban sprawl, noise and pollution have spilled over to threaten the peace and life style of suburbia and its residents.

This realization that the crisis of the city affects all of us, is the central message of President Nixon's State of the Union Address. When the President called for a return of power to the people, he was recognizing that states and cities have compelling needs only they can meet.

Two years ago, James Bayton of Howard University

wrote in his book, Tension in the Cities:

> "It is a fundamental assumption that a government (federal, state, city) has the responsibility to address itself to the critical issues affecting its citizens. Since the problem lies within the city, the city has primary responsibility to address itself to the critical issues affecting its citizens. Since the problem lies within the city, the city has primary responsibility for attempting to solve it."

The President's proposal for revenue sharing proposes to do just this: to provide the cities with the funds to meet their responsibilities as they best see fit. This means that instead of the Federal government supervising and regulating the expenditures of each dollar, the cities will be given matching sums to spend as they wish.

Now, this does not mean that the Federal interest will be ignored. The President has committed the Federal government to the protection of citizens in the areas of

civil rights, environmental protection, and meeting welfare needs. These are needs which go well beyond the boundaries of one city or one state.

This is an exciting challenge that has been given the nation: the President has asked all levels of government to share in a partnership to build for tomorrow. But this is not solely the responsibility of government--this is the responsibility of all of us who will share in the benefits of streets safe from crime, shorter trips to work, better schools and cleaner air. And since housing is a key factor in building better communities, real estate brokers have a great opportunity to meet this challenge of the 70's.

In the past, real estate brokers have shied away traditionallyfrom selling quality homes to minorities for fear that it was not good business. It was standard practice to sell inferior homes to minorities in the ghetto because that <u>was</u> supposed to be good business.

In this connection, I refer you to a study conducted at Harvard University which analyzed popular explanations advanced for housing segregation. For example, blacks live in segregated ghettos becuase they are too poor; they spend too little on housing; they differ systematically

from the majority white population in characteristics affecting choice of residence. Significantly, the study revealed that only a fraction of the observed pattern of residential segregation can be explained by low-income or any other measurable socio-economic differences.

The fact is, that the percentage of high-income blacks living in the suburbs is substantially lower than the percentage of low-income whites. The fact is, that if a black man wants to buy a house in the ghetto, he is courted by both black and white real estate agents--but, if he wants to live outside the ghetto, few will service his needs.

Another myth: whites living on the periphery of the ghetto are more willing to sell to blacks than those far away. The fact is, that the entry of blacks in neighborhoods near the ghetto is frightening because it is seen as the inevitable process by which neighborhoods become all black and housing values plummet. Actually, if blacks buy houses far away from the ghetto, no panic ensues. Prices remain firm.

As a matter of fact, integrated housing is paying off both financially and socially for a real estate investment trust which was established in New York in 1965 for the express purpose of proving the point. I refer to the Mutual Real Estate Investment Trust (M-REIT). M-REIT, and its supervisory agent, Planned Communities, Inc., buys, rather than builds. They buy good quality apartment houses in all-white neighborhoods far from ghetto areas. They maintain the status quo until an apartment becomes vacant. The first one or two apartments that become vacant go to minorities; then, the rest of the house is rented on a first-come, first-served basis. The building is upgraded and carefully managed so that all tenants benefit. M-REIT is showing healthy profits, proving that housing can be effectively integrated and that it can be good business to do so.

Today, people demand communities that are vibrant with change. The financial success of the new town, Columbia, Maryland, is ample proof of this.

When General Electric decided to locate its largest plant in Columbia, a top company executive said:

"We have more than an option on a piece of land. We have an option on a way of life."

He went on to say that industry should be concerned not only with the quality of the environment surrounding its investment, but it should be equally concerned with the quality of life offered its employees. GE's decision to locate a plant which will employ twelve thousand was based largely on the rewarding life style available in Columbia, a free and open community.

Now, all this is very meaningful to the membership of the National Association of Real Estate Brokers. You should be in a position to offer the home buyer a suitable house near jobs and schools. You should be able to offer those who work in the inner-city attractive homes in decent neighborhoods. You should be able to offer homes in a range of prices which not only the wealthy--but low-and moderate-income families can afford.

This Administration will see that you have such housing available. The pressure to increase production of subsidized housing starts will continue. I cite these

figures to indicate just how intense this pressure has been: During the first two years of this Administration, 700,000 units of subsidized low and moderate income housing were built - more than were produced during the entire preceding decade.

It is up to you to sell these homes and to help break down the coding and zoning barriers which prevent low and moderate income families from buying them. For, as each of you probably knows, the fact is that the average buyer of subsidized housing is not a black family on welfare. As often as not, it is the young family of a policeman, a mechanic or elementary school teacher. These are the people who are being priced out of the market and penalized by restrictive local ordinances.

I do not advocate a policy of dispersal to encourage inner city residents to move to the suburbs. I urge only that every citizen have the right to choose where he lives. Many, in increasing numbers as the cities renew themselves, will choose to live in the inner-city. An open housing policy will insure that adequate low and moderate housing is available in both city and suburbs.

An open housing policy will break down the walls of the ghetto so that people trapped in places such as Watts will not need to cry out in anguished violence in order to get out. Everyone but its residents was shocked when Watts exploded in 1965.

Following the Watts riots, the University of California formed a study group to determine the cause of the violence. Nathan Cohen, who headed that study group points out:

> "The problem is with human beings and cries for human answers. It is inhuman to seek them through fear or prejudice."

And I say, it is human to seek them through self interest.

Americans want to live in communities with good housing available to all, with safe streets and clear air, with decent jobs, free of discriminatory hiring practices, with good schools, and places where young and old can meet to talk and play.

As professional real estate brokers, you can help make this wholesome dream a reality. Furthering the

growth of fair housing in your communities is not only your duty as responsible civic leaders, it is good business practice.

In closing, I would like to call your attention to the President's message in his school desegregation statement:

> "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."

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

HUD-No. 71-90
Phone (202) 755-7174

FOR IMMEDIATE RELEASE:
Tuesday
February 23, 1971

NEW LEASE AND GRIEVANCE PROCEDURES FOR LOW-RENT HOUSING SET BY HUD

COPY

The U.S. Department of Housing and Urban Development today announced new policies designed to give greater protection to the rights of tenants living in public housing and strengthen tenant-management relations.

The new policies, which govern lease and grievance procedures, will apply to the entire low-rent housing program, except leased housing. Affected are more than 2.8 million persons living in 857,000 public housing units administered by some 1,900 local housing authorities throughout the Nation.

All local housing authorities, for the first time since the low-rent program was started in 1937, will be required to adopt lease and grievance procedures that meet minimum standards.

In signing the new policies, Norman V. Watson, Acting Assistant Secretary for Renewal and Housing Management, said:

"Historically, the balance in landlord-tenant law has strongly favored the landlord, both in private and public housing. The time has come to make a fresh start to improve tenant-management relations through the development of credible and open communication processes. These new policies offer real hope of ushering in a new era in the management of housing for low-income families."

The policies are the result of more than a year of intensive discussions and negotiations on the part of a HUD-appointed Task Force, consisting of representatives of the National Association of Housing and Redevelopment Officials (NAHRO) and the National Tenants Organization. Mr. Watson said both organizations have officially endorsed the policies.

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Also participating on the Task Force were representatives of the National Center for Disputes Settlement of the American Arbitration Association and the National Housing Law Project at the University of California in Berkeley.

The new HUD policies provide a model lease and a model grievance procedure as guides to all housing authorities, based on required minimum standards.

Among other things, the model lease sets forth procedures for handling security deposits, redetermining rent levels, re-examining incomes, inspecting dwelling units, and carrying out eviction policies.

A key feature of the lease is the requirement that housing authorities maintain the buildings in a decent, safe and sanitary condition in accordance with local housing codes and HUD regulations.

The grievance procedure circular requires that tenants be afforded the opportunity for a hearing before an impartial official or hearing panel, if the tenant so requests and if informal efforts to resolve the grievance are unsuccessful.

Findings by the official or panel will be binding, unless the decision is inconsistent with state law or the housing authority board finds and notifies the tenant within 30 days that the hearing panel has acted arbitrarily or has exceeded its authority.

If a hearing panel is established, then the number of members must be uneven, and tenants must be represented on the panel in equal number to the housing authorities representatives appointed to the panel. The remaining member is to be selected by the other members. If the other members are unable to agree on the final member, the model procedure calls for the selection of that individual by the American Arbitration Association.

The policy requires that the impartial official or hearing panel notify the parties to the dispute in writing of the decision and the reasons and evidence relied upon.

Use of the grievance process, Mr. Watson said, does not preclude a tenant from seeking appropriate judicial disposition of his grievance.

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

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

FILE

HUD-No. 71-99
Phone (202) 755-7174

FOR IMMEDIATE RELEASE:
Friday
February 26, 1971

COPY

MODEL CITIES CONTRACTS OFFERED TO SEVEN CITIES

Secretary George Romney of the U.S. Department of Housing and Urban Development today announced the offer of Model Cities contracts totalling $45,810,000 to seven cities to finance their first year projects and activities.

The cities and the amounts of the individual contracts are:

City	Amount of Grant	Mayor
Chattanooga, Tenn.	$ 2,075,000	S. D. Petersen
Los Angeles, Calif.	26,345,000	Samuel Yorty
Milwaukee, Wisc.	8,257,000	Henry W. Maier
Perth Amboy, N.J.	1,333,000	Donald F. Olsen
Prince George's Co., Md.	2,865,000	William W. Gullet (County Executive)
San Jose, Calif.	3,086,000	Ronald R. James
Tacoma, Wash.	1,849,000	Gordon M. Johnston

The text of the Secretary's letter of approval to the respective officials follows:

"I am pleased to inform you that your Model Cities comprehensive program is approved and that the Department of Housing and Urban Development will provide a grant to finance first year projects and activities.

"As you know, the President has proposed in his State of the Union Message a special revenue sharing program for urban community development. The greater flexibility and simplicity of this new program will, I am sure, be welcomed by you as a long overdue reform of our programs at the Federal level.

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"The proposed starting date for Community Development funding is January 1, 1972, subject to enactment by the Congress, of course.

"After Congressional action makes it possible to fix the start of Community Development funding to a certain date for each city, HUD will meet with your representatives and work out the many technical details involved in the transition, including any steps that may be necessary to prevent double funding. Similar arrangements will be made for transition of Urban Renewal and other HUD programs being succeeding by Community Development.

"However, it should be emphasized that the President's budget requests sufficient funds to enable us to carry out fully his commitment that no city would receive less than its present allocation of Federal funds.

"It is my hope that you will use the months immediately ahead to pursue your present Model Cities activities vigorously and, more importantly, to prepare for the greater opportunities which we are sure the successor program, Community Development, will be in position to provide in 1972.

"As further detail is provided, you may have additional questions regarding the program and the orderly transition of your existing HUD programs into the Community Development program. If so, please contact Assistant Secretary Floyd H. Hyde, who will be assuming responsibility for the Community Development program as of March 1, 1971."

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

HUD-No. 71-77
Phone (202) 755-7174

FOR WEEKEND RELEASE:
Saturday, Sunday
February 27-28, 1971

HUD COUNSELING PROGRAM HELPS FAMILIES WITH POOR CREDIT RECORDS

Approximately 1,200 families with poor credit records, or irregular income patterns, have been able to acquire home mortgages under a program administered by the U.S. Department of Housing and Urban Development that provides for budget, debt management, and related family counseling.

Assistance under this program for families of low and moderate income is presently being provided on a voluntary basis without charge by public or private organizations.

As of February 1, 1971, HUD had signed agreements with over 70 voluntary counseling agencies in 29 States, the District of Columbia, and the Virgin Islands. Althogether, some 4,000 families have received counseling under the program. Latest figures indicate there have been only nine foreclosures under Section 237, a fact that attests to the value and impact of the counseling effort.

In addition, according to Clifton P. Lander, Jr., Director of the Counseling and Tenant Assistance Staff in HUD's Office of Housing Management, many national and local organizations have expressed keen interest in the program. These organizations include the Family Services Association of America, the National Conference of Christians and Jews, and the AFL-CIO.

Mr. Lander stated that the counseling agencies are enthusiastic about the 237 program. He noted that local chapters of the National Urban League, National Association for the Advancement of Colored People, the Catholic Social Service, Travelers Aid, and the National Foundation for Consumer Credit are "pursuing an aggressive program" of counseling low and moderate income families.

Organizations selected to provide counseling carry out three major functions: screening, counseling, and social service liaison.

In the screening process, the agencies interview applicants and review the records referred to them by HUD or the mortgagee. The counseling agency then recommends to HUD those applicants who appear to have a reasonable chance to become homeowners if counseling is made available to them.

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The agencies provide continuous budget, debt management, and related counseling to those families recommended by them and whose mortgages are insured under Section 237. Counseling under the section is mandatory.

An applicant whose credit record is unacceptable under regular housing programs can establish eligibility under Section 237 if it is found that counseling will bring about an improvement in his credit attitude and financial management to a degree that reasonable prospects for repayment of the mortgage obligation can be expected.

Counseling may last for six months to three years, depending on the needs of a particular family. These sessions include counseling the families on installment credit purchases, with special attention to large purchases such as furniture, major appliances, home improvements, and automobiles.

Counseling may also include families otherwise eligible who lack sufficient funds for the initial investment in the home mortgage.

In carrying out the social service liaison function, agencies advise families on services available in the community that may be helpful to them, financially and otherwise. For example, the agencies are expected to advise applicants with insufficient income on how to upgrade their skills or get a better job, and refer them to other agencies which can help them.

A mortgage processed under Section 237 must not exceed $18,000 (or $21,000 in high-cost areas). Applicants for 237 mortgage insurance must have a gross income at least four times the total payment required for principal, interest, taxes, and mortgage insurance.

The attached list shows areas of the country in which the program is presently operational. It is contemplated that eventually all States will be covered. In any event, a person desiring to learn more about the program should contact the nearest HUD Area or HUD-FHA Insuring Office. Organizations interested in further information on the Section 237 Credit Assistance and Counseling Program should contact the Director, Counseling and Tenant Assistance Staff, HUD, Washington, D.C. 20410.

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(To Accompany HUD-No. 71-77)

ORGANIZATIONS PROVIDING COUNSELING
UNDER SECTION 237

ARIZONA

Phoenix: Family Debt Counselers, 1515 E. Osborn Rd., 85104

COLORADO

Colorado Springs: Catholic Social Services, Inc., 220 E. Monument Ave., 80902
Denver: Metro-Denver-Fair Housing Center, Inc., 130 W. 12th Ave., 80204
Pueblo: Catholic Social Services, 326 W. 15th St., 81003

DISTRICT of COLUMBIA

Urban Rehabilitation Corp., 1717 - 15th St., N.W., 20009

FLORIDA

Clearwater: Neighbors, Inc., 1000 Pennsylvania Ave., 33515
Jacksonville: Improved Living of the Methodist Church, Inc., 1050 S. McDuff Ave., 32205
Urban League, Inc., 829 Pearl St., 32202
Lake Worth: American Friends Service Committee, Inc., 4482 Clinton Blvd., 33460
St. Petersburg: Urban Rural Development Corp., 1125 - 22nd St. S., 33712

GEORGIA

Atlanta: Consumer Credit Counseling Service, 87 Walton St., N.W., 30303

ILLINOIS

Peoria: Tri-County Urban League, Inc., 844 W. Smith St., 61605

INDIANA

Anderson: Allen Chapel Terrace Estates, Inc., 411 Pendleton Ave., 46016
Indianapolis: Community Inter-Faith Housing, Inc., 155 E. Market St., Room 802, 46204
South Bend: Urban League, 105 E. Jefferson Blvd., 46601

IOWA

Des Moines: Family Services-Travelers Aid, 700 - 6th Ave., 50309

KANSAS

Wichita: Catholic Social Service, Inc., P.O. Box 13145, 67213

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KENTUCKY

Lexington: Fayette Housing Aid Corp., 219 Short St., 40507
Housing Opportunity Centers, Inc., 629 Georgetown St., 40508
Louisville: Housing Opportunity Centers, Inc., 600 W. Walnut St., 40203
Owensboro: Churches for Better Homes, Inc., 102 - 15th St., 42301

LOUISIANA

New Orleans: Consumer Credit Counseling Service, 333 St. Charles St., 70130
Shreveport: Consumer Credit Counseling Service, 620 Crockett St., 71101

MARYLAND

Montgomery County: Department of Community Development, County Office Bldg., 20850

MASSACHUSETTS

Pittsfield: Action for Opportunity, Inc., 54 Wendell Ave., 01201
Roxbury: Association for Better Housing, Inc., 14 Crawford St., 02119
Springfield: Micah Foundation, Inc., P.O. Box 109, Forest Park Station, 01108
Worcester: Housing Development Corp., 925 Main St., 01603

MICHIGAN

Grand Rapids: Credit Counseling Centers, Inc., 400 Franklin St., S.W., 48025
Kalamazoo: Kalamazoo County Community Action Program, Inc. 2403 S. Burdick St., 49006
Southfield: Credit Counseling Centers, Inc., 17000 W. Eight Mile Rd., 48075

MINNESOTA

Duluth: Town View Improvement Corp., 60 E. Kent Rd., 55812

MISSISSIPPI

Corinth: Tennessee Valley Regional Housing Authority, P.O. Box 1338, 38834

MISSOURI

Columbia: Human Development Assn., 908 W. Walnut Court, 65201
Kansas City: Consumer Credit Counseling Services, 3527 Broadway, Room 300, 64111
St. Louis: Bicentennial Civic Improvement Corp., 2332 Mullanphy St., 63106
Urban League, 4401 Fair Ave., 63115

NEBRASKA

Omaha: Urban League Housing Foundation, Inc., 2416 Lake St., 68111

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NEW JERSEY

Camden: Camden City Learning Center, Plaza Hotel, 08102
Newark: Mount Carmel Guild, 17 Mulberry St., 07102
N.A.A.C.P. - Fenderson House, Inc., 560 Clinton Ave., 07108
Somerville: Somerset County Housing Assn., P.O. Box 422, 08876

NEW YORK

Buffalo: Consumer Credit Counseling Services, 2020 Rand Bldg., 14203
New York: Operation Open City (Urban League), 103 E. 125th St., 10035
Patchogue: Economic Opportunity Council, 83 East Main St., 11772
Rochester: Council of Social Agencies, 70 N. Water St., 14604
Monroe County Human Relations Commission, 405 County Office Bldg., 14614
Schenectady: Better Neighborhoods, Inc., 975 Albany St., 12307
Spencerport: Better Rochester Living, 4941 Ridge Rd., 14559

NORTH CAROLINA

Asheville: Interfaith Housing, Inc., 123 Kenilworth Rd., 28803
Durham: United Organization for Community Improvement, 213-1/2 W. Main St., 27702
High Point: Redevelopment Commission, 101 W. Green, 27260
Wilkesboro: Wilkes Community College, Drawer 120, 28697
Winston-Salem: Housing Foundation, Inc., 3409 North Carolina Bank Bldg., 27101

OHIO

Cincinnati: The Better Housing League, 2400 Reading Rd., 45202
Cleveland: Consumer Credit Counseling Service, 2063 E. 4th St., 44115
Dayton: West Dayton Area Council Self Help Center, 1110 W. Fifth St., 45407
Dayton Urban League, Inc., 184 Salem Ave., 45406

OKLAHOMA

Bartlesville: Concern, Inc., 333 South Penn, 74003

PENNSYLVANIA

Erie: Housing and Neighborhood Development Service, 948 W. Sixth St., 16507
Lancaster: Tabor Community Services, Inc., 320 South Duke St., 17604
Philadelphia: Urban League, 1317 Filbert St., 19107
Pittsburgh: Action Housing, No. 2 Gateway Center, 15222
Urban League, 200 Ross St., 15219

TENNESSEE

Memphis: Freedom Eagle Foundation, 588 Vance Ave., 38126
Housing Opportunity Memphis Enterprise (H.O.M.E.), 100 N. Main Bldg., 38103

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TEXAS

Lubbock: Panhandle and South Plains Development Corp., P.O. Box 2171, 79408

UTAH

Salt Lake City: Community Consumer Credit Counseling Service, 204 W. 4th St. S., 84101

WASHINGTON

Seattle: Operation Equality (Urban League), 708 Empire Way, 98112
Spokane: Retail Credit Assn., 816 Paulsen Bldg., 99201

WISCONSIN

Milwaukee: Northside Citizens Neighborhood Conservation Corp., 2110 N. 3rd St., 53212

WYOMING

Cheyenne: Laramie County Legal Services Organization, 1810 Pioneer Ave., 82001

VIRGIN ISLANDS

St. Thomas: Professional Development Institute, P.O. Box 1763, 00801

# # #

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

HUD-No. 71-105
Phone (202) 755-7174

FOR RELEASE:
Wednesday
March 3, 1971

NEW YORK EXECUTIVE NAMED TO HUD CRIME INSURANCE PROGRAM

The U.S. Department of Housing and Urban Development today announced the appointment of James M. Rose, Jr., New York insurance executive and former Assistant U.S. Attorney, as Assistant Administrator for the new Federal crime insurance program.

The crime insurance program is authorized by the 1970 Housing Act, which calls for the Federal Government to provide crime insurance in any State which has a critical availability problem and has not set up its own crime insurance program by August 1, 1971.

Federal Insurance Administrator George K. Bernstein said Mr. Rose, a graduate cum laude of Princeton University and Harvard Law School, was Secretary and Counsel to the Atlantic Mutual Insurance Company and its subsidiary, the Centennial Insurance Company of New York. He represented the companies in regulatory matters involving insurance with State insurance authorities and other governmental agencies. Prior to his service as Assistant U.S. Attorney in the Southern District of New York, he was a member of the law firm of Dewey, Ballantine, Bushby, Palmer, and Wood of New York.

Mr. Rose is married to the former Anne Louise Bourne. They have two children.

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FA

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

STATEMENT OF GEORGE ROMNEY

SECRETARY OF HOUSING AND URBAN DEVELOPMENT

BEFORE THE SENATE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

OF THE

COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

March 4, 1971

Mr. Chairman and Members of the Committee:

Mr. Chairman, I am pleased to be here today to discuss the funding of housing and community development programs. This hearing is especially timely because so much misinformation is being bandied about. I am going to try to clarify the matter.

I think the place to start is with the report that the Administration is withholding the spending of $1.3 billion of funds appropriated by the Congress for HUD programs. To be sure that there is no misunderstanding about the composition of this total, the detail is spelled out in Table 1 which follows.

TABLE 1

Department of Housing and Urban Development

SELECTED LIST OF PROGRAM FUNDS AVAILABLE FOR USE IN FY 1971
(in millions)

Program	Amount	Remarks
Urban Renewal Programs...	$200.0	This balance of the FY 1971 appropriation is programmed for use in FY 1972.
Water and Sewer Grants...	200.0	Half of this balance of the FY 1971 appropriation is programmed for use in FY 1972.
Low Rent Public Housing..	192.5	This is the amount of contract authority shown in the Budget as unused at the end of FY 1971. Refer to Table 3 for Congressional restrictions on the use of this authority.
Model Cities Programs....	157.1	Under recently announced reprogramming, $148.6 million of these funds will be obligated in FY 1971.
Model Cities Programs....	575.0	Under recently announced reprogramming, $287.7 million of these funds will be obligated in FY 1972 instead of only $70 million reflected in the Budget.
Total	1,324.6	
Rounded	1,300.0	

Office of the Secretary
Office of Budget
March 1, 1971

Now, let me take up these items one by one.

Urban Renewal

The first item is Urban Renewal--$200 million. This is the amount by which the fiscal 1971 appropriation exceeded the Urban Renewal Program level in fiscal years 1969 and 1970. We do not intend to use these extra funds this year to increase a program scheduled for termination in 1972. We will use them for our fiscal 1972 Urban Renewal Program.

I think we have a good track record in Urban Renewal. We're going to pass the $10 billion mark this year.

And look at some of the details of the record:

... During the first twelve years of the program, reservations averaged only $165 million annually;

... In the five-year period between 1962 and 1966, reservations jumped almost four-fold to an annual average of $656 million;

... During the five years ending with 1971, the annual average increased by about 50 percent to $953 million.

For fiscal 1972, the Budget proposes reservations for Urban Renewal Programs at an $800 million level for the first six months of the year. Then we anticipate that new undertakings will be taken pursuant to the Community Development-Special Revenue Sharing program the President has proposed.

I personally think the funding patterns I have recited show very adequate forward movement for Urban Renewal Programs. The detail of the figures I have used is shown in Table 2 which follows.

TABLE 2

Department of Housing and Urban Development

URBAN RENEWAL PROGRAMS - TITLE I

Fiscal Year	Authority Utilized Annual	Authority Utilized Cumulative	Unused Authority at Year End	Total Available Authority
		(in thousands)		
Net Reservations:				
1950-1955	a/	$445,400	$54,600	$500,000
1956	$212,309	657,710	42,290	700,000
1957	237,855	895,564	4,436	900,000
1958	300,000	1,195,564	54,436	1,250,000
1959	118,119	1,313,684	36,316	1,350,000
1960	330,428	1,644,111	55,889	1,700,000
1961	342,667	1,986,778	1,988,222	3,975,000
1962	738,022	2,724,801	1,250,199	3,975,000
1963	598,289	3,323,090	651,910	3,975,000
1964	642,454	3,965,543	9,457	3,975,000
1965	573,489	4,539,032	185,968	4,725,000
1966	730,729	5,269,761	130,239	5,400,000
1967	797,375	6,067,136	57,864	6,125,000
1968	889,928	6,957,064	17,936	6,975,000
1969	1,073,253	8,030,317	7,183	8,037,500
1970	977,796	9,008,112	29,388	9,037,500
1971 estimate	1,029,388	10,037,500	200,000	10,237,500
1972 estimate for first 6 months.	800,000	10,837,500	...	10,837,500

a/ Program was not controlled on a reservation basis during this period.

Recap by time period:

Fiscal Years	No. of Years	Net Reservations Total	Net Reservations Average
1950 - 1961	12	1,986,778	165,564
1962 - 1966	5	3,282,983	656,596
1967 - 1971	5	4,767,739	953,547

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Grants for Basic Water and Sewer Facilities

The second item in the $1.3 billion is Grants for Basic Water and Sewer Facilities where, again, the unused amount is $200 million.

This is the amount by which the fiscal 1971 appropriations exceeded program levels of the past several years. Again, as in the case of Urban Renewal, we do not intend to accelerate a program scheduled for termination. For 1972, however, we will use $100 million during the first half of the fiscal year before the switch to the special revenue sharing program.

The typical funding level for the Water and Sewer Grant Program has been $150 million per year. We have had to develop a hard priority rating system to make the most effective use of the money.

If we were to relax these criteria, the next milestone of program control would probably be about $500 million a year. And if we get up to that level, the pressures are going to mount to go to $750 million, then a billion, and so on.

And I want to make it clear that the action of this Committee and the Congress in enacting the billion dollar authorization for Water and Sewer grants in the Emergency Community Facilities Act of 1970 has led to false hopes all over the country. I don't think that any of you believe that the President is going to ask for those funds, and I don't believe that the Congress would appropriate them if he did.

We can't go on in every program with higher and higher levels of spending without finding some new sources of revenue to meet the cost.

Low Rent Public Housing

The third item on the so-called "withholding" list is not a balance of appropriated funds, but is contract authorization for the Low Rent Public Housing program. The amount as shown in Table 1 on page 2 is $192.5 million.

The amount is correct, but that doesn't tell the whole story. It is grossly unfair and misleading to suggest--as some individuals and national organizations have done--that this authority is immediately available for use for additional public housing.

Table 3 which follows shows the composition of the $192.5 million and the purposes for which it is available.

Looking at the table, it becomes clear that only $75 million is available for production, that is, for annual contributions contracts for additional housing units. And even here, there is the new restriction placed upon us by the Housing and Urban Development Act of 1970 which requires that 30 percent of the new contract authorizations be used for the leasing aspect of the low rent program.

Why does this cause a problem? There are at least three reasons. First, while we have a huge pipeline of unit applications, there are only 59,000 units requested for leasing. Of this total, only 9,000 are for new units. We think it is more important to add to the housing supply than to compete for housing in the existing supply.

On the other hand, we think it would be unfair to invite local housing authorities to submit additional applications for the leasing of newly constructed units and leap-frog these units over all of those presently in the pipeline.

I urge this Committee to consider ways in which the desirable objectives of the leasing set-aside may be achieved through more flexible means than this rigid 30 percent formula.

The table also reflects a total of $112 million in set-asides for operating funds not used in 1971. We do expect--and the Budget so reflects--that the $37 million balance of the operating subsidy set-aside provided in the Housing and Urban Development Act of 1969 will be used in 1972. The fact that it is reflected as unused at the end of 1971 is merely a matter of timing in the anticipated use of subsidy funds.

In considering this question of operating subsidies for local housing authorities, you should be aware of the substantial increases that have been provided to subsidize the operations of these authorities. In fiscal year 1969, such subsidies amounted to $14 million. This was raised to $31.5 million in 1970, and the current Budget forecasts further substantial increases to $73 million in fiscal year 1971 and to $110 million in fiscal year 1972.

These figures represent our best estimates at this time of the funds which will be necessary to meet the financial plight of local housing

authorities, as well as to offset losses in income caused by mandatory rent reductions required by the Housing and Urban Development Act of 1969. Exact amounts which will be required, however, are uncertain; and we are continuing to study the operating subsidy requirements of local housing authorities.

While our preliminary determinations have been that the additional $75 million provided in the Housing and Urban Development Act of 1970 will not be required in fiscal years 1971 and 1972, it is possible that, as firmer data is collected, the use of subsidy funds will increase. Conversely, such use could also decrease. We do not look upon the additional authorization as a mandate to use that amount whether or not needed, but as an authority which can be used if the facts warrant it.

In short, the additional $75 million is available for use if needed. Our current estimates, however, do not indicate that need arising until after fiscal year 1972. If it should be necessary to use the authorization, it will be used.

TABLE 3

Department of Housing and Urban Development

LOW RENT PUBLIC HOUSING PROGRAM

Analysis of Contract Authority Available for FY 1971
(in millions)

Total authorization available		$394.0
Budget program for FY 1971:		
For production	$141.7	
For modernization	20.0	
For operating and special subsidies	39.8	
Total usage	201.5	-201.5
Balance of authorization, end of year		192.5
Deduct estimate of contracts approved but not executed at end of FY 1971		-5.5
Unused authorization		187.0
Congressional Restrictions on the use of authorization		
Set-asides for operating subsidies:		
... balance of set-aside required by the Conference Report on the HUD Act of 1969	37.0	
... as required by the Conference Report on the HUD Act of 1970	75.0	
Total	112.0	-112.0
Balance available for Production		75.0
Set-aside for leasing:		
... as apparently required by Section 203 of the HUD Act of 1970, 30 percent of all new authorizations must be used for leased units pursuant to Section 23 of the basic statute		-45.0
Free balance of authorization for other Production		30.0

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Revised March 3, 1971

A Balanced Housing Program

I do not want to leave the subject of housing without making these general remarks about our total housing program. The record of this Administration should not be overlooked. We have sustained the housing market and the residential construction industry during the past few years of tight money conditions. We are near the point where the assisted housing programs will be generating housing starts representing 25 percent, or more, of all housing starts.

This has to give us cause to stop and think of the long range implications of this level of support and how it relates to other aspects of domestic policy. Several Members of this Committee were present in another forum just over two weeks ago when I suggested this same thing. A flat projection of what it will be costing on an annual basis when we reach the National Housing Goals in 1978 is projected at something like $6 billion for the HUD program alone--and up to $7.5 billion if the Farmers Home Administration share is included.

In the low rent public housing field, let's look at the positive side of things for the moment. It's completely negative to just focus on the small amount of contract authority that is not being used for production at the moment.

During the ten-year period ending with fiscal 1968, housing units were coming into the program at the rate of slightly under 35,000 units a year. In the four years since that time, including the 1972 budget year, additional units have averaged almost 100,000 a year.

And during this same four-year period, we have seen the enactment of the Rent Supplement, the Homeownership Assistance, and the Rental Housing Assistance programs. These programs together will have contributed almost 960,000 subsidized units to the National Housing Goals by the end of fiscal 1972.

Still another dimension of our housing programs is our staff capacity to handle the production and management aspects of program administration. When HUD became a Department in fiscal 1966, it had some 14,000 employees, which we should adjust to about 13,150 to account for the fact that about 850 FNMA employees left the Department after that date. Today, we have only 14,600 employees. And think of the programs that have been added to our responsibilities in that period of time:

Rent Supplement Program
Homeownership Assistance Program (Section 235)
Rental Housing Assistance Program (Section 236)
Mortgage Insurance for Nonprofit Hospitals
(Section 242)
Low and Moderate Income Sponsor Fund
Interstate Land Sales Registration
Guarantees of Mortgage-Backed Securities
New Communities Assistance Programs
Model Cities Program
Neighborhood Development Program
Grants for Basic Water and Sewer Facilities
Riot Reinsurance Program
Crime Insurance Program
Flood Insurance Program
Fair Housing and Equal Opportunity

Model Cities Programs

The final items in the Table 1 listing deal with appropriations previously provided for Model Cities programs.

Typically, Model Cities appropriations have been available for obligation over a period of two fiscal years. And this has been a fortunate characteristic of these funds because the local programs have moved far more slowly than has been anticipated.

It has taken longer for them to make their plans, to arrive at local agreements, and to place their activities into execution. This is sharply illustrated in Table 4 which follows. This table compares our budget estimates of both obligations for Model Cities and budget outlays for the program.

Table 4 shows three figures for each fiscal year--first, the estimate originally shown in the President's Budget for the "budget year"; second, the revision of that estimate a year later; and third, the actual outcome. Let me define the terms, so that they will be clear. Take fiscal 1969, for example. The "budget year" estimate for fiscal 1969 was contained in the President's Budget transmitted to the Congress in January 1968. At that time the estimate of contractual obligations was almost $650 million and the estimate of budget outlays was $250 million.

One year later, when the President submitted the Budget for fiscal 1970 in January 1969, we were in the middle of fiscal 1969 and, presumably, better able to judge program progress. At that time, what is called the "current year" estimate of obligations was reduced to $400 million and the estimate of outlays to $75 million.

After the fiscal year 1969 had been concluded, the actual obligations incurred were just under $250 million and the budget outlays were a mere $15 million. These actual results are a far cry from either the original or the revised estimates.

TABLE 4

Department of Housing and Urban Development

MODEL CITIES PROGRAM

Comparative Summary of Budget Estimates
(in millions)

Obligations

Fiscal Year	Budget Year Estimate	Current Year Estimate	Actual
1969	647.5	400.0	249.2
1970	796.3	571.2	315.3
1971	670.0	523.6 b/	(95.0) a/
1972	287.7 b/	NA	NA

Budget Outlays

1969	250.0	75.0	15.4
1970	515.0	300.0	85.8
1971	530.0	380.0	(163.2) a/
1972	450.0 c/	NA	NA

a/ 7 months actual through January 31, 1970.

b/ Current revision.

c/ Subject to upward revision.

NA = Not applicable.

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Now let me address myself to the $157.1 million of fiscal 1970 - 1971 funds shown in Table 1 as available for use. It is perfectly true that the Budget showed these funds lapsing for use as of June 30, 1971. This projection was consistent with the original assumptions and projections made in connection with the proposed Community Development-Special Revenue Sharing program which will encompass and supersede the Model Cities program after January 1, 1972.

However, subsequent development of policies for the transition period--the period of changeover from the categorical grant approach to the special revenue sharing concept--has been accompanied by a reprogramming of requirements for Model Cities obligations.

As a result, I am in a position today to assure you that almost every dollar of the $157 million will be used.

The final item in Table 1 also covers Model Cities grant appropriations, in this case, the $575 million appropriated in fiscal 1971 and available over the two-year period including fiscal 1971 and fiscal 1972. It is absolutely correct that these funds are available for use. But it is just as correct that the cities are not ready to use them, and I am not going to be a party to throwing Federal funds around just because they happen to be available.

As a result of the re-examination of transition policies I just referred to, I can now state that fully half of these funds will be obligated during the first six months of fiscal 1972. We are also

looking at the possibilities of folding any unused funds into the special revenue sharing pot.

Community Development-Special Revenue Sharing

The second general area that you have asked me to discuss is the level of program activity in our community development programs. To introduce this discussion, I am going to submit for the record the three summaries--Tables 5, 6, and 7--which follow.

These three tables provide the three basic measures of program activity.

Table 5 compares Program Levels. Whether we call it an obligation, or a reservation, or an approval, the levels indicated represent our commitment to go forward with the particular form of Federal financial assistance. These figures are the truest indicators of forward program motion.

Table 6 compares the appropriations necessary to support the program commitment levels shown in the preceding table. The record of annual appropriations is not a clear indicator because they may be supplemented by carry-forward balances of unused appropriations, by repayments of outstanding loans, and by available Treasury borrowing authorizations.

Table 7 compares the budget outlays for these same programs. By and large, budget outlays, or expenditures, represent the cash flow--Federal disbursements--to the approved grantees or borrowers for activities performed under their contract with the Federal Government.

Let's take a few examples. Table 5 shows a program level of loan approvals for the Rehabilitation Loan program of $50 million for the first six months of the fiscal year. Table 6 shows that the appropriation request for the first six months is only $40 million. This is possible because it is estimated that repayments of loans from prior years will amount to $10 million during this period. Going to Table 7 shows budget outlays for the Rehabilitation Loan program at $36 million, representing the net cash flow after allowing for repayments, interest income, and expenses.

The Model Cities program also shows great disparity. The program level in terms of obligations--firm contractual commitments with the cities--is $287.7 million for the first six months of the fiscal year. Table 6 shows no appropriations for Model Cities--the obligations being funded out of the carry-forward balances of prior appropriations. Table 7 shows $450 million of budget outlays, a figure you should note is subject to upward revision as a result of the reprogramming we have recently announced.

TABLE 5

Department of Housing and Urban Development

COMMUNITY DEVELOPMENT PROGRAMS

Program Levels

	Actual 1970	Estimate 1971	Estimate 1972
	(dollars in thousands)		
Urban Renewal Programs (Reservations).....	$977,796	$1,029,388	$800,000[a/]
Rehabilitation Loans (Approvals).....	41,872	50,000	50,000[a/]
Model Cities Programs (Obligations).....	315,070	523,600	287,700[a/]
Grants for Basic Water and Sewer Facilities (Reservations).....	150,363	150,043	100,000[a/]
Community Development Grants (Proposed Legislation) (Obligations).....	...	...	1,000,000
Subtotal.....	1,485,101	1,753,031	2,237,700
Open Space Land Programs (Reservations)...	75,147	75,130	200,000
Grants for Neighborhood Facilities (Approvals).....	39,999	40,002	40,000
Public Facility Loans (Approvals).....	39,959	40,041	65,000
Total - CD.....	1,640,206	1,908,204	2,542,700

a/ Amounts proposed for first six months of the fiscal year.

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TABLE 6

Department of Housing and Urban Development

COMMUNITY DEVELOPMENT PROGRAMS

Appropriations

	Actual 1970	Estimate 1971	Estimate 1972
	(dollars in thousands)		
Urban Renewal Programs	$1,000,000	$1,200,000	$600,000
Rehabilitation Loan Fund	45,000	35,000	40,000
Model Cities Programs	575,000	575,000	...
Grants for Basic Water and Sewer Facilities	135,000	350,000	...
Community Development Grants (Proposed Legislation)	...	...	1,000,000
Subtotal	1,755,000	2,160,000	1,640,000
Open Space Land Programs	75,000	75,000	200,000
Grants for Neighborhood Facilities	40,000	40,000	40,000
Public Facility Loans[a/]	(40,000)	(40,000)	(65,000)
Total	1,870,000	2,275,000	1,880,000

a/ Non-add because Public Facility Loans are financed by Treasury borrowings.

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TABLE 7

Department of Housing and Urban Development

COMMUNITY DEVELOPMENT PROGRAMS

Budget Outlays

	Actual 1970	Estimate 1971	Estimate 1972
	(dollars in thousands)		
Urban Renewal Programs.....	1,043,187	1,082,000	1,300,000
Rehabilitation Loans.....	35,035	47,000	36,000
Model Cities Programs.....	85,794	380,000	450,000[a/]
Grants for Basic Water and Sewer Facilities.....	109,011	140,500	170,000
Community Development Grants (Proposed Legislation).....	...	...	150,000[a/]
Subtotal.....	1,273,027	1,649,500	2,106,000
Open Space Land Programs.....	43,414	72,000	100,000
Grants for Neighborhood Facilities	23,408	33,000	38,000
Public Facility Loans.....	40,489	45,513	36,494
Total Outlays - CD.....	1,380,338	1,800,013	2,280,494

a/ Subject to upward revision.

Office of the Secretary
Office of Budget
March 1, 1971

Future Budgetary Levels

The next general area about which you have asked is the Administration's plans with respect to future budgetary levels for existing programs if the Community Development-Special Revenue Sharing is not enacted as scheduled.

I have to respond to this in two ways.

First, I am confident that the President's legislative and budget program for Community Development-Special Revenue Sharing will be enacted in a timely fashion and substantially within the dimensions of the President's recommendations. For planning purposes, the Budget assumes that special revenue sharing will be ready for implementation on January 1, 1972. In the Department of Housing and Urban Development, we are regarding this calendar year of 1971 as the year of transition; and we are planning our program operations in a manner which will enable us to make a smooth conversion to the special revenue sharing approach.

Now, if we were to assume that the special revenue sharing proposal of the President is not enacted as scheduled, we would have to look at the situation as it would exist at the time this becomes apparent. It would be only then that we would be in a position to make sound judgments as to the future budgetary levels of the programs that otherwise would be folded into the special revenue sharing package. These levels, whatever they would be, would be somewhat influenced by the effects of the transition policies as they are implemented in the coming months.

I would like to add that in my judgment these categorical programs are not the answer to community development problems. We have reservations about these programs even in the absence of revenue sharing. However, in the event that it is necessary to seek additional appropriations on a categorical grant basis for the balance of fiscal year 1972, there would be adequate authorizations available for each of the programs identified as comprising Community Development-Special Revenue Sharing. These are:

... Urban Renewal Programs - $1,987.5 million;

... Rehabilitation Loans - $110.0 million;

... Model Cities Program - $1,037.5 million; and

... Water and Sewer Grants - $1,150.0 million.

The second phase of this same topic concerns the Administration's plans with respect to future budgetary levels for existing programs and their successor programs if the Administration's recommendations for special revenue sharing are enacted.

Now, the first part of that is easy to respond to--there will be no further commitment activity with respect to existing programs once special revenue sharing is enacted. Some elements of existing programs may convert to special revenue sharing; others will proceed to work out their project term under much the same ground rules as the original categorical grant approval.

The second part of the question, that is future budgetary levels for the successor programs, assuming the enactment of special revenue sharing, is more difficult to answer.

The Budget, as submitted by the President for fiscal year 1972, suggests that the Community Development-Special Revenue Sharing program will begin at an annual rate--that is on a first full-year basis, of $2 billion. Accordingly, the Budget provides for the submission of the supplemental appropriation request of $1 billion for the second six months of the fiscal year 1972.

You will appreciate the fact that the legislation has not yet been submitted--although we hope it will be submitted very shortly. It is also obvious that some considerations surrounding the precise nature of the program have been undergoing change in recent weeks. So I do not feel that it is wise at this time to speculate on future budgetary levels until we know more precisely the nature of the successor program about which we are talking.

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

FILE COPY

HUD-No. 71-103
Phone (202) 755-7174

FOR RELEASE:
Thursday
March 4, 1971

RENEWAL EFFORTS SPAWN INNOVATIVE APPROACHES

Innovative approaches are being employed in communities across the Nation as local officials grapple with the problems of urban growth and the need to achieve a viable urban society.

In Oklahoma City, Okla., for example, a computer was used in the successful relocation of businesses from three urban renewal areas. To date more than 700 firms have received computer-guided assistance produced by the Oklahoma City University Research Center.

The Research Center maintains a continuous inventory of commercial sites and consumer patterns in the area and, through its computer, finds suitable sites to match the socio-economic and consumer requirements of firms to be relocated.

"When a business is relocated," says Professor Wheeler Frisbie, Director of the Center, "our objective is not merely to find a location equal to the old one. We also want it to be a permanent location where the firm can expand."

The Oklahoma City Urban Renewal Authority reports that a survey found that the relocated firms generally are enthusiastic about the technique. In most cases, the firms report a dramatic increase in business in the new locations.

In Florida, Tampa is providing renewal land for an innovative college campus concept. The Florida State College system has approved a plan to construct a 30-acre campus on several parcels of cleared renewal land which will be intermingled with existing neighborhood structures in the Ybor City Renewal Project area.

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The idea, crystallized in a plan developed by the Hillsborough Community College in Tampa, is to weave the college campus into a Model City community with the least possible disruption of the neighborhood.

To accelerate the construction of renewal housing in Kansas City, Kans., the local Urban Renewal Agency decided on a shortcut to reduce the time normally consumed by non-profit sponsors in completing residential developments.

The agency hired an architectural firm to prepare preliminary construction plans, rather than mere outline sketches, for the Jersey Creek residential housing project, which is being assisted by HUD under the Neighborhood Development Program. The plans will be turned over to the non-profit sponsor chosen to construct the project.

According to the Kansas City Urban Renewal Agency, experience has shown that it usually takes a non-profit sponsor many months after being selected, to complete the preliminary design stage. It is estimated that the early availability of preliminary construction plans will cut the time required to build the project by 50 percent.

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

HUD-No. 71-105
Phone (202) 755-7174

FOR RELEASE:
Wednesday
March 3, 1971

NEW YORK EXECUTIVE NAMED TO HUD CRIME INSURANCE PROGRAM

The U.S. Department of Housing and Urban Development today announced the appointment of James M. Rose, Jr., New York insurance executive and former Assistant U.S. Attorney, as Assistant Administrator for the new Federal crime insurance program.

The crime insurance program is authorized by the 1970 Housing Act, which calls for the Federal Government to provide crime insurance in any State which has a critical availability problem and has not set up its own crime insurance program by August 1, 1971.

Federal Insurance Administrator George K. Bernstein said Mr. Rose, a graduate cum laude of Princeton University and Harvard Law School, was Secretary and Counsel to the Atlantic Mutual Insurance Company and its subsidiary, the Centennial Insurance Company of New York. He represented the companies in regulatory matters involving insurance with State insurance authorities and other governmental agencies. Prior to his service as Assistant U.S. Attorney in the Southern District of New York, he was a member of the law firm of Dewey, Ballantine, Bushby, Palmer, and Wood of New York.

Mr. Rose is married to the former Anne Louise Bourne. They have two children.

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

FILE COPY

HUD-No. 71-107
Phone (202) 755-7174

FOR RELEASE:
Friday
March 5, 1971

MINORITY CONTRACTORS COMPLETE FIRST HUD-ASSISTED PROJECT

To no one's surprise, the families about to move into the 55 homes now nearing completion on the far west side of South Bend, Ind. have more interest in becoming homeowners than anything else at this time.

But to the Consolidated Negro Contractors of South Bend, completion of the $1.3 million Harber Homes project means the realization of much talked about opportunities for small and minority businessmen in programs of the U.S. Department of Housing and Urban Development.

Consolidated, an association of 12 black contractors in the South Bend area, negotiated with the South Bend Housing Authority to build the single-family homes under HUD's Turnkey III Program, which enables a low-income family to own a home by making monthly payments based on 20 percent of its income.

Handling all phases of construction with the exception of a few small sub-contracted jobs, Consolidated contractors boosted their own individual economic potential while the organization gained recognition as a growing force in the South Bend business community.

When finished, Harber Homes will be the largest project completed to date by one of the 20 member-contractor groups of the National Afro-American Builders Association, a two-year old organization of black contractors started and encouraged by the National Association for the Advancement of Colored People.

One housing expert pleased with the flow of activities surrounding the construction of Harber Homes is William Morris, NAACP director of housing programs.

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Mr. Morris, a former South Bend real estate agent, believes the Harber Homes project should serve as an outstanding example of what small and minority contractors can accomplish using federally-aided housing programs.

"The road was rocky early in the programs," says Mr. Morris. However, after resolution of a two-year zoning dispute and the withdrawal of legal action instituted by the NAACP, the project proceeded without further interruption.

The homes are being built on cul-de-sac streets convenient to schools, public transportation and shopping facilities. South Bend's largest park is directly across the street.

Most of the future homeowners of Harber Homes are families who are currently ill-housed or have been displaced by some of the city's public improvement projects.

Already, Consolidated Contractors is drawing up plans for scattered site housing, using HUD Aid.

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

HUD NO. 71-110
Phone (202) 755-7174

FOR RELEASE
Friday
March 5, 1971

PERFORMANCE GUIDES READY TO EVALUATE NEW HOUSING

Assistant Secretary Harold B. Finger of the U. S. Department of Housing and Urban Development announced today that the set of performance criteria to evaluate prototype housing systems constructed under Operation BREAKTHROUGH is now available to the housing industry.

Operation BREAKTHROUGH is HUD's major research, development and demonstration effort for improving every phase of planning, production, and the delivery of volume housing.

Mr. Finger, who is the Assistant Secretary for Research and Technology in HUD, made the announcement at a press conference at the National Bureau of Standards in Gaithersburg, Md.

He said that the National Bureau of Standards and the National Academies of Science and Engineering had worked with HUD and the country's top housing design and research experts to develop the Guide Criteria, put together in a five-volume set of publications.

The set is now being printed and will be available to the public at a later date.

Some of the country's outstanding designers and producers of housing, Mr. Finger said, are already using these basic concepts in Operation BREAKTHROUGH's prototype housing.

The criteria were written in performance terms because of the innovative nature of many of the BREAKTHROUGH systems, which preclude ready evaluation by existing codes and standards.

Furthermore, the Assistant Secretary added, the criteria encompass livability and durability -- attributes not normally found in existing codes. In conventionally built housing, he explained, acceptable levels of livability and durability are developed from custom, usage, or the natural selection of the market place.

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But with innovative systems and materials, and without the test of time or historical data, performance levels had to be established, Mr. Finger said.

In developing the criteria for livability and durability, NBS set as its goal the same level of performance that would be obtained through conventional construction, conscientiously performed.

In these areas, and in the areas of health and safety, he predicted, the performance criteria will produce results equivalent to, or better than, housing conventionally built under existing codes and standards.

The first four volumes, prepared by the Building Research Division of NBS, contain the evaluation criteria for the various elements of the housing systems as a function of the desired performance attributes. Each volume is directed toward one of the major residential occupancy types considered--- multi-family high rise, multi-family low rise, single family attached and single family detached housing.

The fifth volume, prepared by the Quality Assurance and Urban Planning Division of Computer Sciences Corporation, contains the quality assurance program provisions and guidelines which are complementary to, and an integral part of, the housing systems performance evaluation criteria.

The total evaluation process will include the evaluation of the performance of the housing system based on the criteria for the particular occupancy or occupancies toward which the housing system is directed, as well as the quality assurance program developed for production.

The performance criteria have been reviewed by HUD and validated by the National Academies of Science and Engineering as to their technical adequacy and completeness.

The criteria, as a part of the research and demonstration effort of Operation BREAKTHROUGH are by no means final, Mr. Finger said. Continual refinement during the design phase of the program, as well as a major feedback effort after the housing systems are erected on the prototype sites, are part of the criteria development so that it will remain dynamic and fully responsive to the evaluation of new and innovative materials and systems and to the satisfaction of user needs.

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

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HUD-No. 71-119
Phone (202) 755-7174

FOR IMMEDIATE RELEASE:
Thursday
March 11, 1971

$272,998,000 IN NOTES SOLD TO FINANCE RENEWAL PROJECTS

The U.S. Department of Housing and Urban Development today announced the sale on March 9 of 90 issues of urban renewal project notes totaling $272,998,000 by 82 local issuing agencies.

Norman V. Watson, Acting Assistant Secretary for Housing Management, said the notes were sold at an average interest rate of 2.2514 percent, the lowest since the 2.2193 percent rate recorded in February 1965.

The average interest rate for the $272,138,000 in project notes sold on February 9 of this year was 2.2792 percent.

Maturities of the 90 issues sold yesterday ranged up to one year with six-month notes accounting for 26.7 percent of the total amount sold and one-year notes accounting for 43.8 percent. Average maturity for the notes, to be dated April 6, 1971, was 8.3 months.

Notes in the March 9 sale were awarded the following 19 purchasers:

Morgan Guaranty Trust Company of New York and Salomon Brothers, jointly	$70,989,000
Pittsburgh National Bank	43,172,000
The First National Bank of Boston and Lehman Brothers, jointly	41,760,000
The Northern Trust Company, A.G. Becker & Company, Inc., and Weeden & Company, Inc., jointly	30,665,000

- more -

The Chase Manhattan Bank, The First National Bank of Chicago, and Republic National Bank of Dallas, jointly	$22,541,000
Bank of America, N.T. & S.A., and Bankers Trust Company, jointly	22,390,000
National Bank of Detroit	12,740,000
Chemical Bank and John Nuveen & Company, Inc., jointly	8,695,000
The Connecticut Bank and Trust Company	6,900,000
Central National Bank and Trust Company (Des Moines, Iowa)	5,750,000
The Pacific National Bank	2,000,000
Continental Illinois National Bank & Trust Company of Chicago, First National City Bank, The First Boston Corporation, and Mellon National Bank & Trust Company, jointly	1,330,000
United California Bank	995,000
National Bank of Commerce of Seattle	905,000
The Citizens and Southern Emory Bank (Decatur, Ga.)	750,000
First Wisconsin National Bank of Milwaukee	500,000
The National Bank and Trust Company of Norwich (N.Y.)	400,000
Detroit Bank and Trust Company	266,000
The Citizens and Southern National Bank	250,000

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

Remarks Prepared for Delivery

by Norman V. Watson
Acting Assistant Secretary
for Housing Management
Department of Housing and Urban Development

for the

Alabama Association of Housing and Redevelopment Authorities
Annual Meeting

Mobile, Alabama

March 15, 1971

FILE

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Good morning.

Your conference here today is very timely, for some major organizational changes have just been made by HUD which I think hold great significance for all of you here.

Just last Monday, the Secretary's new organization plan went into effect. This plan consolidates all of HUD's "hardware" programs under one Assistant Secretary for Community Development, Floyd Hyde. He will have responsibility for administering the Urban Renewal, Model Cities, Water and Sewer, and Open Space programs for the Department.

This consolidation is in line with the President's proposed special revenue-sharing program for urban development, which will provide much greater flexibility to local officials in carrying out development activities that respond to what they believe are the most urgent needs in their community.

I am sure you will be hearing more about the Community Development concept from others on this program.

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Today I would like to focus on housing management which will be my new area of responsibility.

I think it is significant that for the first time in the history of HUD and its predecessor agency, housing management has been elevated to the Assistant Secretarial level as a separate function.

This is a reflection not only of the breadth of HUD's housing management responsibilities, but of the growing problems and pressures in Housing Management which require effective leadership by HUD if they are to be resolved.

Just to give you an idea of the scope of HUD's housing management responsibilities, let me give you a few figures. By the end of this fiscal year there will be:

-- a total of 936,000 public housing units under management, with a production rate next year of 95,000 new units.

-- a total of 536,000 private subsidized housing units in occupancy, with a production rate next year of 487,000 new units.

-- a total of 5.9 million insured but unsubsidized housing units, involving a risk exposure to $71 billion worth of mortgage insurance.

In addition to the sheer magnitude of this responsibility, new social and economic pressures are at work in housing today which are likely to make housing management one of the most critical and challenging tasks facing all of us in the years ahead.

I don't need to belabor you about the nature of these problems. You have been living with them every day -- the problems of inflation, the financial squeeze you face because of rapidly rising operating costs and relatively static income levels, and all of the social problems related to poverty that breed hostility, unrest, apathy, and despair.

The point I want to emphasize is that the Secretary's new organization plan reflects far more than a change in titles and organization charts. It reflects a personal commitment by the Secretary to mount an effective program

of assistance in housing management that will offer a real opportunity to achieve the kind of decent living conditions and social objectives that you have been trying to achieve for many years at the local level against great odds and with insufficient funds.

The Secretary is determined to make sure that housing management does not remain a mere afterthought to the housing production process.

I want to promise you that I personally am committed to doing everything I possibly can to help achieve the goal of a decent home and a suitable living environment for every resident of HUD's assisted housing programs.

I know this is going to take money.

Many public housing units have been constructed over the years which met only minimum design standards to begin with. Much of the public housing stock has deteriorated through age and hard wear and tear. Many essential repairs have gone untended. Funds for essential maintenance work have often been inadequate. Funds for needed social services, counseling and community facilities have been seriously inadequate.

The 1969 and 1970 Acts have given us greatly expanded authority to help meet the financial needs of the public housing program.

I am going to do everything I can to make sure that this authority is fully used and that sufficient funds are made available to improve living conditions for the residents of public housing.

I know there has been some dissatisfaction with our progress to date.

But there are reasons for this. In the first place, many of the provisions of the 1969 Act were unclear and raised many important policy issues, which took time to work out.

The Office of Management and Budget has been pressing us, and rightly so, to develop policies and a system for, determining needs and deciding how the funds available should be used.

I am sure you appreciate the fact that we have an entirely new ball game with respect to providing operating subsidies to public housing authorities. In the past, housing authority budgets were essentially self-contained

and self-regulating. Prior to the 1969 Act, except for special family subsidies, revenues had to cover all operating expenses. Now we have authorization to provide what is essentially an open-ended subsidy, up to the statutory maximum ceiling, to make up the difference between the revenue collected and the operating cost necessary to provide for adequate operating and maintenance services.

Thus, in any given authority, the amount of money that may be needed will depend on a variety of other factors -- the efficiency of the authority's operation, the amount of administrative overhead, wage rates and work rules governing maintenance work, the degree of physical deterioration of the housing, the nature of the tenant selection policies, the social needs of the tenants, and the state of tenant-management relations.

So in reviewing each authority's operating budget, we are going to have to concern ourselves with all these other aspects.

We will have to develop funding policies and criteria that will strike a proper balance. And we are going to have to provide intensive training for HUD field staff in carrying out budget reviews under these new circumstances.

This is not an easy task, and it will take some time. But in terms of actual dollar outflow, I think you will agree that HUD is responding to the need.

This is reflected in the following statistics. In Fiscal Year 1969 HUD provided operating subsidies to housing authorities in the amount of $14 million. In FY 1970 this figure rose to $31.5 million. The Administration's current budget forecasts further increases in operating subsidies to $73 million in FY 1971 and $110 million in FY 1972.

These figures represent our best estimate at this time of the funds that will be necessary to meet the financial plight of local housing authorities, as well as to offset losses in income caused by the mandatory rent

reductions required by law. We are actively studying the operating requirements of the LHAs to determine whether additional sums are required. If, as firmer information is collected, it appears that additional subsidy funds will be needed, the additional authorization provided by Congress will be available for use. The Secretary has made it clear that if it is necessary to use the additional authorization, it will be used.

Lease and Grievance Circulars

Let me turn now from the financial to the non-financial side of the program, and discuss the new lease and grievance policies.

I know these circulars have caused some discussion and concern among a number of housing authorities as to their possible impact on housing authority operations.

But I really think, if they are implemented in good faith, these policies will go a long way toward bridging the tenant-management gap and ushering in a new era of improved relations.

What these policies are really seeking to do is to open up new channels of communication between tenants and management which will protect the rights and interests of both parties, and give the tenants assurance that a meaningful and credible method exists for resolving their grievances with management.

For example, the model lease specifies the amount of utilities to be provided to the tenant by the housing authority. It specifies the process by which rents and eligibility for occupancy shall be determined. It specifies the responsibilities of the tenant in the maintenance of his dwelling. It specifies the responsibility of management to maintain the buildings in a decent, safe and sanitary condition in accordance with local codes and HUD regulations. It specifies the circumstances under which management may terminate the lease, and so forth.

This concept of equity is important, I think, for historically leases in both public and private housing have tended to favor the landlord.

Most leases usually specify the tenant's responsibility to use reasonable care to keep his dwelling unit in sound condition, and to pay charges for repair of intentional or negligent damage to the premises.

This is included in the model lease as well. But this responsibility on the part of the tenant is also coupled with a responsibility on the part of management to maintain the buildings and common areas and grounds in a decent, safe and sanitary condition in conformity with the requirements of local codes and applicable HUD regulations.

The model grievance procedures should go a long way toward overcoming the sense of powerlessness that many tenants feel when dealing with a governmental bureaucracy. The model grievance procedure will give every tenant an opportunity for a hearing before an impartial official or hearing panel on any grievance he may have. It assures the tenant that hearing panels will be established in an objective manner.

Thus, these two new policies will go a long way, I think, toward giving tenants that sense of assurance that their rights are being protected and that a workable and effective mechanism exists for resolving their disputes with management.

This should lead to much better tenant-management relations, but only if the housing authorities do not view these policies as a threat to their power and authority.

I can't stress too strongly how important it is that the housing authorities enter into this new relationship in a cooperative manner, and implement the policies in good faith. Otherwise, they will simply give tenants one more reason for believing that the housing authorities are their adversaries rather than their partners in achieving the goal of decent housing and a suitable living environment.

I realize that some of you may have questions and concerns as to how well these policies will work out in practice. We had a joint task force with NAHRO and NTO working for more than a year on these policies. But there may still be some questions or problems that have not been adequately resolved.

Let me try to answer some of the questions that have already been raised.

* Question. Are these policies going to cause revenue losses, because of the rent abatement clause or delays caused by the grievance procedures in non-payment of rent cases?

Answer. Let's take the rent abatement clause in the model lease, first. A tenant's rent can be abated only if the housing authority has failed within 72 hours to repair a defect that is hazardous to life, health or safety, or if the authority has failed to offer reasonable alternative temporary accommodations to the tenant.

Now if a tenant should abuse that clause, the authority can initiate eviction proceedings against the tenant. And if the tenant requests a hearing under the grievance procedure, the tenant must deposit the rent due in an escrow account pending settlement of the dispute through the grievance procedure.

The same procedure applies to all non-payment of rent cases, whether or not the non-payment is triggered by the hazardous defect clause or for any other reason.

* Question. Isn't there going to be a greater delay on evictions, because of the requirement of a 30-day notice before any lease may be terminated?

Answer. There is an important distinction that must be made between the initiation of an eviction process and the actual physical eviction of the tenant. What the model lease says is that the lease may not be terminated prior to the 30-day notice. This does not mean that the authority cannot initiate its regular eviction proceedings as it does now under applicable state law. In most cases, normal eviction procedures take longer than 30 days, anyway.

The only difference caused by the new policies from present practice is that, if the tenant requests a hearing, the authority may not issue a notice to vacate until the decision by the impartial official or hearing panel upholding the proposed eviction is delivered to the tenant.

* Question. Won't the new policies, especially the requirement that authorities maintain the buildings in accordance with local codes, increase costs? And where is the money going to come from?

Answer. In the short run, costs probably will be increased, but in the long run, if these policies achieve their aim of improving tenant-management relations, costs should be reduced. If tenants feel they are being treated equitably, they will take greater pride in their surroundings, and this should result in less vandalism, and less neglect and abuse of property. With the authorizations of the 1969 and 1970 Act, we think we will be able to provide sufficient funds to meet any increased costs resulting from these policies.

* Question. Isn't it a violation of state law for a housing authority to delegate to an independent hearing panel the power to make decisions that are binding on the authority?

Answer. This question was raised in connection with some earlier drafts. The circular as finally issued takes this possibility into account by stating that the decision is binding only "to the extent that the decision is not inconsistent with State law, the U.S. Housing Act of 1937, as amended, HUD regulations, or the Annual Contributions Contract". The procedure further states that the authority

is bound to carry out the decision of the panel "unless the Board of Commissioners of the LHA determines and notifies the complaintant in writing within 30 days that the hearing panel has acted arbitrarily or exceeded its authority".

* Question. Does every authority have to establish a hearing panel?

Answer. We have some 2,900 housing authorities throughout the nation, and many of these are very small. In the smaller authorities, it may not be necessary or practical to establish a hearing panel as outlined in the model procedure. We felt the question of selecting an impartial official or establishing a hearing panel should be worked out at the local level. We do suggest that where a small housing authority decides to select an impartial official, there should be consultation with the tenants to insure that the official selected is in fact viewed as impartial in the eyes of the tenants. Otherwise, the whole point of the procedure will be largely lost.

* Question. What constitutes a hazardous defect which must be repaired within 72 hours, unless alternative accommodations are offered to the tenant?

Answer. We have to apply the rule of reasonableness here. But some examples of hazardous defects would include: a gas leak, a broken heating plant in freezing weather, plumbing leaks in the walls, and so forth.

I know these answers may not deal with all the fears or concerns that have been raised about the possible consequences of these policies. Some of the questions we simply can't answer until the "returns" start coming in.

But the solution, I think, is to give these policies a try and see what the actual effects are, rather than speculate as to what may happen.

I want to assure you that we at HUD plan to carefully monitor and evaluate the actual implementation of these policies. If you have any problems with them, we want to know about it. If legitimate and serious problems develop

as a result of these policies, we will evaluate them promptly and we will be prepared to waive the policies where the facts warrant doing so.

The last thing we want are policies that are counter productive to the goal of strengthening tenant-management relations.

I know I can count on each of you to implement these policies in good faith and give them a fair test.

Thank you.

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

HUD-No. 71-120
Phone (202) 755-7174

NOTICE OF PUBLICATION
FOR RELEASE:
Wednesday
March 17, 1971

HUD MANUAL HELPS MINORITY BUSINESSMEN

The U.S. Department of Housing and Urban Development has announced the publication of Minority Business Opportunities, a 400-page manual to aid small and minority-group businessmen and professionals to participate to the fullest possible extent in housing and related programs sponsored by HUD and other Federal agencies.

"Equal opportunity for minority Americans is a major goal of the Federal Government," said Samuel J. Simmons, Assistant Secretary for Equal Opportunity, whose office was the mainspring in the preparation of the manual. "I believe this publication will prove to be of great practical help as we move forward in the direction of that goal."

The manual has four sections and a number of appendices containing, among other things, samples of forms and applications, as well as a list of Federal Government regional and area offices.

Part I is organized by professions. Under each heading the manual lists the type of work available to the particular profession under a number of programs, and includes such information as the qualifications required, the fees, pertinent facts about the programs, and source of further information.

Part II covers other opportunities for professional work and entrepreneurship that cut across the professional categories. These include limited dividend corporations, federally chartered savings and loan associations, the National Corporation for Housing Partnerships, and several others.

- more -

Part III is a summary of Federal programs that are mentioned throughout the manual.

Part IV is a listing and explanation of resources that assist minority professionals. These include minority trade and professional associations, as well as private and government programs of training and technical assistance. There is also a listing of resource publications relating to Federal programs and the professions included in the manual.

Minority Business Opportunities may be obtained for $3.00 a copy 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

HUD-No. 71-131
Phone (202) 755-7174

FOR RELEASE AFTER:
Noon, Thursday
March 18, 1971

GNMA-BACKED SECURITIES AND REVENUE SHARING SEEN AS NEW SOURCES OF HOUSING FUNDS

Sales of mortgage-backed securities are accelerating and now exceed $2.1 billion, it was reported today by the Government National Mortgage Association of the U.S. Department of Housing and Urban Development.

GNMA President Woodward Kingman, in a speech before the Michigan Mortgage Bankers Association in Detroit, cited both the mortgage-backed securities and the recently proposed revenue sharing concept as programs that could indirectly result in new sources of money for housing.

Mr. Kingman pointed out that the proposal for General Revenue Sharing would provide $5 billion in new Federal money for state and municipal governments to use for any purpose they desire, including housing. He emphasized that the proposal for Special Revenue Sharing, including the reallocation of $2 billion for Urban Community Development, would result in a more efficient delivering system for existing housing programs.

Mr. Kingman explained that sales of mortgage-backed securities to date include $860 million of "pass-through" securities and $1.3 billion of bond-type securities.

GNMA has also issued commitments to guarantee another $1.8 billion in pass-through securities.

Both the pass-through and bond securities have been designed to attract new sources of investments -- such as pension funds -- into mortgage financing. The securities are issued by holders of FHA and VA mortgages who pool these mortgages as backing for the instruments which are guaranteed by GNMA with the full faith and credit of the United States.

- more -

Pass through securities are those which provide for payment of monthly principal and interest from the pooled mortgages to investors. Bonds are similar to other bonds, with interest paid semi-annually and principal repaid at maturity.

"The importance and value of the new program is shown by the increasing sales of the securities," Mr. Kingman said. "Both investors and mortgage holders benefit from the investment vehicle, which has been very important during the last year of stringent money conditions."

A number of features of the securities make them attractive to investors, Mr. Kingman said.

-- The securities are competitive in yield with high grade corporate bonds.

-- They are absolutely safe, carrying the GNMA guaranty with the full faith and credit of the United States.

-- They enable pension funds and others to place their funds in housing without the paper work and documentation involved in straight mortgage investment.

-- They present an excellent opportunity for pension funds to invest in housing voluntarily and not involuntarily as has been suggested in some Congressional proposals.

-- The securities relieve the investor of any problems which can arise in the case of mortgage payment delinquencies, since the Government guaranty assures the investor of the regular return of principal and interest, whether or not collected from the mortgagors (borrowers).

-- They enable an investor to designate, in the case of the "pass-through" security, the area or State from which the pooled mortgages are to be drawn.

Mr. Kingman said that another recent development has further enhanced the attractiveness of these securities. This is the existence of a secondary, or resale, market for the instruments, thus providing a growing amount of liquidity for them.

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

PHONE (202) 755-7174

FOR RELEASE AFTER:
2:00 p.m., Monday
March 22, 1971

REVENUE SHARING -- THE ANSWER

by

Secretary George Romney
U.S. Department of Housing & Urban Development

Annual Congressional City Conference
National League of Cities and the U.S. Conference of Mayors

Washington Hilton Hotel
March 22, 1971

Summary

Continuing and increasingly complex State and local problems, inability of State and local governments to respond without massive Federal support, and the evolution of a multiplicity of narrow categorical grant-in-aid programs all argue in favor of the President's proposals for general and special revenue sharing. Urban Community Development Special Revenue Sharing would be administered by HUD on a formula basis, including some direct distribution within Standard Metropolitan Statistical Areas. Certain discretionary funds would be reserved by the department to hold communities harmless, to reward superior performance, to encourage SMSA coordination, and to provide grants to SMSA counties and smaller SMSA communities.

The President in his State of the Union address proposed a revolutionary reversal in the basic approach to solving domestic problems. A key element in that approach is the decentralization of the concentrated power of the Federal Government importantly through revenue sharing. This country needs revenue sharing. I'd like to give you my reasons for this conviction.

State and Local Problems

My first major involvement in public problems was in a study of Detroit school needs in the late 1950's. That was a look ahead at what Detroit needed for the next decade. It was a citizens' effort, a use of the ultimate power in our society -- and there is no superior earthly power, providing you can get enough citizens together to exercise it.

The Detroit study made it unquestionably clear that a community's school problems, particularly the financial aspects, couldn't be solved on a community basis. We then concluded that at least an area-wide or metropolitan approach was necessary, and probably a state-wide approach.

That experience was followed by a state-wide use of citizen power in Michigan. Through Citizens for Michigan we focused on two major State problems. One was constitutional reform -- we needed a modern constitution -- and the second was tax reform. We succeeded in getting a new constitution, and after I became Governor, we succeeded in getting tax reform. But the problems remained. And a principal reason they remained was that most of the tax money and power were concentrated in Washington while State and local problems continued to multiply.

In 1965 I attended the National Governors' Conference in Minneapolis and heard Dr. Peckham of Brookings Institute and Walter Heller than of the Council of Economic Advisors, talk about revenue sharing. And I concluded that revenue sharing was something that needed to be fully explored. So, Warren Hearns, the Democratic Governor of Missouri, and I drafted a resolution supporting the concept of revenue sharing. And the Governors adopted it unanimously.

Now you know when you complain about the food in the kitchen you generally get asked to do the cooking. And I was asked to be chairman of the committee of the National Governors' Conference. We probed this question of revenue sharing for 3 years.

As a result of these experiences I became convinced that the solutions to the problems confronting us at the local or State level depended upon fundamental changes in national policy. And one reason I jointed the President's

Cabinet was because I had concluded that we couldn't accomplish as much as I had hoped operating at the State and local level. Initially I ran for a state public office rather than a national office because I was convinced we needed a strengthening of State and local governments. But I soon found that the power of State and local governments couldn't be strengthened adequately from the State and local level.

The Grant-in-Aid System

Now one of the first things I did as Secretary of Housing and Urban Development was to ask my associates to create flow charts showing just what steps were required in approving fund grants from our major grant-in-aid programs. I thought they would be back in a few weeks. They didn't come back for several months. We assembled an exhibit recently that illustrates why they took so long.

We brought together all the paper work that was involved in the approval of an actual urban renewal grant at about the time I joined the Department. That stack of forms and appraisals measured two feet in height and weighed about 53 pounds. And on the average such a project required 36 months for approval.

We went to work to reduce that great volume of effort requires. Through the proclaimer process and other measures we succeeded in reducing the paper work to the point that a sample of the current paper work necessary for a grant comparable to the earlier one measures only three inches in height and weighs less than six pounds. But this only cut the time a little more than half, to 15 months. It takes 15 months on the average at the present time to process an urban renewal grant.

Now we made similar reductions in some of our other programs, such as Model Cities and Water and Sewer, and we came up with similar savings in time and effort. But after all our work we still have a very complicated process, as most mayors well know.

I used to say Federal grant-in-aid programs were as complicated as Rube Goldberg contraptions. But I concluded after some exposure to this process that Rube Goldberg never came up with anything this complicated. No single individual could create such complicated confusion. That took a whole group of people, and it took them a long time to do it.

As a result of our Model Cities experience, we found that the Mayor of Oakland, California, typically, was in a position to have significant influence over only 15 percent of the Federal funds flowing into his city. After all, an urban renewal program is normally administered by an independent agency created as a result of a State law and is not subject to the Mayor's direct control. This is true of many Federal subsidy programs.

Another revealing example comes from Cambridge, Massachusetts. In one year's time, to tap the sources of Federal and State funds, Cambridge had to file 134 separate Federal applications and 17 State applications under 153 separate sets of regulations. Now I cite these examples simply to indicate how complicated this whole grant-in-aid process has become.

Why did all of this complicated fragmentation develop? Largely because the money and power were in Washington and the problems were out in the cities and States. The Federal Government enacted one program after another in response to specific problems. But out of such a response, a highly fragmented situation developed. Since the specific programs don't necessarily interrelate, they add up to a piecemeal approach. And that piecemeal approach results in conflicting agency missions. I must confess that even in our Department it is difficult to get proper coordination of the programs that we administer.

The only substantial effort to coordinate these many Federal grant-in-aid programs and cut through some of the red tape has been the Model Cities program. It invested clear-cut responsibility for the coordination of these several programs primarily on the local level relying on local officials with the advice and counsel of local citizens. But it's also been the only real effort to provide a means by which those who are closest to the problems -- who therefore know best what needs to be done -- are in a position to determine which programs to use and how to interrelate them.

General Revenue Sharing

The President has recommended two forms of revenue sharing -- general and special. Under General Revenue Sharing $5 billion will be made available to States and local units of government on the basis of population and revenue effort. Now the recipients in the use of those funds must comply only with such national statutory requirements and constitutional requirements as civil rights and relocation of families affected by demolition of their homes. Except for those national requirements, State and local units of government will be able to use the funds without functional strings. They will be subject to reporting and post auditing -- but not pre-auditing.

Special Revenue Sharing

The President has also proposed Special Revenue Sharing in six areas -- Urban Community Development, Rural Community Development, Education, Manpower Training, Law Enforcement, and Transportation. Special Revenue Sharing is basically different from General Revenue Sharing in two fundamental respects.

First, in each case the Special Revenue Sharing program will define the basic types of projects or programs for which the funds can be used. Those

programs or projects will be within the framework of certain broad national objectives. They will incorporate approximately 30 percent of existing categorical grant-in-aid programs but, of course, will not require State or local matching funds.

The other way Special Revenue Sharing differs from General Revenue Sharing is that the local units of government will have discretion and flexibility within that broad domestic function of national interest, as defined by the statute. They won't be able to use the funds freely without functional strings as is the case with General Revenue Sharing.

The Special Revenue Sharing approach restores the opportunity for local initiative and coordination in program development. Instead of Federal officials passing pre-judgement on the basis of whether or not the funds will be used according to Federal thinking, local officials will decide how the funds will best be used, from the standpoint of their own local priorities and other local considerations.

Urban Community Development Special Revenue Sharing

As far as my Department is concerned, we will be responsible for the Urban Community Development Program. And we expect Congress to define Urban Community Development -- the range of activities for which Urban Community Development Funds can be used. While community development funds will be distributed largely automatically to local governments, that distribution will be on the basis of a definite formula. And as long as the recipients use the funds within that formula they will have freedom of use. That's what makes it a revenue sharing approach as distinct from the current categorical system approach.

Now our Department has prepared a definition of Urban Community Development. We've also worked out minimum performance requirements to encourage effective use of the funds. We will require reporting on the use of funds and post-audit to develop information that will help Congress decide the levels of funding. This will also help our Department determine how much of an impact the use of the funds has made and guide us in the use of the discretionary funding.

Now let us just sketch some of the key elements of the specific formula concept with respect to the Urban Community Development Special Revenue Program. Beginning with 1972 $2 billion would be available for Special Revenue Sharing in the Urban Community Development area.

Eighty Percent to SMSAs

Eighty percent of the total funds will be apportioned to the Secretary of Housing and Urban Development for administrative allocation to the Standard Metropolitan Statistical Areas (SMSA). An SMSA is a geographical area defined by the Office of Management and Budget and includes a city or cities with a population nucleus of at least 50,000, plus those contiguous counties that have a metropolitan character and a socio-economic integration with the central city. There are 247 SMSAs at present, and these include nearly 70 percent of the country's population.

Within these metropolitan areas, central cities and cities with at least 50,000 population will receive direct automatic grants based on the statutory criteria of population, overcrowding, condition of housing, and poverty. If necessary they will also receive funds to "hold the community harmless" -- that is to meet the commitment of this Administration for this Special Revenue Sharing program. And that commitment is that no community will receive less than it received, on the average, in past years under the programs being consolidated.

The balance of the SMSA allocation remaining after the direct grants have been made to the cities in the metropolitan areas will be administered by the Department and will be used to provide a "hold harmless" source of funds, to encourage SMSA coordination, and to provide grants to SMSA counties and smaller SMSA communities. The President has also recommended an additional $100 million in new formula funds exclusively for smaller communities.

Now in the case of Urban Community Development the legislation would reserve for the Department limited discretionary funds. We will use these discretionary funds also to hold communities harmless during the transitionary period and to reward superior performance. There isn't any question that there's a need to stimulate development of greater capacity of state and local governments in the efficient and economical use of the available funds -- greater capacity in terms of proper planning, work project development, priorities, and also in the management and expenditure of the funds.

Twenty Percent Discretionary

Twenty percent of the overall total will be reserved for departmental discretionary use. Of the more than $11 billion that funds all Special Revenue Sharing Programs, $1 billion is "plus money" that includes funds for this hold harmless purpose. The amount of hold-harmless funds required for a given community is determined by a five-year averaging of funds received from replaced grant-in-aid programs -- except in the case of the two-year-old Model Cities program, which would be based on 12 months full funding. In any event, no community would receive less annually

than it has been getting during that previous period. Under our formula, most cities will receive more. And as a bonus they will be rid of the complicated paperwork and Federal dictation.

To the extent that we have firm legal commitments under present programs we are going to keep them. We are not going to renege on any commitments we have made. We will avoid double funding, of course. That is, a city will not be entitled to receive both full-value of outstanding commitments and full hold-harmless shares. But, communities will receive all they are entitled to under Special Revenue Sharing including any additional amount where outstanding Federal commitments exceed the hold-harmless level.

I think it's important to stress the fact the Special Revenue Sharing program will not terminate any present program. Model Cities, Urban Renewal or any other program can be continued, depending upon local decisions based upon local priorities. We will continue approval of Model Cities full-year contracts until December 31, 1971, after which, to avoid double funding, the expenditure of Model Cities funds will be from the city's Community Development Special Revenue Sharing entitlement. The hold-harmless provision will remain in effect as long as necessary to enable all Model Cities to continue to be funded from Special Revenue Sharing for a period of time representing five action-years.

Under this approach the Federal Government does not continue or discontinue any existing organizations. It doesn't continue or discontinue city renewal agencies. It doesn't continue or discontinue housing programs. That's up to the city. As a matter of fact, I should hasten to point out that housing subsidy programs are not included under Special Revenue Sharing. Both housing production and housing management programs are completely outside of and unaffected by it.

New Planning Funds

Now, there's one other consideration that I think is fundamental. And that is the fact that the budget contains twice as much money as ever before to increase the planning and management capacity of State and local units. While this is separate from Special Revenue Sharing it can have a significant impact on its results.

This increase in funding expands on our present Comprehensive Planning Program, known as Section 701. The maximum we ever had in 701 funding and comprehensive planning funding was $50 million for this year. The budget for 1972 contains $100 million for this planning and management capacity. These funds will be made available on a discretionary basis

among States, areawide agencies and local governments. Unlike earlier 701 funds, the planning and management funds together with the small percentage of discretionary funds in the Special Revenue Sharing programs themselves, in my opinion, provide some real leverage to encourage efficient and effective performance and innovative activity.

Alternatives Questioned

Now I would like to ask you two questions. One is, do you really believe the present program is fully effective and adequate or do you think it can be basically improved? And, second, is there a better way than the revenue sharing program the President has suggested.

The Governors' Committee on Revenue Sharing of which I was chairman took a look at all the alternatives, and I want to give you my comments on them. Philosophically, I would much prefer a reduction in Federal expenditures that would give increased revenue raising elbow room for State and local units of government. There's much merit to that approach. But it's unrealistic in terms of action and timing. We couldn't expect it in the foreseeable future. I see less prospect of Congress reducing the level of Federal spending -- just to make it possible for additional money to meet what is now a much more urgent crisis situation -- than existed two or three years ago when we were looking at these alternatives in the Governor's Conference. So I view that alternative as unrealistic, not only in terms of the Congressional situation, but also because it would take some States and local communities a long time to get around to providing sufficient funds.

Another alternative is the tax credit approach. Again philosophically, I would prefer it. But the tax credit approach would ignore the time factor in an urgent crisis situation. Many States would require constitutional revisions. Not many cities levy income taxes, and a number of States don't. To defer some relief until the adoption of a tax credit approach is not realistic in terms of the urgency of the situation.

Now someone suggested we use the $5 billion, and maybe the $1 billion too, in connection with welfare reform. I have yet to see any application of those funds in a welfare approach that would develop any real equity of distribution and any real relationship to the magnitude of need. This is where the welfare reform approach breaks down. If the money were distributed on the basis of present welfare programs or the family assistance program, only 7 or 8 States would really benefit. If the levels were raised, a few more States might be included, but again the funds wouldn't go into some areas where a great need exists. So, I question whether it's possible through welfare reform to come up with a use of these funds that will deal with the problem in a meaningful way.

The only other way I have thought of is to put more money into the current categorical assistance programs. And I just want to say to you that I think that's an awfully inefficient way of getting money out to State and local units of government. There is too much wasted motion and effort in that approach.

Revenue Sharing -- The Answer

I am personally convinced that the President's proposals are right, and that they basically accomplish what some of the leading members of the prior administration concluded was necessary. In 1967 and 1968 John Gardner, Charles Schultz, then the Director of Budget, and Richard Goodwin all spoke of the breakdown of this complicated grant-in-aid system and of the need for decentralization. And that's basically what's proposed by the President's program.

Revenue Sharing will end the need for States and cities to use money for projects that wouldn't be undertaken except for the fact that it's the only way to get money. Currently, a State or city must apply for and use the money in the intended way or it won't get it.

The flexibility and the use of funds within the broad categories of Urban Community Development, Rural Community Development, Transportation, Education, Law Enforcement and Manpower Training I believe will go even beyond the successful Model Cities concept. And, in terms of effective planning and management, the combination of the discretionary funds and the planning and management funds, and their proper use, can go a good distance in strengthening State and local governments in making effective use of their funds.

My experience convinces me that there is no special wisdom in Washington. There are millions of people with good wisdom and strong capabilities in State and local government. And these officials and workers have the added advantage of knowing the local people and their needs better than anyone else. I have worked at both levels and I know. And I'm pleased that President Nixon recognizes this.

I am personally convinced that the President's purpose is action, and that he's not trying to create an issue. It can only become an issue if others make it so. I'd like to give you his words at a recent Cabinet meeting on this subject. He said, "We must change our present governmental methods responsibly, or frustration will continue to rise and change our government irresponsibly." I couldn't agree more.

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

HUD-No. 71-137
Phone (202) 755-7174

FOR RELEASE:
Thursday
March 25, 1971

HUD ISSUES GUIDELINES ON FEDERAL CRIME INSURANCE

Guidelines explaining the roles of the States and the Federal Government under the recently enacted Federal Crime Insurance Program have been sent to all Governors and State Insurance Authorities, the U.S. Department of Housing and Urban Development reported today.

Beginning August 1, 1971, the program, authorized by Congress last December, will provide crime insurance in any State which has a critical crime insurance availability problem and has not implemented a suitable state program to provide crime insurance at affordable rates.

George K. Bernstein, Federal Insurance Administrator, said that between now and August 1 his office will use the services of many groups to make the required determination of crime insurance availability in the various States. Meanwhile, his office is developing the coverages, rates, and provisions which will be contained in any Federal crime insurance policy.

Mr. Bernstein noted the time pressures which result from the August 1 deadline, but stressed that responsibilities imposed upon HUD by Title VI of the Housing and Urban Development Act of 1970 will be fully implemented on August 1. Thereafter, Federal crime insurance will be made available in any State where an unsolved critical problem exists.

The guidelines discuss in detail the legislation and the factors which influenced it and recommend procedures by which each State can act to solve its crime insurance problems. In the guidelines, the Federal Insurance Administration recommends consideration by the States of a model crime insurance act which was adopted by the National Association of Insurance Commissioners consistent with the approach recommended by the Federal Insurance Administration in its July 1970 report on crime insurance to the President and Congress.

- more -

The guidelines stress that in all likelihood each State where a critical crime insurance availability problem exists, and to which the 1970 Federal Act applies, will have to raise additional funds to supplement the premium charges imposed for crime insurance coverage if the State is to comply with the Federal requirement of "affordability," as well as "availability." The need for such subsidization, Mr. Bernstein said, is the result of the already high crime insurance premium charges in many States which have been caused by the high incidence of crime losses.

Thus, the guidelines stress that in almost all cases of critical crime insurance unavailability, the mere provision of crime coverages through the FAIR (Fair Access to Insurance Requirements) Plan at so-called "manual" rates will produce prohibitive premium charges, and relatively few businessmen and residents will be able to afford the coverage offered.

# # #

NOTE TO EDITORS:

A copy of the Crime Insurance Guidelines and of the letter addressed to all Governors and to all Insurance Commissioners are attached.

Copies of the Report on Availability of Crime Insurance in Urban Areas (July 1970) and the Proposed NAIC Model Crime Insurance Association Act can be obtained from:

Federal Insurance Administration
Department of Housing and Urban Development
451-Seventh Street, S.W.
Washington, D.C. 20410

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

March 19, 1971

TO ALL GOVERNORS
TO ALL INSURANCE COMMISSIONERS

The Congress of the United States enacted legislation (title VI of the Housing and Urban Development Act of 1970 (Public Law 91-609) effective December 31, 1970) providing for a Federal solution to the problem of the unavailability of crime insurance in the several States.

We enclose:

(1) Crime Insurance Guidelines, prepared by the Federal Insurance Administration, dated March 18, 1971;

(2) A copy of the Federal Insurance Administration Report on Availability of Crime Insurance and Surety Bonds in Urban Areas (July 1970); and

(3) A copy of the Proposed National Association of Insurance Commissioners Model Crime Insurance Association Act approved by the Executive Committee of the NAIC on March 3, 1971.

The Guidelines discuss the Federal crime insurance legislation and the roles of the States and the Federal Government thereunder. The other documents, which are referred to in the Guidelines, are enclosed for reference.

Sincerely,

George K. Bernstein
Federal Insurance Administrator

Enclosures

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

March 18, 1971

CRIME INSURANCE GUIDELINES

TO ASSIST THOSE STATES WHERE A CRITICAL CRIME INSURANCE MARKET AVAILABILITY SITUATION EXISTS, TO ESTABLISH APPROPRIATE STATE PROGRAMS TO PROVIDE SUCH COVERAGE AT AFFORDABLE RATES

Legislative Background

On July 2, 1970, pursuant to Section 1235 of the National Housing Act, the Federal Insurance Administration (FIA) submitted to the President and Congress a report describing the difficulties encountered by residents and businessmen in many parts of the country in obtaining crime insurance. The FIA report generally recommended that the initial responsibility for making such insurance available at an affordable cost should remain with the States rather than the Federal Government.

Specifically, FIA recommended the establishment of State programs requiring the participation of its licensed insurers to provide crime insurance at an affordable cost to insureds meeting certain protective standards. To avoid the establishment of premium rates at a level beyond the ability of most policyholders to pay, the report concluded that it would be necessary in a number of States to obtain income in addition to premium charges in order to cover the anticipated losses. Such additional funds could be raised from a number of possible sources, including general revenues, but the report recommended as the most practicable approach a form of policyholder inter-subsidization through the imposition of a small loading or fee upon all property insurance policies written in the State.

Subsequent to the issuance of that report, the Congress, after hearing testimony from the public and elected officials, and considering statements from insurance trade associations as to the probability of State solutions, enacted Title VI of the Housing and Urban Development Act of 1970 (P.L. 91-609, approved December 31, 1970). This law gives those

States with a critical crime insurance availability problem until August 1, 1971, to take appropriate remedial action to avoid the initiation of a Federal program in such States. In those States that have such a problem and, in the judgment of the Federal Insurance Administrator, fail to take action by August 1 to make crime insurance available at affordable rates, the FIA is authorized to offer such coverage. The Act also requires the FIA to conduct a continuing review of the market availability situation in each of the several States. Thus, even in those States where the Federal program is implemented, it can subsequently be phased out if State legislation is enacted at any time to make crime insurance available at affordable rates. Conversely, in a State where a critical availability problem did not exist on August 1, 1971, later developments may require implementation of the Federal program in that State.

The Congress thus assured that the critical problem of crime insurance availability would be solved by August 1, 1971, but it afforded each State, together with the private insurance industry, an opportunity to develop its own solution and avoid the need for the implementation of the Federal insurance program in the State.

Developments Subsequent to Congressional Action

After the enactment of the Federal crime insurance title on December 31, 1970, the FIA, in an effort to encourage the required State action, wrote to each Governor and Insurance Commissioner on January 18, 1971, urging those States with a critical crime insurance availability problem to take appropriate steps to provide the needed coverages at affordable rates, and offering its assistance in such efforts. Since that date, the FIA has met with and discussed the problem with representatives of State insurance authorities and with various members of the public, as well as with the insurance industry.

Encouraged by the FIA, and with its cooperation, a Task Force of the National Association of Insurance Commissioners (NAIC) drafted a proposed NAIC Model Crime Insurance Association Act for consideration by the various States. This proposed Model Act, which follows the approach recommended by the FIA in its July 1970 report, was approved by the Executive Committee of the NAIC on March 3, 1971.

Where State Action is Required

The Federal Act recognizes that not every State has a critical problem of crime insurance availability or affordability. Thus, before any State or Federal action is taken, there must be an assessment of the problem, if any, in each State. The FIA is, therefore, undertaking to determine in which States remedial action is required.

Because of the nationwide responsibility of the FIA in making these determinations, and because of the timing of legislative sessions in particular States, it may not be possible for the FIA conclusions to be conveyed to State authorities in time for required State legislative action. Therefore, each State should make its own independent determination as to the need for remedial legislation, or other action, and act accordingly. The conclusion of any State in this regard should be provided to the FIA to assist it in making the determinations required by the Federal Act.

Recommended Action for Those States Where a Critical Insurance Availability Problem Exists

If a State has a critical problem of crime insurance availability and affordability, we recommend consideration of the proposed NAIC Model Act, which encompasses the approach enunciated in the 1970 FIA report.

Although problems peculiar to a particular State may require modifications of the Model Act before it is enacted into law, and although the specific language, dollar limits, and other provisions may not be appropriate for every State, the FIA supports the approach of the NAIC bill and urges enactment of legislation patterned on this Act in all States where a critical crime insurance availability and affordability problem exists.

Two key issues have been addressed by the FIA, the Congress, and the NAIC Task Force. These are "availability" and "affordability." It is not enough for a State program merely to provide crime insurance, regardless of cost. It does not benefit a businessman or homeowner to be offered insurance at a rate which may be reasonable and proper under the rating standards of State law but which, in fact, is so prohibitively expensive as to preclude his purchase of the insurance. This difficulty is discussed in detail in the July 1970 FIA report.

Although the Federal Act does not fully define "affordability," the clear intent of the Act is that there be a general consideration of the costs and benefits for classes of insureds rather than for each individual applicant for insurance. In practical terms, it is impossible to structure any insurance program, private, state, or Federal, so as to gear the price of an insurance policy to the financial standing of each insured.

The Model Act complies with the principles of the Federal statute by providing for a mandatory facility through which all qualified applicants can purchase crime insurance, and by giving the State insurance authority the responsibility to assure that the rates be "affordable".

There has been much discussion as to whether the so-called "manual" rates would be "affordable" under the Federal Act. This question cannot be resolved theoretically or in a vacuum. Each State, in implementing the Model Act or any alternative legislation, must evaluate the factors which have produced the current "manual" rate in the State and determine whether it or another rate is appropriate.

Under the Federal Act, however, the final determination as to whether the State program has, in fact, resulted in the establishment of "affordable" rates rests with the Federal Insurance Administrator. In the implementation of any State action, the FIA stands ready to cooperate and discuss proposed State provisions and rates with the State authorities. In this manner, specific issues and problems can be resolved taking into account individual State problems.

In addition, the Model Act adopts the subsidization approach recommended by the FIA by which excessive losses under the mandated crime insurance program can be recouped through loadings on other property insurance policyholders in the particular State.

The Model Act also incorporates the recommendations of the FIA report that deductibles be utilized and that insurance not be made available to applicants except where reasonable protective measures to prevent loss have been implemented. Whether the enumerated protective devices required by the Model Act are, in fact, appropriate in every State and with respect to all classes of insureds must be determined by each State on the basis of its own judgment. Similarly, the enumeration of types of crime insurance to be provided, the limits of coverage for each, and the deductibles to be imposed must be evaluated by each State on the basis of its own needs.

Although the Model Act adopts the principles recommended by the FIA 1970 report, it is not the only solution to a crime insurance availability problem, and, as recognized by the FIA report, there are other alternatives which might be appropriate, depending upon the extent of the unmet need for coverage and other circumstances unique to a particular State.

There may be a very few States where a crime insurance availability problem exists, but where availability may be assured without expectation that the required premium rate may be, or may become, prohibitive. In such States, therefore, it may not be necessary to provide for intersubsidization or tax revenues to keep premiums at an "affordable" level. In these States it may be possible to provide affordable crime insurance through the FAIR Plan or a similar facility at an actuarially sound rate.

However, on the basis of the 1970 FIA report and preliminary review since the enactment of the crime insurance legislation, it appears unlikely that such an unsubsidized solution is appropriate in any State experiencing the degree of critical crime insurance availability and affordability problem with which the Congress was concerned.

Role of the FIA in Evaluating the State Action Taken to Remedy a Critical Crime Insurance Availability Problem

With respect to the foregoing matters, as well as all others concerning State action to solve the problem, the judgment of the State authorities will carry great weight. However, under the Federal Act, the final responsibility for evaluating State action rests with the Federal Insurance Administrator. In exercising this responsibility, and in determining whether or not State action is sufficient, the FIA will consult the appropriate State authorities as well as the interested public.

Summary

A number of concurrent responsibilities have been imposed by the 1970 Federal Act. The States and the FIA must determine by August 1, 1971, whether a critical problem of crime insurance availability and affordability exists in each of the several States. If such a problem exists and has not been solved in a particular State by appropriate action of that State by August 1, the FIA will offer within that State crime insurance coverages through private insurance agents and brokers to maximize public convenience and minimize administrative costs.

It is impossible to predict at this time the scope or specific provisions of the Federal program, such as exact coverage, rates, deductibles, and requirements for protective devices, inasmuch as it cannot now be determined in how many States an unmet need will exist on August 1 and the extent of that need. Such issues will be resolved in time to make Federal crime coverage available on August 1, 1971, where needed.

The officials of all States with a critical problem of crime insurance availability and affordability are urged to take appropriate action to remedy the situation in order to preclude the need to implement a direct Federal insurance program in their State.

The realities of time and limited knowledge of the marketplace preclude more detailed advice than is provided by these guidelines. However, this should not deter States from attempting to solve their own problems and from consulting with the FIA both on the specifics and the adequacy of the proposed State programs.

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

FILE COPY

HUD-No. 71-142
Phone (202) 755-7174

FOR RELEASE AFTER:
12:00 Noon, Thursday
March 25, 1971

HUD OFFICIAL URGES SCHOOLS TO HELP MINORITY BUSINESSMEN

Samuel J. Simmons, Assistant Secretary for Equal Opportunity in the U.S. Department of Housing and Urban Development, declared in Columbus, Ohio, today that colleges and universities have a natural role to play in efforts to strengthen business and employment opportunities for minorities in federally-assisted construction projects.

Addressing the luncheon gathering of participants in a one-day seminar on affirmative action at Ohio State University, Mr. Simmons said, "It is the natural inclination of the university...to be in the forefront where questions of liberality, morality, and justice are involved.

"The university has a unique opportunity to use its facilities to help create business opportunities for minorities," he said, "the most obvious of these being the use of educational facilities to give minority businessmen specialized help in their special problems."

Other uses to which the resources of the university can be applied in the area, he said, include: furnishing technical assistance at nominal rates in construction-related disciplines; offering contracting opportunities for construction projects and building maintenance to minority contractors; assisting the community in developing employee training programs; waiving bonding requirements or reducing bonds for minority contractors on university jobs to the extent permitted by law, and depositing university funds in banks with liberal loan policies in dealing with minority contractors in need of capital assistance, or depositing funds in minority owned banks.

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Mr. Simmons pointed to the Philadelphia Plan as one of several plans created to boost business and employment opportunities for non-whites in projects underway in their areas.

The plan, which was formulated by the Department of Labor in cooperation with other Federal agencies, has its weaknesses, he said, in that it has no provisions for training.

He added that HUD is involved in the development of a plan in Detroit which will include training.

"We need plans that create major institutional changes and major procedural changes," he said. "Piecemeal solutions simply do not do the work," he declared.

The assembly of businessmen, college and government personnel managers, representatives from the construction industry, labor officials, and equal employment opportunity specialists heard Mr. Simmons declare that economic opportunity, both in business and employment, is the answer to the Nation's racial problems.

"Minority unemployment," he said, "is far higher than that of white Americans in all categories."

Mr. Simmons said that contracts to minority grouped businessmen account for less than two percent of the $3.5 billion in HUD money for housing and urban programs.

Minority group Americans make up 17 percent of the population of this country, he said, but they own less than one half of one percent of national business assets.

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

HUD-No. 71-140
Phone (202) 755-7174

FOR RELEASE:
Friday
March 26, 1971

MEXICAN-AMERICAN NAMED TO HOUSING CONCILIATION POST

The U.S. Department of Housing and Urban Development today announced the appointment of Virgilio G. Roel as Director of the Conciliation Division of HUD's Office of Equal Housing Opportunity.

Mr. Roel will be responsible for activities relating to the conciliation of housing discrimination complaints, reporting to Samuel J. Simmons, Assistant Secretary for Equal Opportunity.

Until recently Mr. Roel was a member of the Postal Services Board of Appeals and Review of the U.S. Post Office Department.

Mr. Roel, a native of Laredo, Texas, will be primarily responsible for ensuring that HUD develops and implements policies relating to conciliation in fair housing cases in conformity with Title VIII of the Civil Rights Act of 1968, popularly known as the "Fair Housing" law.

Title VIII prohibits discrimination based on race, color, religion or national origin in the sale or rental of most of the nation's housing and any vacant land offered for residential construction or use. Among the prohibitions covered are advertising, financing, brokerage services, terms or conditions, and "blockbusting," as well as actual sale or rental.

The three year old statute is administered by the Secretary of HUD through its Central Office in Washington, D.C. and its 10 regional offices across the country.

Mr. Roel will work with HUD regional staff to ensure consistency in conciliation approaches by all HUD regional offices. Protection of the public interest through change in institutional practices, as well as redress for the complainant, are the twin goals of HUD's conciliation policies.

As a member of the Postal Services Board of Appeals and Review, Mr. Roel dealt primarily with the appeals of adverse actions, grievances, and complaints of discrimination in employment by the Post Office Department.

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He was Associate Justice of the High Court of American Samoa for five and a half years before joining the Post Office Department in 1967.

A 1948 summa cum laude graduate of the University of Texas, Mr. Roel received a law degree from Georgetown University in Washington, D.C., in 1952.

He is a member of the American Bar Association and the Texas State Bar and is associated with the World Peace Through Law Center, the American GI Forum, and the League of United Latin American Citizens (LULAC).

Mr. Roel served in the U.S. Army from 1942 through 1945.

He and his wife, Emilia, have four children and live in McLean, Va.

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

HUD-No. 71-143
Phone (202) 755-7174

FOR RELEASE:
Friday
March 26, 1971

HUD OFFICIAL CALLS REVENUE SHARING 'REVITALIZATION OF GOVERNMENT'

Administration proposals for revenue sharing and reorganization of Federal departments have given the Nation an opportunity to revitalize government, the Louisiana Municipal Association was told today.

Assistant Secretary Floyd H. Hyde of the U.S. Department of Housing and Urban Development, at the Association's annual convention in Baton Rouge, La., termed it "the greatest challenge and opportunity for the American people since the signing of the Declaration of Independence."

He cited President Nixon's State of the Union message in calling it "a new American revolution, a peaceful revolution in which power will be turned back to the people....in which Government at all levels is refreshed and renewed and made truly responsive."

Mr. Hyde, who heads HUD's new Office of Community Development, said Federal programs in the past too often have bypassed local government and created a network of professional bureaucracies, each less and less responsive to local needs, leaving little recourse or forum for appeal.

"Whatever their good intentions," the Assistant Secretary said, "a single purpose agency cannot assume the responsibility of governing in the broadest sense. From 1960 to 1968, for example, the number of Federal urban programs leaped from 45 to 435, but these programs were aimed at single needs and conceived without consideration of existing programs, total needs, or a firm overall policy.

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"Although, obviously, some good resulted from these programs... (nevertheless).... the results often failed to justify the effort....and in spite of growth of Federal aid to states and localities from $1 billion in 1946 to more than $30 billion this year, there is still an inadequate supply of housing and community facilities, 24 million Americans in sub-standard housing, decay and blight of our central cities, and increasing deterioration in many suburban communities. In short, essential public services in the fields of health, education, and broadened opportunities for employment simply not reaching those in need."

HUD Secretary George Romney has already initiated departmental changes in administration to support the concept of Urban Community Development Revenue Sharing in anticipation of new legislation and reflecting an effort to make many needed changes as soon as possible, Mr. Hyde pointed out.

On March 8, the Assistant Secretary took over the grant assistance programs for urban renewal, Model Cities, water and sewer, rehabilitation loans, neighborhood facilities, open space including historic preservation, and public facility loans.

Similarly, Mr. Romney consolidated community planning and management activities, housing production and mortgage credit activities, and housing management activities.

Mr. Hyde declared that "drastic overhaul of government machinery is needed, and this is the President's challenge in his proposals for reorganization and revenue sharing,...to permit the states and localities to establish their own priorities and to find solutions to the problems they understand better than the Federal government."

Mr. Hyde pointed out that revenue sharing will encourage total community efforts with the assurance that localities will have annual, stable funding from the Federal Government, and enable communities to develop their own programs, reflecting local conditions and goals. "It means," he concluded, "a more responsive government."

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

HUD-No. 71-148
Phone (202) 755-7174

FOR RELEASE:
Monday
March 29, 1971

HUD ADVISORY BOARD CONSIDERS URBAN STUDIES FELLOWSHIP APPLICATIONS

The Urban Studies Fellowship Advisory Board of the U.S. Department of Housing and Urban Development met last week in Washington, D.C. to help select some 95 young men and women who will receive graduate fellowships in urban studies and related fields.

This is the fifth year of the awards. HUD Secretary George Romney recently named a nine member board to review the more than 900 applications received from students in all 50 States.

The Board members, three each from public and private universities and national organizations concerned with community development, are:

Dr. Wayne D. Angell, Ottawa University, Ottawa, Kans.; Dr. James Banovetz, Northern Illinois University, DeKalb, Ill.; Samuel J. Cullers, American Institute of Planners, Sacramento, Calif.; Dr. Ronald Davenport, Duquesne University, Pittsburgh, Pa.; and Dr. Darrell Holmes, University of Northern Colorado, Greeley, Colo.

Also Dr. Robert Huckshorn, Florida Atlantic University, Boca Raton, Fla.; Dr. Martin Jenkins, American Council on Education, Washington, D.C.; Dr. Robert Martinez, University of Albuquerque, N.M.; and Dr. Romullas Murphy, Shaw College at Detroit, Mich.

Secretary Romney will consider the recommendations of the Advisory Board and announce the fellowship awards in early April.

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

HUD-No. 71-151
Phone (202) 755-7174

FOR RELEASE:
Tuesday
March 30, 1971

HUD OFFICIAL STRESSES MANAGEMENT, PLANNING ROLE IN REVENUE SHARING

A ranking official of the U.S. Department of Housing and Urban Development today emphasized the increased responsibilities of planning officials under Special Revenue Sharing for Urban Community Development to "produce responsible and responsive plans that locally elected officials can use to effectively guide the growth and development of their communities."

Addressing the National Planning Conference of the American Society of Planning Officials in New Orleans, Samuel C. Jackson, HUD Assistant Secretary for Community Planning and Management, said State and local governments and their planning institutions face the burden and opportunity of assuming "a full share in the awesome task of charting the Nation's growth and development."

Mr. Jackson called for new creativity in planning to effectively serve the sometimes conflicting considerations that must be balanced -- individual rights and the goals of society, private interests and the public good, and Federal, State and local responsibilities.

He discussed the President's proposal for a new program of Planning and Management Assistance to State, areawide agencies, and localities. This proposal, requesting $100 million, is designed to enable optimum use of all revenue sharing proposals. Focused on the local chief executive and emphasizing the creation of comprehensive management processes, this program would provide broader and more flexible support for governments to build up their capacity to govern effectively.

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"The implications for planning officials," Mr. Jackson asserted, "are to be found in two sets of interrelated responsibilities of locally elected chief executives that will be substantially increased under Special Revenue Sharing for Urban Community Development. The first is to plan and manage the institution of government, and to organize and direct employees and resources. One major purpose of the Planning and Management Assistance program is to help these officials improve and coordinate elements of internal management and thereby aid their capacity to govern effectively and responsively. The elimination of Federal regulations--red tape--on both general and special revenue sharing means new local systems must be created to monitor activities. The management expertise of planners is essential for creating these needed management systems.

"The second responsibility, one familiar to planners, is the planning and management of a large chunk of real estate, a city or town, and all the elements that make up a community. Planners must provide usable, simple, comprehensive plans for local officials that cover all aspects of a community and that will be effective management tools for elected officials to guide and govern the community," he said.

Mr. Jackson, describing the newly defined role of his office, said that "we must learn to subdue our bureaucratic, nit-picking instincts. The real responsibilities are broad -- determine ways of safeguarding those interests that are truly national interests, provide real assistance to the States and localities, and develop national policies with respect to growth and community development."

"These responsibilities include," he said, "our concerns that there be no discrimination in the use of federally shared funds, and that we maintain standards for protecting and improving the environment that belongs to all of us."

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

HUD-No. 71-157
Phone (202) 755-7174

FOR RELEASE:
Friday
April 2, 1971

NEWARK MAN NAMED OFFICIAL IN HUD-GNMA ORGANIZATION

The U.S. Department of Housing and Urban Development today announced the appointment of Richard D. Marshall, of Newark, N.J., as Associate Director of Loans in HUD's Government National Mortgage Association.

GNMA President Woodward Kingman said that Mr. Marshall, formerly with the Prudential Insurance Company in Newark, will be active in the purchase, management and liquidation of FHA and VA mortgages in GNMA's loan portfolio which now totals over $5 billion in assets.

Mr. Marshall, 39, was a senior investment specialist at Prudential, negotiating loan agreements. Prior to that, he was a mortgage valuation and loan training specialist. In this post he developed a program for training of personnel in business insurance for commercial and residential properties and in appraisal techniques. He joined Prudential in 1964 as a mortgage loan appraiser.

In 1969, he was temporarily assigned to a federally-sponsored project under the auspices of the U.S. Department of Labor. The project was designed to help stem the tide of minority school dropouts. Under this effort of The Vice President's Task Force, Mr. Marshall's work included raising funds from industry to underwrite 35 vocational guidance institutes, and negotiations with local school boards and university officials.

Mr. Marshall received an AB degree from Lincoln University of Pennsylvania. He later attended Howard University Law School, Washington, D.C. He is a former President of the Board of Directors of the Urban League of Essex County, N.J., and a member of the Board of Directors of the Inter-Racial Council for Business Opportunity of New Jersey.

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

HUD-No. 71-158
Phone (202) 755-7174

FOR RELEASE:
Friday
April 2, 1971

HUD HOUSING LOANS HELP EXPANDING BLACK COLLEGES

Sometime in the near future, students will move into newly constructed housing on the campuses of Kittrell College in Kittrell, N.C., and Wilberforce University in Wilberforce, Ohio.

The facilities on both campuses will be built with loans recently approved by the U.S. Department of Housing and Urban Development under its College Housing Loan Program.

Though geographically removed from one another, Kittrell and Wilberforce have much in common, both being small rural institutions, serving a large number of students needing aid to finance their education, and both being predominantly black.

HUD recently announced approval of a $30,000 loan to Kittrell that increases to $455,000 the amount of HUD aid to the small rural junior college to build housing for its expanding enrollment.

"By next September, we expect our student body to increase 50 percent, from 400 to about 600," said Kittrell President Dr. Larnie G. Horton.

"Our expansion is being made possible by a number of new facilities, including the newly completed student union, which was built with a $520,000 HUD loan."

According to Dr. Horton, approximately 74 percent of Kittrell's students come from families in the little textile community with average annual incomes of $6,000 or less.

Most of Kittrell's students, he said, receive some kind of help for education under such programs as the Guaranteed Loan, National Defense, and the College Work Study Program.

HUD gives priority to colleges enrolling high percentages of students from low-income families.

Kittrell's classes run from 8:00 A.M. to 10:00 P.M., allowing the large number of students to fit classes into their work schedules.

Many of them come from surrounding counties of Vance, Franklin, Granville, Halifax, and Warren.

- more -

The new HUD-assisted dormitory will house 52 men and 50 women.

The HUD loan to Wilberforce University will provide housing for 148 male students on the campus of the nation's first black college.

The $1,115,000 loan will save each of these students about $200 a year for room and board.

The housing will be built on the university's new campus, known as the New Wilberforce.

Planned for 1,200 on-campus students, the new site will be a modern concept in university facilities. As there is virtually no satisfactory off-campus housing in the surrounding rural community, high priority is being placed on new housing in the complex.

At Wilberforce, the Cooperative Education Program permits students to study two trimesters and work one in some metropolitan area.

On its old campus, Wilberforce has two dormitories and a cafeteria which were built with HUD loans totalling $1,394,000.

University officials say that additional housing for women is being planned at Wilberforce.

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

HUD-No. 71-162
Phone (202) 755-7174

FOR RELEASE:
Friday
April 2, 1971

HUD LIFTS BAN ON SECTION 235 HOUSING IN SEVEN MORE AREAS

Secretary George Romney of the U.S. Department of Housing and Urban Development today announced that the ban had been lifted on the subsidized homeownership program (Section 235) in seven additional HUD-FHA insuring offices.

The offices are: Wilmington, covering all of Delaware; Baltimore, covering most of Maryland; Reno, covering all of Nevada; Honolulu, covering all of Hawaii; and the counties within the respective jurisdictions of Pittsburgh, Pa., and Sacramento and Santa Ana, Calif.

With the lifting of the ban, HUD/FHA offices may resume issuing mortgage insurance commitments on existing houses for qualified prospective homebuyers.

Authorization to resume activities was made by Eugene A. Gulledge, Assistant Secretary for Housing Production and Mortgage Credit-FHA Commissioner, to the Regional Administrators of the HUD Philadelphia and San Francisco offices.

On last January 14 Secretary Romney suspended the existing housing portion of the Section 235 program nationally. The action was taken so that HUD could make a full-scale investigation of alleged abuses in the sale of existing houses to lower income families. Within HUD, the investigation was conducted on an office-by-office analysis and within the local FHA field offices, on a case-by-case basis. On February 5, the ban was lifted for 21 HUD Area and HUD-FHA Insuring Offices.

Suspension of the existing homes portion of Section 235 remains in effect for the rest of the country.

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Secretary Romney said that despite some difficulties, the Section 235 program has made "an enormous contribution in helping to provide decent homes for lower income families. Most of these families are better housed than they were before. They are, for the most part, living in good homes that were fairly priced."

The suspension will be lifted in each remaining office as soon as it is prepared to properly administer the program, the Secretary said.

The offices previously authorized to resume issuing Section 235 commitments on existing housing are:

Bangor, covering all of Maine;
Providence, covering all of Rhode Island;
San Juan, covering all of Puerto Rico;
Albuquerque, covering all of New Mexico;
Des Moines, covering all of Iowa;
Omaha, covering all of Nebraska;
Helena, covering all of Montana;
Fargo, covering all of North Dakota;
Sioux Falls, covering all of South Dakota;
Salt Lake City, covering all of Utah;
Casper, covering all of Wyoming;
Boise, covering all of Idaho.

Also, for the counties within their respective jurisdictions:

Albany, Hempstead, and New York City, New York;
Tampa, Florida;
Memphis, Tennessee;
Shreveport, Louisiana;
Tulsa, Oklahoma;
Houston, and Lubbock, Texas.

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

HUD No. 71-164
Phone (202) 755-7174

FOR RELEASE
Monday
April 5, 1971

HUD EXTENDS CONTRACT WITH NBS TO EVALUATE TOTAL ENERGY SYSTEM

The U. S. Department of Housing and Urban Development today announced a $125,000 contract extension to the National Bureau of Standards (NBS) to continue to evaluate the Total Energy System being installed at the Operation BREAKTHROUGH demonstration site in Jersey City, N. J.

Operation BREAKTHROUGH is HUD's major research, development and demonstration effort for improving every phase of planning, production and delivery of volume housing.

The total energy system, HUD officials said, will supply all electrical requirements at the Jersey City site. In addition, by using the waste heat from the electrical generating equipment to provide domestic hot water, heating, and cooling, major economies in fuel may be realized.

The total energy approach for residential developments involves a relatively new technology, and, HUD officials say, the data gathered during the design, construction, and operation of this installation will form the basis for the design of systems which may compete in cost with conventional multiple energy systems.

During the past year, NBS has assisted HUD in the total energy project by evaluating sites and equipment.

Gerald S. Leighton, Chief, Utilities Systems Research, HUD, is directing the utility demonstration program.

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

HUD-No. 71-176
Phone (202) 755-7327

FOR WEEKEND RELEASE:
Saturday - Sunday
April 10 - 11, 1971

ROMNEY MARKS THIRD ANNIVERSARY OF FAIR HOUSING LAW

Secretary George Romney of the U.S. Department of Housing and Urban Development, today marked the observance of the third anniversary of the National Fair Housing law. He called for increased efforts "to see that all Americans understand the law and avail themselves of our conciliation machinery to make it work."

The Secretary pledged HUD's "unremitting efforts" to enforcement of the law, and called on all Americans "to join us in this endeavor and to see it to its successful conclusion."

The full text of the Secretary's statement follows:

"On April 11, 1968, three years ago, the Civil Rights Act of 1968 became law. Under Title VIII of that Act, we had for the first time a national mandate and a flexible and effective legal instrumentality to 'provide...for fair housing throughout the United states'.

"It was more than time. In the series of Supreme Court decisions, new national laws and Executive Orders that started in the mid-fifties, each of the major bastions of discrimination - in education, public accommodations, employment, voting rights - had been breached. Discrimination had not been overcome, but a solid beginning had been made.

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"This was not true for housing, despite the fact that fair housing legislation had been introduced in the Congress in 1966 and 1967. Nor did knowledgeable political observers believe a national fair housing law had a chance in early 1968. It took the trauma of the death of Dr. Martin Luther King, Jr., to mobilize opinion behind the 1968 Act. It was passed a week after his assassination.

"But now we have a strong fair housing law and we have a well-trained and competent HUD staff to administer that law throughout the land. In a review of conciliation agreements reached during the past year, we have found that minority Americans who complain to HUD of housing discrimination are getting fast, equitable responses, and are getting the housing they were refused. In addition, they are getting compensation for out of pocket expenses as well as insults or embarrassment suffered as a result of alleged discrimination. They get these things by filing a complaint with HUD, and without going to court. This does not mean they are barred from carrying their complaints to court. Under the law, they can do that immediately, or if a conciliation procedure fails.

"On this third anniversary, we know that thousands of minority group Americans are still being denied their housing rights. We must double and redouble our efforts to see that all Americans understand the law and avail themselves of our conciliation machinery to make it work.

"We must do this because if there is any single right essential to the peace of mind, the pride, and the love of family that lives in every man and woman, it is the right to a decent home in a peaceful neighborhood. Minority group Americans have been denied that right in far greater degree than majority Americans. This must stop. We cannot accept anything less than full equality in housing rights, and a complete end to housing discrimination in this Nation.

"As the Secretary of the Department of Housing and Urban Development, I pledge our unremitting efforts to enforcement of the fair housing law. The President stands behind this pledge. I call on all Americans to join us in this endeavor and to see it to its successful conclusion. Our job will not end until we meet our national mandate and fair housing is truly in effect throughout the land."

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Note to Editors: Attached is a backgrounder on the Fair Housing Law

To accompany HUD-No. 71-176

BACKGROUNDER ON THE NATIONAL FAIR HOUSING LAW

The national legislation that has become known as the Fair Housing law is Title VIII of the Civil Rights Act of 1968. It became law on April 11, 1968.

With passage of the law, Federal authority was established to eliminate inequities based on race, color, religion or national origin in the sale and rental of housing and any vacant land offered for residential construction or use.

The statute prohibits discrimination in advertising, financing, brokerage services, and the terms or conditions for sale or rental. "Blockblusting" activities by real estate firms are also barred.

Structured to become fully effective over a three-year period, the law immediately covered about one million federally-assisted dwellings across the country.

Another 17.5 million units came under the Act at the beginning of the second stage on January 1, 1969.

At the beginning of the third stage, on January 1, 1970, roughly 34.9 million additional units came under coverage of the law. They were primarily single family homes, built both with and without Federal assistance and obtained through a real estate broker.

Evolution of the Law

Public efforts to shape a society of people racially separated in all areas of activity began as early as 1865 immediately after the 13th Amendment abolished slavery and involuntary servitude.

In 1866, however, a national law was passed that said:

> "All citizens of the United States shall have the same right, in every State and Territory, as is enjoyed by white citizens thereof to inherit, purchase, lease; sell, hold, and convey real and personal property."

For more than 100 years the law remained on the book, unnoticed and unheeded. On June 17, 1968 its constitutionality was upheld by the Supreme Court in the case of Jones v. Mayer.

- more -

The ruling came just two months after the April 11 signing of the Civil Rights Act of 1968. Its fair housing provisions made open occupancy the law of the land and established the timetable and machinery to enforce this provision.

This action provided an answer as to whether there was some conflict or contradiction between the two statutes. The Court's majority opinion made it clear that the 1866 Act was a general statute applicable only to racial discrimination and enforceable in court by private parties acting on their own initiative.

After passage of the 1866 law, however, the "separate-but-equal" doctrine born of the Plessy v. Ferguson case (163 U. S. 537)(1896) spread to many parts of the country and to almost all areas of activity--public transportation, public accommodations, recreation facilities, restrooms and dining rooms.

Residential separation continued and flourished with enactment in the early 1900's of municipal ordinances that established areas of residential segregation and private agreements that provided racially restrictive covenants. These usually stated that Negroes (and generally other minorities) could not purchase, own, occupy, or rent the property involved.

The Supreme Court had declared by 1917 that the races could not be segregated in housing by municipal ordinance (or other form of government action). But private groups merely instituted their own system of racially restrictive covenants. The Supreme Court said they could not be enforced in a 1948 decision, but they in fact still exist.

In 1954, the systematic approach to separation of the races was overruled in education in Brown v. Board of Education, (347 U.S. 483)(1954).

Other discriminatory acts were then outlawed in a series of legislative actions. A landmark in the years of struggle for fair housing occurred on November 20, 1962, when President Kennedy signed Executive Order 11063 on equal opportunity in housing. Coverage under this order was limited to housing owned, operated or financially aided by the Federal government. Thus discrimination in private housing continued to be widespread throughout the Nation.

It was not until six years later that a strong law, with adequate enforcement machinery, was passed by the Congress. This was Title VIII of the Civil Rights Act of 1968. It became law one week after the assassination of Dr. Martin Luther King, Jr.

- more -

HUD administers the Fair Housing Law through its central office in Washington and its ten regional offices across the country.

The function and power vested in the HUD Secretary are delegated to the Assistant Secretary for Equal Opportunity, Samuel J. Simmons. He reports that complaints of discrimination in housing received between January 1970 and December 1970 totaled 1,028, up from 979 received during the year beginning January 1969.

Mr. Simmons noted recently that efforts to resolve complaints through conciliation agreements have met with success in approximately 51 percent of the attempts made.

"In addition," he said, "this Department is working on a program of systematic reviews to determine patterns and practices of compliance with the Federal law."

Fair Housing laws of 24 states have tentatively been determined by HUD as substantially equivalent to the Federal law. Complaints under Title VIII are referred to those states for handling.

Approximately 300 complaints have been referred to State agencies out of 2,001 complaints lodged.

The Department has referred 53 cases to the Justice Department.

HUD is also working closely with fair housing groups and civil rights organizations in sponsoring and conducting seminars, conferences, and other fair housing programs.

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

COPY

HUD No. 71-174
Phone (202) 755-7174

FILE COPY

FOR RELEASE
Monday
April 12, 1971

STUDY BEGUN TO MEASURE NEW YORK CITY NOISE LEVEL

Most New Yorkers probably aren't aware of it, but measurements have quietly begun at some 150 points in the city's five boroughs to determine what makes New York such a noisy city and what can be done about it.

The 12-day survey, which ends April 17, is a joint venture of the New York City Bureau of Noise Abatement and the Office of Research and Technology in the U. S. Department of Housing and Urban Development.

This study phase of the city's noise level is being conducted by the Bureau with the help of a $50,000 cost-sharing contract from HUD last year to develop a methodology for measuring the various factors that combine to create environmental noise problems in population centers.

Believed to be the first comprehensive methodology of its kind in the nation, it includes ways of statistically selecting measurement sites, determining the best times of day or night to make the test, the duration of the measurements at each site, variations in the kind of noise caused by seasonal and other changes in the weather, and other variables which contribute to the city's welter of sounds.

While the survey is a pilot test, data compiled from the measurements is expected to yield clues for controlling and abating noise pollution, not only in New York but other cities as well.

One of the sites to be tested at 10 a.m. Monday, April 12, is at Fifth Avenue and 53rd Street in Manhattan. In the event of inclement weather, the test will be conducted Tuesday.

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

HUD-No. 71-182
Phone (202) 755-7174

FOR RELEASE:
Wednesday
April 14, 1971

HOUSING OFFICIAL SEES REVENUE SHARING AS PUBLIC OPPORTUNITY, CHALLENGE

The Administration plan for revenue sharing represents power being returned to the people, a top government housing official said today.

Assistant Secretary Floyd H. Hyde of the U.S. Department of Housing and Urban Development, said in Boise, Idaho, that if the public is to exercise its right to participate actively in government, then the decentralization of power in Washington is the first step.

Also, he said, reorganization of the Federal government and consolidation of Executive departments, is part of the overall plan President Nixon has proposed toward "better delivery of services to State and local governments."

Despite the growth of Federal aid to States and localities from $1 billion in 1946 to more than $30 billion this year, the Assistant Secretary said, "the supply of housing and community facilities is sorely inadequate.. ..an estimated 24 million Americans are in substandard housing....decay and blight of our central cities is increasing....(and) suburban communities have begun to deteriorate."

In a speech prepared for delivery to the League of Women Voters at the Rodeway Inn, Mr. Hyde said the President's plan to make $5 billion available to States and local units of government to use as they see fit with minimal direction from the Federal government, is "a reaffirmation of faith in the American people.

"....I find it outrageous to suggest, as critics have, that elected officials who now raise and administer $132 billion of their constituents' money would suddenly become reckless spenders, irresponsible, or dishonest because of an additional $5 billion of revenue received from the Federal government."

Mr. Hyde also emphasized that no city or locality would receive less money under the Revenue Sharing plan, and that provision has also been made for smaller communities which do not meet the criteria of population, poverty indices, and other standards set under the so-called Standard Metropolitan Statistical Areas (SMSA's) for larger areas.

- more -

Smaller communities will also be provided for from the $100 million which the President is requesting from Congress specifically for this purpose, in addition to other funds available under Rural Community Development Special Revenue Sharing, and other resources, he said.

He pointed out also that while planning is not required for cities and other localities under revenue sharing, the legislation being submitted to Congress by the President asks twice as much money as ever before for increasing planning and management capacity of state and local government. The amount requested, $100 million, will replace current HUD planning program funds, and will be made available on a discretionary basis among states, areawide agencies, and local government. "For the first time, Mr. Hyde said, "there will be sufficient funds for all communities to fully prepare the planning and management tools they have long sought, but which have been available only on a limited basis."

He closed with a warning that "the President's challenge cannot be fulfilled adequately merely by money from Washington...Rather, it is the concern, understanding, and care of you, the people, that will determine the success of his programs and the future," and he appealed to his audience to "bring the facts of the President's proposals and his challenge, to your elected representatives in Washington...if these goals and the changes we seek are to be accomplished."

# # #

SP

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

Phone (202) 755-7174

Address by

FLOYD H. HYDE

Assistant Secretary for Community Development

to

Urban Seminar

League of Women Voters

at

Rodeway Inn

Boise, Idaho

April 14, 1971

SUMMARY

The President's revenue sharing proposals represent a reaffirmation of faith in the people of this Nation. Through revenue sharing, the President proposes the return of decision making and responsiblility to State and local government - those governments which are most responsive to the needs of the people. The League of Women Voters is a non-partisan organization whose purpose is to encourage the informed and active participation of all citizens in government. If the spirit of the League can be instilled in all Americans, then the partnership which the President advocates - that of the people working with their government - will mean a better America for all our people.

"Democratic government depends upon the informed and active participation of its citizens."

This "Guiding Principle" of the League of Women Voters is a basic tenet of the Nixon Administration which believes that representative government and the partnership of the people with their government are the foundations of our current national strengths and the base for the future of a greater America.

It is of the responsibility of each American, and of State and local government, that I wish to speak today. For, the President's revenue sharing proposals represent a reaffirmation of faith in the American people. It is a deep and abiding faith of the President and unique to the American way of life. If the President's proposals are to succeed, you, the people, must meet the challenge you now are offered.

I know of no group better informed or more capable of meeting the President's challenge than you here today - elected government officials, civic leaders, and the members of the League of Women Voters. For those of you who may not be aware of the League's role in our society or of its tremendous contributions, let me for a moment tell you about that role, which will explain my willing acceptance of this opportunity to come to Boise.

The League is a nonpartisan body formed to encourage informed and active participation of all citizens in government and politics. An outgrowth of women's suffrage, its initial and continuing effort has been "teaching," or, more succinctly, the informing of all people of the issues and responsibilities of Americans in their government.

Their "Guiding Principles" recognize the right of all persons to participate in the governmental process, and the need for government to be responsive to the will of the people. The League supports the very goals on which this country was founded.

It is these principles that the President seeks to reinforce. For the past 40 years, there has been an ever-increasing centralization of power in Washington, away from State and local government - and, away from the people.

- more -

Addressing the 92nd Congress on the State of the Union, the President proposed "...a new American revolution - a peaceful revolution in which power is turned back to the people - in which government at all levels is refreshed and renewed, and made truly responsive. This can be a revolution as profound, as far-reaching, as exciting as that first revolution almost 200 years ago."

Here, then, is the challenge and the goal. To meet the goal, the President proposed a program of General Revenue Sharing, a series of six Special Revenue Sharing plans, and reorganization of Federal government.

Before examining the President's revenue sharing proposals let me state briefly that the President feels if the broad changes he proposes are to work, the Federal level of government must be overhauled. In his remarks to the Congress on Reorganization of the Executive Branch he stated:

> "...the major cause of the ineffectiveness of government is not a matter of men or of money. It is principally a matter of machinery. It will do us little good to change personnel or to provide more resources unless we are willing to undertake a critical review of government's overall design."

Thus, the president has proposed a consolidation of seven executive Departments and several other agencies into four new Departments, merging related functional activities in order to eliminate duplication. Reorganization at the Federal level can be an example for State and local government. Reorganization at the Federal level will mean better delivery of services to State and local government.

And, it is with State and local government that the President is concerned. For they currently face financial plight and endless red tape in attempting to deliver those resources allocated them by the Federal government and to deliver those resources to those for whom the services were originally intended.

In spite of a growth of Federal aid to States and localities from 1 billion dollars in 1946 to more than 30 billion dollars this year, I still see a sorely inadequate supply of housing and community facilities. An estimated 24 million Americans continue to live in substandard housing. The decay and blight of our central cities is accelerating, and, now, many suburban communities have begun to deteriorate as well. Essential public services in the fields of health, education and broadened opportunities for employment, are not reaching those in need.

During the same period of time, 1946 to 1970, State and local governments made great efforts on their own, increasing revenues from 11 billion to 132 billion dollars annually. Incidentally, Federal revenues, expenditures, and our gross national product have increased at only one-third that rate. As the President has said, clearly our governmental system has broken down. Drastic over-haul, not simple tinkering with the machinery, is needed.

Recognizing the great effort State and local governments have made, that they are financially hard-pressed, with severe limitations upon their taxing sources, and that the whole Federal system depends upon strong State and local government as well as a strong Federal government, the President has proposed his revenue sharing plans.

Under General Revenue Sharing, 5 billion dollars will be made available to States and local units of government on the basis of population and local revenue efforts. This 5 billion dollars represents 1.3% of the Federal individual income tax base. Thus, each year, as the economy grows, the amount of funds available to the States also will increase. For example, in the first year the State of Idaho will receive approximately $20 million in new revenues. The recipients, in the use of these funds, will have to comply only with such national statutory and constitutional requirements as civil rights and relocation. State and local units of government will be able to use the funds without functional strings. They will be subject to reporting and post auditing - but not preauditing. To repeat, these funds, as distinct from Special Revenue Sharing funds, will be unrestricted as to their precise use.

Already many inside and outside government have expressed grave concern and opposition to such a thought. Some have even raised questions about the honesty of State and local officials. As a former Mayor I find it outrageous to suggest that elected State and local officials, who now raise and administer 132 billion dollars of their constituents' money, would suddenly become reckless spenders, irresponsible, or dishonest because of an additional 5 billion dollars of revenue received from the Federal government.

The simple fact of the matter is, that by whatever specious arguments they may use, those that oppose the President's proposals are saying they do not trust local elected officials and those who elected them. The President is saying he trusts local government and the judgement of those who elect government officials.

Similarly, the President's special revenue sharing proposals reaffirm his faith in State and local government. They result from a history of failure of government to meet the needs of the people. Let us look at the past development and administration of Federal programs.

When I look at the relationship between levels of government, I see that Federal programs have not contributed significantly to the ability of local jurisdictions to carry out the functions of governing - or to be responsive to the people. Rather, Federal legislation and administrative policies have frequently undercut the role and authority of the mayor and locally elected officials.

From 1960 to 1968, the number of Federal urban programs leaped from 45 to 435. Each new Federal program generally brought with it a new local constituent agency - a new money channel which bypassed local government. For example, a recent study in Oakland, California, revealed that only 15% of the Federal funds in the city went to the Mayor. This example is not unusual.

The result has been a network of professional bureaucracies, each with its own particular mandate and authority. Special purpose agencies, such as the Community Action Agency, and the local urban renewal and public housing authorities, to mention only a few, have focused on relatively narrow functions and tended to work at cross purposes. All too often these agencies become less and less responsive to the needs of the citizens, leaving them with little recourse or forum for appeal. Whatever their good intentions, a single purpose agency cannot assume the responsibility of governing in the broadest sense. If responsibility rests with local government, the local constituency cannot be put off with the excuse that the answer lies in Washington.

Obviously, some good has resulted from these Federal programs; few can say that the results appear to fully justify the effort.

In contrast, Special Revenue Sharing will take narrow categorical grant programs and replace them with new grants which are far less restricted. In place of 130 separate grant programs, $11 billion of shared revenues will be grouped under six broad headings, and State and local governments will be permitted to spend them as they see fit, provided they stay within the assigned purposes.

These six new categories of grants are:

Urban Community Development
Rural Community Development
Education
Manpower Training
Law Enforcement
Transportation

State and local governments then can decide for themselves whether or not specific activities carried on under the categorical grant programs should be continued. Thus, no present program deemed desirable at the local level need be terminated. On the other hand, a program designed in Washington and carried on in a city because it happened to be the only program for which funds were available, can be terminated, if the city feels

it is unsuccessful or not directed toward the priority needs of the community.

This morning I want to review Urban Community Development Special Revenue Sharing with you and to mention briefly Rural Community Development Revenue Sharing, since many of the communities in Idaho will benefit especially from the latter program.

First, let me review the Urban Community Development Special Revenue Sharing Program. The present Model Cities Urban Renewal, Water and Sewer grants, and Rehabilitation Loan programs will be combined, or folded into the Urban Community Development program. Under this program, funds will be distributed, largely automatically, to local governments. That distribution will be on the basis of a definite formula taking into account population and poverty indices and including housing conditions and overcrowding. A statement of community development objectives and projected uses of funds reflecting the degree to which activities assisted relate to State and areawide programs and activities for community development will have to be submitted to the Secretary each year. Also, a post audit of funds will be required as an aid both to Congress in determining funding levels and to the Department to assist in the allocation of discretionary funding. But, no longer will be required a multitude of separate applications, so cumbersome they are never read. No longer will be known the years of waiting for project approval.

Beginning with 1972, $2 billion will be available for Urban Community Development Revenue Sharing. Eighty percent of the total funds will be apportioned to the Secretary of Housing and Urban Development for administrative allocation to the Standard Metropolitan Statistical Areas. Within these SMSA's, central cities and cities with at least 50,000 population will receive direct automatic grants.

No State or community will receive less under Special Revenue Sharing than under the existing categorical grant programs. Special Revenue Sharing represents a shift from Federal dictation to Federal assistance.

Twenty percent of the overall total, less than needed to "hold harmless" will be reserved for departmental discretionary use. These funds will be available to communities of all sizes both inside and outside the SMSA's.

To the extent that the Department has firm legal commitments under present programs, it will keep them. It will not renege on any commitments. HUD will avoid double funding, however. A city will not be entitled to receive both full value of outstanding commitments and full "hold harmless" shares.

In addition to the $2 billion urban revenue sharing amount, the President plans to ask Congress for another $100 million to assist smaller communities. These funds would be available to smaller communities both inside and outside of SMSA's. Thus, in addition to a portion of the 20 percent, or $400 million administered by the Department that will be available to smaller communities upon application, there will be another $100 million available for small communities only. This does not include those funds available under Rural Community Development Special Revenue Sharing. Also, smaller communities will continue to be able to apply for those categorical programs not folded into the Special Revenue Sharing proposals.

In his proposal on rural revenue sharing, the President seeks a partnership between rural and urban America. To illustrate the link, let me quote the President's message to Congress on Rural Community Development Revenue Sharing:

> "Rural Americans deserve a full share in the nation's prosperity and growth, just as urban Americans deserve cities that are liveable and alive. Both objectives are attainable - and rural development revenue sharing, linked to urban revenue sharing by the comprehensive planning proposal also put forward in this message could be a giant step toward them."

The concepts underlying Rural Revenue Sharing are similar to those of Urban Revenue Sharing. The Rural proposal unites funding of 11 programs amounting to $1.1 billion, from the Department of Agriculture, The Appalachian Regional Commission, and the Department of Commerce. All counties outside SMSA's, plus counties within SMSA's with population density of less than 100 persons per square mile, will be eligible. Eighty percent of the funds will be allocated directly to the States for use in the rural areas; the remaining 20% being retained to "hold harmless" and to be reserved for discretionary use.

Perhaps the key provision of the program is that each state will be required to prepare and file with the Secretaries of Agriculture and HUD a statewide development plan, outlining spending intentions for programs in metropolitan, suburban, smaller city and rural areas alike. The plans would not require Federal approval. The principle purpose is to focus state attention on the inter-relationship of urban and rural community development and to encourage a coordinated planning process within the state.

While planning is not a prerequisite of Urban Revenue Sharing, the Community Development legislation that is being submitted to Congress contains a budget request for twice as much money as ever before allocated for increasing planning and management capacity of State and local government. This $100 million for planning will replace current HUD planning programs and will be made available on a discretionary basis among states, areawide agencies and local governments. For the first time, there will be sufficient funds for all communities to fully prepare the planning and management tools they have long sought, but that have been available only on a limited basis.

Planning is held by this Administration to be an important tool - one that must be comprehensive in scope and continuing in fuction. Without planning, the causes of problems cannot be identified nor meaningful solutions proposed. Without planning, alternative proposals cannot be considered and resolved to a united approach. Without planning, a coordinated and effective effort cannot be launched to meet the needs of our communities. The important point here is, while the President's proposals recognize the importance of planning, it is the importance of State and local planning not subject to "second guessing" by someone in Washington and unfamiliar with local needs, that is important. We propose to depart from the heavy hand of the past.

But, planning also is a process that must involve the people, if it is to be effective. This is a lesson I learned as a Mayor, and one that has been demonstrated repeatedly in those communities that have undertaken Model Cities programs. I have seen personally that people and government can work together - that they can form a partnership for the future.

I know all of you share the conviction that "...the needs of our society today are such that all people must be motivated to assume greater political and social responsibility." That you honor that conviction is evident from the deserved recognition you have received repeatedly and which was summed up so well by Governor Nelson Rockefeller in addressing the New York League:

> "Your record for legislative tenacity and success is formidable. Grown men shudder at your opposition and wise men strive for your support."

I wish that could be said of all Americans.

I hope what I have said here today will move you and your community to the challenges the President has offered in his Revenue Sharing proposals, for herein lies the key to the future. The fact that you have set aside "One Day For The Future" here today is indicative of your concern.

If the President's proposals are to work, it must mean more authority for State and local public officials and more responsibility for the people. His challenge cannot be fulfilled adequately merely by money from Washington. Rather, it is the concern, understanding, and care of you, the people, that will determine the success of his programs and the future.

If you share this concern, I hope my message today will move you to bring the facts of the President's proposals and of his challenge to your elected representatives in Washington. If these goals and the change we seek are to be accomplished, your support is needed.

How important your concern is and how very important that we all work to meet the challenge of the future is beautifully expressed in a poem by a thirteen-year-old girl, Karen Warschauer, of Newton Center, Massachusetts. Let me excerpt from that poem:

CITY DWELLER

"Crowded room,
One small bed,
Four children to lie in it.
Outside, the noise of the city;
Inside, the quiet restlessness that comes
When there is nothing to do,
Nothing to be,
Waiting.
For what, you do not know.
But you have a feeling
That whatever you are waiting for
It will never come.
Still, you wait.

****

"Why do you stay in your tight little world?
Only because you cannot get out.
For though no lock is on your door,
Something stronger than any lock is on your world,
On your life.
And if this thing ever had a key,
Through the years of waiting
For something
Whatever that something was,
You had lost the key, somewhere inside yourself
And you could never find it again.

****

"The plaster is chipping off your walls,
It is cold inside.
But no colder than the hearts of the people
Who keep you in.
For you know that somehow
Someone out there
Is keeping you in.

****

"There is one small window in your room.
It doesn't give much light.
But sometimes you look out of it,
And see the busy city,
The neon lights are reflected at night,
Into your room.
By day you see the street lights.
You hear the constant honking of horns.
You watch the tourists,
Who seem to be so excited
By your city.
You are not excited by your city,
You know your city too well;
How, after a while,
It traps you inside itself
And doesn't let you go.

****

Sometimes,
As you look out of your window,
You get the feeling that it is a one way window.
You can look out of it,
And see people in the streets,
Or tourists,
Hurrying back to their cozy world.
But others cannot look into your window.
Sometimes though, you think
Maybe it isn't that they can't look in your window
And see you.
Maybe it's that they just never wanted to."

We must open that window. I hope each of you will join to make America one world for all our people.

# # #

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

HUD-No. 71-184
Phone (202) 755-7174

FOR RELEASE:
Wednesday
April 14, 1971

FILE

BAN ON 235 HOUSING LIFTED BY HUD IN TWO MORE AREAS

COPY

Secretary George Romney of the U.S. Department of Housing and Urban Development today announced that two more HUD-FHA Insuring Offices may renew processing of applications for existing housing under the subsidized homeownership program (Section 235).

The offices are San Antonio, Texas, covering 63 counties in Texas, and Anchorage, Alaska, covering the entire State.

With the lifting of the ban, these offices may resume issuing mortgage insurance commitments on existing houses for qualified prospective homebuyers.

Authorization to resume activities was made by Eugene A. Gulledge, Assistant Secretary for Housing Production and Mortgage Credit-FHA Commissioner, to the Regional Administrators of the HUD Fort Worth and Seattle offices.

On last January 14 Secretary Romney suspended the existing housing portion of the Section 235 program nationally. The action was taken so that HUD could make a full-scale investigation of alleged abuses in the sale of existing houses to lower income families. Within HUD, the investigation was conducted on an office-by-office analysis and within the local FHA field offices, on a case-by-case basis. On February 5, the ban was lifted for 21 HUD Area and HUD-FHA Insuring Offices. On April 2, seven additional offices were freed from the suspension.

Suspension of the existing homes portion of Section 235 remains in effect for the rest of the country.

Secretary Romney said that despite some difficulties, the Section 235 program has made "an enormous contribution in helping to provide decent homes for lower income families. Most of these families are better housed than they were before. They are, for the most part, living in good homes that were fairly priced."

The suspension will be lifted in each remaining office as soon as it is prepared to properly administer the program, the Secretary said.

- more -

The offices previously authorized to resume issuing Section 235 commitments on existing housing are:

Bangor, covering all of Maine;
Providence, covering all of Rhode Island;
San Juan, covering all of Puerto Rico;
Albuquerque, covering all of New Mexico;
Des Moines, covering all of Iowa;
Omaha, covering all of Nebraska;
Helena, covering all of Montana;
Fargo, covering all of North Dakota;
Sioux Falls, covering all of South Dakota;
Salt Lake City, covering all of Utah;
Casper, covering all of Wyoming;
Boise, covering all of Idaho.
Wilmington, covering all of Delaware
Baltimore, covering most of Maryland
Reno, covering all of Nevada
Honolulu, covering all of Hawaii

Also, for the counties within their respective jurisdictions:

Albany, Hempstead, and New York City, New York;
Tampa, Florida;
Memphis, Tennessee;
Shreveport, Louisiana;
Tulsa, Oklahoma;
Houston, and Lubbock, Texas.
Pittsburgh, Pa.
Sacramento and Santa Ana, Calif.

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EV

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

FILE COPY

HUD-No. 71-185
Phone (202) 755-7174

FOR RELEASE:
Thursday
April 15, 1971

$390,250,000 IN NOTES SOLD TO FINANCE RENEWAL PROJECTS

The U.S. Department of Housing and Urban Development today announced the sale on April 13 of 120 issues of urban renewal project notes totaling $390,250,000 by 112 local issuing agencies.

The notes were sold at an average interest rate of 2.5686 percent. The average interest rate for the $272,998,000 in project notes sold on March 9 of this year was 2.2514 percent.

Maturities of the 120 issues sold April 13 ranged up to one year with six-month notes accounting for 5.3 percent of the total amount sold and one-year notes accounting for 53.5 percent. Average maturity for the notes, to be dated May 11, 1971, was 8.8 months.

Notes in the April 13 sale were awarded the following 33 purchasers:

Morgan Guaranty Trust Company of New York and Salomon Brothers, jointly	$193,083,000
United California Bank	37,085,000
First National State Bank of New Jersey (Newark)	27,295,000
The County Trust Company (White Plains, N.Y.)	25,500,000
Pittsburgh National Bank	24,928,000
American Bank and Trust Company of Pennsylvania (Reading)	11,000,000
Detroit Bank and Trust Company	18,225,000
Brown Brothers Harriman and Company	7,000,000
The Chase Manhattan Bank, N.A., The First National Bank of Chicago, and Republic National Bank of Dallas, jointly	5,800,000
First National Bank of Arizona	5,030,000
The Indiana National Bank	4,905,000
Central National Bank & Trust Company (Des Moines, Iowa) and Carlton Beh & Company, jointly	3,000,000
National Bank of Commerce	2,910,000
Manufacturers and Traders Trust Company	2,200,000
The First National Bank of Memphis	2,185,000
Northwestern National Bank of Minneapolis	2,000,000
Northwestern National Bank of Minneapolis and First National Bank in Minot (N. Dak.), jointly	1,682,000

-more-

Discount Corporation of New York	$ 1,629,000
The Lincoln National Bank and Trust Company (Fort Wayne, Ind.)	1,623,000
The Connecticut Bank and Trust Company (Hartford)	1,443,000
The Toy National Bank (Sioux City, Iowa)	1,328,000
First National City Bank, Continental Illinois National Bank & Trust Company of Chicago, The First Boston Corporation, Mellon National Bank & Trust Company, and Goldman, Sachs & Company, jointly	1,200,000
Northwestern National Bank of Minneapolis and The First National Bank of Winona (Minn.), jointly	1,195,000
Industrial Valley Bank and Trust Company (Jenkintown, Penn.)	1,035,000
Rhode Island Hospital Trust National Bank	1,034,000
Union Bank	1,000,000
Arlington Trust Company (Lawrence, Mass.)	1,000,000
Western Bank and The Pacific National Bank of Seattle, jointly	990,000
Lincoln Rochester Trust Company (Newark, N.Y.)	775,000
Trenton Trust Company	660,000
The Exchange National Bank of Jefferson City and First National Bank in St. Louis (Mo.), jointly	620,000
The Bank of Maryville (Tenn.)	500,000
Bank of Nevada (Las Vegas)	390,000

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

HUD-No. 71-194
Phone (202) 755-7174

FOR RELEASE:
Thursday
April 22, 1971

HUD, DOD ANNOUNCE JOINT HOUSING PROGRAM FOR LOWER INCOME MILITARY FAMILIES

Secretary George Romney of the U.S. Department of Housing and Urban Development and Secretary Melvin R. Laird of the U.S. Department of Defense announced today that lower income military families will be given priority in selected projects in certain designated areas under HUD's lower income rental housing program (Section 236).

Approximately 4,000 units will be made available initially through new construction in selected military areas designated by DOD as having an acute housing shortage.

Under a joint agreement provided for in the Housing Act of 1970, HUD/FHA will set aside annually a given amount of Section 236 funds for construction earmarked for military priority use. This year the set-aside is $4 million for installations in 14 designated areas.

The program will be administered within HUD by the Federal Housing Administration, which will approve the sites and builders, and determine the composition of the project and size of the living units.

DOD is responsible for recommending areas where additional housing for military families is needed. They will also screen qualified lower income military families and submit names to the housing owner. For a military family to be eligible, the applicant must be serving on active duty and must reasonably be expected to remain in the area for at least a year. His income must be within the Section 236 limits for the locality.

If at any time there are no eligible military families on the waiting list, the owner may rent any vacant unit to an eligible civilian family.

"A key factor in HUD/FHA approval of a locality and a project site is that the area has an adequate civilian market to maintain occupancy even if the military needs diminish at a future date," stated Eugene A. Gulledge, Assistant Secretary for Production and Mortgage Credit - FHA. "We do not require the owner to hold any unit vacant if there are no military applicants on the waiting list. Local HUD/FHA offices will announce the areas that have been approved for these projects."

As with other Section 236 housing, projects may consist of one-family detached homes, town houses, or other housing types best suited to the area.

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EV

Seasonal Homes -

HUD NEWS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON D.C. 20410

Phone (202) 755-7174

FOR RELEASE:
On Delivery
8:00 P.M., Friday
April 23, 1971

THE HOMEBUYER AND HOUSING COSTS

Address by

George Romney, Secretary
U.S. Department of Housing and Urban Development

to the

Fifth Annual Seminar

National Association of Real Estate Editors

National Press Club

Washington, D.C.
April 23, 1971

SUMMARY

HOUSING COST IS A CRITICAL FACTOR IN THE CONTINUING STRUGGLE TO PROVIDE AN ADEQUATE HOME AND A SUITABLE LIVING ENVIRONMENT FOR EVERY AMERICAN FAMILY. Administration concern about this problem is evident from a number of measures that have led to the easing of a sagging mortgage market. Many activities of the Department of Housing and Urban Development attack the problem of rising costs both directly and indirectly. Cooperative effort must be continued and expanded to meet the Nation's housing needs.

Real estate editors well recall the housing situation of a year or two ago. To call it a housing slump would be an understatement. From an early 1969 peak, housing starts had declined as much as 25 percent. Many were predicting less than one million starts for 1970. I'm pleased to report that I enhanced my reputation as a prophet for testifying before the Banking and Currency Committees in February and March of last year that a housing recovery would be underway by summer. Because we all know what happened--the declining trend was reversed, and housing starts have been climbing ever since. Total starts actually reached over 1.46 million units in 1970. Just this week the seasonally adjusted rate for March was announced at nearly 1.92 million units, indicating that our minimum goal of 1.75 million housing starts for 1971 is well within reach.

All this didn't happen by accident. A combination of diverse efforts made a great impact on the situation--

- more -

efforts by the Administration and the Congress, plus the independently determined policies of the Federal Reserve, the Federal National Mortgage Association and the Federal Home Loan Banks.

In our own Department, the Government National Mortgage Association's guarantees of mortgage-backed securities have helped secure $2.5 billion of new financing for housing just since the introduction of that program some 14 months ago. Another $1.8 billion in applications and commitments for guarantees are presently pending, bringing the total program activity so far to $4.3 billion. That's enough financing for 225,000 units of new construction. And over a third of the total sales of these securities have been to new sources of financing for housing -- such as private trusts and foundations, pension funds, and credit unions. This is just a part of the massive Federal support of the mortgage market that has helped make money so much more readily available today.

Nearly one-third of the total 1970 housing starts came in the form of federally subsidized housing. The total of 470,000 units of subsidized housing for low and

moderate-income families more than doubled the all-time record set the previous year. Since this Administration took office, production of subsidized housing has totaled nearly 800,000 units, more than the entire amount produced during the previous decade. Now those are significant contributions that have made a real difference.

In fact, you'll be interested to know that we are now ready to begin FHA insuring of mortgages financing seasonal homes. That authority was actually given under the Housing Act of 1968, and now, because of the availability of mortgage money in adequate amounts, we can finally bring it to life. This program will make it possible for more people to build vacation homes, since designing for year-round occupancy is not required.

It's clear we've made great progress during the past two years in stimulating the production of housing. But it's also clear that a significant housing problem still confronts us in 1971. That problem is the problem of cost.

In 1965 the cost of an average FHA-insured home, including land, was about $16,825. As a result of the

tremendous inflation that occurred in subsequent years, a new house of the same size on the same size lot would have cost almost $25,000 last year. Add in the cost of financing, plus the cost of taxes, insurance, maintenance and utilities, and you find that the total monthly housing expense on such a house went up from $148 a month in 1965 to $272 in 1970--an increase of 84 percent in just five years!

Meanwhile, median family monthly income was rising only 46 percent--from about $7,000 a year to a little more than $10,000. This means that in those five inflationary years a large number of potential home buyers were priced right out of the housing market because of exorbitant housing costs. This is serious business.

An exorbitant rise in the cost of money was the largest single factor affecting the cost of housing. That 1965 home was purchased at the low FHA interest rate of 5.25 percent, a rate which by 1970 had increased to 8.5 percent. Reducing the rate to 7 percent just within the past few months equals a monthly savings of $24 in carrying costs. That's one area where we've made some real headway in cost-cutting for the home buyer.

In 1965 land for an average FHA house cost about $3,400, or about 20 percent of the total cost of the house. To buy a similar quarter acre-size lot in 1970 would have cost more than $6,100, or about 25 percent of the total cost of last year's average new house. That's a land cost increase of 77 percent in five years! And remember, that occurred while median family incomes were rising only 46 percent.

I am deeply concerned about this difficult problem of rapidly rising land costs. We have begun to attack it in a limited way. The orderly community development envisioned in our New Communities Program, in the Urban Growth and New Community Development Legislation enacted last year, and in the President's Environmental Message submitted this year should all be of some help.

But I am convinced that more fundamental solutions must still be developed. As you know, there are a number of proposals for wholesale reform of our property tax system, for taxation of capital gains from land specualtion, for the large-scale sale of Federal government lands, and for creation of large public land banks. All these proposals

are designed to promote the transfer of unimproved land into productive community use at reasonable cost. I believe we must begin analyzing and investigating these possibilities more thoroughly.

The cost of construction labor is an area where national concern is already being translated into action. The cost of construction labor has risen at a clearly exorbitant pace in recent years, with average hourly earnings of construction workers up 41 percent between 1965 and 1970. That compares with a 29 percent increase in manufacturing wages and a 31 percent average increase for other private nonfarm workers.

You are well acquainted with the President's recent action in suspending the Davis-Bacon Act, and his subsequent Executive Order providing for the stabilization of wages and prices in the construction industry. In signing that order to meet the immediate problem of high wage and price rise, the President said:

"Unless this trend is countered disaster lies ahead...Continued excesses can lead only to less building, to continued unemployment, and to further distortions in the practices of the industry and in the economy of the Nation.

...

I am therefore today reinstating the Davis-Bacon Act...and I am substituting a system of constraints to which I expect all parties will subscribe.

...

A full solution to this problem will come only through patient, persistent efforts to change fundamental conditions. Meanwhile, however, the action I have taken today will provide a framework within which management, labor, and Government can work together in limiting the dangerous consequences of continued wage and price inflation in the construction industry. All Americans have a stake in its success."

Without such measures, and without cooperation of industry, the cost of a typical new home could well rise by more than $2,500 over the next three years just to keep pace with added labor costs. That alone would nearly wipe out any savings on monthly payments resulting from the reduced FHA interest ceiling.

We are just getting into the process of implementing the President's Executive Order, so it is too early to tell just how successful it will be. It is perfectly clear, however, that success fully depends on cooperation of both the unions and the contractors. Some decisions are already being made with respect to union wage agreements, and so far the unions have cooperated. One of the keys to their continued cooperation, however, is whether the contractors will act to pass on any saving in labor cost in the form of a reduction in the price of the construction project. The President designated me to appoint a committee to develop criteria for determining acceptable prices in construction contracts, and we are working on these criteria now.

I am sure everyone wishes that the problems in the construction industry could have been solved without issuance of the Executive Order. But those problems reflect serious structural imbalances that can be corrected only through concerted action over a period of time.

The fragmentation of contractors has long given unions far more strength than management at the bargaining table. They have been able to use this strength, with the full sanction of Federal statutes, to establish exclusive hiring halls, which effectively limit the entrance of new workers including members of minority groups into the construction crafts, and to insist on work preservation practices that limit the introduction of new products and technology. And the substantial wage gains won by the unions have been quickly spread through all Federal and federally assisted construction projects by virtue of the Davis-Bacon provisions. Only as these basic problems are resolved can we expect to see a truly reasonable pattern of costs in the construction industry without the discipline of something like the President's Executive Order.

Other elements in total housing cost--notably taxes, insurance, maintenance and utility costs--also bear watching, but are more difficult to control. All of these factors have gone up rapidly. Local property taxes are the biggest burden--up 85 percent on the average from 1965 to 1970. Even this amount of increase, as

you well know, has left most of our cities increasingly short of needed financial resources. The sooner Congress enacts the relief intended for the cities under the Administration's various revenue sharing proposals, the sooner we will see some abatement of the pressure for still further increases in property taxes.

Increase in the index of overall construction materials over the five-year period was not so dramatic--only around 20 percent. But two industries--lumber and steel--have presented special problems.

Last week's inflation alert highlighted Administration concern over recent lumber price increases. The Task Force on Softwood Lumber and Plywood of the Cabinet Committee on Economic Policy is now reviewing the current outlook for lumber supply and demand, but is not yet ready with remedies. One important consideration is the need for increased effective management of our national forests that will be consistent with environmental quality.

Problems in the steel industry are also under review. The steelworkers have already won a large

wage increase in their recent settlement with the can industry and clearly hope to match it in their negotiations with the basic metals industries this summer. In addition to the basic problems such a wage increase would cause for steel's competitive position in world markets, there would be some fairly immediate effect on costs for many multi-family housing projects.

Obviously there are no simple solutions to the cost problem in housing, but we at HUD are pressing hard to find the most effective ways possible to bring down housing costs across the board. Let me indicate just some of the things we have been doing.

As you know, our Operation BREAKTHROUGH concentrates on matters of housing cost as well as on other ways to stimulate volume housing production.

Industrialized housing has a major role to play in meeting the challenge of volume housing production, but its immense potential has hardly been tapped. Many of the 22 selected BREAKTHROUGH housing systems will be entering

volume production this year, with the balance following in 1972. BREAKTHROUGH activity will probably add only 10,000 to 15,000 industrial housing starts to the total for 1971. But there should be a substantial increase next year, and that trend should grow fast enough that by mid-decade industrialized housing will capture a substantial proportion of the expanded housing market. I know that you, of all people, recognize the overall cost savings that will result when real volume production is achieved.

BREAKTHROUGH is making a significant impact on the modernization and broadening of the housing industry. Initial industry response was dramatic, with 235 firms entering the competition for selection of the BREAKTHROUGH housing system producers. Although only 22 of those firms were selected, many of the others have since entered production.

And about one-third of those selected were large industrial firms that were relative newcomers to industrialized housing production.

One principal constraint to volume production is now easing, through state building code legislation spurred on by Operation BREAKTHROUGH. You're only too familiar with the frustrations that arise because of variant codes. Already since BREAKTHROUGH was announced, twelve states have enacted legislation certifying industrialized housing systems, with similar bills under active consideration in 14 more states. Such laws will permit the industrialized housing producer to obtain a statewide clearance on the housing system and its quality control, guaranteeing acceptance by all building code jurisdictions within the state.

BREAKTHROUGH's efforts in the area of labor cooperation have also borne significant fruit. The Tri-Trades -- carpenters, electrical workers and plumbers -- have signed agreements with 25 industrialized housing producers and are negotiating with 75 others to provide for the payment of factory rate wages on units made by trade union labor. Since only 25 percent of today's housing construction is built with organized labor, it is clearly in the interest of unions

to organize housing factories and thereby capture a greater proportion of housing construction starts.

The Department I head, along with other Federal agencies, recently challenged excessive freight rate increases covering shipment of modular housing and mobile homes. This resulted in a rollback in charges to March 1969, measurably reducing transportation costs for industrialized housing. In addition, I have invited the presidents of all major railroads to meet with BREAKTHROUGH officials and participants on April 29 to focus on critical transportation problems and seek long-term solutions.

BREAKTHROUGH has stimulated many innovations not covered by existing codes and standards. HUD cooperation with the National Bureau of Standards has resulted in the development of performance criteria for the testing and evaluating of BREAKTHROUGH prototype housing units. The new criteria in effect become "a manual of good practice" from which new materials and techniques can be realistically evaluated on a performance basis and the revision of prescriptive building codes may be more easily accomplished.

The traditional bad name of "prefabricated housing" is changing, because BREAKTHROUGH is helping to bring it into the family. Industrialized housing is for all types of people and includes everything from single-family to highrise. It is housing for all price ranges, from luxury apartments to public housing -- all types are being constructed by the same systems today.

Our Department is also working on other aspects of housing costs. We want to help preserve existing housing as well as stimulate new construction. Believe it or not, one of the biggest problems we face in this area is the actual abandonment of buildings by their owners. In places such as New York City the figures are staggering -- 30,000 to 50,000 abandoned units a year! We are putting a substantial chunk of our research dollars to work in an effort to discover the early warning signals of abandonment, the steps needed to arrest it in its earliest stages, and the most promising ways to prevent it altogether.

But we're not content with merely researching the problem of deterioration and abandonment. Our "Project

Rehab" is an ongoing program aimed at halting the deterioration of our existing housing stock. As a result of a successful experiment in organizational structure, we are now expanding and restructuring our entire "Project Rehab" office to give us the capability of producing large-scale housing rehabilitation all across the country.

Studies in connection with "Project Rehab" have also revealed something many of us have long believed--that technical problems, important and difficult as they may be, are not the most serious problems in rehabilitating slum buildings. The more serious problems are the "people" problems-- including working with the local communities, finding, training, and developing local minority contractors and tradesmen, relocation, and housing management.

We are concerned that lack of good management has also played a large part in increased housing costs. Therefore, our Department is planning a major expansion of work in public housing management in the future. The new organization of our Department frees one Assistant Secretary

to devote full-time attention to housing management. And we want to give new and clearer leadership to the local authorities who manage public housing.

For example, we are looking at ways to lean away from the traditional local organization of centralized authority and responsibility including operation, and toward assigning decision responsibility to lower levels of management. Good management in multi-family housing is often associated with the extent to which this is done.

The lessons of these and similar experiences will receive increased attention in the future and can have a profound effect on overall housing cost. Right here in Washington, D.C., we already have demonstrated through the cooperation of a management consulting firm that turning the responsibility of management over to the tenants has been extremely successful. The management consultant provides the tenant group with the necessary professional expertise to guide its actions. But the actual day-to-day management--the decision-making process--has been left to the tenants themselves. The result has been fantastic. The two

public housing facilities involved in this test have never operated as smoothly or been maintained as well.

Surely it is evident that housing cost still requires our careful attention. We must continue to focus on it if we are finally to meet the challenge of providing an adequate home and a suitable living environment for every American family.

We may not be able to arrest inflation completely. But we can close that ever-widening gap between the cost of a house and what the home buyer can afford to pay. Too many would-be home buyers are still home renters. Too many have shrugged their shoulders in despair for too long.

A broad attack on cost reduction is our main hope to help these forgotten citizens fulfill their great American dream. As long as I'm in this position, I intend to do all I can to make those dreams come true.

I hope all of you, with your broad influence through the newspapers you represent, will join with me in this effort.

Thank you very much.

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

HUD-No. 71-179
Phone (202) 755-7174

FOR RELEASE:
Friday
April 23, 1971

INDUSTRY COOPERATION SOUGHT IN NEW CRIME INSURANCE PROGRAM

Federal Insurance Administrator George K. Bernstein has written to the head of every licensed property and casualty insurance company in the United States to seek industry assistance in carrying out the new Federal crime insurance law.

Under the law, enacted last December, the Federal Insurance Administration of the U.S. Department of Housing and Urban Development is authorized to use the services and facilities of the private insurance industry to make crime insurance available where there is a critical problem of availability which has not been met through appropriate State action.

The Federal Insurance Administration is presently exploring through consultations with private insurance industry representatives alternative methods for carrying out the crime insurance program with industry cooperation. Among the alternatives being considered are the establishment of one or more industry pools or the employment of individual companies to provide fiscal agency services in one or more States.

In his letter, Mr. Bernstein asked whether the company would be interested in entering into "any contractual arrangement with the Federal Insurance Administration for the performance of services in connection with the crime insurance program."

"It is not possible at this time," he added, "to provide specific information and guidance about the extent of services to be performed or the methods of reimbursement. However, it would be most useful if you would indicate whether you would be interested in pursuing this matter and receiving additional detailed information about the program as it becomes available."

Mr. Bernstein reminded the addressees that Federal law requires that crime insurance be made available on and after August 1, 1971, in those States which have not "taken appropriate action." His office is preparing necessary policy forms and rates in anticipation of the August 1 date.

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HUD-No. 71-198
Phone No. (202) 755-7174

FOR RELEASE:
Saturday
April 24, 1971

FHA TO INSURE MORTGAGES ON VACATION HOMES

Secretary George Romney of the U.S. Department of Housing and Urban Development announced Friday evening that the Federal Housing Administration will shortly be authorized to begin insuring mortgages financing seasonal homes.

Under the Housing Act of 1968, HUD had been given the authority, but had never exercised it because of the shortage of housing credit at the time of its enactment and since then.

"Now," said Secretary Romney, "with the availability of mortgage money in adequate amounts, we can bring this provision of the law to life and add further to the rise in residential construction."

"Proper use of this authority," he said, "will put more people to work and make a sizable contribution to the communities in which these homes are built."

Eugene A. Gulledge, Assistant Secretary for Housing Production and Mortgage Credit-FHA Commissioner, under whose jurisdiction the program will be administered, points out that seasonal homes need not be designed for year-round occupancy.

"They will be located," he said, "in areas where it is not practicable to obtain conformity with many of the requirements essential to the insuring of mortgages on housing in built-up areas. However, to qualify these homes, it will be necessary to determine that the area has economic potential and that the proposed homes will help develop it."

"This program," Mr. Gulledge said, "should be especially attractive to people who want to build vacation homes."

The amount of a mortgage insured under this program cannot exceed $18,000 and 75 percent of the appraised value of the property.

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The new program is being activitated under Section 203(m) of the National Housing Act. This section, added in 1968, further provides that the Secretary may suspend the issuance of commitments under it whenever he determines that (1) there is a serious and unusual shortage of mortgage money for residential housing in the area; (2) that insuring the seasonal housing mortgages would materially and adversely affect the availability of mortgage funds for residential construction in the area; and (3) the suspension would not have an adverse economic impact upon the balanced economic development of the area.

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WASHINGTON D.C. 20410

HUD No. 71-196
Phone (202) 755-7174

FOR RELEASE
Monday,
April 26, 1971

FOUR PRODUCERS START HOUSING UNITS FOR OPERATION BREAKTHROUGH SITES

Four housing system producers have begun producing housing units in their factories for Operation BREAKTHROUGH sites, the U. S. Department of Housing and Urban Development announced today.

The four are among 12 which have signed contracts to date with their respective site developers to produce prototype housing and erect it on the BREAKTHROUGH prototype sites. The other eight will be given "notices to proceed" from their developers in the near future, when they have completed required preliminary tasks.

In all, 22 housing producers are involved in a total of 43 construction contracts with site developers, all of which must be approved by HUD. The agreements signed by the 12 producers account for 25 of the 43 contracts.

Harold B. Finger, HUD Assistant Secretary for Research and Technology, said "substantial agreement" had been reached between all but two of the remaining 10 housing producers and their site developers.

These contracts are expected to be signed shortly, he added, so that construction should be in full swing on all sites by mid-summer, with most of the homes ready for occupancy early in 1972. Site development work has been proceeding on all sites since late in 1970.

Introduced by HUD Secretary George Romney in May of 1969, Operation BREAKTHROUGH is HUD's major research, development and demonstration effort to improve every phase of planning, production and delivery of volume housing. Its Director is Alfred A. Perry, in the Office of the Assistant Secretary for Research and Technology.

The four which have been given the go ahead to proceed with factory production, and the BREAKTHROUGH sites on which they will erect their housing, are:

General Electric Co. of Philadelphia, producing units for Memphis, Tenn. The company uses a factory-produced panel and sub-assembly system, primarily directed to single family attached and detached housing, and multi-family low-rise dwellings.

Hercules, Inc., of Wilmington, Del., producing units for Kalamazoo, Mich., and Macon, Ga. Hercules proposes factory fabricated wood framed volumetric modules for single family attached and detached housing, and low-rise dwelling units.

Home Building Corp., of Sedalia, Mo., producing units for St. Louis, Mo. Its system uses factory-built modular units, 12 feet wide for highway transportation, with a field installed transition section which becomes the central hallway for a single family residence.

Levitt Technology Corp., of Lake Success, New York, producing units for Kalamazoo. This firm proposes a factory-produced, volumetric module housing system flexible enough to adapt to townhouses and low-rise apartments.

The other eight with contracts signed are:

Christiana Western Structures, of Los Angeles, Calif., producing units for Macon and Sacramento, Calif. This system uses shop-fabricated wood frame panels for walls, partitions, carports and garages appropriate for single family detached and attached dwellings as well as multi-family low-rise structures.

Material Systems Corp. of Valley Center, Calif., producing units for Kalamazoo, Macon, Sacramento, St. Louis, Indianapolis, Ind., and King County, Wash. This corporation uses a construction system based on the technology of composite fiberglass-plastic materials developed through aerospace research. It will incorporate a variety of building types, including town houses, single family homes and garden apartments.

Rouse-Wates, Inc., of Columbia, Md., producing units for St. Louis. This firm uses an on-site factory-produced, pre-cast concrete panel system to create low or high rise buildings.

Townland Marketing & Development Corp. of Cherry Hill, N. J., producing units for Jersey City, N. J., and Seattle, Wash. It incorporates two sub-systems, the main pre-cast concrete structural frame and the light weight prefabricated housing and modular mechanical core units, permitting it to serve a variety of residential, commercial and institutional needs.

Scholz Homes, Inc., of Toledo, Ohio, producing units for Indianapolis, and Kalamazoo. This firm uses a factory built sectional housing system for on site assembly and adaptable to single family or garden type multi-family living units.

Shelley Enterprises, of Puerto Rico, producing units for Jersey City. This system is based on pre-cast concrete building modules erected in a checkerboard pattern and adaptable for high and low-rise apartment buildings and townhouses.

National Homes Corp., of Lafayette, Ind., producing units for Indianapolis. This corporation will use a 14-foot wide factory-produced volumetric module system primarily directed to townhouses, garden apartments and low, medium and high-rise buildings.

FCE-Dillon, Inc., of Akron, Ohio, producing units for Sacramento, Indianapolis and Kalamazoo. This system will use load bearing hollow core concrete walls and pre-cast slabs tied together during construction. In addition, prefabricated sub-systems are utilized for rapid on site construction of medium and high-rise buildings.

All sites will contain a variety of housing types and price levels. Building materials include concrete, wood, metal and plastic.

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

FILE

FOR RELEASE:
Monday
April 26, 1971

COPY

BALTIMORE, MD., GETS RENEWAL OF MODEL CITIES CONTRACT

Secretary George Romney of the U.S. Department of Housing and Urban Development today announced the offer of a $10,554,000 Model Cities contract to Baltimore, Md.

Baltimore will receive support from other programs administered by HUD, by the Department of Health, Education and Welfare and the Office of Economic Opportunity.

Today's action by Secretary Romney will enable Baltimore to begin the second year action phase of its comprehensive five-year Model Cities program. Local and private resources will also be used by the city in a concentrated, coordinated attack on the serious social, physical, and economic problems within the Model Cities area.

In addition to 31 continuing projects, four others have been added to the overall Baltimore plan, including two manpower projects to improve employment opportunities and training for residents, a half-way house for alcoholics, and mobile units to provide eye examinations.

Baltimore was selected to participate in the Model Cities program in November 1967, and subsequently received a $204,000 grant to develop a comprehensive plan for an area of about 94,000 people in the heart of the inner city. In June 1969, after approval of its comprehensive plan, Baltimore received a $10,554,000 grant for the first year action phase of its overall plan.

For further information:

William G. Sykes, Director
Model Cities Agency
City Hall
Baltimore, Md. 21202

Mayor Thomas J. D'Alesandro III
City Hall
Baltimore, Md. 21202

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HUD No. 69-1026
Phone (202) 755-7327

FILE

FOR RELEASE:
Wednesday
December 31, 1969

COPY

HUD MODEL CITIES CONTRACT OFFERED TO PITTSBURGH, PA.

Secretary George Romney of the U. S. Department of Housing and Urban Development today announced the offer of a $6,108,000 Model Cities contract to Pittsburgh, Pa.

Pittsburgh will also receive support from other programs administered by HUD and by Department of Health, Education and Welfare, Department of Transportation and Department of Commerce.

Today's action by Secretary Romney will enable the city to begin the first-year action phase under its comprehensive five-year Model Cities program. State, county and local public and private resources will also be used by the city in its concentrated, coordinated attack on the serious social, economic and physical problems within the Model Cities area.

Secretary Romney, Chairman of the President's Cabinet Committee on Voluntary Action, noted the extensive private and public involvement in the Pittsburgh program.

During the planning phase, numerous local agencies and organizations were involved. Two private non-profit organizations, the Allegheny Conference of Community Development and the Business and Job Development Corporation, assisted development of the manpower and economic development projects. ACTION Housing, Inc. contributed to plans for the housing component.

Approximately $160,000 was made available by the State to strengthen planning. The Health and Welfare Association worked with Presbyterian University Hospital, Mercy hospital and Montefiore Hospital to develop the health and social services projects. The Port Authority of Allegheny County participated in the formulation of the transportation components.

First year projects will be sponsored, administered and operated by numerous voluntary and private organizations and agencies.

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The University of Pittsburgh will provide teacher training scholarships to 17 minority women over 30 years of age. In addition, the university will operate a curriculum development and educational personnel training center.

Transition Service, Inc. will provide necessary services and living facilities for former mental patients. Freedom House Enterprises, Inc. will provide an ambulance service and ambulance attendant training programs for model neighborhood residents.

A comprehensive health care center, a comprehensive dental service and a primary care station project will be operated, respectively, by Presbyterian University, Montefiore and Mercy Hospitals.

ACTION Housing, Inc. will administer a Housing Rehabilitation Fund. The Port Authority of Allegheny County will assist in the operation of a mini bus and reduced fare program.

Commenting on the decision of offer a contract, Secretary Romney explained that this was done after a careful review of the city's comprehensive plan. The plan was thoroughly studied and analyzed by both the Regional and Washington Inter-agency Review Committees representing those Federal departments and agencies with urban aid programs.

"During the review period, Pittsburgh did an excellent job in revising its proposals and improving its capability to operate in the first-year action program," he said.

A total of 150 communities in 45 States, the District of Columbia and Puerto Rico are participating in the Model Cities program. The first applications for planning grants were approved in November 1967.

For further information: Mayor Peter F. Flaherty
City Hall
Pittsburgh, Pa.

Carl Payne, Arthur Burt
Model Cities Co-Directors
200 Ross Street
Pittsburgh, Pa. 15219

NOTE: A summary of the Pittsburgh Model Cities program is available upon request to the Office of Public Affairs, HUD, Washington, D. C. 20410

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WASHINGTON D.C. 20410

HUD-No. 71-207
Phone (202) 755-7174

FOR RELEASE:
Wednesday
April 28, 1971

SPEEDY GRANT APPROVAL PLEDGED FOR "LEGACY OF PARKS" PROGRAM

A government expert on open space and recreation projects has promised speedy action on community requests for funds under President Nixon's proposed "Legacy of Parks" program.

Dwight F. Rettie of the U.S. Department of Housing and Urban Development, said at Pennsylvania State University last night that if Congress makes the funds available, HUD will accept "letters of intent" even prior to applications for matching funds, and give quick assurance to communities that their money "is in the bank." This, he said, will enable local officials to start planning at once, knowing that they will have the money to carry out their plans.

Mr. Rettie, Director of HUD's Open Space and Urban Beautification Division, said the "Legacy of Parks" program represents the "fulfillment of a hope that has been expressed for at least three decades...to recognize the importance of park and recreation and leisure activities in the lives of all our people.

"....The program has the potential for making a difference in the quality of life for every American city....It can bring to our cities a park, a playground, a swimming pool, an environmental educational area, or a historic treasure...within walking distance of every family."

Addressing the annual convention of the Pennsylvania Recreation and Park Society, Mr. Rettie said the $480 million requested for park and recreation grants for the next fiscal year offered great challenges to communities and local agencies, and was not going to make "life easier" for local officials.

"Federal money must be matched by local funds, and with the added resources we can have fewer reasons, or excuses, for failing to deliver on the opportunities to overcome the great shortage of recreation and open space facilities, especially for many central city residents who have none at all at present," he said.

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He cited the three classes of priorities to obtain grants under the program: (1) requests to develop open space where existing public space is less than 2.5 acres per thousand population; (2) requests to provide open space opportunities to low- or moderate-income housing developments involving 50 or more housing units either existing or planned for construction; and (3) requests from a State or county to build recreational facilities on sites accessible to central cities in the already-developed, or developing part of a Standard Metropolitan Statistical Area (SMSA), where access may be by public transportation or by some special transit program.

Mr. Rettie said one of the features of the program was the increased degree to which it will link park and recreation planning with the process for planning growth and development for a community as a whole. He pointed out that under HUD's new Office of Community Development, Urban Renewal, Model Cities, Open Space, and Water and Sewer facilities programs are brought together under a single organization offering great opportunities for making all community development programs work together better.

"Leisure is the time during which a person who otherwise leads a humdrum, routine existence can re-create a sense of personal identity. The qualities we seek are not mere frills. They are not luxuries beyond our capabilities as a Nation. They are qualities that can enrich the lives of every citizen," he concluded.

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WASHINGTON D.C. 20410

HUD-No. 71-204
Phone (202) 755-7174

FOR RELEASE:
Friday
April 30, 1971

NAVAJO COMMUNITY COLLEGE GETS HUD AID

Two year old Navajo Community College, the Nation's first Indian controlled and operated college, has received $2.5 million from the U.S. Department of Housing and Urban Development to build housing and dining facilities.

The new facilities will be among the first built on the college's new 1200-acre Tsailee, Arizona campus, which was dedicated this month.

HUD's assistance consists of two low-interest loans, one for $530,000 for a new dining hall and another for $2 million for a dormitory.

HUD's College Housing Loan Program gives priority to institutions enrolling high percentages of students from low-income families. The low interest rate loans enable colleges to provide facilities at a much lower charge to students than would be possible with unsubsidized private financing.

Navajo Community College, 120 miles northwest of Gallup, N.M., is the first college established on an Indian reservation. It opened in January 1969 with 252 students. Last February it reported an enrollment of 351 on-campus students and about 200 enrolled in off-campus adult education courses. They represent about 12 different tribes whose family incomes average about $740 a year.

Practically every Navajo Community College student receives financial aid of one kind or another. Many are on full scholarships while others hold part-time jobs under the College Work Study Program.

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Navajo Community College is run by the Navajo Board of Regents. It is chartered by the Navajo Tribal Council from which it receives a substantial amount of its financial support for construction and operation.

Currently unaccredited, the college has correspondence status granted by the North Central Accrediting Association.

The school offers a broad program of studies to serve both the reservation and the surrounding community.

A pre-college program is offered for students without high school diplomas. A vocational education program prepares students for jobs in a number of skilled professions, including auto mechanics, welding, and secretarial work.

About a half of the students are enrolled in the Associate of Arts Degree Program which offers a regular college curriculum recognized by accredited institutions throughout the State.

Ties to the community are maintained by the Navajo Studies Program, which attracts students from the surrounding community as well as the campus to courses in contemporary Indian affairs, Navajo history, language, crafts, weaving, silversmithing and a number of programs designed to increase pride and stimulate interest in the heritage of the Navajos and other tribes.

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WASHINGTON D.C. 20410

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Chief, Program Information Center, OGS
Room 1202

HUD-No. 71-211
Phone (202) 755-7174

FOR RELEASE:
Saturday
May 1, 1971

LAW INCREASING AID TO DISPLACED PERSONS LAUDED BY HUD OFFICIAL

A recently enacted law providing for substantial increases in benefits to families, individuals, and businesses displaced by federally-assisted programs will help solve many of the Nation's more flagrant relocation problems, according to a ranking official of the U.S. Department of Housing and Urban Development.

General Assistant Secretary Samuel C. Jackson reviewed the act and its problem-solving potential in an address today to the Annual Life Membership Awards Dinner of the West Virginia chapter of the National Association for the Advancement of Colored People in Montgomery, W. Va.

"For a long time," Mr. Jackson said,"we solved problems by literally creating new problems. All too often, highway construction programs, flood control projects (dams), and renewal programs were authorized with inadequate consideration given to upgrading the quality of the housing and business opportunities of those displaced."

The HUD official indicated that the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 included meaningful provisions for solving many of the very real problems generated by various Federal construction programs.

He explained that heretofore, displaced persons were confronted with a multiplicity of payment levels, requirements and procedures, depending upon which Government agency was involved. This bureaucratic red tape has been largely resolved by the new Act which mandates uniform standards applicable to all Federal agencies.

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He noted with approval that the Act requires assurances from State agencies that relocation payments and relocation assistance programs will be provided and replacement dwellings will be available for displaced persons as a condition of Federal financial assistance in all cases where projects will result in the displacement of persons or businesses.

"I am particularly pleased with a section of the law," Mr. Jackson said, "which provides that no person shall be required to move from his home because of a Federal project unless the agency head is satisfied that replacement housing is available." He noted that the Act actually authorizes Federal construction of replacement housing as "a last resort" when no other means are available.

The Assistant Secretary pointed out that the law increases from $5,000 to a ceiling of $15,000 the replacement housing payment to home owners to enable them to acquire and relocate in comparable dwellings. The law also contains provisions for liberalized payments for moving expenses; replacement housing for tenants and special provisions which encourage tenants to use a portion of their payments to become homeowners.

"I am encouraged by the passage of this Act," he said. "It will not solve all of the problems incident to relocation, but it does recognize that individuals and families cannot be treated callously or capriciously even in the interest of technological improvement."

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

FILE COPY

HUD-No. 71-222
Phone (202) 755-7174

FOR RELEASE:
Thursday
May 6, 1971

$341,876,000 IN NOTES SOLD TO FINANCE RENEWAL PROJECTS

The U.S. Department of Housing and Urban Development today announced the sale on May 4 of 132 issues of urban renewal project notes totaling $341,876,000 by 120 local issuing agencies.

The notes were sold at an average interest rate of 3.1393 percent. The average interest rate for the $390,250,000 in project notes sold on April 13 of this year was 2.5686 percent.

Maturities of the 132 issues sold May 4 ranged up to 13 months with six-month notes accounting for 28.7 percent of the total amount sold and one-year notes accounting for 42.7 percent. Average maturity for the notes, to be dated June 1, 1971, was 8.2 months.

Notes in the current sale were awarded to the following 44 purchasers:

Bank of America, N.T. & S.A., and Bankers Trust Company, jointly	$121,971,000
Morgan Guaranty Trust Company of New York and Salomon Brothers, jointly	75,963,000
United California Bank	16,300,000
Wells Fargo Bank and Crocker-Citizens National Bank, jointly	15,920,000
Chemical Bank and John Nuveen & Company, Inc., jointly	15,015,000
Pittsburgh National Bank	10,990,000
First National City Bank, Continental Illinois National Bank & Trust Company of Chicago, The First Boston Corporation, Mellon National Bank & Trust Company, and Goldman, Sachs & Company, jointly	9,505,000
First National Bank in Dallas	7,915,000
Discount Corporation of New York	6,792,000
The Detroit Bank and Trust Company	5,753,000
National Bank of Detroit	5,741,000
The Chase Manhattan Bank, N.A.	5,100,000
Southeast First Bank of Jacksonville (Fla.)	5,000,000
The Citizens and Southern National Bank	3,410,000
North Carolina National Bank	3,285,000

- more -

Wachovia Bank and Trust Company, N.A. (Winston-Salem, N.C.)	$ 2,700,000
National Bank of North America	2,570,000
Long Island Trust Company (Garden City, N.Y.)	2,500,000
Deposit Guaranty National Bank (Jackson, Miss.) and Merchants & Farmers Bank (Kosciusko, Miss.), jointly	2,430,000
Texas Commerce Bank, N.A.	2,000,000
Northwestern National Bank of Minneapolis, First National Bank of Minneapolis, Northwestern National Bank of St. Paul, and American City Bank & Trust Company (Milwaukee, Wis.), jointly	1,836,000
The Lubbock National Bank (Texas)	1,730,000
South Carolina National Bank (Columbia)	1,550,000
Empire National Bank (Newburgh, N.Y.)	1,455,000
The First National Bank (Marietta, Ga.)	1,435,000
Wachovia Bank & Trust Company, N.A., and The Northwestern Bank (High Point, N.C.), jointly	1,400,000
First National Bank of Middletown (Ohio)	1,312,000
Union Bank (Los Angeles)	1,195,000
First Bank and Trust Company of South Bend (Ind.)	1,120,000
The Connecticut Bank and Trust Company	1,070,000
Arlington Trust Company (Lawrence, Mass.)	980,000
The Schenectady Trust Company (N.Y.)	975,000
Peoples National Bank of Washington (Seattle)	605,000
First National Bank (Fayetteville, Ark.)	530,000
Peoples Bank (Trenton, Mich.)	528,000
The Bank of Virginia	500,000
First Wisconsin National Bank of Milwaukee	500,000
Manufacturers and Traders Trust Company	440,000
Keystone Bank (Lower Burrell, Penna.)	440,000
Pacific Security Bank (Reedsport, Ore.) and The Pacific National Bank of Tacoma (Wash.)., jointly	340,000
City Trust Company (Bridgeport, Conn.)	329,000
The Pennsylvania Bank and Trust Company (Titusville)	275,000
Industrial National Bank of Rhode Island (Providence)	254,000
Merchants National Bank of Bangor (Me.)	217,000

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

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FOR RELEASE:
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May 7, 1971

NEW PROGRAM SEEN REDUCING CRIME, VANDALISM IN PARKS

"The proposed "Legacy of Parks" program can help reduce the incidence of crime and vandalism in our parks, and help in the national effort to solve the crises of environment and human identity," a government official said today.

Dwight F. Rettie of the U.S. Department of Housing and Urban Development said "the program proposed by President Nixon, if it is used effectively by the Nation's cities and towns, will go a long way toward eliminating widespread dissatisfaction with public services and public programs as well."

Mr. Rettie, Director of HUD's Open Space and Beautification Division, said bringing parks and better recreational facilities to the public touched some of the basic causes of unrest and discouragement. Among the dissatisfactions, he pointed out, were those with governmental processes; with gaps between government promise and performance; with inadequacy of public facilities; with distorted priorities; with public agencies that 'don't care,' and with inadequate, understaffed, underfinanced, or poorly managed parks and recreation systems that do not meet the needs of the public.

Speaking in Seattle, Wash. at a workshop on "Citizen Safety in Parks and Recreation," Mr. Rettie said there were many misconceptions about crime in public parks. Despite what people think, he asserted, "major crimes against people are relatively rare in most parks."

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However, property crimes, specifically vandalism, are very serious problems in many parks. He attributed this to the apparent failure of park and recreation programs to meet adequately the needs of people served by the facilities.

The problems of parks are many and changing, he said. Some parks are places of political protest; some are said to be hangouts for dope addicts and pushers; some parks, originally designed for youngsters no longer are adequate for the teen-agers now living in the area; some parks no longer have the capacity to serve the population which is now using them..

He said there is marked need for greater understanding of parks, the people who use them, public attitudes, and their high priority to achieve improvement in the quality of life for people.

"If we are to overcome the environmental crisis in our cities, we must adopt a national environmental ethic, comparable to that we have had for the preservation of land resources such as forests," he said. "We are lacking a fundamental national commitment to treat our man-made cities as 'renewable resources' in which a continuing flow of investments and change must occur.

"Second, we must face the great problem of whether individuals can find themselves and a sense of meaning and purpose in a world that is becoming more and more linked to highly automated systems of command and response, and to increasingly remote and impersonal units of public and private enterprise.

"Automation, large scale production of gigantic subdivisions of look-alike housing, automatic and crowded 'everything' all are leaving man less of a 'hook' on which to hang his personal identity.

"Leisure is the time during which a man or a woman who works on an assembly line can re-create a sense of personal identity, and park and recreation leaders have an unsurpassed opportunity to do something about this identity crisis, about enriching the drab lives of enormous numbers of our population. They have an unsurpassed opportunity to reduce some of the tensions that are shaking the entire structure of our society," he concluded.

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

Phone (202) 755-7174

FOR RELEASE:
After 12 Noon
Wednesday
May 12, 1971

THE ADMINISTRATION'S 1971 LEGISLATIVE PROGRAM

Remarks Prepared for Delivery

by David O. Maxwell

General Counsel

U.S. Department of Housing and Urban Development

at the

Conference on Housing and Urban Development Law

Practicing Law Institute

New York City, N.Y.

May 12, 1971

THE ADMINISTRATION'S 1971 LEGISLATIVE PROGRAM

I hope you will forgive me if I start by saying that I feel particularly fortunate in having the opportunity to serve as General Counsel of the Department of Housing and Urban Development at this particular time. No lawyer worth his salt could resist the excitement of grappling with the legal issues arising from our Department's missions.

Of course, it is undeniable that there are frequent frustrations in my line of work. But these are vastly outweighed by the opportunity to have some influence, however small it may sometimes seem, on the resolution of some of the most significant issues in American life.

I had little reason to suspect when I assumed my duties in November, 1970, that the range of questions with which I would become involved was far wider than the ordinary compass of housing and community development subjects. For I did not then know that the President was intending to propose to the Congress in 1971 programs which would not merely affect profoundly the role of my Department but would indeed reform and revitalize our very federal system itself.

The two major thrusts of the President's program are the sharing of federal revenues with States and localities and the reorganization of the federal branch. Revenue sharing in turn consists of two distinct approaches: general revenue sharing and special revenue sharing.

I come here today to discuss these proposals with you because they are of such transcendent importance to the proper functioning of our federal system that I believe it imperative for every citizen to inform himself thoroughly about them. In fact, I would urge each of you to go beyond the brief outline I have time to give you to explore these proposals in detail. It is my conviction, if you do so, that you will end by urging your colleagues and your Congressmen to work for their enactment.

Before considering revenue sharing, let us agree on one self-evident proposition. The scope of our Nation's major problems in education, housing, community development and other areas of domestic life may be national. The impact of those problems is local. And the responsibility for applying workable solutions to them is largely a local responsibility.

Yet we have seen for decades an erosion of the ability of local communities to cope with these problems and a corresponding increase in the authority of the central government. What has caused this trend? Well, I would venture a perhaps disputable historical argument that it started with the enactment of the federal income tax in the early years of this century. Ever since then, federal tax revenues have swelled with the multiplication of our gross national product. Meanwhile, the several States and their political subdivisions have tried to make ends meet with far less effective methods of taxation.

He who pays the piper calls the tune. That governmental entity which has the resources required to attack civic problems will be given the authority to try to solve them. And that entity which lacks these resources will surely atrophy and perhaps expire altogether.

Thus, we see many of our Nation's greatest cities now at death's door. Beset by the manifold trials of our rapidly changing urban, multi-racial society they are bereft of the means to save themselves. Let me cite a specific example of the horrendous quandary our cities are in, although I suspect that many of you are sadly familiar with many other illustrations.

Mayor Kenneth Gibson of Newark, testifying recently before the Joint Economic Committee of the Congress, stated that his city has an anticipated deficit of 43 percent of its operating budget despite one of the highest real estate tax rates in the Nation -- $844 on a house assessed at $10,000. Sixty percent of Newark's land area is tax-exempt and thus effectively beyond the reach of local revenue collection. The property subject to tax simply cannot support a city in which 11 percent of the people are unemployed and 30 percent are on welfare and which has the highest per capita rate of crime, venereal disease and infantile death in the Nation.

What has happened is that the expenditures of State and local governments have increased faster than their own tax revenues -- in the aggregate 15 percent faster during the last two decades. As a result, States and localities face an estimated revenue gap of $10 billion in 1971.

The President knows this situation. That is why he has advanced revenue sharing as a concrete way to halt the flow of resources and power from the States and localities to Washington and to start resources and power flowing back from Washington to the States and localities.

The President's proposal for general revenue sharing would annually provide to State and local governments, without strings attached, financial assistance in an amount equal to 1.3 percent of the federal individual income tax base. The amount provided would increase with the future growth of the economy.

If Congress enacts the general revenue sharing bill this year, the amount distributed would be about $5 billion. And I want to emphasize that this would be all new money. It is not intended as a substitute for any other federal assistance to States and localities.

The second important point to remember is that these general revenue sharing funds would be certain. States and localities could calculate what they would get and depend on it in making up their budgets.

General revenue sharing funds would be distributed among the 50 States and the District of Columbia on the basis of population and what is called "revenue effort". Each State would receive a share of the total amount equal to its share of the Nation's population. But this sum would then be adjusted in accordance with the degree to which the State was attempting to meet the needs of its people through its own revenue-raising powers.

The general revenue sharing legislation provides for an automatic pass-through from States to local communities of a population of 2500 or greater. Estimates are that this local share would amount to about 50 percent of the total federal general revenue sharing funds. The distribution among localities would be made on roughly the same basis as the distribution among States except that any State which together with its constituent localities devised an alternative could receive a 10 percent bonus.

Critics of general revenue sharing often overlook the fundamental advantage of distributing federal revenues raised fairly through the progressive federal income tax to States and localities which as a practical matter must raise a large portion of their revenues through regressive imposts like sales and property taxes. This is just one of the reasons why virtually all of the Nation's governors and mayors are actively working for passage of the general revenue sharing legislation proposed by the President.

The President's second significant suggestion for redressing the power imbalance between the Federal Government and State and local governments is special revenue sharing. Because these are new terms, it is important to keep in mind that general revenue sharing which I have just discussed is not the same as special revenue sharing. General revenue sharing is intended to provide funds to States and localities to use for whatever purposes they deem best. In some respects, special revenue sharing partakes of this objective except that funds are to be

distributed for six discrete civic purposes: Urban Community Development, Rural Community Development, Transportation, Manpower and Training, Law Enforcement and Education.

At the present time, many federal grant programs severely handicap State and local officials in making the kinds of decisions they know to be required in meeting their responsibilities. Each categorical program carries with it its own weighty baggage of regulations and bureaucracies. I think we all know intuitively, if not from personal experience, the exasperations involved in trying to unravel reams of federal rules in order to persuade some remote functionary that our modest proposal is actually permissible.

But imagine how much greater your frustration would be if you were the Mayor of Oakland, California and you had to try to maximize the effectiveness of federal funds coming into your city when in fact you had control over only 15 percent of these funds! The rest flow to a variety of specialized agencies, many set up expressly to be the recipients of countless categorical programs Congress has piled one upon another in a good faith effort to solve the Nation's problems.

Special revenue sharing would take 130 of these separate grant programs and fold them into the six broad categories I have mentioned. These 130 programs currently account for $10 billion in the federal budget. The President proposes that an additional $1 billion of new money be added to the $10 billion for a total of $11 billion in revenues to be specially shared with State and local general purpose units of government in the first full year.

Within each of the six categories of special revenue sharing, the State or localities receiving funds would have the option to spend them on activities currently being funded federally by the 130 programs of categorical aid to be abolished. Let me illustrate by discussing in brief detail the special revenue sharing program for urban community development which is naturally of greatest concern to my Department.

Initially, four present development assistance programs administered by the Department would be folded into special revenue sharing. These programs are urban renewal, model cities, grants for the construction of basic water and sewer facilities, and rehabilitation loans. A recipient of special revenue sharing funds could spend its funds for any of the purposes presently authorized under these four categorical programs as well as for any and all other community development purposes.

The key element is that the decision on how to spend the money would be made locally. No community development activity currently assisted by federal funds need end unless the local government decides that its own priorities require some other activity. This means that no local government would feel obliged to undertake a specific community development activity just because federal money was available only for that particular activity.

What is more, special revenues would be shared without any of the present, often inhibiting requirements that localities use their scarce funds to match federal categorical grants.

The initial funding proposed by the President for urban community development special revenue sharing is $2.1 billion. The legislation submitted by him to Congress provides that these funds would be distributed in the following manner.

Of the $2 billion, 80 percent would be automatically allocated to Standard Metropolitan Statistical Areas (commonly called SMSA's), of which there are currently 247 in the Nation. The remaining 20 percent would be distributed at the discretion of the Secretary of Housing and Urban Development.

The 80 percent would be divided among the SMSA's according to four uniform and equitable factors: population, incidence of poverty, amount of overcrowding within housing units and the extent of structural housing deficiencies.

From the funds allocated to each SMSA, these same four factors would be used to calculate a direct and automatic share to each city with a population of 50,000 or greater within that SMSA.

Many communities have participated extensively in the categorical programs which are being absorbed by urban community development special revenue sharing. The Administration, recognizing that it would not be fair to cut these communities off in the midst of their on-going programs, has made a firm commitment to hold them harmless as special revenue sharing becomes effective. Thus, if a community within or outside of a SMSA would receive less than it has on the average received during the

last five years, either the balance remaining in that community's SMSA's share or the Secretary's discretionary portion would be used to make up the difference.

Any part of the Secretary's 20 percent which would not be required to hold harmless could be used by him to encourage innovation, to reward performance and to assist communities of less than 50,000 population which are not eligible for automatic funding. In addition, $100 million of the total $2.1 billion funding proposed for the first year is specifically earmarked for these smaller communities, and they are also eligible to share in funds distributed under the companion program of rural special revenue sharing.

Recipients of special revenue sharing funds would not have to submit for approval the kind of detailed, ponderous applications for assistance generally required in connection with categorical federal aid programs. The applicant need only give an indication of how the funds will be spent sufficient to enable the Federal Government to assure itself later that the community has in fact used the money for community development.

Under both general and special revenue sharing, as they have been proposed by the President to the Congress, present anti-discrimination safeguards would be maintained.

It is noteworthy that the urban community development special revenue sharing bill contains a second title authorizing federal aid to States and localities to strengthen their planning and management capabilities.

I am not one of those who seem to feel that Washington is the repository of all wisdom. As a former cabinet official in Pennsylvania, I was pleased to work with an amplitude of dedicated and knowledgeable permanent civil servants in the State Government. My experience in dealing with most municipal governments has been the same. So I think that there is no question that States and localities will make good use of general and special revenue sharing funds.

Nevertheless, there is always room for improvement in the operation of any sizable institution. That is why the President has suggested an additional $100 million in federal funds to help State and local governments to plan and manage their affairs more efficiently and to use general and special revenue sharing funds effectively.

The President's next great initiative in 1971 is the reorganization of the Federal Government. Other Presidents before this one have realized how cumbersome the federal machinery has become and they have suggested ways to improve it. Only this President has been willing to face the problem with a comprehensive plan for reform.

Most of us are familiar with the plight of the local official or individual citizen who must go from agency to agency for federal assistance to which he is entitled. Perhaps fewer of us understand the extent to which programs enacted through the years by the Congress to meet similar problems overlap one another and are administered by different departments.

The President suggests that the Federal Government should be organized around major purposes and goals as they have developed and been reflected in federal substantive legislation. (And let me say that the rate of change in legislation has been much faster than the rate of change in administrative structure.)

Four new departments -- Natural Resources, Human Resources, Economic Affairs and Community Development --would replace seven existing departments -- Housing and Urban Development, Labor, Commerce, Agriculture, Health, Education and Welfare, Transportation, and Interior. Responsibilities which are scattered throughout many existing departments and agencies but which relate to the same set of basic goals and purposes would be brought together so that each new department could be held accountable for performance and achievement in each major area of federal interest.

The names of these new departments are indicative of their range of duties, but once again let me illustrate the purpose and profile of the proposal by talking about that aspect of it of greatest interest to my own Department. The Department of Community Development would be organized around the purpose of providing a decent and safe community environment for every American, not just those who reside in urban areas.

The proposal takes into account the complexity and interrelatedness of urban and rural development, housing and transportation. Thus, there would be three Administrations established within the Department -- a Housing Administration, a Community Transportation Administration and an Urban and Rural Development Administration. Under a Secretary with strong powers, these three Administrations would have the responsibility and the authority to respond to the entire range of community development

needs. Heavy reliance in administering Departmental programs would be placed in field offices.

The program for government reorganization complements the revenue sharing proposals, although it is not true that the enactment of either plan depends upon the enactment of the other. It is clear, however, that the rationalization of the organization of the Federal Government will better meet the needs of strengthened State and local governments.

No one should underestimate the difficulty of persuading the Congress to legislate the President's plans for revenue sharing and reorganization. Powerful vested interests are sure to mount well-financed campaigns against part or all of them. Nevertheless, as public awareness of the merits of the proposals increases, I believe that the Congress will come to understand their wisdom and the importance of their early implementation.

General revenue sharing, special revenue sharing, government reorganization -- three great reforms whose enactment will insure a vital federal system when we celebrate our Nation's 200th birthday in 1976. What better way could we repay our profound debt to those whose genius conceived and established that system nearly two hundred years ago!

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May 13, 1971

URBAN RENEWAL TO BENEFIT FROM REVENUE SHARING

Under the Community Development Special Revenue Sharing Program, there will be greater flexibility and more certainty of funding than under the present urban renewal program, a ranking official of the U.S. Department of Housing and Urban Development said today.

G. Richard Dunnells, Deputy Assistant Secretary for Housing Management, speaking to the first urban renewal workshop sponsored by the West Virginia Association of Urban Renewal Officials in Wheeling, said "renewal activities will constitute the largest segment of the total Community Development Program."

"Local public agencies have accumulated a great deal of hard-won knowledge, experience and expertise in community development," he said. "Your opportunities are limited only by the degree of your own energy and imagination.

"You have a greater, not a lesser, role to play under the Community Development Program and you will have greater flexibility and more certainty of funding than you ever had under the old urban renewal program.

"The only difference is that, in the future, it will be the Mayor and the local elected officials you will have to convince, rather than HUD."

Explaining the Special Revenue Sharing program, Mr. Dunnells pointed out that any activities currently eligible for funding under urban renewal, Model Cities, water and sewer, or rehabilitation grant programs will be eligible under Community Development Special Revenue Sharing. "But now, it will be up to the community itself to make the decisions as to what proportions of its share will be allocated to the various eligible activities," he said.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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Thursday
May 13, 1971

Remarks Prepared for Delivery

by G. Richard Dunnells
Acting Deputy Assistant Secretary
for Housing Management
Department of Housing and Urban Development

for the

West Virginia Association of Urban Renewal Officials
Workshop-Seminar

Wheeling, West Virginia

May 13, 1971

It's certainly a pleasure to be with you this evening for the kick-off of West Virginia's First Urban Renewal Workshop. My congratulations to those of you who took the initiative to convene this Workshop and my best wishes for a successful and productive session.

I know that all of you have heard about the Administration's Community Development Special Revenue Sharing legislation. I would like to discuss some aspects and features of Community Development Special Revenue Sharing with you, particularly as they apply to the present urban renewal program, and more particularly as to how this new program would affect those of you who work in the urban renewal program.

I'm sure many of you have questions such as levels of funding under the Community Development Special Revenue Sharing Program, the allocation of funds between larger cities and smaller communities, problems of providing for continuity in the transition of the existing urban renewal program to Community Development and the role of renewal agencies under the Community Development Special Revenue Sharing.

Then too, perhaps some of you have questioned: why Community Development Special Revenue Sharing at all?

Let me discuss these questions in some detail, starting with the last one first.

Many of our States and cities presently face a financial crisis and endless red tape in attempting to deliver those dollar resources allocated them by the Federal government. Delay, inefficiency and a warping of local objectives and priorities to meet Federal objectives and priorities seem to characterize their relationships with the Federal government.

Although from 1960 to 1968, the number of Federal grant-in-aid programs aimed at helping our communities leaped from 45 to 435, these programs were largely aimed at single needs and were conceived and born without consideration of other existing programs, total local needs, or a firm overall policy for meeting local needs. Too often these categorical grant-in-aid programs raised expectations they could not possibly fulfill. Too often, one program defeated another and made the problems worse, rather than solving them. You've all heard the stories about urban renewal destroying more housing than it has built. Too often, the time lag between the submission of a grant application and grant approval makes the proposed

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project outmoded, unworkable or unresponsive to current needs. Additionally, power and decision making was permitted to shift away from the people and the localities and flow to Washington. And, perhaps most important, through the creation of a proliferation of new Federal programs (each with its own entrenched bureaucracy), government often failed to respond to current local needs quickly -- much less intelligently.

Although, obviously, some good resulted from these Federal programs, few can say that the results appear to fully justify the effort. In spite of a growth of Federal aid to States and localities from $1 billion in 1946 to over $30 billion this year, we still, for example, see a sorely inadequate supply of resources to meet housing and other community development needs. An estimated 24 million Americans are living in substandard housing today. Not only is the decay and blight of our central cities accelerating, but many suburban and smaller communities have begun to deteriorate as well. Essential public services in the fields of health, education and broadened opportunities for employment, simply are not reaching those in need.

In short, the delivery system for Federal assistance has broken down in many sectors. In the case of Federal aid to our cities and communities, drastic overhaul, not simply tinkering with the machinery, is needed.

Thus, then, is the President's challenge and the challenge for Community Development Special Revenue Sharing.

Recognizing the great effort State and local governments have made, that they are financially hard-pressed, with severe limitations upon their taxing sources, and recognizing that the whole Federal system depends upon strong State and local government as well as a strong Federal government, the President proposed his general and special revenue sharing plans.

General revenue sharing provides for a direct allocation of Federal funds to states and, in turn, to cities under a statutory formula based primarily on population and taxing effort. These funds are unrestricted as to their local use. Special revenue sharing, on the other hand, again provides for a direct allocation of Federal funds to states and localities but restricts their use to six specific activities -- urban community development; rural development, education, law enforcement, manpower training and transportation.

Urban Community Development Special Revenue Sharing would initially replace four major categorical grant programs, now administered by the Department of Housing and Urban Development, with a single consolidated annual funding mechanism. The programs to be folded into the Community Development Program, are first, urban renewal (including so-called "conventional" urban renewal, the Neighborhood Development Program, code enforcement, interim assistance, demolition grants and rehabilitation grants), second, Model Cities, third, grants for the construction of water and sewer facilities, and fourth, rehabilitation loans.

This means that for the first time, a total Community Development effort can be launched by a community covering all activities currently eligible for assistance under these four categorical grant programs. The city, with assurances of more stable annualized funding from the Federal government, can develop its own local development program in a way that reflects local conditions and priorities -- not Washington's; it means placing more responsibility upon local elected officials, and therefore, a greater role for citizens and local public agencies to help shape their community's future; it means a more responsive government -- both local and Federal.

Instead of Federal officials passing prejudgment on the basis of whether or not the funds will be used according to Federal thinking, local officials will decide how the funds will best be used, from the standpoint of their own local priorities and other local considerations.

I would like to take this opportunity to emphasize that none of the activities currently eligible for assistance under HUD's existing grant programs will be scrapped. Every eligible activity under the present categorical grant programs will also be permitted under Community Development Special Revenue Sharing.

Thus, what is being proposed is not simply a new categorical grant-in-aid program to replace existing grant programs. It is, instead, a whole new structure for Federal assistance to localities and a whole new concept of what the proper relationship between Federal and local government should be.

There are those who have criticized Community Development Special Revenue Sharing because they doubt the capacity of local elected officials to spend these funds wisely. This contention apparently does not take account of the fact that these same elected local officials are now raising and administering some $132 billion of their constituent's

money. This contention also apparently does not take account of the fact that the font of all wisdom does not lie in Washington, D.C.

Funding for Community Development Special Revenue Sharing

As for funding, you may recall that the President's budget for fiscal 1972 is requesting $2 billion for urban community development, $1 billion for rural development, $3 billion for education, $2 billion for manpower training, $.5 billion for law enforcement, and $2.6 billion for transportation. These are the six basic Special Revenue Sharing areas.

The $2 billion urban community development budget is broken down into two six-month periods. For the first six months of FY 1972, the budget calls for approximately $1 billion to continue funding the existing Urban Renewal, Rehabilitation, Model Cities, and Water and Sewer Programs. In the second six months of FY 1972, the budget calls for an additional $1 billion for the new proposed Community Development Program, making a total of $2 billion for the whole fiscal year. This compares with only $1 billion 754 million alloted to the same programs during fiscal 1971. So the total dollar amount being requested for urban community development activities is up substantially from the present fiscal year.

Allocation of Funds

One of the most important aspects of any program is its plan for allocation of funds. We will annually allocate funds for Community Development under the following procedures. Eighty percent of the proposed Community Development appropriation will be automatically divided each year among the 247 Standard Metropolitan Statistical Areas, which include nearly 70 percent of the nation's population. I believe West Virginia has four of these SMSAs. Twenty percent of the Community Development appropriation would be dispersed by HUD in a manner which I'll cover in a moment.

For the eighty percent of the Community Development appropriation automatically going into these 247 SMSAs, central cities with more than 50,000 population within these SMSAs will, in turn, annually receive direct automatic grants under a statutory formula based on population, overcrowding, condition of housing, and poverty.

There will also be a "hold harmless" provision in the Community Development Program. This will insure that no community will receive less under the statutory formula than it received under the old categorical grant programs now folded into Community Development. An average of the funds received by a given city during the past five years under these existing grant programs will be made. If a city's formula share under Community Development Special Revenue Sharing turned out to be less than its five-year average, then the community would be funded the difference to bring it up to the five-year funding average. The twenty percent of the Community Development appropriation which was not automatically allocated to SMSAs under the statutory formula can be used for this purpose.

This provision is important. It insures that no city will receive less funds under Community Development than it did in the past under the four categorical grant programs.

By the same token, many cities, due to the realistic criteria of the Community Development formula, will receive more under Community Development than they did in the past under the four categorical grant programs.

On the surface Urban Community Development Special Revenue Sharing may appear to be big city orientated, due to the focus on SMSAs and the use of the formula to fund cities of over 50,000 in population. As for the allocation of funds among larger and smaller communities, I have already mentioned that eighty percent of the Community Development funds will go to the 247 existing SMSAs which presently include seventy percent of the nation's population. These SMSAs, of course, include many communities under 50,000 in population. The Community Development Special Revenue Sharing Program proposes to accommodate smaller cities and communities both inside and outside SMSAs from three sources of funds. The first source of funds would be the balance of the eighty percent of the Community Development appropriations automatically earmarked for SMSAs which are not allocated to SMSA cities of 50,000 or more population under the formula. These funds can be used to fund your smaller cities within SMSAs. The second source of funds is the twenty percent of Community Development appropriations not automatically earmarked for SMSAs. These funds can be used to fund smaller cities inside and outside SMSAs. A third source of funding for smaller communities inside and outside SMSAs would be an additional $100 million in new funds which the President has proposed for use exclusively by smaller communities with populations under 50,000 which have been receiving grant assistance from the Department but would not be eligible for a formula share. This $100 million in additional funds would actually come from the Rural Development Special Revenue Sharing Program but will be administered by HUD.

Although the allocation of funds under Community Development Special Revenue Sharing may appear to be a bit complicated, it can't compare with the maze of red tape and stop-and-go points which are built into the

application and processing for grant approvals under the four existing categorical grant programs -- especially urban renewal.

The application process for this Community Development Special Revenue Sharing program will bear practically no resemblance to the one we know today for renewal, Model Cities, water and sewer or rehabilitation grants. There will be a single simple requirement for the submission of a broad description outlining the purpose for which the community plans to use its Community Development funds. And, the city will have a funding mark, or anticipated target, within which it can plan future activities with a high degree of certainty. Compliance with the requirement that these funds are to be spent only for Community Development type activities will be insured through use of a post-expenditure audit.

I would like to emphasize again that any activity currently eligible for funding under the existing urban renewal, Model Cities, water and sewer or rehabilitation grant programs will be eligible under Community Development Special Revenue Sharing. But now, it will be up to the Community itself to make the decisions as to what proportions of its share will be allocated to the various eligible activities.

We feel that certitude of annual funding is one of the most important features of Community Development Special Revenue Sharing. Nothing is more frustrating than the uncertainty in timing of project approvals under the existing categorical grant programs. This uncertainty contributes to making the planning process a nightmare, especially when there is a two-to-three year gap between anticipated grant approval and actual approval.

Transition from Old to New

I know some of you may be concerned with the problem of preserving continuity in your renewal programs as we transition to the Community Development Program. The Department has already taken many of the steps to effect an orderly transition from the renewal, Model Cities, water and sewer and rehabilitation categorical grant programs to Community Development. For example, we have encouraged cities to create total community development strategies and have worked to fit these four categorical grant programs into these strategies wherever possible. Substantial authority has also been delegated to HUD's regional and area offices in order to place decision-making authority as close as possible to the communities served.

But more specifically, since the target date for the Community Development Special Revenue Sharing is January 1, 1972, we have made certain administrative programmatic changes to accomplish this transition.

At the outset, let me state that all existing commitments for urban renewal project funding will be honored. However, henceforth, we will discourage applications for new conventional urban renewal projects since they would tie up future funds for Special Revenue Sharing Community Development and are in fact antithetical to the Community Development annualized funding approach. We will encourage cities to apply for NDP because of its annual incremental funding. This means applying for new NDP projects and converting conventional projects to NDP. Similarly, we now have available to us and will encourage the funding of amendatories on an annual incremental basis rather than approving large amendatory applications designed to cover a three or four year period.

I would note parenthetically that the Department's budget for FY 1972 calls for $800 million for renewal in the first half of the fiscal year and $1 billion for the second half for community development. The breakdown on the $800 million calls for $400 million for NDP and $400 million for amendatories.

I would like to emphasize again that we are not going to renege on any commitments we have made for funding renewal projects as we transition to Community Development Special Revenue Sharing. We will avoid double funding, of course. That is, a city will not be entitled to receive both full value of outstanding funding commitments and full "hold harmless" shares. But, communities will receive all they are entitled to under Special Revenue Sharing including any additional amount where outstanding Federal commitments exceed the "hold harmless" level.

Another factor that will help ease and speed the transition is the fact that detailed planning and elaborate applications are not a prerequisite of Community Development Special Revenue Sharing.

That doesn't mean that planning is viewed as being unimportant. On the contrary, we are requesting for FY 1972 twice as much for planning as was contained in this year's budget to help State and local governments with their planning programs. Without planning, a coordinated and effective effort cannot be launched to meet the needs of our communities. The important point here is, while the President's proposals recognize the importance of planning, it is the importance of State and local planning not subject to "second guessing" by someone in Washington and unfamiliar with local needs, that is important. With planning as with development activities, we propose to depart from the heavy hand on past policies.

The Role of LPAs

What about the role of the LPAs in the Community Development Program? Where do they fit in?

One important purpose of the Community Development approach is to strengthen the capacity of the Mayor and the local elected officials to manage the affairs and the development of their communities.

Secretary Romney recently pointed out that:

> "As a result of our Model Cities experience, we found that the Mayor of Oakland, California, typically was in a position to have significant influence over only 15 percent of the Federal funds flowing into his city. After all, an urban renewal program is normally administered by an independent agency created as a result of a State law and is not subject to the Mayor's direct control. This is true of many Federal subsidy programs."

But the Secretary also emphasized:

> "Under this approach the Federal government does not continue or discontinue any existing organizations. It doesn't continue or discontinue city renewal agencies. It doesn't continue or discontinue housing programs. That's up to the city."

I think you will agree that LPAs can and will have an important role in carrying out a city's Community Development Program. In my view, renewal activities will constitute the largest segment of the total Community Development Program. LPAs have accumulated a great deal of hard-won knowledge, experience and expertise in Community Development. Your opportunities are limited only by the degree of your own energy and imagination. You have a greater, not a lesser, role to play under the Community Development Program and you will have greater flexibility and more certainty of funding than you ever had under the old Urban Renewal Program.

The only difference is that, in the future, it will be the Mayor and the local elected officials you will have to convince, rather than HUD.

Let me conclude by saying that we view Community Development Special Revenue Sharing as both a challenge and an opportunity. We firmly believe that the new opportunities afforded you, such as funding

certainly and a more liberal range of activities, will better enable you to respond to the needs and priorities of your cities. We have advanced this legislation to help you in better serving your communities. Community Development Special Revenue Sharing certainly constitutes change from past methods of doing renewal business but we believe this change to be both necessary and acceptable to the urban renewal professional who recognizes that only through innovation and increased resources can he respond to the current and changing needs of his community.

HUD NEWS
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WASHINGTON D.C. 20410

HUD-No. 71-233
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FOR RELEASE:
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HOMEOWNERSHIP COUNSELING LAUDED BY HUD OFFICIAL

A statewide effort to mobilize and assist local public and private organizations and agencies in establishing homeownership counseling services in their communities was lauded today by a ranking official of the U.S. Department of Housing and Urban Development.

G. Richard Dunnells, HUD Acting Deputy Assistant Secretary for Housing Management, termed the Housing Counseling Seminar sponsored by the North Carolina State Department of Local Affairs a "pioneer effort on the State level that HUD plans to employ nationally as a prototype to extend homeownership counseling opportunities to low and moderate income families." Over 150 individuals representing cities, local agencies, colleges, chambers of commerce, and private organizations participated in the two day seminar in Raleigh.

"Counseling the low and moderate income family interested in homeownership," Mr. Dunnells said, "is a significant attempt to prepare and enable them to meet the obligations of homeownership and effectively cope with related problems. While most homebuyers make their purchase without special counseling, a large percentage of the families in these income ranges lack basic information about homebuying."

The Section 237 mortgage insurance program provides families with poor credit records or irregular income patterns an opportunity to acquire home mortgages. Budget, debt management, and related counseling for applicant families is mandatory under this section.

Mr. Dunnells noted that since funds for the counseling provisions of the program have not been appropriated, implementation of Section 237 has been possible only in those localities where qualified organizations have provided the services voluntarily.

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"This seminar," he said, "has acquainted you with the techniques and requirements necessary for establishing an approved counseling program in your communities. HUD will assist your efforts to establish new counseling programs in every possible way. Through your voluntary participation we can substantially increase the use of the Section 237 program. Families that will establish homeownership eligibility with the aid of your counseling services are unacceptable under regular housing mortgage programs. Without a local program of counseling they will in all probability never achieve homeownership."

Mr. Dunnells pointed out that families seeking assistance become eligible under Section 237 if the counseling and related services improve credit attitude and financial management to a degree that reasonable prospects for repayment of the mortgage obligation can be expected.

He described the screening, counseling, and social service liaison responsibilities as the three major functions required of a counseling program. The counseling agency interviews and reviews the records of referred applicants and recommends to HUD those with a reasonable chance to become homeowners if appropriate counseling is provided. Continuous budget, debt management, and related counseling must be provided, at no cost, to families whose mortgages are insured under Section 237. Counseling agencies must also advise families of social services available in the community and provide referral services for those problems that are not financial.

Mr. Dunnells urged the State housing officials from 11 neighboring States attending the seminar to sponsor similar sessions to increase homeownership opportunities for their low and moderate income population.

The Low-Income Housing Development Corporation of Raleigh, and HUD assisted the North Carolina State Department of Local Affairs in planning and developing the seminar program.

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HUD OFFICIAL URGES TOTAL COMMUNITY EFFORT, REVENUE SHARING TO SOLVE URBAN CRISIS

The problems of the urban crisis are interrelated in almost every phase of city life and must be attacked in a total community development program, a government official said today.

Assistant Secretary Floyd H. Hyde of the U.S. Department of Housing and Urban Development, said "this total approach is not a rejection of the past, but a logical, constructive way to build on our accomplishments and to eliminate many of our misguided approaches."

Speaking at the annual meeting of Pacific Southwest Region of the National Association of Housing and Redevelopment Officials in Los Angeles, Mr. Hyde told the housing experts that urban growth in the region was producing inexorable pressures for more city services and ever greater demands for low and moderate price housing.

The Federal Government, in advancing its Community Development Program in HUD, is saying to elected and appointed city officials that ".....we can no longer meet the urban crisis by attacking a single decaying tenement or inadequate project, or a single blighted neighborhood, or a combination of these, but we must attack the crisis as a malady -- physical, social, and economic, affecting every part of city life, directly or indirectly," he said.

He called the program the logical, constructive extension of an idea more than 40 years old, "placing City Hall at the center of urban improvement work....as a way to coordinate, every single local state and Federal effort to improve the development and redevelopment of our communities."

For its part, he said, HUD has combined the Federal programs for urban renewal, Model Cities, rehabilitation loans and grants, neighborhood facilities grants, open space land grants, water and sewer grants, and public facilities loans. He characterized the action as "shifting from a policy of Federal dictation to one of Federal assistance at the Regional and Area office level with which each community will be able to deal directly."

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This, Mr. Hyde said, is an interim measure, the forerunner of the proposed special revenue sharing program for urban community development.

"The Administration bill on special revenue sharing for urban community development, now before Congress, spells out the types of activities including urban renewal, for which these special funds can be spent, and the community itself will allocate the funds among its various activities according to the priorities it establishes for itself."

Included among the community development activities for which such funds could be used, he said, are improvement of public services; elimination and prevention of slums, blight and deterioration of neighborhoods; promotion of better land uses; provision of housing to meet more adequately the problems of community and commercial facilities and accessibility of the people to their jobs; development of community facilities and public improvements; preservation or restoration of historic property; and more adequate recreational facilities.

"The Revenue Sharing and Community Development programs mean that HUD is encouraging you to end your semi-autonomous status and promote close coordination of your operations with all other community improvement functions, and put an end to piecemeal efforts," he said.

".....it may well be the first chance you have ever had to work together with a mayor, his staff and the legislative body, giving you an insight into their problems, and a chance to inform them of what you are trying to do in urban renewal, and why you need their support.

"What the Administration is urging, is that if these twin programs are approved, it will be up to local officials to manage urban improvement activities in your city, as you see fit, and to apportion funds, as you see fit, with the least possible Federal regulation."

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HUD NEWS
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FOR RELEASE:
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THE CHALLENGES OF HOUSING MANAGEMENT

Remarks Prepared for Delivery

by Norman V. Watson

Assistant Secretary for Housing Management

U.S. Department of Housing and Urban Development

at the

Pacific Southwest Regional Council Conference

of the

National Association of Housing and Redevelopment Officials

Biltmore Hotel

Los Angeles, California

May 17, 1971

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Good afternoon. It is a great pleasure to be here with you today.

As you probably know, I have been serving as an Acting Assistant Secretary at HUD since last July, until just the other day the President sent my nomination to the Hill and the Senate confirmed it.

So, in a sense you might say that I come here today with a new lease to hear your grievances!

I'm delighted to be here in Los Angeles, though it is a shame you decided to have your meeting in Hawaii last year rather than this year.

Actually, it is very fitting that this conference is being held in Los Angeles. In a way, this city symbolizes our commitment to the principles of local autonomy. I am pleased that in March we were able to return the Los Angeles housing authority to local control after nearly eight years of Federal possession.

Let me assure you that the Secretary's philosophy and my philosophy in Housing Management is to place maximum possible responsibility at the local level for managing HUD's assisted housing programs.

As you all know, President Nixon has proposed a sweeping reform with his Revenue Sharing Program and his Reorganization of the Executive Branch.

The philosophy of both the general and special revenue sharing programs is to reverse the flow of power which has been coming to Washington, and return it to the levels of government nearest to the problems and the people.

We intend to administer our housing management responsibilities in a manner consistent with the Administration's concept of New Federalism. This is not only a matter of principle. There is also a very practical reason for taking this position.

By the end of this fiscal year, it is estimated there will be 936,000 public housing units under management. There will be an additional 536,000 FHA subsidized housing units in occupancy, for a total of around 1.4 million units.

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This is already a substantial responsibility. But when you think of the number of HUD-assisted housing units that will be coming on-stream in this decade, you can see that it is simply out of the question for HUD to attempt to administer a highly centralized and controlled program in Housing Management. For example, our estimated production rate next year is for 95,000 new public housing units and 487,000 new insured subsidized housing units. By the end of the decade, it has been estimated by the National Corporation for Housing Partnerships that there may be in the neighborhood of 4.5 million subsidized rental housing units throughout the Nation. This figure does not include subsidized homeownership units.

To meet this kind of challenge will require a whole new way of doing business at HUD.

Actions by HUD

We are taking a number of steps to re-orient our housing management efforts to bring them in line with the scale of operations we expect in the coming years.

First, we are decentralizing maximum possible decision-making authority to our Regional and Area Offices. We expect to have our delegations to approve Modernization Programs out to the field by the end of this month, so that applications will no longer have to come to the Central Office for final approval. We expect to place full authority with the Area Office Directors to approve annual operating budgets and operating subsidy payments.

Second, we are working hard to develop up-to-date management handbooks to provide guidance to all our housing authorities, non-profit housing sponsors and limited dividend corporations who want technical guidance on the various social, physical, and financial aspects of housing management.

Third, we are giving major emphasis to training our own field staff to equip them to carry out their new role, and we are also working very closely with Assistant Secretary Finger and the National Corporation for Housing Partnerships in the development of a model training program for housing managers in all of HUD's assisted housing programs. I'll come back to that in a minute.

Fourth, we are attempting to develop an early warning system based on an automated information system, which will permit us to concentrate on serious problem areas, and hopefully to spot danger signs before they

become serious. Thus we will be concentrating on a management-by-exception technique, rather than engaging in routine periodic reviews of your operations whether they are needed or not.

These are some of the things that we are doing at HUD. But the real challenge is up to you. We can't guarantee from Washington that the housing built for low and moderate income families will be well managed and well maintained, that tenant-management relations will be harmonious, and that the programs will be administered in an efficient and effective manner. Only you can.

Many eyes will be watching how well the housing authorities can perform in providing a high level of management service to the residents of low income housing. The eyes of HUD, of Congress, of the tenants, of independent observers, will all be watching and making their judgments.

Tremendous social, economic, and racial changes are taking place in housing today. New needs are emerging. Old ways of doing business are becoming obsolete.

The real issue facing the housing authorities throughout the Nation is whether they are going to be in the vanguard or the rearguard in meeting these changing needs.

Personally, I think local housing authorities are in an excellent position to be in the vanguard.

After all, the housing authorities have had more than 30 years of hard-won experience in managing housing for low income families. There are thousands of dedicated, hardworking and knowledgeable housing managers in your ranks.

Thus with your years of experience and expertise, it seems to me the housing authorities are in an excellent position to provide the housing management leadership that this Nation will be needing in the years ahead.

But this is going to require some real initiative. Because by 1980, we can expect three times the number of people who are now engaged in managing HUD's assisted housing programs. So, two thirds are going to be new faces. The question is whether these future ranks are going to come knocking on your door for guidance and advice, or whether they are going to bypass the housing authority experience as being out-dated.

In my judgment there is a way the housing authorities can insure that they plan a central role in the years ahead -- and that is to take the leadership in developing housing management as a true profession.

Housing Management as a Profession

I've been pleased by NAHRO's leadership in launching a new housing management training program for housing authority, nonprofit, and limited dividend management personnel. The establishment by NAHRO of a Committee on Critical Minority Problems is also a welcome response to the important racial changes taking place in housing today.

The question of training, I think, is one of the most important steps that can be taken to establish housing management as a true profession.

The training program you have started fits in with the contract HUD has made with NCHP to develop a model training program for housing management. Our hope here is that we can come up with new types of training programs, employing the best of what has gone before and including innovative techniques, particularly in the area of encouraging greater sensitivity to tenant-management relations.

Looking down the road a few years, we envision the establishment of a major institute or center for housing management which would be a broad based and representative organization. It would provide the national focus for professionalizing the field and establishing housing management as an independent entity.

I would see this institute or center performing such functions as: developing complete training packages for all levels of housing management personnel; working with colleges and universities, housing authorities and other institutions to deliver training courses throughout the Nation; developing films and other visual training aids; conducting workshops and developing new training programs; monitoring training programs that have been established around the country; accrediting management firms; and carrying out research on ways of improving the housing management profession.

While training is a key element in the strategy of developing a housing management profession, other ingredients will be needed as well. One of the most important, perhaps, is the need for a professional attitude on the part of housing managers.

By that, I mean the attitude that any true professional must take when his work affects differing interests, as in the case of medicine, law, accounting, appraisal, and so forth.

In the field of housing management, there are several interests involved -- the interests of the owner, the interests of the residents, the interests of the local elected officials, and the interests of the community at large, not to mention the Federal interest.

In the case of housing authorities, the "owner" is not a nonprofit or limited dividend sponsor, but rather the board of commissioners of the authority.

If we are to develop a truly professional attitude in housing management, a sense of detachment will have to be developed on the part of the housing manager from the interests of both the owner and the resident. His commitment will have to be to the well-being of the project as a whole and the interests of all parties concerned.

The goal should be a posture of high professional ethics and integrity which can earn the respect of all the parties involved.

Establishing this kind of credibility as a true professional will not be easy, but it is essential. The housing manager must be able to convince both the owner and the residents that he is the agent of neither, but that his actions and recommendations are based solely on his professional judgment as to what would be best for all concerned. This is what we mean when using the term management as an "entity".

The Lease and Grievance Circulars

From this standpoint, it is perhaps worth discussing the lease and grievance circulars for a minute.

I know that a good many housing authorities have expressed concern about these circulars.

Some have raised questions about the possible increased costs that may result, about the possibility of increased litigation, and greater administrative burdens in carrying out these policies.

I can understand these concerns, but I do have to point out that almost all the opposition is based on supposition and speculation as to what may happen. Yet, on the other hand, we do have evidence that

where housing authorities have instituted these kinds of procedures, the result has been beneficial. For example, the Philadelphia housing authority had previously instituted similar lease and grievance procedures and ithas not had the dire experience that some have feared.

Nevertheless, we do plan to undertake a careful evaluation of these policies, to insure that they do not in fact turn out to be counter-productive to the goal of strengthening tenant-management relations.

You can be sure that we will be prepared to waive the policies where the facts warrant doing so.

Some of the initial fears also seem to have been based on a misunderstanding of what the circulars contain.

We are preparing a list of questions and answers on the lease and grievance circulars which will be sent to you shortly.

In the meantime, let me touch on one or two key points.

One is that the circulars do not in any way prevent an LHA from initiating its eviction proceedings just as rapidly as it now does under present state law. You do not have to wait 30 days after giving notice before starting eviction proceedings. What the model lease says is that the lease may not be terminated prior to the 30-day notice. But in most cases, normal eviction procedures take longer than 30 days, anyway.

The only difference caused by the new policies is that, if the tenant requests a hearing, the authority may not issue a notice to vacate until the decision by the hearing panel or official upholding the proposed eviction is delivered to the tenant.

Another misunderstanding stems from the fear that there may be widespread abatement of rent because of the "hazardous defect" clause.

Actually, a tenant's rent may be abated only if the LHA has failed within 72 hours to repair a defect that is hazardous to life, health or safety, or if the authority has failed to offer reasonable alternative temporary accommodations to the tenant. If a tenant should abuse that clause, the authority can initiate eviction proceedings against the tenant. And if the tenant requests a hearing under the grievance procedure, he must deposit the rent due in an escrow account pending settlement of the dispute through the grievance procedure.

But, in addition to these honest concerns and fears about the possible effects of the new policies, there has been another factor involved.

Much of the opposition we have received from executive directors has conveyed a tone as though they were speaking as, or for, the owners -- that is, the Board of Commissioners.

Undoubtedly, many Boards share the views of these executive directors.

But I had no sense or feeling that the executive directors viewed themselves or "management" as having any professional detachment from that of "ownership".

In most instances, "management" and "ownership" appeared to be synonymous in their minds.

What I am suggesting is that this somewhat elusive but very important sense of "detachment" and "objectivity" that is the hallmark of the true professional was lacking in most of the opposition that was expressed to the lease and grievance circulars.

And without this posture of professional objectivity and integrity, it is impossible to establish credibility with all interests involved in housing management.

The Money Question

Now, I think I just heard somebody mutter in the back of the room: "Just give me the money, and I'll give you all the professional detachment you want."

Fair enough. I know you can't do the job with mirrors. And the Secretary knows it.

He is committed to making sure that housing management does not remain a mere afterthought to the housing production process.

This commitment is reflected in the following statistics. In FY 1969, HUD provided operating subsidies to housing authorities in the amount of $14 million. In FY 1970 this figure rose to $31.5 million. The Administration's current budget forecasts further increases in operating subsidies to $73 million in FY 1971 and $110 million in FY 1972.

These figures represent our best estimate at this time of the funds that will be necessary to meet the financial plight of the LHAs, as well as to offset losses in income caused by the mandatory rent reductions required by law. We are actively studying the operating requirements of the LHAs to determine whether additional sums are required. If, as firmer information is collected, it appears that additional subsidy funds will be needed, the additional authorization provided by Congress will be available for use. The Secretary has made that clear.

Now, I understand that some LHAs feel that we have been too slow in getting out the rental assistance or Brooke Amendment money authorized by the 1969 Act.

Undoubtedly there are instances of unusual delay on HUD's part in getting this money out. For one thing, we are undergoing a major decentralization of our operations with the establishment of the new Area Offices. There are bound to be slipups as a result of this reorganization.

But overall, I think our record has been pretty good. As of April 19, 1971, a total of $67 million on vouchers for payment of rental assistance and special family subsidies had been submitted to HUD, and $48 million has been paid.

We have also had a pretty good record in meeting the needs of many of the more hard-pressed larger authorities. For example, during this Federal fiscal year, we have paid over $12 million to the New York housing authority, more than $3 million to New Orleans, more than $1.5 million to Detroit, $2 million to Newark, and $3.5 million to the National Capital Housing Authority. In some of these instances, we will be making additional payments.

To the extent we have had problems, one of the causes may be a result of a misunderstanding of our procedures for paying these subsidies. The procedures call for LHAs to submit their requests for payment at the end of their fiscal year. They call for HUD to make the payments at the time of the Annual Contributions Contract date, which runs 3-1/2 to 5-1/2 months after the end of the LHA's fiscal year. The procedures also state that any authority which needs the money sooner can submit a request for advance payments prior to the end of their fiscal year, and we will make the advances on a quarterly basis.

Now, we have examined the record on 19 of the 75 LHAs which submitted requests for advance payment, and we found that 18 of the 19 were paid within two months of the date the request was submitted.

We have had more of a problem in making the regular end-of-the year payments. We took a look at 35 vouchers and found that 23 of them were paid anywhere from one-half month to seven months after the ACC date. However, we also found that 30 of the 35 vouchers were submitted by the LHAs anywhere from one to six months after they should have been. So we have a confused picture, where I suppose all of us can share some measure of blame.

One of the problems has been the sheer complexity of handling the various different payments authorized by Congress, and in computing the payments. As you know, we have had to contend with special family subsidies, rental assistance subsidies, and operating deficit subsidies.

I am pleased to let you know that we are developing a much simpler approach that will consolidate the many different computations now required into one operating subsidy. This new procedure has been approved in concept and is in the final stages of clearance.

One important feature is that the amount of your operating subsidy will be determined at the time your budget is approved, rather than a year later as is now the case. This will let you operate with much firmer assurance of your available resources. We plan to amend the ACC to provide for contract authority to pay operating subsidies that are approved at the time the budget is approved.

So, we are moving on the funding front. We will try to give you the resources and technical assistance you need. We will gear our policy requirements in a manner that will serve both our national objectives and your local rights in the most equitable way possible. We will be closely monitoring your performance in order to spot danger signals. And we will do our best to help you avoid and overcome them.

Let's begin here today to dedicate our energies to making housing management a true professional entity.

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Remarks Prepared for Delivery

by G. Richard Dunnells
Acting Deputy Assistant Secretary
for Housing Management
Department of Housing and Urban Development

At The

Homeownership Counseling Seminar

Raleigh, North Carolina

May 14, 1971

This seminar on homeownership counseling exemplifies the kind of innovative thinking, concern and commitment that can put local muscle on the bare bones of a Federal program. On behalf of the Department of Housing and Urban Development, I thank and commend the Department of Local Affairs of the State of North Carolina for sponsoring this seminar, and the Low-Income Housing Development Corporation of Raleigh for its assistance in making the program possible.

HUD's interest in this State-wide seminar on homeownership counseling goes well beyond what happens here today. This is only a beginning. We will follow the results of this effort in terms of what you, the participants, are able and willing to do because you have caught, in a fresh way, the vision of the human side of housing in relation to low- and moderate-income families.

The impact of this seminar and your development of homeownership counseling throughout this State could have national implications and impact. This is a pioneer effort on the State level. HUD anticipates utilizing this seminar as a prototype for similar programs in other States. State housing officials from eleven neighboring States have been invited to this seminar. We hope that what they see, hear, and learn here will stimulate them to provide a similar opportunity for people like you in their States.

Why should HUD concern itself with counseling low- and moderate-income families for homeownership?

The answer to the question resides in a number of factors. Basically, HUD's housing programs are buyer-oriented. By that I do not mean to imply that these programs do not take into consideration builders and mortgagees. I do emphasize the fact that the final beneficiary of the programs is the consumer. When HUD assists the homebuyer to locate, purchase, and enjoy his home, we fulfill our mission.

When we apply this thinking to many low- and moderate-income families, the buyer-oriented nature of the programs takes on a new dimension. A large percentage of homebuyers in these income ranges lack basic information about home-buying. They may also lack a homeownership orientation and sophistication that most middle- and upper-income families possess simply because homeownership has been a taken-for-granted part of their family life.

HUD's services to the low- and moderate-income family begin not only with the stimulation of housing construction, as vital as that is, but with the social service that prepares these families for homeownership. At that point, the counseling program under discussion at this meeting becomes pivotal. With the assistance of counseling, families may be guided into homeownership, an otherwise unrealizable goal. Without counseling, many of these families would never become homeowners or would fail and become disillusioned in the attempt. People such as you who may provide the counseling may make the difference between success and failure.

Knowledgeable homebuying and successful homeownership, of course, benefits the community as well as the buyer himself. Through homeownership the buyer initiates an upward social movement that does much more than make him merely a property owner. Homeownership may help stabilize his family and provide him a sense of belonging to a community. He may learn how to efficiently manage his income and realistically utilize credit, thus increasing his buying power. A new sense of responsibility can arise because he is investing his money in himself and his future rather than in a landlord. Homeownership might result in his improvement of his occupational skills, thus increasing his income and making him a more valuable employee.

On a much broader basis, the homeowner may bring benefits to the neighborhood and community in which he lives. Quite apart from his role as a property taxpayer, he adds stability to the place where he lives. He prides himself in the care and upkeep of his property. This may include a similar concern for his neighborhood. If, through adequate counseling, he can be brought to see the broad implications of homeownership, the homebuyer may exert a positive influence upon the community where he chooses to live.

You might respond to these suggestions by calling them a "tall order." They are -- but nothing less than that can carry us beyond the mechanics of putting families in houses they neither understand nor appreciate and for which they cannot maintain mortgage payments and physical upkeep. While counseling will not provide all of the answers, we believe it constitutes a significant attempt to meet the basic need for homeownership and its many related problems.

Has counseling actually exerted a positive influence beyond the fact of homeownership itself? Can we point to anything other than statistical information to indicate that desired human change occur when tenants are counseled for homeownership? Let me share with you just two brief stories of what has happened.

From H.O.M.E. (Housing Opportunity Memphis Enterprise): A couple with seven children, living in substandard rental property had considerable credit problems. The husband was reluctant at first to discuss his financial problems and refused to allow his wife to assume any responsibility in managing the family finances. When the husband learned that the counselor was a musician with the same enthusiasm for music, a common ground of communication was established. Subsequent counseling succeeded in getting both husband and wife to work out a practical budget so that they found it easier to manage their money and still be able to afford a house. They were recommended and approved for a four-bedroom home.

Pittsburgh's Consumer Credit Counseling Service of Western Pennsylvania, Inc., reports the case of a couple with eight children and a total family income of a little over $9,000 as a result of the husband's working at two jobs. They were deeply in debt and felt they "just couldn't get out from under." The credit counselor put the family on a strict budget, income and expenditures were charted on a form on the kitchen wall. After a few months, the family began to get things under control, and the counseling agency felt that a mortgage application could be made with the assistance of the Section 237 program. At that time, however, mortgage funds for existing housing were exhausted in the area. The husband wrote to HUD Secretary Romney and was advised that help was on the way. The couple continued their debt reduction program, and when mortgage money again become available, were able to purchase their own home.

In order to multiply these success stories, HUD seeks to develop a nationwide network of skilled agencies that will provide the broad spectrum of counseling services required by low- and moderate-income families. Such counseling would include every aspect of family life that relates to a family's ability to become and remain a successful homeowner.

This nationwide counseling program will require counselors sensitive to the physical, psychological, and social needs of applicants. They would counsel applicants in these broad areas:

a. Money Management
b. Housing Selection
c. Purchase Procedures
d. Home Maintenance
e. Home Management
f. Referrals to Community Services
g. Post-Occupancy Needs

Counselors, especially those who would volunteer their services, would come from a variety of backgrounds. Many would be successful homeowners who have learned by practical necessity how to buy, care for, and enjoy their homes. Members of the business community who are skilled in money management could provide financial counseling. Real estate brokers could teach people how to select housing that is adequate, in desirable neighborhoods, structurally sound, within financial reach, and resalable. Mortgagees, from their vast experience, could open up the often little understood and sometimes misunderstood world of purchase procedures. Home economics teachers and skilled homemakers could make available their expertise in home management. Home builders, maintenance specialists, carpenters, plumbers, and electricians could teach basic courses in home maintenance. Faculty of colleges and universities could furnish a variety of skills and resources, as is being done in a number of communities.

The dimension of homeownership counseling needs is as extensive as you can imagine, based on your particular experience in housing. This includes the fact that many applicants under Sections 235 and 237 will possess only minimal knowledge about housing. Counseling agencies must begin at the beginning and nurture people to the possession of a knowledge most of us gained as a normal part of our lives.

All of this means that counselors and counseling agencies must exercise the kind of patience required by any basic learning experience involving adults. Counseling must begin with "A" and slowly progress toward "Z". To perform this counseling we believe that probably every agency will require back-up administrative and clerical staff that can direct and hold together the work of the agency. Although voluntarism will play a major role in counseling, we recognize that all volunteer effort requires full-time paid support staff.

HUD's relationship with counseling agency staffs would take place through HUD's Area and Insuring Offices. A member of the staffs in those offices would have as his primary responsibility the recruiting of and liaison with the counseling agencies. HUD Central Office will work directly with the Area and Insuring Offices, but will always welcome direct contact with the agencies.

We propose to develop this program by increasing our efforts to enlist agencies such as yours to provide counseling voluntarily. This effort will receive priority attention by our newly created Homeownership and Resident Counseling Division of the Office of Counseling and Community Services. Cliff Lander is the Director of that Office.

Implementing HUD's counseling program requires the basic tool of a HUD handbook to guide both the counseling agencies and our field staff. You have received or will receive a copy of the handbook at this seminar. The form for submitting a counseling program proposal to HUD is contained in that issuance. We hope you will find it possible to submit a proposal on behalf of your agency or organization.

As you review the handbook and work within this program, we hope you will share with HUD your evaluation of the program and your efforts. We also want your criticism and suggestions about how to improve the program.

The actual accounts of families assisted by this program vividly portray what I mean when I speak of the human side of housing. Undoubtedly, these stories have been and shall continue to repeat themselves as HUD's voluntary counseling agencies carry out the counseling program.

Volunteer counseling has played a vital role in the implementation of counseling under Sections 235 and 237 following the passage of the Housing and Urban Development Act of 1968. Without the work of these volunteer organizations probably none of the families counseled and enabled to buy homes under Section 237 would be enjoying homeownership today.

Voluntarism will continue to play a major role in HUD's counseling program albeit that means of partially funding this program are being explored. As all of you know, the Congress has not appropriated funds for counseling under Sections 235 or 237. In order to implement the program, HUD has so far recruited eighty-six organizations that provide counseling without cost to the counselees or HUD. Six such agencies are located in North Carolina, and the Counseling and Tenant Assistance Staff is currently processing two new proposals from this State along with thirty from other States. You might be interested in knowing that only one State contains more agencies than North Carolina -- New York with seven.

The potentials for this program are almost limitless. Every major city may require, as a minimum, five to ten counseling agencies. Every smaller city and town will require at least one agency. And a means must be found to serve small isolated communities and rural areas. Only the lack of imagination could prevent us from grasping the magnitude of what remains to be done.

Imagination, innovativeness, and the will to provide homeownership counseling to low- and moderate-income families are what we need now in giant doses. The initiative has been taken by HUD; your Department of Local Affairs has demonstrated imagination and innovativeness. If you possess the will to implement this program throughout North Carolina, you might set in motion a tide of activity that will affect the lives of low- and moderate-income families throughout the Nation.

Thank you for this opportunity to share these thoughts with you. We hope for and anticipate that North Carolina will continue its leadership in this program.

Because we expect further use of this format of a State-wide homeownership counseling seminar program, HUD would welcome your comments and suggestions about how we could assist other States in sponsoring similar efforts. Write to us in Washington.

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

HUD-No. 71-244
Phone (202) 755-7174

FOR RELEASE:
Tuesday
May 18, 1971

HUD REGULATIONS IMPLEMENTING UNIFORM RELOCATION ASSISTANCE LAW PUBLISHED

Regulations prepared by the U.S. Department of Housing and Urban Development to implement the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 were published in the Federal Register May 13.

The Act is the culmination of more than 10 years' effort to provide more equitable and uniform compensation and assistance to persons affected by the acquisition of real property by public bodies carrying out public improvement programs. It is applicable to all Federal and federally assisted programs that dislocate people and business concerns.

In January, President Nixon charged the Office of Management and Budget with responsibility for issuance of guidelines and assigned to HUD the responsibility for developing and issuing criteria for the guidance of all Federal agency heads on the portion of the Act (Section 206(a)), relating to provision of replacement housing if there is an inadequate supply of relocation housing. HUD was also given responsibility for developing criteria and procedures for implementation of the portion of the Act (Section 215) concerning loans for planning and other preliminary expenses for additional housing.

Some of the significant provisions of the uniform relocation assistance legislation implemented by HUD regulations are:

- The Act requires, as a prerequisite to Federal financial assistance, that a State agency provide assurances that relocation payments and assistance will be given; that replacement housing will be available prior to displacement; and that specified land acquisition policies will be followed and specified payments will be made to property owners.

- A replacement housing payment of up to $15,000 for displaced homeowners. (Previously, HUD could make a similar payment up to $5,000.)

-more-

- A replacement housing payment for tenants and certain others of up to $4,000, in an amount necessary to enable the displaced person to lease or rent for a period not to exceed four years suitable standard housing; or to use for a down payment on the purchase of a replacement home.

- A displaced family or individual may elect to receive a payment for actual reasonable expenses of moving; or a fixed payment, up to $300, for moving expenses plus a dislocation allowance of $200.

- The owner of a displaced business or farm may elect to receive a payment for actual moving expenses, direct losses of tangible personal property, and actual reasonable expenses incurred in searching for a replacement business or farm; or, under certain conditions, a fixed payment of not less than $2,500 nor more than $10,000.

- Until July 1, 1972, the Federal Government will contribute the first $25,000 of the cost to a State agency of providing assistance and payments. After that date, the cost of providing all assistance and payments will be included as a portion of the whole cost of a program or project.

The provision of certain relocation facilities for families displaced by urban renewal activities was made mandatory by the Housing Act of 1949. It was not until 1956, however, that cash payments were made available.

In 1962, the Bureau of Public Roads (now Federal Highway Administration) was required by Congress to recognize the need to provide relocation assistance, including payments, to persons displaced by its activities. In 1968, Congress imposed more stringent requirements, and since then HUD and the Department of Transportation (of which the Federal Highway Administration is a part) have been cooperating and coordinating their relocation activities.

With the enactment of the 1970 legislation, all Federal agencies working with localities have been encouraged to coordinate acquisition and displacement activities, and are required to assure persons prior to their displacement of the availability of standard replacement housing to accommodate them.

"I am encouraged by the passage of this Act," said HUD General Assistant Secretary Samuel C. Jackson, who is responsible for administering all HUD activities involving relocation. "It will not solve all of the problems incident to relocation, but it does recognize that individuals and families cannot be treated callously or capriciously even in the interest of technological improvement."

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

Phone (202) 755-7174

FOR RELEASE:
Tuesday
May 18, 1971

Address by

Floyd H. Hyde

Assistant Secretary for Community Development

to

National Conference on Social Welfare

98th Annual Forum

at

Adolphus Hotel

Dallas, Texas

May 18, 1971

Summary

For decades the Federal Government has been the focal point for efforts to help the poor, the minorities, the inner-city. President Nixon has proposed a dramatic reform which will restore the balance of the federal system, and return decision-making power to the people and their elected officials. But these changes will produce nothing unless there is a commitment by the American people to put priority on human values, to develop a sense of community, and to put the welfare of others above material gain.

"What the World needs now, is Love, Sweet Love---That's the only thing that there's just too little of."

What in the world does that have to do with Special Revenue Sharing, which is what you asked me to speak about at this conference?

If I can't relate the two, either my presentation today is a complete failure, or you are out of touch with the realities of the problems which you are committed by your profession to address. Or, perhaps, it is a combination of both--my failures and your inadequacies.

Before we discuss the issues, however, let's agree that we will try to be objective on both counts--and in that effort we may make a significant contribution--a recognition of "truth".

For, as you are well aware, though we labor in the same vineyards for what I hope are compatible goals, I am now what is known as a "Federal Bureaucrat" and you, for the most part, are known as "incompetent local officials."

But stripping away the labels, I am convinced that all of us here in this room, despite our admitted shortcomings, are concerned citizens, eager yet frustrated in our attempts to help create a better life for all Americans.

Why are we so frustrated?
Why cannot we succeed?
Why are we misunderstood--
-- referred to so often as
"do-gooders"?

To the latter question, I say: What is wrong with "DOING GOOD"?

But maybe it's the way we go about it--let's look at ourselves--objectively, if we can, and see if some of our failures are not of our own doing.

Socrates said, "A Life Unexamined is not worth Living"--So too, a Society that does not subject itself to the agonizing, painful exercise of self-examination, must, in my opinion, end up as one of a series of interesting studies of civilizations--dead, but interesting chapters in the study of man.

Course 1-A for College Freshmen. I think the struggles in our history, the American Revolution, the Civil War, the sacrifices in World Wars I and II, Korea, the insane escalation in Indo China, require a greater measure of introspection, and positive political leadership than ever before. If the great American Dream, is to be other than a myth and more than just a chapter in "Man and Civilization--1-A" then real drastic change is necessary.

Admitting my complete ignorance in matters international may enhance my credentials in the field of domestic concern. Let us start at least with that hypothesis.

A mayor can best bear witness to the frustrations, agonies, confrontations, and crises--fiscal and human, that plague the cities of our nation.

In this respect, I have "paid my dues." But have I learned anything from that experience and my two years plus being in charge of the Model Cities Program, and now, in addition--Urban Renewal, Neighborhood Facilities, Open Space, Water and Sewer grants, Rehabilitation Loans, and Public Facility Loans programs?

Perhaps you will be kind enough to withhold judgment--at least until I leave Dallas.

I was once Mayor of a rapidly growing city--160,000 population--with a suburban ring of comfortable middle and upper class citizens of another 160,000--their businesses and professional offices in the city--their homes and retreats out of the city. Ninety percent of the minorities--black and Mexican-American--were in the central city.

This is America--this is the society that must take stock of itself today.

As a former Mayor, I'm going to tell you how I think we got into this mess--as a Federal Administrator, I am going to tell you how this mess has been institutionalized, and as a private citizen, and as a member of President Nixon's Administration, I am going to suggest to you some thoughts as to how we may get out of this "mess."

The double-edged problem of our cities ironically began when Lincoln Steffens and other muckrakers made the first attempts at local government reform. Their discoveries of inefficiency and graft created the image of the evil and corrupt city, an image which was appealing at a time when the country was still predominatly rural, and cities were inhabited by immigrants. The reformers began a movement, the effects of which we still feel today, to take power away from the mayor and out of politics. Independent boards and commissions were set up to perform specific functions; laws were passed to limit the ways city governments could raise revenue.

As power was fragmented within the city, a shifting balance between Federal, state, and local government began to erode the city's power. As more and more tax revenue flowed to the Federal Government mostly through income taxes, Americans looked to Washington for solutions to national problems. With the New Deal, the Federal Government became directly involved in solving the economic crisis of the country, and in many ways assumed responsibility for the welfare of the individual. This began a trend of increasing centralization of responsibility and power.

After World War II, the decline in the power of city government was accompanied by the growing decay of the central areas of many cities. Encouraged by FHA practices and income tax deductions on interest paid on mortgages, middle class people began the exodus to the suburbs, to be replaced increasingly in the inner city by rural black poor.

By the 1960's the dilemma of the cities was complete; the mayor of virtually every major city was faced with a rapidly shrinking tax base, a population increasingly in need of public services, an ineffective and disinterested state government, and severe limitations to his own power.

And he too, turned to Washington. In response, the Federal Government embarked on a new phase of active involvement in specific domestic problems. During this time, the number of Federal categorical grant-in-aid programs increased from a handful to over 400. These Federal programs were designed each to solve one piece of a particular problem. There was a strong tendency to make this Federal assistance available to non-government groups, and an incredibly large array of special purpose bodies of government most of them outside the direct control of the mayor. This left mayors, who had been judged unable to deal with local problems, without the resources or the power at their command to accomplish anything.

Unfortunately, as this system grew, attention was drawn to the highly visible urban programs which attempted to help the poor and minorities and we have lost sight of the fact that increasingly, Federal assistance helped the non-poor!

Americans who pride themselves on being rugged individuals go through life attending public schools, receiving Veterans' benefits, financing their new homes with FHA insured mortgages, retiring on Social Security, or even receiving federal payments for not growing certain crops. But these are all regarded as public rights, and they are somehow different from welfare payments, which are regarded as handouts to the ungrateful poor.

But this phenomenon brings to light an American posture -- which unites us in one fundamental philosophy--we don't like poor people!

That's a fact of life--let's not ignore it--there are too many cocktail party jokes about poor people pushing their Cadillac to the Welfare Office for us to ignore this "sickness" in our society.

I call it a "sickness" because the facts so clearly contradict the popular image of welfare recipients as lazy bums unwilling to work. Of those Americans who receive welfare payments, 64% are children, 10% are elderly, and almost 15% work part-time. The remaining 11% include the disabled, mothers who must care for their children, and those people who simply cannot find work. A more chilling fact perhaps is that only half of the nation's poor are on welfare; the other half work full time.

But, if to the list of welfare recipients we add those people who hold FHA mortgages, or receive farm subsidies, or use Medicare, or complete a GI Bill--financed education, or receive investment credits on their taxes, or even work for companies with large government contracts, then we have few people left who are not "on welfare."

But do they see it this way? No, indeed-only the "poor" are on welfare--and for some reason it is their fault.

The others hide under the cloak of "National Interests" such as balance of trade or the control of surplus commodities.

I am afraid I must admit I fail to see the fine distinctions which our society has drawn on the question of "who is on welfare." But this may also explain why all of our programs to deal with the problems of the poor only occasionally reach the poor, and very rarely acknowledge their basic human dignity.

Let's look now at the Federal, state, and local government system, and how it has changed in the last three decades. It is clear that the balance of power has been shifting more and more to Washington. The Federal Government, relying on income taxes, has far surpassed state and local governments in their ability to raise revenue. As the national economy has expanded, that growth has paid off much more for the Federal Government than for the states and localities, which have had to rely on property and consumer taxes to provide them with funds. With the pressure growing, the Federal Government began to direct resources to domestic problems, but in the form of a long series of specific, categorical, grant-in-aid programs. In the '60's these programs increased in number dramatically, and many of the newer ones were directed in some way to the problems of the poor and the cities.

The result?

Everyone assumes that only the Federal Government should and does care about the poor and the problems of the inner city, and that it is doing the job.

But how has the Federal Government shown its concern? Through a series of fragmented and often competing programs. While they attempted to address the needs of the poor, the Federal Government has attacked those problems piecemeal and with little consideration to the overall impact of their efforts. These programs have in many ways created part of the crisis we face today, the crisis of the inability to govern, and govern well.

Even though Federal Assistance to states and local government has increased from $1 billion in 1946 to $30 billion in 1970, this is misleading, for in many ways it has only meant bigger and better failures.

If a program is designed, funded, and administered from Washington, can it work in New York City; and Winooski, Vermont; Denver, and Seattle? Not well. And if the national mood is one of hatred and distrust of the poor, how effective can any of these programs be?

The President's recent proposals to replace the welfare system with the Family Assistance Program, to reorganize and streamline the federal government, and to share Federal revenue with states and localities, are far-reaching changes which could do much to reverse these trends of the past thirty years and restore the abilities of all levels of government to perform their real jobs. These reforms will replace confidence and responsibility in local officials, and return power to the people who elect them.

The President has proposed a dual program of general and special revenue sharing. Special revenue sharing will replace 130 categorical programs with six broad types of grants. Of primary concern to cities is the proposed Urban Community Development Special Revenue Sharing program, worth $2 billion during the first full year.

Urban Community Development would incorporate all the activities now funded under the urban renewal programs, Model Cities, water and sewer grants, and rehabilitation loans. But the scope of these programs would be broadened because funds could be applied to a wide variety of purposes. Requirements and restrictions would be reduced, and cities would be free to use their funds according to their own objectives for community development.

Federal funds would be distributed virtually automatically to local governments, based on a formula which takes into account the poverty index, overcrowding, housing conditions, and population. Eighty percent of the funds would be allocated to metropolitan areas by the Secretary of HUD; central cities and cities above 50,000 population would receive direct automatic grants. Cities would no longer have to submit countless separate applications. A statement of objectives and planned uses for the funds would be filed annually with the HUD Secretary, and a Federal audit would later verify the way funds were used.

No cities will receive less under special revenue sharing than they are now obtaining from the existing categorical grant programs, but the added advantages in flexibility are impossible to measure.

These proposed reforms are not a cure; they do represent a new challenge. The responsibility will be on elected state and local officials. But the challenge rests most heavily on individual citizens and the community as a whole to hold these officials accountable for their decisions. Commitment is now more important than ever. And that commitment must be based upon an understanding of the problems of the "community," and a commitment to human values, not economic profit, or other forms of self interest.

Ralph Nader has done a study of the Federal efforts to control water pollution. After 15 years, seven different laws, and a total of $3 billion spent, water pollution continues to be a serious problem. The reason? Nader's Raiders concluded that the laws were not being enforced against the worst offender, industry. And the reason is painfully familiar --industry claims that water pollution control efforts could put them out of business, and state governments, afraid of losing tax income, retreat.

What we need today is a commitment to protect the welfare and rights of our individual fellow citizens, a commitment that matches the priority given during the 1960's to reaching the moon. For as Secretary Romney said when Americans made the first moon landing

> "In the decade ahead, the public interest and indeed our national survival require us to assign our...urban goals a high priority-- at least comparable to the priority we gave our space program in the decade just ending.

It took more than rhetoric to reach the moon.

All we need now, in order to succeed, is the commitment--the setting of priorities--and the determination to devote sufficient resources to the task."

We must have a commitment that shows we "care"--a commitment like the "moon shot." The need for commitment is well expressed in a poem by a 13-year-old girl, Karen Warschauer, of Newton Center, Massachusetts. I would like to excerpt from that poem:

Crowded room,
One small bed,
Four children to lie in it.
Outside, the noise of the city;
Inside, the quiet restlessness that comes
When there is nothing to do,
Nothing to be,
Waiting.
For what, you do not know.
But you have a feeling
That whatever you are waiting for
It will never come.
Still, you wait.

* *

Why do you stay in your tight little world?
Only because you cannot get out.
For though no lock is on your door,
Something stronger than any lock is on your world,
On your life.
And if this thing ever had a key,
Through the years of waiting
For something
Whatever that something was,
You had lost the key, somewhere inside yourself
And you could never find it again.

* *

The plaster is chipping off your walls,
It is cold inside.
But no colder than the hearts of the people
Who keep you in.
For you know that somehow
Someone out there
Is keeping you in.

* *

There is one small window in your room.
It doesn't give much light.
But sometimes you look out of it,
And see the busy city,
The neon lights are reflected at night,
Into your room.
By day you see the street lights.
You hear the constant honking of horns.
You watch the tourists,
Who seem to be so excited
By your city.
You are not excited by your city,
You know your city too well;
How, after a while,
It traps you inside itself
And doesn't let you go.

* * * * * * * * * * * * * * * * * * * *

Sometimes,
As you look out of your window,
You get the feeling that it is a one way window.
You can look out of it,
And see people in the streets,
Or tourists,
Hurrying back to their cozy world.
But others cannot look into your window.
Sometimes though, you think
Maybe it isn't that they can't look in your window
And see you.
Maybe it's that they just never wanted to.

Our challenge is to show we care by opening that window, unlocking that door and saying "Yes--we love you, our children we love you enough to put your future, your interests, your hopes, and your aspirations--ahead of our pocketbook--or is "Love--Sweet Love"-too mundane or trite to be publicly acknowledged?

I hope not--for God help us if we have abandoned the true value of humankind-understanding, compassion, and brotherly love into the realm of the inconsequential. The hopes, the dreams, the aspirations of all our people--young, old, black, Mexican-American,whatever, are the threads that can continue to build the fabric of our society which says-"one Nation-under God, indivisible, with liberty and justice for all."

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FOR RELEASE AFTER:
6 P.M. Tuesday
May 18, 1971

NONPROFIT HOUSING GROUPS URGED TO TAKE MANAGEMENT ROLE

Nonprofit organizations can and should play an important role in managing low and moderate income housing, Assistant Secretary Norman V. Watson of the U.S. Department of Housing and Urban Development told a seminar at the Nonprofit Housing Center Inc. in New York City this evening.

"Your major strength is your motivation, your concern for the welfare of people, and your sensitivity to dealing with difficult tenant-management issues," said Mr. Watson, who directs HUD's housing management operations.

Pointing out that many housing facilities are facing financial problems, Mr. Watson emphasized the need for strong management capacity. He listed a number of factors involved in good management:

* The need to establish realistic rent levels at the outset. A large number of projects have understated initial rents because of underestimating taxes, utilities, and maintenance costs.

* The need to collect rents on time. "Some form of early warning system is essential so that families who are likely to fall into arrears can be identified and helped with their income problems by appropriate agencies."

* Maintenance know-how.

* Tenant selection policy, which will result in a "balanced social-economic mix."

* The need for enlightened management-tenant relations.

- more -

"Tenants are the manager's greatest potential resource for achieving good management," Mr. Watson declared. "Most tenants are not out after the manager's job or decision-making responsibility. What they want is a well-managed project and a management staff that is sympathetic and responsive to their needs and aspirations.

"When tenants feel they are being treated fairly and have a voice in management matters, all the evidence suggests that they will take greater pride in their project and better care of the property.

"Conversely, when the tenants feel alienated, neglected and frustrated by a remote and unresponsive management, the result is likely to be greater crime, vandalism, rent delinquencies and rent strikes."

Mr. Watson pointed out that as a matter of Administration policy, "we do not intend to usurp the responsibility" of the local housing authorities or nonprofit and limited dividend sponsors. "The real job is up to you," he said, "for making sure that the program is soundly administered and that Federal funds are not wasted."

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HUD NEWS
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FOR RELEASE:
Friday
May 21, 1971

PROPOSED HUD REGULATION DEFINES ELIGIBILITY FOR DISASTER BENEFITS

A proposed regulation aimed at defining "low income persons" for eligibility for certain disaster benefits has been drawn up by the Federal Insurance Administration, U.S. Department of Housing and Urban Development.

According to Federal Insurance Administrator George K. Bernstein, the purpose of the proposed regulation is to establish criteria for determining who are "low income persons" as that term is used in Section 1314 of the National Flood Insurance Act of 1968.

The statute prohibits Federal disaster assistance for any loss to the extent it is covered by flood insurance or could have been covered if flood insurance had been available in the area more than one year prior to the loss. "Low income persons" are exempted from this prohibition.

Mr. Bernstein said the income limits proposed for qualification as a "low income person" are the same as those used to determine eligibility for assistance under Sections 235 and 236 of the National Housing Act. Those sections cover interest supplements on home mortgages and on rental and cooperative housing mortgages, respectively, and vary to reflect local conditions.

He invited interested persons to participate in the drafting of the proposed rule by submitting written comments, views, or statements. Communications should identify the proposed rule by Docket Number R-71-103 and title, "Prohibition Against Certain Duplications of Federal Disaster Benefits," and should be filed in triplicate with the Federal Insurance Administrator, Department of Housing and Urban Development, Washington, D.C. 20410.

All relevant material received on or before Thursday, May 27, 1971, will be considered before the proposed regulation is adopted, Mr. Bernstein said. Copies of comments submitted will be available for examination by interested persons during business hours in Room 8158, HUD Building, 451 Seventh Street, S.W., Washington, D.C.

The proposed regulation was published in the Federal Register on May 6, 1971. It will be issued as a new Part 1913 of Chapter VII of Title 24 of the Code of Federal Regulations.

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

HUD No. 71-263
Phone (202) 755-7174

FOR RELEASE
Friday
May 21, 1971

FIRST BREAKTHROUGH HOUSING INSTALLED AT MICHIGAN SITE

Born two years and one week ago, Operation BREAKTHROUGH reached a milestone yesterday.

The first units of industrialized housing--three two-story townhouses, completely painted and with wiring, plumbing and carpeting installed---were hauled from the factory and set up on their foundations at the BREAKTHROUGH prototype site in Kalamazoo, Mich.

The townhouses were produced by Levitt Technology Corp. at the Levitt Building Systems plant in Battle Creek, 30 miles from the site. Starting at 7:30 a.m., the units were placed on trailers, transported to the site and mounted on their poured concrete foundations the same day.

Along with other Levitt townhouses and garden apartments, they will be occupied in late summer, contingent on the other site development work.

In all, 245 housing units will go up on the Kalamazoo site, including 83 by Levitt. They will be assembled by seven different producers and will range from single family detached homes to a multi-family four-story apartment building.

Kalamazoo is one of nine BREAKTHROUGH sites selected across the country as the U. S. Department of Housing and Urban Development's main research effort to stimulate production of volume housing in all its facets.

Ground has been broken on all of the sites, 15 of the 22 producers have signed contracts with their respective site developers, and four, in addition to Levitt, have already begun to produce housing units in their plants.

HUD Secretary George Romney hailed the dawn-to-dusk installation of the townhouses at Kalamazoo as "a tremendous step forward," but he also described it merely as the tip of the iceberg in the development of BREAKTHROUGH.

Taking into consideration its tangible and intangible gains, the Secretary said BREAKTHROUGH had accomplished far more than it has been given credit for. Among its accomplishments he cited:

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·Thirteen States have passed industrialized housing codes, and some 22 others are considering similar legislation.

·A rollback was achieved in trucking rates.

·Agreements have been negotiated by the building trades unions with housing system producers for factory-produced housing work.

·A set of performance criteria was developed to evaluate innovative designs, based on realistic performance requirements.

·Other producers were encouraged to enter the housing field.

·A change was made in the public attitude toward industrialized housing.

·Close cooperation was established with state housing officials, helping to strengthen their role in the housing picture.

The Levitt townhouses on the Kalamazoo site will be sold as part of a cooperative ownership program for families of all income levels.

Interim construction financing was arranged with the Michigan State Housing Development Authority under a mortgage loan insured by the Federal Housing Administration under Section 236 of the National Housing Act. The Foundation for Cooperative Housing is organizing and marketing the cooperatives for the Kalamazoo site.

An agreement also was reached with the State Development Authority to provide a project mortgage under the same section of the Housing Act upon completion of the development.

The first of the Levitt two-bedroom townhouses each occupies 970 square feet and is fully air-conditioned, with a full basement. The modules hauled by the trailers are 60 feet long, 12 feet wide and 11½ feet high.

The design is contemporary. The building system is a development of conventional platform-frame construction and industrial production technology. Heavy perimeter beams are used to withstand the rigors of transporting the units from factory to building site, and lifting them by crane from the trailers to the foundations on the site.

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

HUD No. 71-261
Phone (202) 755-7174

FILE COPY

FOR RELEASE
Monday,
May 24, 1971

COORDINATED PUBLIC SERVICES UNDER STUDY FOR FOUR S. E. VIRGINIA COMMUNITIES

The possibilities of local governments realizing economies through coordinated public services on a regional basis will be studied in four Southeastern Virginia cities with the aid of grants from the U. S. Department of Housing and Urban Development and the Commonwealth of Virginia.

The grant was announced jointly today by Harold B. Finger, HUD Assistant Secretary for Research and Technology, and Governor Linwood Holton of Virginia. The Federal share, under HUD's Urban Planning Research and Demonstration program will be $117,717, with the State contributing $20,000.

FILE COPY

The cities to be analyzed are Chesapeake, Norfolk, Portsmouth and Virginia Beach, the major jurisdictions in Virginia's Southeastern Regional Planning District. In addition to the study in Southeastern Virginia, the State will review similar activities already in progress in Southwestern Virginia and in West Virginia. The State and HUD hope to learn through comparing these efforts how independent communities with different local problems can help themselves by consolidating selected municipal services.

"We anticipate," said Assistant Secretary Finger, "that the report emanating from this analysis will outline steps that might be taken by other states, regional planning bodies and local governments to foster the concept of providing public services on an areawide basis.

"The report should be helpful to public officials in all parts of the country."

Governor Holton described the project as "another example of the growing cooperation between the Federal Government and the States in attempting to help local governments improve their services to the public."

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"While Virginia has been fortunate in the quality of our local governments," he said, "much more can be done to help solve the increasing number of areawide regional problems arising from expanding populations and the mounting demand for services. This project will be a useful companion to the 1968 Virginia Area Development Act which established Planning District Commissions throughout the State and provides for the creation of Regional Service Districts.

"It should help build on the base of cooperative regional planning and lead toward greater intergovernmental cooperation in providing public services.

"By no means," he concluded, "is this an effort to impose a change on local governments. Rather, it is designed to point out the possibilities to local governments for greater economies in the provision of selected services through wider cooperation."

For further information contact:

Robert H. Kirby
Division of State Planning and
Community Affairs
1010 James Madison Building
109 Governor Street
Richmond, Virginia 23219

Project Identification No. VA. PD-3

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

HUD-No. 71-259
Phone (202) 755-7174

FOR RELEASE:
Saturday
May 22, 1971

HUD ANNOUNCES PROPOSED REGULATIONS FOR NEW CRIME INSURANCE PROGRAM

George K. Bernstein, Federal Insurance Administrator, today released proposed regulations for the new Federal crime insurance program of the U.S. Department of Housing and Urban Development. The regulations will go into effect on August 1, 1971.

The proposed regulations, which will appear today in the Federal Register, are being published now to enable members of the general public to review and comment upon them, Mr. Bernstein said. A public hearing on the proposed regulations will be held on June 11 at HUD headquarters in Washington. Interested parties are invited to appear and testify.

Mr. Bernstein noted that the proposed regulations, which will not become final until the public has had an opportunity to comment upon them, will establish rules governing coverages, premium rates, required protective devices, and other aspects of the crime insurance program, including a tentative list of States where the Federal program will become operative on August 1.

Mr. Bernstein characterized the program as "unique and innovative--unlike anything available through the private market today." "We have had to simplify and expedite to meet the very tight statutory deadline of August 1," he asserted, "but the whole thrust of the Act, including its mandate of 'affordable' rates, required a fresh look at the insurance principles currently in vogue. We found many of these inapplicable to a program where low cost, efficiency, and overall consumer interests were of primary importance."

Under the provisions of the Housing and Urban Development Act of 1970, the sale of Federal crime insurance is authorized after August 1, 1971 in any State in which there is a critical problem of availability of crime insurance at affordable rates. The law established the August 1 date to give the States an opportunity to resolve such problems through State programs. For this reason the States in which Federal crime insurance will actually be made available will not be known much before August 1, but the regulations indicate the States in which Federal crime insurance appears most likely to be sold.

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A summary of the proposed 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;

3. The statute calls for the establishment of "affordable" premium rates and the proposed 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 charged;

4. Both commercial and residential policies are subject to deductibles: $200 or 5 percent (whichever is greater) of the gross amount of the loss under the commercial policy, and $100 or 5 percent (whichever is greater) of the gross amount of the loss under the residential policy;

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 applications or claims 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. Applications will then be sent to insurance companies acting as "servicing companies" under fiscal agency contracts with the Federal Insurance Administration;

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8. Those areas listed as most likely to require the implementation of the Federal program are:

California	Minnesota
Connecticut	Missouri
Delaware	New York
District of Columbia	Ohio
Illinois	Pennsylvania
Indiana	Puerto Rico
Maryland	Rhode Island
Massachusetts	Virginia
Michigan	Wisconsin

In discussing certain of the novel features of the Federal program, Mr. Bernstein stressed the absence of meaningful statistics on a territorial basis from the private insurance sector because of extreme selectivity in writing this type of coverage. Thus, he noted, to deal with this problem under the Congressional mandate that premium rates be established at "affordable" levels, his office has utilized what it considers the best available crime statistics, namely, those compiled by the FBI. In addition, the Federal Insurance Administration has utilized the FBI's classification of crime statistics by SMSAs. For example, the same basic rate will apply to a clothing store in Bethesda, Md., that applies to a similar clothing store in the District of Columbia, inasmuch as both areas are located within the same SMSA.

Furthermore, Mr. Bernstein noted the utilization of a business' gross receipts in determining the final premium will reflect the Congress' concern that rates be established at an "affordable" level.

As to the 18 areas listed as most likely to require the implementation of the Federal program, absent adequate State action prior to August 1, Mr. Bernstein observed that this list was compiled on the basis of the best information available and that his office is prepared to receive evidence that a critical problem of crime availability and affordability does not exist in a particular State. Similarly, he stated, evidence that additional States should be included in the "most likely" category will be received.

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HUD news feature
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

FILE COPY

HUD-No. 71-225
Phone (202) 755-7174

FOR WEEKEND RELEASE:
Saturday, Sunday
May 22 - 23, 1971

HUD MODEL CITIES PROGRAM BACKS CULTURAL EXPRESSION ACTIVITIES

Model Cities neighborhoods across the country are providing a setting for community theaters and experiences for inner-city young and old in drama, creative writing, painting, drawing, and music in cultural expression programs supplementing traditional community improvement projects.

These activities are underway in over half of the 146 Model Cities programs supported by the U.S. Department of Housing and Urban Development. Their objectives and activities may differ, but all of them are intended to provide for more productive use of leisure and to encourage individual creativity.

These activities, which are planned and carried out by residents of target areas, account for about two percent of Model Cities expenditures.

This support, along with technical and financial assistance from local groups, organizations, and public agencies, have made creative expression programs major sources of cultural enrichment for the city at large, as well as for the Model Cities neighborhoods.

The Denver, Colo., Cultural Center, for example, constantly recruits talent for dramatic and musical productions before audiences throughout the entire Denver metropolitan area.

The Center, which is receiving Model Cities funds for the second year, recently presented a musical concert at Denver's Temple Buell College.

The Denver Cultural Center is located in a storefront building near the city's downtown business section.

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Here 241 young chicanos, whites, and blacks, averaging 26 years of age, are enrolled in six workshops -- in art, music, theater, film-making, visual arts, and creative writing.

Staffed primarily by residents of the area, the Center is coordinated with other activities in Denver and receives special assistance from its delegate agency -- the Community College of Denver.

The Center has a special studies program, a drop-in center for independent activity, and a structured education program.

"A primary purpose for the Center is to expand the scope of the area's young people so that they can find better things to do with their time," says Denver Model Cities Director of Information, Clarence Freeman.

The project, he says, was also conceived as a behavior modification program. The Center provides Sunday entertainment for Denver's jazz enthusiasts and for those who enjoy live theater.

The Center's equipment may be used by individuals and groups throughout the city.

In Savannah, Ga., activities aimed at strengthening cultural identification in a largely black Model Cities target area feature workshops in African-oriented art forms, including dancing, drumming, painting, drawing, sculpture, printmaking, history, and creative writing.

Since the Center opened last October, it has involved over 600 young people in these workshops, and over 2,800 young people and adults in musical concerts.

The creative writing class has already published a book of poems, essays, and short stories. The Center has some $4,000 worth of instruments on hand for student use.

While most of the Model Cities creative arts programs emphasize artistic achievement and cultural exchange among diversified communities in the area, a newly-created program in Grand Rapids, Mich., is officially viewed as an alternative to juvenile detention.

Through classes and activities in creative expression, the Center aims to deter young people from anti-social behavior and open up new areas of interest to those in danger of becoming delinquents, those with arrest and truancy records, and youngsters under court jurisdiction but not in institutions.

- more -

Some of the participants in the center's program, which is supported by funds from the Department of Justice's Law Enforcement Assistance Administration in addition to Model Cities funds, will be youngsters recently released from correctional institutions.

Scheduled to begin operations next month, the Living Arts Center is sponsored by the Grand Rapids Young Women's Christian Association.

City officials and area residents are relying on the Center for counseling and rehabilitative services to the many young people in need of its services, which include employment counseling, a school for dropouts and first offenders, and classes leading to high school equivalency diplomas.

The programs in Denver, Savannah, and Grand Rapids are typical of many such programs in operation or in planning in some of the most depressed inner-city communities across the country.

"HUD support for these activities carried out in neighborhood centers, mobile units, or any place available underscores the Department's belief in human resources as a major tool in revitalizing urban communities," commented Floyd H. Hyde, HUD Assistant Secretary for Community Development, whose office administers the Model Cities Program.

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

HUD-No. 71-266
Phone (202) 755-7174

FOR RELEASE:
Tuesday
May 25, 1971

HUD ISSUES PROPOSED GUIDELINES FOR FAIR HOUSING ADVERTISING

The U.S. Department of Housing and Urban Development has published in the Federal Register proposed advertising guidelines designed to assist the newspaper industry, advertising agencies, and the real estate industry in meeting the requirements of the Federal Fair Housing law.

The guidelines were prepared by the Office of the Assistant Secretary for Equal Opportunity, Samuel J. Simmons, which has responsibility within HUD for administering the Fair Housing law.

They are based on Title VIII of the Civil Rights Act of 1968 that makes it unlawful to advertise the sale or rental of housing in a way "that indicates any preference, limitation or discrimination based on race, color, religion or national origin."

The guidelines cover three general areas: the use of words, phases and symbols that control discriminatory response; the use of human models in advertising; and policy and practice guidelines.

Words that indicate possible violations, for example, are: "White private home," "Colored home," "Jewish home," and "Black man seeks apartment." Catch words, such as "restricted," "ghetto," and "disadvantaged," might also indicate a violation.

The use of human models in photographs, drawings, or other graphic techniques indicating race, color, religion or national origin may also violate the provisions of the Act, according to the guidelines. It reads: "If models are used in display advertisements the models should reasonably represent both blacks and whites and other appropriate minority groups in the community."

Mr. Simmons said that the guidelines have two general purposes: to indicate the kinds of things that should not be said or done in advertisements, and to indicate things that should be done -- affirmative actions.

Use of words and human models are in the first category. Under affirmative actions are the policy and practice guidelines. They suggest the use of an Equal Housing Opportunity logotype, slogan and statement as a means of educating the home-seeking public.

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The Federal Register guidelines include the illustration of such a logotype and a statement and slogan.

The statement reads:

"We are pledged to the letter and spirit of United States policy for the achievement of equal housing opportunities throughout the nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion or national origin."

The slogan is: "Equal Housing Opportunities."

Mr. Simmons said the guidelines were being published to help increase the effectiveness of the Fair Housing law. "In the past two years, we have received about 75 complaints from almost every State of discriminatory advertising under the Fair Housing law," he said. "During that same time, people from our national office have examined newspapers and publications looking for examples of this kind of potentially discriminatory advertising. It became obvious we could perform a service to the media by promulgating Federal guidelines.

"This is a step toward defining discrimination in housing," he said. "What we have in these guidelines is a standard for determining whether discrimination has occurred and a standard for remedial action."

Mr. Simmons noted that HUD would receive written comments and suggestions concerning the guidelines until June 21, 1971. "We are also setting aside two days -- June 17 and 18, 1971 -- to receive oral comments in our Washington office," he said. "Anyone wishing to appear may do so by calling the HUD Office of Equal Housing Opportunity."

The Washington, D.C. number is (202) 755-5970.

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

HUD-No. 71-266
Phone (202) 755-7174

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

HUD-No. 71-260
Phone (202) 755-7174

FOR RELEASE AFTER:
2:00 P.M. Wednesday
May 26, 1971

URBAN PROBLEMS SEEN AIDED BY REVENUE SHARING AND REORGANIZATION

Stressing the importance of the President's proposals for revenue sharing and reorganizing the Federal establishment, a ranking government official today pointed out that "the genius of our system and the reason it has survived successfully, is its ability to adapt to changing conditions."

The critical nature of the country's urban problems and the urgency for adopting the President's proposals were underscored by General Assistant Secretary Samuel C. Jackson, U.S. Department of Housing and Urban Development in an address before the International Conference of Cities in Indianapolis, Ind.

The Conference is sponsored by the Federal government in collaboration with the Committee on the Challenges of a Modern Society of the North Atlantic Treaty Organization. Additional sponsors include the National Association of Counties, and the National League of Cities,/U.S. Conference of Mayors.

The HUD official noted that certain traditional aspects of urban society throughout the world were showing signs of strain and inability to cope with many of the realities of modern life. He singled out as particularly disturbing the financial crisis of the cities; mounting racial tensions and class polarization; the critical shortage of housing for low and moderate income families and the accelerating deterioration of the physical environment.

"It is not surprising," he said "that citizens have become increasingly cynical about the ability of government at all levels to meet their needs. Simply stated, people are becoming aware of the wide gap between promise and performance. It is essential that performance by governments be brought in line with the aspirations of peoples."

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According to Mr. Jackson, the President has committed himself to a new approach to government based on four principles:

1. To return resources to States and localities through a program of revenue sharing.

2. To restore confidence in government by reforming the Federal Government.

3. To meet human needs by resort to income programs.

4. To enhance our national effort to protect the quality of our natural environment.

Mr. Jackson pointed out that an important element of the President's program to restore confidence in government, is to place both decision-making authority and responsibility at the same governmental level and to focus control of Federal financial assistance in the hands of elected officials at State and local levels.

The Assistant Secretary cited the President's mandate to decentralize the administration of Federal activities as a logical and practical approach to current problems. He acknowledged that while decentralization was steeped in controversy and meant different things to different groups, it had a great potential for solving problems generated by unresponsive bureaucracies, citizen alienation, ethnic identity, and minority rights to self government.

"In my judgement two potent forces make some form of decentralization a necessity," said Mr. Jackson. "These are (1) the growing awareness of the poor and the minorities that they are no longer powerless to shape the decisions that affect their lives, and (2) a growing demand by citizens for a greater accountability by those who exercise power. I believe these forces are presently operative throughout the world and not merely in the United States."

He indicated that ersatz attempts at decentralization which tend to maintain the status quo while conveying the appearance of change are destined to fail and breed further discontent.

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

HUD-No. 71-272
Phone (202) 755-7174

FOR RELEASE:
Wednesday
May 26, 1971

FILE COPY

HUD AUTHORIZES ALLOCATIONS OF LOW AND MODERATE INCOME HOUSING

Secretary George Romney of the U.S. Department of Housing and Urban Development today announced that he is releasing $25,000,000 in contract authority to be used for housing low and moderate income families.

The authority will facilitate the production of approximately 27,000 housing units. Twelve million dollars is earmarked for the Section 235 Homeownership program, $7 million for the Section 236 rental assistance program, and $6 million for the Section 221(d)(3) rent supplement program. Of the $12 million for Section 235, $2 million is for existing housing in those HUD offices where the use of this program has been reinstated.

The 10 HUD Regional Offices to which the authority is being allocated will make further distribution to the HUD Area and HUD-FHA insuring offices within their respective jurisdictions.

The contract authority became available through reallocations and the recapture of special program set-asides.

Secretary Romney, in making the announcement, stated, "I want to make it clear that this contract authorization to HUD's field offices will continue to receive careful scrutiny so that it will be most effectively utilized in providing housing for low and moderate income families."

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

HUD-No. 71-290
Phone (202) 755-7174

FILE

FOR RELEASE:
Thursday
June 3, 1971

HUD MODEL CITIES CONTRACT OFFERED TO CINCINNATI, OHIO

COPY

Secretary George Romney of the U.S. Department of Housing and Urban Development today announced the offer of a $7,607,000 Model Cities contract to Cincinnati, Ohio.

Cincinnati will also receive support from other programs administered by HUD; from the Departments of Justice, Labor, Agriculture, and Health, Education, and Welfare; and from the Office of Economic Opportunity.

Today's action by Secretary Romney will enable Cincinnati to begin the first-year action phase of its comprehensive five-year Model Cities program. State, county, and local public and private resources will also be used by the city in its concentrated, coordinated attack on the serious social, economic, and physical problems in the model neighborhood areas.

The model neighborhood comprises the three inner-city communities of West End, Over-the-Rhine, and Mount Auburn. It contains 13 percent of the city's population and has a disproportionately large concentration of poverty, unemployment, poor housing, and health and social problems.

The emphasis of the first-year action phase will be on improving the area's general health and social conditions, educational facilities, and employment opportunities.

Cincinnati was designated a Model City in October 1968, and subsequently received from HUD a $219,000 grant to develop a comprehensive plan for the model neighborhood. It is one of 146 cities throughout the Nation participating in the Model Cities program.

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FILE COPY

For further information:

Richard L. Krabach, City Manager
Room 152, City Hall
Cincinnati, Ohio 45202

Hubert E. Guest, Director
City Demonstration Agency
1117 Vine Street
Cincinnati, Ohio 45202

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NOTE: A summary of Cincinnati's Model Cities program is available upon request to the Office of Public Affairs, HUD, Washington, D.C. 20410.

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

Phone (202) 755-7174

FOR RELEASE:
Thursday
June 3, 1971

Address by

Floyd H. Hyde

Assistant Secretary for Community Development

to

North Central Regional Conference

National Association of Housing and Redevelopment Officials

Annual Meeting

at

Indianapolis Hilton Hotel

Indianapolis, Indiana

June 3, 1971

SUMMARY

The President's proposed revenue sharing proposals and current reorganization of the Department of Housing and Urban Development in anticipation of passage of urban community development legislation will require changes in operation, philosophy, and attitude of local public agencies. Agencies are being encouraged to phase out whatever semi-autonomous status they may have had and to work closely with all community improvement functions under the direction of the mayor and his staff. Agencies are being encouraged to move from the stereotype of the "bulldozer" approach to innovative planning that will both revitalize our cities with the best of the new while retaining the best of our heritage. Agencies are being encouraged to think not only in terms of physical change but toward a total approach that reflects solution to the sum of human, social, economic and environmental needs. Many challenges lie ahead. Are you, members of NAHRO, ready to meet these challenges?

A few days ago Mayor Kevin White of Boston was among a group of mayors who were taken on a tour of the Brownsville district of the Borough of Brooklyn in New York City.

Visitors to Brownsville frequently remark that they feel they are walking the streets of a bombed-out urban ruin. The scene is one of shabby tenement buildings interspersed with vacant lots where dilapidated tenements once stood. The lots are strewn with broken glass and rubbish. Store fronts are barricaded and apartment doors are locked against the desperate addict.

Perhaps no other visitor has found quite the words Mayor White found to express his reaction to the tour.

As he was leaving the neighborhood he remarked that Brownsville "may be the first tangible sign of the collapse of our civilization."

It was a few days after this that a writer for United Press International took note of the increasing number of warnings from mayors that American cities cannot survive under present conditions.

The writer asked, "Is that bad?" All things considered, are cities really worth saving? Or would we be better off as a nation of suburbs? Do we really need New York, Chicago, San Francisco and the other great metropolises? Or have they already outlived their usefulness and now linger on only as expensive anachronisms?"

And, the writer added, "One thing to consider is that ghost towns are part of the American heritage and tradition."

So it would appear from this, the urge of the American city dweller to escape from it all has become, over the years, a much less venturesome impulse. The cry from earlier generations of Americans who were tired of the frantic pace of urban life was "back to the farm." Now, of course, it's "let's get a ranch-style place in the suburbs."

In either case, whether it's back to the farm or off to the suburbs, there would seem to be no better place for it than here in the ten states embraced by the North Central Regional Conference of NAHRO.

Most of the great farm and dairy heartland of Middle America lies within these states of Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, North Dakota, South Dakota, Ohio and Wisconsin. Rural life is not something unusual here.

But, as a matter of fact, rural life is in decline in the mid-west.

The latest advance report of the 1970 census shows that 63.7 percent of the people in these ten states live in urban areas. This means that the urbanization trend accelerated here in the 1960's, because the 1960 census placed the urban population in these states at 59.7 percent.

The 1970 census also shows that there are 49.6 million people in these ten states, which is 4.5 million more than there were in 1960. To put it another way, this population increase amounted to the addition to this region of 45 cities, each with a population of 100,000, in ten years -- an average of one city of 100,000 every three months.

In still another respect, the 1970 census is illuminating about urban conditions in your region. It shows that there are four metropolitan areas here with populations of 1.5 million or more -- Chicago, Detroit, Cleveland and Minneapolis-St. Paul -- and that in all four of these areas there are now more people in the suburbs outside these cities than there are in the cities. This means that the flight to the suburbs -- the flight from the potential Brownsvilles of tomorrow -- accelerated here in the 1960's. In 1960, the census showed that only two of these four areas, Detroit and Cleveland, had more people in the suburbs than there were in the two cities.

Now of course, the clock of the 1970's is running and we can only expect that these pressures of urbanization, population growth and abandonment of the inner city will continue.

We know what these pressures are producing. They are producing demands for more and more urban services and they are driving the cost of these services so high that some of our cities are talking about bankruptcy. They are producing so much demand for housing, especially for housing in the low and moderate price ranges, that we are far from being able to meet the demand. And, in recent years, tens of thousands of housing units in inner cities have simply been boarded up and abandoned -- stark symbols of urban frustration -- as deterioration eats away at central cities faster than we can eliminate slums and rehabilitate decaying structures.

If we really open up our eyes and look, it is apparent, however, that the decay of structures is only a symptom of human decay -- it is a symptom of what we have let happen to the people in this nation, of despair in the hearts of people who have been left behind in our mad dash for material gain, in our mad dash to achieve the "highest and best use" of land and property. In short, it is a symptom of a society whose priorities are false.

For these reasons, and for many others, I think it is hardly an exercise in rhetoric to say that we are indeed in an urban crisis.

Well, what do we propose to do about it?

I have come here today to talk to you about one of the things our Department is doing about it. We now are making the Community Development Program operational. I want to talk with you especially about the role of the local urban renewal agency in this new program.

But before I do that, I want to take just a moment or two to explain why we feel that the community development approach to the urban crisis is not a total rejection of the past, but is, rather, a logical and coordinated way to build on the accomplishments of the past, while avoiding the mistakes that have been made.

There is a striking way to show this by drawing out the progression of an idea from the late 1920's right up to the present day. The idea is that the Federal Government should help cities to overcome their urban problems. It first took hold in an emergency in the late 1920's and the early 1930's when the Works Progress Administration was authorized to experiment with the removal of dilapidated tenements and the construction of low-cost housing to replace the tenements.

This idea found its way into the Housing Act of 1937, which provided the first Federal subsidy program for this purpose. And during this time an interesting side-effect occurred. For the first time urban specialists, in the course of justifying the removal of these tenements, were learning in depth what the real living conditions and the real feelings of the residents of these rundown districts were.

It was recognized that more than a tenement here and a tenement there had to be torn down if living conditions were to be changed. It was recognized that a broader neighborhood attack had to be made on slum conditions.

And so the idea, now in greater scope, found its way into the Housing Act of 1949, which first authorized the renewal project approach to predominantly residential districts. But the cities found the idea still too narrow. So, in response to their appeals, Congress in 1954 broadened the idea of renewal still further to include the project approach to blighted commercial and industrial areas as well as residential districts.

In 1966 the idea took on, in the Model Cities legislation, a still broader scope. The intent of this legislation was to coordinate the full range of Federal and local aids effecting a neighborhood and to enlist the cooperation of the residents in a total-impact approach -- an approach involving not just physical factors, but the whole range of interrelated human, social, economic and environmental components to urban improvement in that neighborhood. We have learned many lessons from the broadened approach of the Model Cities Program and it is on these bases we plan to build for the future.

Now, in the Community Development Program, our Department is saying to elected and appointed city officials that we think we can no longer afford to address the urban crisis by attacking a single tenement, or a single project, or a single neighborhood, or a combination of neighborhoods and projects.

We think the time is overdue to attack the urban crisis on its own terms -- that is, as an interrelated physical, social and economic malady affecting every phase of city life, every area of the community — directly or indirectly -- and in a different form in each city.

And so we see the Community Development Program as the logical and constructive extension of an idea over 40 years old. We see it as the way to place City Hall at the center of urban improvement work and we see it as the way to coordinate, through the mayor and his staff, every single local and Federal effort to improve the development of our communities.

To do our part, the Department has placed under my direction, the Federal programs for urban renewal, Model Cities, rehabilitation loans and grants, neighborhood facilities grants, open space land grants, water and sewer grants, and public facilities loans. Very shortly, revised policies and procedures for all of these programs will flow to you through our Regional and Area Offices on a coordinated basis.

Actually, we regard the Community Development Program as an effective interim measure, as the forerunner of the system which will go into effect when Congress approves the Administration's plan for special revenue sharing for urban community development.

As I am sure all of you know by now, the Administration is proposing to share Federal revenues with communities in two ways: first, on a general basis -- that is, the general funds could be used as the community wishes — and secondly, on a special basis for six broad categories of activities, one of which is urban community development.

The Administration's bill on special revenue sharing for community development, now before the Congress, sets forth several types of activities, including urban renewal, for which these special funds could be spent in whatever way the community itself wishes to allocate the funds among the various development activities.

The Administration's position on special revenue sharing for community development can best be summarized in the following passage from the President's message to Congress on this matter:

"One of the most important existing stepping stones to revenue sharing is the Model Cities program which was designed to provide a local community with flexible funding and sufficient freedom so that it can coordinate a wide variety of development programs in a given target area. The Model Cities idea grew out of a mounting frustration with traditional categorical grants. Ideally, it embodies -- on a limited basis -- the principles we are trying to extend to all development aid through special revenue sharing.

"Even in the Model Cities program, however, the ideal has not yet been fully realized. The program is still limited in scope and it still suffers from certain restrictions -- the need to negotiate projects with Washington for example, and the fact that some programs are still limited to certain neighborhoods. The Department of Housing and Urban Development has worked to minimize these limitations and it will continue to do so. At the same time, I hope that the Congress will enact this special revenue sharing program and thus complete the work which began when the Model Cities program was set up five years ago."

What the Community Development Program and the proposed revenue sharing system mean for you, as members of renewal agencies or as staff personnel of those agencies, is that our Department is encouraging you to phase out whatever semi-autonomous status you may have had and to promote the close coordination of your operations with all other community improvement functions under the direction of the mayor and his staff.

We are encouraging you to establish an arrangement in your city -- a functional day-to-day operation -- in which you sit down regularly with the mayor, the city manager, the public works director and other principal administrators to address yourselves to a crisis that simply will not wait any longer for piecemeal efforts, however well-intentioned and well-operated these fragmentalized efforts may be.

For some of you, perhaps such an arrangement will mean the first opportunity you have ever had to make sure that the mayor and his staff understand in detail what you are trying to do in urban renewal and why you need their support. Perhaps, also, it will give you, for the first time, an insight in detail into the problems your associates in city government are struggling with every day.

Earlier, I remarked that it is not our intention, as we move into the Community Development Program, to reject everything of the past. Surely this is the case with urban renewal. True, our renewal and rehabilitation activities have not always moved as fast or as easily or as harmoniously as we would have liked.

But it would be a great mistake not to recognize the achievements of the urban renewal program and not to approach the Community Development Program phase of renewal operations with confidence that we can build on the experiences of the past.

Let me illustrate what I mean:

-- Only a few days ago we had occasion to release a report showing that between 1949, when the renewal program started, and June 30, 1970, the value of construction completed or under way in some 1,700 renewal project areas in more than 1,000 communities throughout the country topped the $10.5 billion mark. One of the significant things about this is that this figure is $1.5 billion more than the total amount of money authorized by Congress for the renewal program for this period.

-- We also released a report a few days ago showing a remarkable new trend in housing production in renewal areas. This report disclosed that in the year between June 30, 1969, and June 30, 1970, renewal produced 24,907 housing units, of which 17,675 were in the low and moderate price ranges and 7,232 in the upper price ranges. The remarkable thing here is that only four years ago the annual number of units produced in the upper price ranges exceeded the number in the low and moderate price ranges. So we have made a major turnabout in four years.

-- Shortly before I left Washington I received a report on the value of construction in renewal areas in the ten states of your region in relation to the total outlay of Federal funds for renewal in this region. The report shows that in 331 conventional and NDP project areas in the ten states, the value of construction completed or under way between 1949 and June 30, 1970, totaled $2.2 billion, of which $1.5 billion is private construction. The total Federal outlay for renewal in this region during this period was $744.5 million. So you can see that the cost-benefit ratio of renewal in your states represents a very good investment of the Federal dollar.

-- Finally, another growing trend is the conservation of neighborhoods and the preservation of historic sites. This trend reflects the greater emphasis we have placed on these objectives in recent years. In 1970 the monthly average of housing units rehabilitated with low-cost Federal loans in renewal and code enforcement areas rose to 770 -- a rate of 280 percent higher than it was in 1967. The number of historic preservation projects funded through the Department's Open Space Program reached 22 in the 1970 Fiscal Year, more than twice the number funded two years earlier. And in the renewal program, in addition to funding several historic restoration projects of major national significance -- some of which have been the recipients of distinguished design awards -- we are now operating an early warning system under which renewal agencies are notified immediately whenever properties in their areas are added to the National Register of Historic Places.

But, let me add, my words are not all of praise. Too often, Renewal Authorities and those responsible in our cities have not done enough to preserve their city's heritage. Too many have chosen the land use planning expedient that broad destruction and clearance permit, rather than accept the challenge of melding the old with the new. Too many have been swayed to the economic expedient, not thinking of the priceless heritage historical structures offer the people of the city, not thinking that displacement of families and neighborhoods can be more costly than clearance, not thinking of the changes in scale, texture, and design historic structures, monuments, and works of art bring to the cityscape. I feel strongly that our cities must not all look alike. Each must have its own identity. Each city has its own story to tell. We must continue that story while working to improve the character of the total community.

There are indeed substantial achievements on which to build as we move to increase production in the Community Development Program.

However, we can build on these achievements only to the extent that we have your understanding of the community development concept and your willingness to cooperate with the new Federal approach and with your associates in city government.

You will not find in the Administration's approach to the Community Development Program or to the revenue sharing system any rigid requirement for a patterned reorganization of city government or your renewal agency. The omission is intentional. The Administration is asking for your cooperation, it is not ordering your compliance.

You are familiar with the physical tools we now have. These may change. I have just covered some of the programmatic approaches that already are changing. Under Community Development, a purely physical approach will not suffice. We must plan and act with the human factor at the heart of our efforts. We must think of the inter-relationships of rich and poor, of old and new, of buildings and people. We must think of the total composition of our communities and use our tools in a way that turns this century around. We must use our tools so as to put the greatest value on people, not real estate. America's greatest resource is not her land, but her people. If I convey no other message today, it is that message alone, I say, is fundamental and important.

It is in this spirit, then, that I appeal for your understanding of the Community Development Program and the proposed revenue sharing system. I look forward to having your cooperation in our efforts to make these new concepts work for the benefit of the urban residents of the North Central Region and of the entire nation. Thank you.

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

HUD-No. 71-278
Phone (202) 755-7174

FOR RELEASE:
Friday
June 4, 1971

HUD GRANT WILL HELP RESTORE 19th CENTURY OREGON CHURCH

The former Episcopal Church of the Good Samaritan in Corvallis, Ore., used since 1959 as the city's art center, will be restored with the aid of a grant from the U.S. Department of Housing and Urban Development.

Built of wood in the "carpenter's Gothic" style in 1889, the church is an unaltered architectural example of the period. Perhaps its most striking feature is the bridge truss construction of the nave ceiling--believed to be the work of engineers employed by the Oregon Pacific Railroad.

The building has been nominated for inclusion in the National Register of Historic Places, which is maintained by the Department of the Interior to record structures and sites of historic or architectural significance.

The church was saved from demolition by being moved to a new site, one block from the spot on which it was built. When restoration has been completed, the building will continue to be used, as it has been for the past dozen years, as a center for the arts--a museum, a place of instruction in the visual and performing arts, and a theatre and concert hall.

The Federal grant is $25,657. Historic Preservation grants are made on a matching basis to States or local public bodies to acquire and restore historic buildings in urban areas. Grants are authorized under Title VII of the Housing Act of 1961 and administered by the HUD Assistant Secretary for Community Development.

For further information: C. Dean Smith, City Manager
501 S.W. Madison St.
Corvallis, Ore. 97330

Project No.: Ore. HPR-1

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

HUD-No. 71-285
Phone (202) 755-7174

FOR RELEASE:
Friday
June 4, 1971

LOCAL OFFICIALS SEEN RESPONSIBLE IN REVENUE SHARING PROGRAM

An official of the U.S. Department of Housing and Urban Development today brushed off the charge that revenue sharing would mean irresponsible handling of funds among cities and misdirection of urban resources.

Floyd H. Hyde, HUD Assistant Secretary for Community Development, said, "Let's admit there are intelligent, capable people outside Washington, and let's bet on the fact they will handle responsibility well."

Speaking to the annual meeting of the Model Cities Directors' Association at the Sonesta Hotel, Washington, D.C., Mr. Hyde emphasized that Urban Community Development Revenue Sharing will provide cities more flexible funds than ever before, and place the responsibility for the direction of the Model Cities program on Mayors and their locally elected officials.

"This is where the responsibility should be," he said, "and it is they, not the Federal Government or Congress, which must decide what form a community Model Cities program should take."

Mr. Hyde said President Nixon had proposed two new plans which set the Model Cities process into a national community development context: departmental reorganization and revenue sharing, interlocked plans which promise to decentralize government to make possible more decisions at levels closer to the people affected by them.

The reorganization, said the Assistant Secretary, will provide a central point in the Federal system for developing policy, for advising the President and Congress on community development problems and needs, and for assigning accountability for Federal performance. It would also cut through one of the most difficult of Model Cities processes, inter-agency coordination, which often means a woeful lack of unified effort as well as considerable delay in implementing programs, he said.

"Enactment of the Community Development Revenue Sharing Bill by Congress will mean we will no longer be talking about the 'Model Cities' process, but the 'Community Development process' which will get underway in 446 cities, plus smaller ones--and it will mean these cities will have available more flexible funds than ever before, but accompanied by tough questions of priorities of problems, of planning, of operation, of responsibility, of monitoring, and evaluation," Mr. Hyde concluded.

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

HUD-No. 71-297
Phone (202) 755-7174

FOR RELEASE AFTER:
12:30 P.M., Friday
June 4, 1971

HUD OFFICIAL STRESSES FLEXIBILITY IN HOUSING MANAGEMENT

A top official of the U.S. Department of Housing and Urban Development today said that the projected increase of federally subsidized rental units -- from the current 1.4 million to 4.5 million at the end of the decade -- "requires us to re-orient housing management efforts and seek new ways to do business."

Speaking before the Northeastern Regional Conference of the National Association of Housing and Redevelopment Officials in Indianapolis, Ind., G. Richard Dunnells, HUD Deputy Assistant Secretary for Housing Management, said the basic change needed is one of philosophy. "HUD is committed to the philosophy of placing the maximum possible responsibility at the local level for managing HUD's assisted housing programs," he said.

"The President has proposed sweeping reform with his Revenue Sharing Program and his Reorganization of the Executive Branch. The philosophy of both revenue sharing programs is to reverse the flow of power which has been coming to Washington, and return it to the levels of government nearest the people. We intend to administer our housing management responsibilities in a manner consistent with the Administration's concept of New Federalism," Mr. Dunnells asserted.

He stressed the need for flexibility and innovation in dealing with the operating problems of housing management. Discussing the current financial status of local housing authorities, Mr. Dunnells cited increased operating costs and reduced income as major causes of economic problems in the low rent housing program. He stated that HUD's commitment to the proper management of these rental units over an extended period of time is evidenced by the increasing level of operating subsidies to housing authorities.

"The Administration's current budget" Mr. Dunnells said, "forecasts increases in operating subsidies to $73 million in Fiscal Year 1971 and $110 million in FY 1972. These figures represent our best estimate at this time of the funds necessary to meet the financial plight of the housing authorities, as well as to offset losses in income caused by the mandatory rent reductions required by law. We are continuously studying the operating requirements of the housing authorities to see if more money is required. If, as additional information is collected, additional subsidy funds appear to be needed, the additional authorization provided by Congress will be available for use."

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Mr. Dunnells discussed the problems in making regular subsidy payments to housing authorities and a proposed HUD procedure to relieve the problems.

"One of the problems has been the sheer complexity of handling and computing the various different payments authorized by Congress. We have had to contend with special family subsidies, rental assistance subsidies, and operating deficit subsidies." He pointed out that HUD is developing a much simpler approach that will consolidate the many different computations now required into one operating subsidy. This new procedure has been approved in concept and is in the final clearance stages.

"Under this procedure," he continued, "the amount of your operating subsidy will be determined at the time your budget is approved, rather than a year later as is now the case, enabling you to operate with much firmer assurance of your available resources."

Mr. Dunnells told the conferees that HUD will "try to give you the resources and technical help you need."

He also pointed out that HUD will gear its policy requirements in such a manner that will serve national objectives and local rights in the most equitable way possible.

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

HUD-No. 71-289
Phone (202) 755-7174

FOR RELEASE:
Monday
June 7, 1971

AIRPORT NOISE ABATEMENT STUDY RELEASED BY HUD-DOT

The U.S. Department of Housing and Urban Development today released the first of a series of four studies of aircraft noise and its abatement.

The report, Metropolitan Aircraft Noise Abatement Policy Study, John F. Kennedy International Airport, was prepared by the Tri-State Transportation Commission of New York under a research contract jointly funded by HUD and the Department of Transportation. Other airport studies still underway cover O'Hare International, Chicago; Bradley International, Hartford, Conn.; and Cape Kennedy Regional Airport, Melbourne, Fla.

The purpose of the studies is to prepare recommendations for reducing aircraft noise problems in the affected communities. The measures related to land use included: the use of codes, ordinances and local development policies to encourage compatible development in high noise areas; reduction of the noise impact by the insulation of structures; and conversion or redevelopment of incompatible land use in high noise areas.

Samuel C. Jackson, HUD Assistant Secretary for Community Planning and Management, said: "HUD has sought to bring the tools of land use planning and control to bear on achieving solutions to conflicts between airports and other land uses, to defining appropriate airport locations within the metropolitan framework, and to protecting both the airports and nearby residences from encroachment by each other. The implementation of the recommendations developed under this study will be an important step in achieving solutions to these conflicts."

When completed, the four studies will be summarized for use in other airport impact situations. An airport environs planning manual will also be prepared for distribution to planning agencies and local officials.

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The study outlines a series of steps to deal with aircraft noise near John F. Kennedy Airport in order to alleviate in varying degrees the noise that seriously affects people nearest the airport as well as those farther away, but still affected. While cautioning that none of these steps alone would stop the noise, and that carrying out each to its fullest extent would be difficult, the study recommended that a start be made on such actions as:

--Installing noise mufflers on commercial aircraft engines as soon as possible.

--Development of a quiet engine, now in the experimental stage, by the National Aeronautics and Space Administration should be expedited for use in commercial aircraft.

--Discouraging of further residential building in the noisiest areas, either by coordinated zoning action of New York City and other affected towns, or outright acquisition of the land.

--State amplification of building codes to require soundproofing in affected areas of new residences, schools, hospitals, and publicly assisted housing projects.

--Offering financial incentives to owners for soundproofing their property, since compulsory soundproofing of existing buildings is not likely to be legally upheld. The costs should be recovered by any appropriate means, including charges against the air traveler.

The Tri-State Transportation Commission was assisted in the study by the New York City Planning Commission, the Nassau-Suffolk Regional Planning Board, and the Port of New York Authority, among other agencies.

Copies of the report, Metropolitan Aircraft Noise Abatement Policy Study, John F. Kennedy International Airport, may be obtained from the: Clearinghouse for Federal Scientific and Technical Information, 5285 Port Royal Road, Springfield, Virginia 22151.

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

HUD-No. 71-291
Phone (202) 755-6420

NOTICE OF PUBLICATION
FOR RELEASE:
Tuesday
June 8, 1971

HUD ISSUES NEW BIBLIOGRAPHY ON DETERIORATING ENVIRONMENT

The U.S. Department of Housing and Urban Development today announced publication of a bibliography on a major national problem--the deterioration of our environment.

Compiled by the HUD Library and Information Division, the publication, Environment and the Community; An Annotated Bibliography, focuses not only on current problems of environmental deterioration as they affect communities, but on recommendations for plans and action.

Sixteen subjects are listed in the 64-page brochure, covering 300 annotated references to books and periodicals. Also listed are films, organizations involved, publishers' addresses, and specialized periodicals.

Among the topics covered in the bibliography are: Architecture and Urban Design, Ecology, Environmental Quality, Housing, Land Use, Noise, Pollution, Population Pressures, Recreation, Technology, Transportation and Highways, and Working Conditions.

Copies may be obtained for 65 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

HUD No. 71-303
Phone (202) 755-7174

FOR RELEASE
Tuesday,
June 8, 1971

MAINE UNIVERSITY STUDY SPURS HOUSING STARTS

Community Renewal in Maine, a report summarizing the changing role of the University of Maine's urban advisory service, has been published with the assistance of an Urban Renewal Demonstration Grant from the U. S. Department of Housing and Urban Development.

The study records the experience of the University of Maine Cooperative Extension Service demonstration program to assist small urbanizing communities achieve orderly physical development. It charts the evolution of the Extension Service's urban advisory service as it responded to the dynamics of urban growth in Maine, and to related changes in national priorities.

The report notes that the demonstration, begun in 1965 as an advisory service to small communities inexperienced in the complexities of HUD's urban renewal program, soon responded to the changing and varied needs of the growing Maine communities.

Emphasis shifted to aiding citizen groups involved in community renewal enterprises. Then, as greater awareness of the nation's rural and urban housing programs emerged, the project developed new priorities. These new priorities favored projects that came closest to fulfilling the original purposes of the Housing Act of 1949--a decent home for every American family.

With the adoption of the Housing Act of 1968, the university extension program developed a primary thrust in the area of housing. The report describes how project staff participated in the long and successful effort to establish a State Housing Authority, and then aided a community's housing rebuilding program.

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It also describes how Project staff were responsible for a major institutional breakthrough in solving Maine's pressing housing needs--the creation of a regional non-profit housing association. Known as the Housing Foundation, this organization has already gotten off to a strong start by constructing 200 industrialized homes for low and moderate income families in the Orono, Maine area.

The report shows that an extension service, even though originally oriented toward a rural clientele, can adapt itself to the challenges of a rapidly urbanizing state.

Single copies of Community Renewal in Maine are available free of charge from:

Cooperative Extension Service
University of Maine
Winslow Hall
Orono, Maine 04473

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

HUD-No. 71-304
Phone (202) 755-7174

FOR RELEASE:
Wednesday
June 9, 1971

HUD OFFICIAL TO HEAD U.S. GROUP SURVEYING AFRICAN HOUSING NEEDS

General Assistant Secretary Samuel C. Jackson of the U.S. Department of Housing and Urban Development will head a team of four American housing specialists in a tour of four African nations to determine the most effective means of using American assistance to help solve local housing and growth problems.

The group will leave Washington, D.C. on June 10 and visit Liberia, Ghana, Nigeria, and Togo before returning June 22.

The mission is a direct result of the high priority assigned by the Administration to providing continuing financial and technical assistance to developing nations in Africa. The agenda and objectives of the group have been carefully worked out by the embassies of the nations involved, HUD and the Agency for International Development.

Team members will include Archie Walter Willis, mortgage banker from Memphis, Tenn.; Buford Macklin, Deputy Director of HUD's Division of International Affairs; Edwin Roxby, a ranking engineer with AID; and Frederick A. Kalhammer, consultant with the Foundation for Cooperative Housing.

Focal to the group's mission will be the task of exploring housing problems and making recommendations regarding the use of AID's Housing Investment Guaranty (HIG) Program.

The purpose of the HIG program is to insure private U.S. investments in housing which make a material contribution to the solution of existing housing and urban development problems throughout the world. The program operates in much the same manner as HUD's Federal Housing Administration program of insured mortgages. The guaranty contract insures the U.S. investor against the loss of his investment for an AID approved housing investment guaranty project.

In Liberia, the group will function as a pre-investment survey team to appraise the maximum utilization of HIG program resources. Mr. Jackson will visit with Liberian President William V. S. Tubman and other prominent Liberian officials. He will also address a Conference of the International Association of University Professors.

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Mr. Jackson's host in Ghana will be S. W. Awuku Darko, Minister of Housing and Works and he plans to visit housing projects in Tema, a thriving new Ghanian city which has made it possible to relocate rural residents in a new urban environment.

In Loma, Togo, Mr. Jackson will represent AID at a housing conference sponsored by the Economic Commission for Africa, an official arm of the United Nations. He will outline the scope and objectives of the HIG program and its potential for aiding Africa's developing nations.

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

FILE

HUD-No. 71-313
Phone (202) 755-7174

FOR RELEASE:
Wednesday
June 9, 1971

COPY

$247,083,000 IN NOTES SOLD TO FINANCE RENEWAL PROJECTS

The U.S. Department of Housing and Urban Development today announced the sale on June 8 of 101 issues of urban renewal project notes totaling $247,083,000 by 96 local issuing agencies.

The notes were sold at an average interest rate of 3.2848 percent. The average interest rate for the $341,876,000 in project notes sold on May 4 of this year was 3.1393 percent.

Maturities of the 101 issues sold June 8 ranged up to 12 months with six-month notes accounting for 7.5 percent of the total amount sold and one-year notes accounting for 60.4 percent. Average maturity for the notes, to be dated July 7, 1971, was 9.4 months.

Notes in the current sale were awarded to the following 38 purchasers:

First National City Bank, Continental Illinois National Bank & Trust Company of Chicago, The First Boston Corporation, Mellon National Bank & Trust Company, and Goldman, Sachs & Company, jointly	$53,847,000
Morgan Guaranty Trust Company of New York and Salomon Brothers, jointly	44,407,000
The Detroit Bank and Trust Company	13,956,000
United California Bank	13,785,000
First National Bank of Denver	12,000,000
Texas Commerce Bank	10,235,000
The Northern Trust Company, A. G. Becker & Company, Inc., and Weeden & Company, Inc., jointly	9,905,000
The First National Bank of Boston and Lehman Brothers, jointly	9,495,000
City National Bank and Trust Company (Kansas City, Mo.)	8,988,000
The Connecticut Bank and Trust Company	7,910,000
Albuquerque National Bank (New Mexico)	7,000,000
United Bank of Denver	6,500,000
North Carolina National Bank	6,350,000
The First National Bank of St. Paul and Northwestern National Bank of Minneapolis, jointly	6,007,000

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Bank of America, N.T. & S.A., and Bankers Trust Company, jointly	$ 4,886,000
The Citizens and Southern National Bank	3,170,000
The National Shawmut Bank of Boston	2,960,000
Pittsburgh National Bank	2,960,000
The Sand Mountain Bank (Boaz, Ala.) and The First National Bank of Birmingham, jointly	2,595,000
Trust Company of Georgia	2,425,000
The First National Bank of Memphis	2,030,000
The First National Bank (Cobb County, Ga.) and Fulton National Bank (Atlanta, Ga.), jointly	1,730,000
First National Bank in Dallas	1,690,000
Central National Bank in Chicago	1,548,000
The Bank of California, N.A.	1,419,000
Northwest Pennsylvania Bank and Trust Company (Oil City, Penna.)	1,315,000
First National Bank (Springdale, Ark.) and The First National Bank of Memphis, jointly	1,290,000
Colorado National Bank of Denver	1,281,000
Rhode Island Hospital Trust National Bank	850,000
Commercial Savings Bank (Carroll, Iowa) and The Northern Trust Company, jointly	786,000
Hartford National Bank and Trust Company (Conn.)	760,000
Provident National Bank (Philadelphia, Penna.)	685,000
Security National Bank (Sioux City, Iowa)	568,000
City Trust Company (South Norwalk, Conn.)	500,000
The First National Bank of Anchorage (Alaska)	480,000
Bank of Mississippi (Tupelo)	320,000
Essex County Bank and Trust Company (Lynn, Mass.)	250,000
The Ionia County National Bank (Mich.)	200,000

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

HUD-No. 71-305
Phone (202) 755-7174

FOR RELEASE:
Thursday
June 10, 1971

HUD ISSUES REQUEST FOR PROPOSALS TO SERVICE CRIME INSURANCE PROGRAM

The U.S. Department of Housing and Urban Development has issued a request for proposals to property insurance companies that have indicated interest in servicing the new Federal crime insurance program.

Under the crime insurance law, enacted last December, the Federal Insurance Administration is authorized to use the services and facilities of the private insurance industry to make crime insurance available where there is a critical problem of availability which has not been met through appropriate State action.

Federal Insurance Administrator George K. Bernstein said that the approximately 100 companies that have expressed interest in the program have been requested to submit their proposals by June 21, in order to have the servicing aspect of the program "in place" well before the August 1, 1971, date on which the insurance will be available.

In issuing the request for proposal (RFP), Mr. Bernstein called attention to the necessity for "obtaining proposals at this time in order to select contractors for further negotiation." He said his office will use the "standard proposal evaluation techniques" of the Department.

The proposals submitted in response to the RFP will be the basis upon which the details of the contracts will be negotiated.

-more-

Characterizing the program as "unique and innovative--unlike anything available through the private market today," Mr. Bernstein said his office plans to negotiate contracts in accordance with the following schedule:

June 21--Responses from proposers due at HUD in Washington.

June 28--HUD Proposal Evaluation Board expected to complete screening of technical and managerial qualifications of prospective contractors.

July 1--Issuance of invitations to selected companies to participate in further negotiations leading to one or more final contracts. (Those not selected will be notified of HUD's decisions.)

July 10--Formal contract negotiations concluded--all documents ready for signature.

August 1--Companies selected as fiscal agents begin to carry out their responsibilities under the contracts.

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

Phone (202) 755-7174

FOR IMMEDIATE RELEASE:

STATEMENT BY SECRETARY GEORGE ROMNEY ON UNITED STATES COMMISSION ON CIVIL RIGHTS REPORT ON THE SECTION 235 PROGRAM

We are pleased that the Civil Rights Commission's study of the 235 program acknowledges the "impressive volume of housing" produced under the program, and the fact that "the program has been of substantial help to minority group families by enabling them to obtain decent housing and to enjoy the benefits, both material and psychological, of homeownership."

The report also points out that the 235 program has not so far made a significant impact on the dominant pattern of racial separation which prevails in the nation's metropolitan housing markets. The reason is that the program operates within the framework of the private real estate market: FHA has traditionally been structured legally and administratively to respond to the private market; FHA does not by itself control such things as housing site location, housing consumer preferences, choice of brokers, or the willingness of brokers to deal or not deal in FHA insured properties.

It is unfortunate that some of the Commission's more sensational assertions, although largely unfounded or out of date, may distract public attention from its more constructive proposals. HUD has in fact been engaged in a range of actions over the last several months to make all of our programs more responsive to equal opportunity objectives as well as to the consumer generally. Unfortunately, the report is out of date in failing to reflect such actions. Additional actions are imminent, and we shall be detailing these in hearings before the Commission next week.

# # #

June 10, 1971

FILE COPY

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

FILE COPY

Equal Opportunity Housing

Phone (202) 755-7174

FILE COPY

FOR RELEASE AFTER:
3:00 P.M. Monday
June 14, 1971

STATEMENT OF
SECRETARY GEORGE ROMNEY

AT PRESS CONFERENCE

ON

EQUAL HOUSING OPPORTUNITY

JUNE 14, 1971

FILE COPY

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 Administrator, 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 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."

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 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 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 nondiscriminatory 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 communities:

> "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, multi-family 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.

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

HUD-No. 71-324
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FOR RELEASE:
Tuesday
June 15, 1971

HUD OFFICIAL EMPHASIZES SOUND MANAGEMENT PRACTICES

Nonprofit sponsors of subsidized housing projects "have to take the initiative and the responsibility for making sure the programs are soundly administered and Federal funds are not wasted" according to a ranking official of the U.S. Department of Housing and Urban Development.

G. Richard Dunnells, HUD Deputy Assistant Secretary for Housing Management, addressing a seminar of the Nonprofit Housing Center, Inc. in Chicago, said "the essence of the Administration's concept of New Federalism is to place maximum responsibility in local hands. The conduct by each locality of its operating responsibilities is extremely important to the future of the 236 rent supplement program and to your reputations as good housing sponsors."

Mr. Dunnells emphasized that "simply producing low and moderate income housing is only one side of the coin. We've got to produce and then preserve this housing. This means management. This means real attention to and concern for the long-range financial, physical, and social health of a given project."

"One of the most important responsibilities you have," he said, "is to make sure that the incomes of the families applying for admission are within the authorized income limits. As our production rate increases we are talking about ever increasing amounts of Federal subsidy. It's essential that we make maximum use of the subsidy as Congress intended to provide the greatest number of units for low and moderate income families. Housing over-income families with the assistance of the Federal subsidy made available under the 236 program would be a serious distortion of Congressional intent and a serious waste of public tax dollars."

Mr. Dunnells stressed the fact that the long term viability of a project depends in large part on development of a detailed management plan in the early stages of a project -- a management plan that defines procedures, responsibilities, and obligations as they apply to the owner, manager, and residents of any given project.

In conclusion, Mr. Dunnells warned "if you can't or won't give proper concern for a project's financial, physical, and social management throughout the life of the project, you're just begging for trouble and, from our experience, you're bound to get it."

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

Phone (202) 755-7174

FOR RELEASE:
Tuesday
June 15, 1971

HOUSING MANAGEMENT AND NONPROFIT SPONSORS

Remarks Prepared for Delivery

by G. Richard Dunnells

Deputy Assistant Secretary

for Housing Management

U.S. Department of Housing and Urban Development

at the

1971 Housing Seminars

Nonprofit Housing Center, Inc.

Chicago, Illinois

June 15, 1971

It is a real pleasure to be here with you at this seminar on the role of nonprofits in developing and managing low and moderate income housing.

We are particularly pleased to see the increased emphasis you are giving to housing management in the six seminars you have scheduled around the country. Because it needs emphasis -- it needs priority. It's about time that we learned that simply producing low and moderate income housing is only one side of the coin. We've got to produce and then preserve this housing. This means management. This means real attention to and concern for the long-range financial, physical and social health of a given project. The best of motives and intentions in going into low income housing don't amount to a "hill of beans" if -- after the housing is produced -- you can't cover debt service, you can't collect rents, your tenants are living in buildings that are falling apart. Simply stated, if you can't or won't give proper concern for a project's financial, physical and social management throughout the life of the project -- including the development and design stages -- do yourself and us a favor and stay out of low income housing -- period. You're just begging for trouble and, from our experience, you're bound to get it.

Just out of curiosity, I glanced over the talk that Norm Watson gave at your seminar nine months ago in Baltimore. At that time, he mentioned that the mortgages on 73 subsidized housing projects were in default, involving more than 7,500 dwelling units and a mortgage balance of $103 million. Today, the number of projects in default has increased to 117, involving more than 13,300 dwelling units and a mortgage balance of $160 million.

Most of you are aware that the growing sophistication and demands of low income tenants are not confined to public housing. Obviously, the problems of housing management are not getting any easier.

I recognize that the financial difficulties facing the HUD-subsidized housing programs for low and moderate income families are not necessarily of your making.

These programs are subject to the same financial squeeze that exists in the public housing program. One study has indicated that operating costs are rising at 8 percent a year, while incomes are increasing at a rate of only 3 percent. This gap between operating expenses and income is not easy to overcome. It's not that simple just to raise rents to cover increased operating costs. In the 236 and rent supplement programs you are dealing with families whose incomes are at or very close to public housing income levels.

So I don't want my remarks to be interpreted to mean that nonprofit sponsors are any less able than for -- profit sponsors are in their ability to be effective and efficient housing managers. I know some critics have noted that the default rate is higher, proportionately, than it is for limited dividend sponsors. But before we draw any conclusions from that fact, I think we need to know whether nonprofit sponsors are undertaking more projects in difficult inner city situations, rather than the suburbs. We need to know whether the nonprofits are serving a lower income level than the limited dividends, whether they are serving a higher percentage of large families, and so forth.

In my judgment, nonprofit organizations can be superior performers in the management of low and moderate income housing. Your major strength is your motivation, your concern for the welfare of people, and your sensitivity to dealing with difficult tenant-management issues.

But the fact that you have this strong social asset, does not eliminate the need for a really strong, hardnosed management capacity.

On the contrary, the very fact that we have these greater financial pressures makes it all the more important that you redouble your efforts to provide good management for the projects you sponsor, whether you manage them yourselves or contract the work to a managing agent.

Some Management Principles

Time does not permit going into all the factors involved in good housing management. But several points are perhaps worth stressing.

First, is the need to be clearheaded and realistic financial managers. You've got to establish realistic rent levels at the outset. If rent levels are set too low initially and fail to take into account probable increases in operating costs, the need for later rent increases will become a constant problem, which in turn will cause serious tenant relation problems and possible rent strikes.

Based on some spot checks, it appears that in the 236 program the initial rents are being understated by 20 to 25 percent. As many as a third of the 236 projects may need rent increases within the first year.

This problem appears to stem primarily from underestimates of taxes, utilities, and maintenance costs. Too many sponsors are operating under the "by guess and by God" maxim here.

Sure, I know the response to this is that with the development cost and income ceilings that you have to work with, this is the only way you can get the projects approved.

But my response to this is that if a project isn't feasible from a management standpoint at the time it's being processed, it shouldn't be approved. You shouldn't try to play games with the management numbers at the front end and then just hope for the best.

You're not doing the low and moderate income families or your organization or client a favor by building projects that are doomed to management failure from the outset.

The answer does not lie in trying to shove the problem under the rug. The answer is for us to go back to Congress, explain the problems, and get the rules of the game changed.

A second fundamental principle to focus on is cash flow which means the need to collect the rents on time. Naturally the lower the income levels served, the greater this problem is. And some form or early warning system is essential so that families who are likely to fall into arrears can be identified and helped with their income problems by appropriate agencies in the community.

A third important area is maintenance know-how. Simple repair jobs can become very costly if the sponsor or managing agent is inexperienced. A leaking faucet, for example, can increase your water bill by as much as $40 a month if it isn't fixed.

A fourth critical area is tenant selection policy. In the public housing program, one of our most serious problems relates to instances where very low income, multi-problem, and welfare families have been concentrated into single projects, creating a social environment that breeds instability, triggers greater crime and vandalism, drives out the more stable and upwardly mobile families. In these circumstances, it becomes almost impossible to maintain either a financially sound project or a socially desirable environment for the residents of the project.

Some of the rent supplement projects already face the same problems. Other FHA assisted projects will end up the same way, unless very careful attention is paid to providing for a balanced social-economic mix in the selection of tenants.

A fifth area is the need for enlightened management-tenant relations. Today we are faced with a powerful upsurge in the organization and sophistication of tenants in the HUD-assisted programs. There is a tendency on the part of housing managers to react defensively, to view tenant demands as a threat to management authority.

But in my opinion, tenants are the manager's greatest potential resource for achieving good management. Most tenants are not out after the manager's job or decision-making responsibility. What they want is a well-managed project and a management staff that is sympathetic and responsive to their needs and aspirations.

When tenants feel they are being treated fairly and have a voice in management matters, all the evidence suggests that they will take greater pride in their project and better care of the property.

Conversely, when the tenants feel alienated, neglected and frustrated by a remote and unresponsive management, the result is likely to be greater crime, vandalism, rent delinquencies and rent strikes.

Thus, the state of management-tenant relations will have a significant impact on the bottom line of the budget, one way or another.

Some Operating Problems

Let me turn now to a few specific operating problems that deserve your attention.

I am referring to such matters as certifying and recertifying income for eligibility and continued occupancy, adhering to family size-to-unit size ratios, repaying excess income, and developing firm management plans early in the processing of the project application.

I want to raise these subjects for discussion because they are extremely important to the future of the 236 program and to your reputations as good housing sponsors.

As you know, we have run into some difficulties with the 235 homeownership program. I think it behooves all of us to do everything we possibly can to make sure that the 236 program is run as Congress intended. The worst thing that could happen to the program would be for abuses to occur and tarnish the reputation of the program in the eyes of Congress and the general public.

As you move your projects from the construction stage into management, one of the most important responsibilities you have is to make sure that the incomes of the families applying for admission are within the authorized income limits.

It would be a serious distortion of Congressional intent, and a serious waste of public tax dollars, if over-income families are housed with the assistance of the Federal subsidy made available under the 236 program.

I raise this issue, because earlier this year, the General Accounting Office issued a report on the 221(d)(3) BMIR program. In its survey of a number of BMIR projects, the GAO found, among other things, that:

* The sponsors failed to verify family incomes prior to occupancy on about 26 percent of the units.

* A check on these incomes indicated that 33 percent of the families may have had incomes that exceeded the prescribed limits.

* The sponsors failed to verify incomes for continued occupancy purposes on about one-third of the units surveyed, and about half these families whose incomes were tested by GAO had incomes which exceeded the incomes that they had reported.

* Sponsors assigned families to larger sized units than called for by HUD criteria on about 20 percent of the units checked.

These findings indicate a real need to tighten up on the verification of family income and on procedures for admitting and assigning families to units.

We can't afford to let these kinds of problems develop in the 236 program. For one thing, as our production rate continues to increase, we are talking about ever increasing amounts of Federal subsidy. It's essential that we make maximum use of the subsidy as Congress intended to provide the greatest number of units for low and moderate income families. This means we cannot waste any of the subsidy on families who do not need it.

At HUD, we are giving serious consideration to requiring an annual certification of income by the families in all of our assisted housing programs. We are also considering a requirement for owners to contract with an independent auditing agent to make annual audits of family income for verification purposes.

But I want to emphasize that we cannot solve these kinds of problems from Washington. As a matter of Administration policy we do not intend to usurp the responsibility of our housing authorities, nonprofit and limited dividend sponsors in managing these housing programs. The essence of the Administration's concept of New Federalism is to place maximum responsibility in local hands. Nor do we even have the staff capacity to run your programs, even if we wanted to.

So, the real job is up to you. If you want programs like 236 to succeed, and continue to meet the urgent needs of our low and moderate income families for decent housing, you are going to have to take the initiative and the responsibility for making sure that the program is soundly administered and that Federal funds are not wasted.

Excess Income

In that connection, let me touch briefly on the problem of excess income.

As you probably know, when HUD approves a 236 project, we make the full subsidy payment to the mortgagee on the difference between the market interest rate and a mortgage based on a one percent interest rate. At the same time we establish a "basic rent" for the project. This is the rent needed to amortize the mortgage at a one percent interest rate and to meet necessary operating expenses. The tenant must pay either the basic rent, or 25 percent of his income, whichever is higher.

If the tenant, based on 25 percent of his income, is paying a higher than basic rent, this is considered excess income. The Regulatory Agreement requires the owner to return this excess income to HUD on or before the tenth day of each month. Unfortunately, we have uncovered a few instances where this excess income has not been returned, as required. And for every dollar of excess income not returned, it means that much less money will be available to provide housing for other low and moderate income families.

So I urge you to pay careful attention to the matter of excess income, particularly because we are instituting new procedures which call for termination or suspension of our subsidy payments to the mortgagee if the excess income is not returned. This means that the sponsor would immediately become obligated to the mortgagee for payment of the full mortgage based on current market interest rates.

Importance of a Management Plan

Let me also stress the importance of developing a detailed and well-thought-out management plan at an early stage in the development of your projects. As I mentioned earlier, unfortunately we find in too many instances that project sponsors fail to give adequate attention to management arrangements until the very last minute. Often, that is too late.

What do I mean by a management plan?

A good management plan should include information on at least the following matters:

1. The role and the responsibilities of the sponsor, and his relations and delegations of authority to the managing agent, if one is involved.

2. The relationship of the sponsor to the on-site project manager, with a clear division of responsibilities for policy and administration.

3. Personnel policy and staffing arrangements.

4. Plans and procedures for publicizing and achieving early full occupancy.

5. Procedures for determining tenant eligibility and for certifying incomes.

6. Plans for handling problems and needs likely to arise during initial rent-up period, such as the need for counseling and assistance in meeting social and economic problems of the tenants.

7. Plans for carrying out an effective maintenance and repair program, with special attention to preventive maintenance procedures.

8. Rent collection policy and procedures.

9. Plans for management-tenant relations, including the question of tenant organization and lease and grievance procedures.

10. Program for maintaining adequate accounting records and handling necessary forms and vouchers.

I realize that development of a management plan in this kind of detail may be more than you have been accustomed to. But we feel that this kind of careful thought is essential to the long-term viability of the project.

Supplemental Fees

In an effort to help meet the costs of preparing a good management plan, as well as carrying out additional counseling and other services beyond what would normally be expected as part of the regular management fee, we are working to develop and elaborate on the circular that was sent out to the field a few months ago authorizing the payment of up to $100 per unit for additional management services in the initial rent-up period.

This new policy will be more comprehensive than the one now in effect, and Gene Gulledge and I have agreed that these additional funds can be made available in addition to the regular AMPO fund. This additional fund will be a great help to you in making sure that the management of our assisted housing programs gets off to a good start.

Training

One other subject that Norm Watson touched on in Baltimore was the need to develop an effective training program in housing management.

I am happy to say that HUD has awarded a contract to the National Corporation for Housing Partnerships to develop a model training program in housing management.

My hope is that this effort will lead to the development of housing management as a true profession.

Looking down the road a few years, we envision the establishment of a major institute or center for housing management, which would be a broad-based and representative organization. Its mission would be to provide a national focus for professionalizing the field of housing management.

I would see this institute or center performing such functions as: developing new and innovative training packages for all levels of housing management personnel; working with colleges and universities, housing authorities, nonprofit, limited dividend and other institutions to deliver training courses throughout the Nation; developing films and other visual training aids; conducting workshops and training seminars; monitoring training programs that have been established around the country; accrediting management firms; and carrying out research on ways of improving the housing management profession.

The key, I think, to the development of housing management as a profession is the acceptance of the concept of housing management as an independent function or entity.

By that I mean that the housing manager, if he is to be a true professional, must maintain a position of objectivity and detachment from the various interests involved in the project. These interests include the owner, the tenants, the elected officials of the community, the residents of the surrounding community, and the Federal government as well.

We need to encourage the concept that the housing manager is an independent entity, not the agent or servant of any single interest. The goal should be to have the housing manager make his decisions solely on the basis of his professional ethics and his judgment as to what is best for all concerned. The criteria of success will be when he enjoys credibility with all the interested parties that he is in fact being objective in his actions and decisions.

So the thought I hope you will take away this evening is that managing housing is at least as important as building it, and that one of the keys to successful management is the establishment of a truly professional posture on the part of the housing manager.

Thank you.

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

HUD No. 71-319
Phone (202) 755-7174

FOR RELEASE
Wednesday,
June 16, 1971

URBAN LEAGUE TO ASSIST RENEWAL RESIDENTS

A $500,000 demonstration grant to the National Urban League to help citizen groups involved in the urban renewal process was announced today by the U. S. Department of Housing and Urban Development.

The Urban League will give technical assistance to groups, known as Project Advisory Committees, in urban renewal project areas with predominately minority population. Project Advisory Committees, or PACs, are composed of local residents of the areas.

To encourage citizen participation in the renewal process, HUD requires PACs to play a substantial role in renewal planning and execution.

During this two-year demonstration, the Urban League will focus on ways to ensure that minority communities actually benefit from renewal activities such as relocation planning and economic redevelopment programming.

The League will seek to develop model relocation services in accordance with the intentions of the Uniform Relocation Act. Further, it expects to devise a means to increase minority participation in the economic redevelopment of project areas by coordinating existing economic development resources. The technical assistance program will be supported by a clearing house and by continuing research on such renewal-related subjects as relocation and project land re-use.

Urban renewal project areas often are located in minority communities but are administered by public bodies representing the total community. The economic and social problems of minorities are further compounded by racial discrimination and traditional exclusion from many community-wide economic and social processes.

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HUD NO. 71-319

The Urban League, through its long experience of providing social services to minority groups, brings a thorough understanding of and sensitivity to minority group economic and social problems.

Several communities of varying sizes will participate in this demonstration, including smaller communities with only one renewal project and larger communities with two or more renewal projects. One or more reports will be published for the benefit of other communities.

For further information:

Mr. Glenn Clayton
Director, Housing Programs
National Urban League, Inc.
55 East 52nd Street
New York, New York 10022

PROJECT NO.: N. Y. D-15

FA

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

HUD-No. 71-327
Phone (202) 755-7174

FOR RELEASE:
Thursday
June 17, 1971

REVENUE SHARING PROGRAM NEEDED TO CLOSE URBAN REVENUE GAP, SAYS HUD OFFICIAL

"Within our present local governmental structures, we lack the capacity to keep up with today's needs, much less advance toward our great social goals," an official of the U.S. Department of Housing and Urban Development, said today.

John M. Witzel, a HUD Special Assistant, told a luncheon meeting of the Tucson, Ariz. Trade Bureau, that a basic fault is the fact that "local governments are limited in their capacity to raise the needed revenues. At the same time, the Federal tax machine gathers huge revenues through various taxes, which increase as the Gross National Product increases. The problem is how to transform these Federal dollars into services for the millions of people in local communities."

Mr. Witzel, an aide to Floyd H. Hyde, HUD Assistant Secretary for Community Development, said that although Federal programs have multiplied from 45 to 435 in less than a decade, the overall plan lacks unity, raises expectations it cannot meet, makes for an almost impossible administrative problem, and is not responsive to local needs.

"Although obviously some good resulted from these programs...it is equally obvious that the results have not fully justified the efforts, for among other things, there still are such great unfilled needs as adequate housing and community facilities...there is still urban decay and blight... and many urban communities are deteriorating."

The answer, he said, lies in an overhaul of the governmental system, and a return to the local communities of the process of setting local priorities.

-more-

He strongly backed President Nixon's proposals for a new Urban Community Development program, incorporating Revenue Sharing.

"The Administration is proposing," Mr. Witzel said, "not simply a new program to replace other programs. It is a whole new structure, to make possible a new way of doing business. It is a structure to utilize the energies and talents of devoted and committed people in every city and town...and to make available to them the resources and mechanism for local initiative."

Under Urban Community Development and Revenue Sharing, he said, a single grant to a city would combine the funds for Urban Renewal, Rehabilitation loans, Model Cities, and Neighborhood Facilities, and the local government would set its own priorities. "The laborous system of grant applications would be eliminated and stringent Federal controls would be ended. Under Revenue Sharing, each community would get at least as much money as it does now, but it would be able to determine for itself how to allocate it according to its own specific problems," he concluded.

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

Phone (202) 755-7174

FOR RELEASE:
Monday P.M.
June 21, 1971

FILE

REDEFINING THE LHA'S ROLE

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Remarks Prepared for Delivery

by Norman V. Watson

Assistant Secretary

for Housing Management

U. S. Department of Housing and Urban Development

at the

31st Annual Meeting

Southeastern Regional Council

National Association of Housing and Redevelopment Officials

Americana Hotel

Bal Harbour, Florida

June 21, 1971

FILE

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Thomas Wolfe once wrote a book called: <u>You Can't Go Home Again</u>.

Well, even though I left the Miami area, the Councils of NAHRO, and local agency work to become a "Fed" in Washington, I feel at home here today.

I hope to do a lot more listening than talking during my stay at this conference. And now that I have officially received my new "lease" as Assistant Secretary for Housing Management, I am ready to hear your grievances.

What I'd like to talk about today, is how we at HUD look at housing management, what we see as the proper Federal and local roles, and what we see as some of the major issues that need to be met if we are to fulfill our basic mission of providing decent homes and a suitable living environment for the families living in HUD-assisted housing.

The first thing I want to make clear is that the Secretary's philosophy and my philosophy is to place maximum possible responsibility at the local level for managing HUD-assisted housing programs.

As you know, President Nixon has proposed a sweeping reform with his revenue sharing program and his reorganization of the Executive Branch.

The philosophy of the President's new Federalism is to reverse the flow of power which has been coming to Washington, and return it to the levels of government nearest to the problems and the people.

We intend to administer our housing management responsibilities in a manner consistent with the Administration's program. This is not only a matter of principle. There is also a very practical reason for taking this position.

By the end of this fiscal year ending June 30, it is estimated there will be 936,000 public housing units under management. There will be an additional 536,000 FHA subsidized housing units in occupancy, for a total of around 1.4 million units.

Next year we expect production levels for subsidized housing to approach nearly 600,000 dwelling units. By the end of this decade, it has been estimated by the National Corporation for Housing Partnerships that there may be in the neighborhood of 4.5 million subsidized rental housing units throughout the Nation. And this figure does not include subsidized home-ownership units.

So, when you think of the tremendous volume of housing units that will be coming on-stream in this decade, you can see that it is simply out of the question for HUD to try to administer a highly centralized and controlled program in housing management.

The fact is, no matter how many rules and regulations we try to issue at HUD, we can't guarantee from Washington that housing built for low and moderate income families will be well managed and well maintained, that tenant-management relations will be harmonious, and that the programs will be administered in an efficient and effective manner. Only you can.

As I see it, our basic mission at HUD is to get you the money you need to do an effective job within the limits provided by Congress, to evaluate your performance, and to give you our best advice on how to improve that performance.

In that spirit, I want to touch on some of the things I believe you should be thinking about in your efforts to run an effective program.

Undeserved Criticism of LHAs

I don't want any of my remarks to be interpreted as being critical, because frankly I think housing authorities have been the victims of a lot of undeserved criticism over the years for trying to do a very difficult job with limited resources and limited public understanding and support. You and I know there are thousands of dedicated and hard-working housing managers working in the public housing program. We know that many communities have dumped the entire problem of housing low and moderate income families in your laps. We know the tremendous range of skills that are needed in this program -- from production and financing expertise to business and administrative skills, to social sensitivity and human relation skills.

All things considered, I think the housing authority staffs throughout the Nation deserve a lot more recognition and commendation than they have received.

Just to illustrate what I've been saying, I was interested in a report prepared for the National Commission on Urban roblems headed by former Senator Douglas, by George Schermer Associates. This study contained a number of case histories. One of them was about the operations of a Department of Housing and Urban Development in the City of Coral Reef.

Now, the names of all the cities described in the report were changed -- I guess to protect the innocent -- and I certainly don't know what city the Coral Reef case study referred to. But it sounds like the kind of operation I would have been proud to have been associated with!

At any rate, the report stated that "the Coral Reef Department of Housing and Urban Development has a modern, well-managed, innovative and expanding program of public housing which is utilizing most, if not all, of the tools provided by current Federal legislation. It has the benefit of a competent staff characterized by a strong sense of social obligation and awareness."

So, independent studies have shown that there are good public housing operations in existence.

The Urban Institute completed a rather searching study last year of several housing authorities and concluded that two in particular were, and I quote: "working well by almost all available measures."

I would like to mention their names, but I have to respect the confidentiality of the study.

But I can say that one of those authorities is represented in this room here today. The other is a large authority from one of the North Central states.

Recently I had an opportunity to pay a personal visit to the Norfolk Housing Authority, and I was impressed by the outstanding maintenance and management training programs that the Housing Authority has instituted there.

I could go on, and cite many other effective programs being run by people sitting right here today.

But the one thing we cannot afford to do is let past success lead to future complacency.

Tremendous social, economic, and racial changes are taking place in housing today. New needs are emerging. Old ways of doing business are becoming obsolete.

New Blood Needed

The way I see it, the really overriding need is for housing authorities to get with it, to bring in new blood, and to develop a favorable climate for innovation.

One of the most important challenges facing almost all the institutions of our society is whether they've got what it takes within themselves to respond to changing needs, or whether the change will have to come through external pressure and confrontation.

When we look around, we see that, usually, the institutions in the greatest trouble are those that try to dig in their heels and maintain a stand-pat posture.

Local housing authorities are one of the institutions that have been around for a long time. And because of the traditions and practices that have developed over the years, some of the housing authorities are finding it difficult to reform themselves internally fast enough to meet today's needs.

One of the key areas of needed reform is in staff recruitment and staff performance. If the staff isn't first-rate, and highly motivated, nothing else will be of much help in providing well-managed housing.

Several years ago a graduate dissertation was done on the operations of a large northeastern housing authority. This study made the following observations:

> "A unique provision of state law establishes a life tenure system for housing authority employees.... This system precludes hiring employees on the basis of qualifications. Employees take no examination to qualify for a job; after five years service they cannot be fired except for the most flagrant cause.... As a result of this system, employees are often kept on in spite of mediocre work, and often after they are no longer productive. Superiors are powerless to demand good performance, since they can neither promote competent employees nor fire incompetent ones. As a result, employees themselves often lack motivation for good performance.

> Many have been with the housing authority since its early days; there is little turnover and therefore little hiring, except for workers not covered by tenure. When there are openings, they are not advertised, nor are applicants recruited. These are in large part patronage jobs and are filled by directives from city hall. Since political favor is the only prerequisite, many employees lack even basic qualifications for the jobs they hold. There are virtually none of the highly trained young professionals who are attracted to other city agencies, notably the renewal agency. In the case of the latter, qualified people are recruited both locally and nationally; they are employed only as long as they are productive; they do not have tenure, and salaries are attractive.
>
> "Another consequence of the housing authority's hiring policies is the fact that the bulk of its employees are in their fifties and sixties, looking towards retirement. There is no evidence that younger men are being actively sought or groomed to step into their places when they retire.... Two reasons the housing authority cannot attract or hold skilled young people are: First, that their 'image' as an employer is poor -- the agency is seen as a place where nothing really happens; Second, that the pay scale is comparatively low."

I cite this personnel problem because it is one that faces a number of our larger housing authorities.

I know this is a difficult area to reform. But it is critical for success in carrying out an effective management program.

Inadequate Salary Levels

As for salary levels, they are low, and this has historically been the case. But with the new Federal subsidies now available we can do something about this problem, and we will give this matter high priority attention in reviewing your budget submissions.

But I want to add a note of caution here. We have found in our management reviews of some of the authorities in serious financial trouble, that there is a lot of fat in the administrative budget.

For example, we recommended to one of the eastern housing authorities that 45 positions could be safely abolished, resulting in a savings in administrative expenses of $584,000.

In another financially troubled housing authority that we looked at, we found lack of salary increases was not the problem. In the last five years, administrative costs had increased 73 percent, principally because of administrative staff salary increases. Yet despite this rapid rise in salary levels, productivity and efficiency continued to grow worse. Our examination of time and attendance records indicated very high rates of leave utilization and absenteeism, together with poor motivation on the part of the authority personnel. We found that the staffing was not getting leaner, but fatter. In 1966 this authority had 59 units per administrative employee whereas today there are only 52 units per employee.

With all this, the major "achievements" of this housing authority were an increase in vacancy rates to seven percent, resulting in a loss of $500,000 in rental income per year, and the build-up of accounts receivable balance of nearly $1 million. Thirty-three percent of these accounts are over 90 days old, which means that hundreds of tenants owe several months rent and have accumulated a debt that is far beyond their ability to pay.

So, the problem is obviously a lot deeper than inadequate salary levels. Higher salaries can be an important stimulus to better management, but only if it is combined with good executive leadership that is making every effort to keep its staff lean, to bring in new blood, and to inspire motivation and dedication on the part of the entire staff.

Training

One of the most important ways of developing effective and well-motivated staff is through training. I am a true believer in training of all kinds, from nuts and bolts maintenance training to sensitivity training in human relations and organizational behavior. Every authority ought to be generating as many training opportunities as possible for its entire staff.

I am pleased to see NAHRO's leadership in this area with its development of a housing management training program, and the series of seminars it is planning on the important question of security.

We are giving high priority attention at HUD to the question of training.

As you probably know, HUD has awarded a contract to the National Corporation for Housing Partnerships to develop a model training program in housing management.

My hope is that this effort will lead to the development of housing management as a true profession.

Looking down the road a few years, we envision the establishment of a major institute or center for housing management, which would be a broad based and representative organization. Its mission would be to provide a national focus for professionalizing the field of housing management.

I would see this institute or center performing such functions as: developing new and innovative training packages for all levels of housing management personnel; working with colleges and universities, housing authorities, nonprofit, limited dividend and other institutions to deliver training courses throughout the Nation; developing films and other visual training aids; conducting workshops and training seminars; monitoring training programs that have been established around the country; accrediting management firms; and carrying out research on ways of improving the housing management profession.

The key, I think, to the development of housing management as a profession is the acceptance of the concept of housing management as an independent function or entity.

By that I mean that the housing manager, if he is to be a true professional, must maintain a position of objectivity and detachment from the various interests involved in the project. These interests include the owner, the tenants, the elected officials of the community, the residents of the surrounding community, and the Federal government as well.

We need to encourage the concept that the housing manager is an independent entity, not the agent or servant of any single interest. The goal should be to have the housing manager make his decisions solely on the basis of his professional ethics and his judgment as to what is best for all concerned. The criteria of success will be when he enjoys credibility with all the interested parties that he is in fact being objective in his actions and decisions.

This doesn't mean that the authority board does not have final decision-making responsibility or that the staff does not have a responsibility to carry out the board's policies and directives.

What I mean is that you also have a responsibility to "lay it on the line" with the board, and to give the board the benefit of your best independent judgment.

Meeting the Social Needs

Another important issue related to personnel is the need to reallocate staff resources to meet the changing needs and missions of the housing authority.

Historically, I think it is safe to say that the housing authorities' time and attention and staff resources have focused primarily on rent collection and maintenance. Meeting the social needs of the tenants has usually run a poor third in terms of allocating staff resources. Yet we can hardly expect to be successful in housing management if we simply throw a roof over people's heads, and leave their social, economic, and health needs to fester. As long as low income families continue to be filled with frustration in meeting their health, educational, and employment needs, they are bound to take out those frustrations in abuse of the physical property.

So I would urge you to give greater attention to this area, and we at HUD will do everything we can to be of assistance.

I am particularly pleased to tell you that we have signed an agreement with HEW to help coordinate the delivery of HEW's social service programs to meet the needs of residence living in public housing in a more effective manner.

As a result of this agreement, we believe it will be possible to significantly expand HEW's social and rehabilitation services, such as daycare, family planning, and nutritional counseling to the residents of low income housing where they live. We are working with HEW to develop further policies and guidelines in this area, so that the joint agreement can be effectively implemented.

Lease and Grievance Circulars

A few minutes ago I mentioned the need to foster a climate favorable to innovation, to search for new ways of doing business rather than to stand-pat with the old.

This is a hard quality to define, but perhaps some observations on the lease and grievance circulars will illustrate what I mean. As you probably know, HUD convened a meeting in December of 1969 with representatives of a number of organizations to discuss problems dealing with lease and grievance problems in public housing.

As a result of that meeting, a joint task force was established with representation by NAHRO, NTO, and some other organizations. This task force worked for over a year and finally hammered out an agreement which was formally agreed to by both NAHRO and NTO.

We approved the issuance of those policies because we felt that they offer a real opportunity to improve tenant-management relations and to lessen the sense of frustration and helplessness that many tenants feel in trying to get a fair hearing for their grievances.

When the controversy began to develop over these policies, we listened carefully to the fears expressed by some of the housing authority spokesmen, and we made a firm commitment to evaluate the actual effects of these policies and to waive them where the facts warrant doing so.

After all, the last thing we want are policies that are counter-productive to the goal of strengthening tenant-management relations.

I can understand the fears that some have expressed, but I do have to point out that these fears are based entirely on speculation as to what may happen under these policies. The fact of the matter is that authorities which had previously implemented policies similar to these, like Philadelphia, have not experienced the dire consequences that some are predicting.

What concerns me most, is the fact that some authorities -- though I am sure none in this room -- have decided to stand-pat, and not implement the lease and grievance policies. They don't even want to give the policies a fair test.

What I'm afraid will happen is that the fears of the non-complying housing authorities will become a self-fulfilling prophesy.

The scenario will probably go something like this: the housing authority refuses to implement the policies. The tenant organization tells all the tenants that they are right in thinking that the housing authority is their enemy, and exists only to serve itself and not the interests of the tenants. Then the Legal Aid Society will institute a law suit against the housing authority. And then the housing authority will point to the law suit and say: "See, I told you what would happen." Then the lines will begin to harden, tenant-management relations will begin to deteriorate, a rent strike will erupt, the housing authority will start losing money, and all its worst fears will be confirmed.

But the smart authority is the one that is going to stay a jump ahead of the game. The smart authority isn't going to drag its feet and give the tenants reason to accuse it of bad faith. The smart authority is going to claim credit for implementing the new policies, and seize this opportunity to show the tenants that it really has their interests at heart. Matter of fact, I hear reports that one of the executive directors here in this room is going around telling his tenants that <u>he</u> thought up the lease and grievance policies, not HUD.

Maybe I'm a little biased, but that story confirms the feeling I've always had that Southerners are smarter than most. So I'm sure you'll have no trouble implementing these policies.

And on the larger issue of making the housing authority, as an institution, a dynamic and responsive force in meeting today's housing needs, I'm sure the South will rise again to this occasion, as it has before.

Thank you.

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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
June 24, 1971

Address By

Floyd H. Hyde

Assistant Secretary for Community Development

to

Pennsylvania Association of Housing and Redevelopment Authorities

at

Tamiment, Pennsylvania

June 24, 1971

Summary

The policy of Federal involvement in community development did not develop in an integrated and comprehensive manner. The point in time has been reached where the manner in which we built our approach to solving community problems burdens us with a process that does not respond uniformly in either time or place to the resolution of city-wide issues. Urban Community Development Special Revenue Sharing does not purport to build a better Urban Renewal Program or a better Model Cities Program or a better Neighborhood Facilities Program. Instead, it is a better program for the cities and units of government involved -- a better program in terms of less Federal red tape and review, greater local freedom in decision-making and more money. The test for Community Development professionals will be whether they have the courage and integrity required to accept a concept that may require some adjustments on their parts.

I noticed in the introduction to the history of your organization, printed only last year, that your President, Bill Bellamy, ended one of his paragraphs by pointing out that those who live in the slums and ghettos of our cities are looking for "a sign that someone cares and will help."

It goes without saying that Pennsylvania has cared about the future of its cities, and you can be justly proud of the leadership your State has taken in providing the tools to help stem the tide of blight and decay which eats at the very heart of our civilization. For it was in this Commonwealth in 1945 that your Legislature enacted the Redevelopment Act -- four years prior to any comparable legislation on the Federal level.

Pennsylvania is still one of the very few states where state financial assistance is matched with Federal grant programs; thus enabling localities who might otherwise not be able to meet their local share alone to participate in programs for community development.

Perhaps it is due to that early start and the extent of State financial assistance that has given rise to the growth of a large cadre of community development professionals as represented in the PAHRA membership.

And it is precisely because you are professionals and really care about the future of our cities and those that dwell in them that I would like to share my thoughts about our cities and what we are doing for them with the bark off -- so we can really see the grain and knots of the wood.

The Federal Government over the past two decades has become increasingly involved in both the social and economic fabric of local communities. And, from 1960 to the present time, the number of Federal grant-in-aid programs aimed at helping our communities proliferated from 45 to 435. These programs were largely aimed at single needs and were conceived and born often without consideration of other existing programs, total local needs, or consideration of the total urban problem. Too often, these categorical programs raised expectations they could not possibly fulfill. Too often, one program was counter-productive to another and only made more problems, rather than fewer.

By stating these facts, we in no way accuse or demean the efforts of those who gave us these programs, nor do we overlook the often significant changes some of these programs have brought about. To be sure, in enacting these programs, the Federal Government responded in a manner and at a time when other levels of government were either unable or unwilling to react positively to the building social and economic pressures in our cities.

However, in spite of a growth in Federal aid to States and localities from $1 billion in Fiscal Year 1946 to over $30 billion in this current Fiscal Year, we still see a sorely inadequate supply of resources to meet housing and other community development needs. An estimated 24 million Americans are living in substandard housing today. Not only is the decay and blight of our central cities accelerating, but our suburban and smaller communities are falling into disrepair that is no less serious and no less dangerous. Essential public services in the fields of health, education and broadened opportunities for employment are not reaching those in need at the time they need them.

In short, the delivery system for Federal assistance is rapidly breaking down in many sectors. In the case of Federal aid to our cities and towns, a whole new way of doing business must come about if we are to keep our system together.

Moreover, and perhaps most importantly, when we look at the existing relationships between levels of government, can we honestly say that our present system of Federal programs has made any significant contribution to the ability of local jurisdictions to carry out the function of governing?

As you know, the President has proposed in the area of special revenue sharing, a series of six plans. Your main concern and mine lies with urban community development special revenue sharing.

This plan will replace four categorical programs, now administered by HUD, within a single consolidated fund. The programs to be replaced are Title I (including urban renewal, NDP, code enforcement, interim assistance, certified areas, demolition grants and rehabilitation grants) model cities, neighborhood facilities grants, and rehabilitation loans.

In support of this concept, the Secretary on March 8 placed the programs just mentioned as well as water and sewer, open space and public facilities loans under my purview as Assistant Secretary for Community Development. Similarly, he consolidated Community Planning and Management activities under Assistant Secretary Jackson, Housing Production and Mortgage Credit (including FHA) under Assistant Secretary Gulledge, and Housing Management activities under Assistant Secretary Watson. The other divisions within HUD have remained essentially the same.

Thus, you can see there is a commitment to prepare the Department for a concept that former Senator Everett Dirksen would have called: "an idea whose time has come."

In returning to the issue of urban special revenue sharing, I would like to point out that while the programs previously mentioned are proposed to be replaced, the activities which constitute those programs are now aggregated and expanded to a significant degree under Urban Community Development Special Revenue Sharing. There is nothing that cities and their agencies presently do under the separate categorical programs that they cannot continue to do under community development. The difference lies in the fact that the cities will be able to undertake these activities in a manner and at a time they believe appropriate based solely upon local determinations of priority and rank.

There has been some criticism stating that the Secretary is advocating doing away with urban renewal, model cities, and others. That is simply not true. What is true is that the Administration is proposing to provide the resources for the community to do those things it considers most important, without the extra obligations that it currently must accept in order to receive a categorical program grant. It's something like buying a new automobile. If you just want the basic model, why should you be forced to take the extras you don't want or need and which may not add one iota to getting the job done?

Another criticism and a somewhat legitimate concern is that with annual funding going directly to the general purpose unit of local government, renewal agencies will be at the mercy of City Hall. Now that is true to a great degree and it is precisely on that point where the degree of your professionalism will be put to the test. Do you really believe that elected local government, in consultation with its constituents and subject to their franchise, is the legitimate seat of policy and decision making? Are you willing to put your separate programs to the test of community priority? Can you not continue to show with conclusive evidence that those activities you currently administer have overwhelming benefit and subject that evidence to public purview?

If your answers to those questions are "yes," then special revenue sharing is not a threat but a benefit. If on the other hand, your response is negative then I suggest you might seriously reconsider your own attitudes toward representative democracy and perhaps your protective parochialism for perpetuating a local bureaucracy.

The proposal that is laid before you does not purport to build a better urban renewal program or a better model cities program or a better neighborhood facilities program. Instead, it is before the Congress as a better program for the cities and units of government involved -- a better program in terms of less Federal red tape and review, greater local freedom in decision-making and more money.

And on the subject of money there has been some concern that a numbers game is being played with existing program appropriations as compared with the proposed level requested for Community Development. It is not at all difficult to set the record straight in that regard. In this Fiscal Year, the funding levels for the various programs to be folded into Community Development Special Revenue Sharing totalled 1 billion 644 million dollars. This is comprised of 1 billion 29 million for urban renewal, 525 million for model cities, 40 million for neighborhood facilities, and 50 million for rehabilitation loans. Matched against that figure, the first full year of urban community development revenue sharing proposes a funding level of 2 billion dollars.

Thus, beginning with 1972, 2 billion dollars will be available for Urban Community Development Special Revenue Sharing. Eighty percent of the total funds will be administratively allocated to the 247 Standard Metropolitan Statistical Areas. Within these SMSA's, central cities and cities with at least 50,000 population will receive direct automatic grants.

And there is this significant facet of the revenue sharing concept: certitude of funding. Undoubtedly one of the most frustrating experiences you have at the local level is the uncertainty in timing of project approvals. Nothing is more harmful to community relations than a public official not being able to respond to an affected citizen's questions on the timing of public actions that will significantly affect his or her life. In this regard there are two features of special revenue sharing that overcome that uncertainty: stable annual funding and the aspect of "hold harmless."

Stable annual funding is achieved by a formula share based upon the factors of population, overcrowding, housing condition, and poverty; and in those instances where a city's formula share is not at least equal to the average levels of the city's past 5 year program, funds termed as the "hold harmless" amount will be added in order that the community will be able to at least maintain its current level of effort. Thus, a very solid degree of certitude is provided with respect to both timing and amount.

The "hold harmless" amount is available from two sources: First, if after the cities in an SMSA have received their formula share and there is a cash balance, that source would supply the "hold harmless" funds. If, however, there is no balance available for that purpose from the formula amount, there remains 20 percent of the overall total or $400 million to be used for that purpose. The remainder of this $400 million will be reserved for Departmental discretionary use. These funds will be available to communities of all sizes both inside and outside the SMSA's.

In addition to the $2 billion urban revenue sharing amount, the President has asked the Congress for an additional $100 million to assist smaller communities. These funds, as in the case of the previously mentioned discretionary fund, would also be available to smaller communities -- both inside and outside of SMSA's.

While planning is not a prerequisite of Urban Revenue Sharing, the Community Development legislation that has been submitted to the Congress contains a budget request for $100 million or twice as much money as ever before allocated for increasing the planning and management capacity of State and local governments.

This may sound like the 701 program clothed in new rhetoric. However, the differences are substantial. Although it retains some of the 701 goals, it pinpoints several important new objectives:

--- it would provide broader and more flexible support for governments (not merely planning agencies) to build and strengthen their capacity to govern effectively;

--- it would focus on the chief executives and not primarily on the planners;

--- it would emphasize the creation of comprehensive management, as opposed to planning processes.

Thus, for the first time, there will be sufficient funds for all communities to fully prepare the management and planning tools they have long sought, but that have been available only on a limited basis.

So there are the issues -- and in Urban Community Development Special Revenue Sharing there is a positive and better answer to the way we try to make our system work. It is not purported as the ultimate weapon to deal with the problems of our cities, simply a better one -- and isn't that what we need at this point in time?

After all, making cities work is our collective business, and I suggest that the test of your professionalism may be whether you have the courage and integrity required to accept a concept that may require some adjustment on your part but will permit the local governments you serve to better do the things that must be done.

In closing, I would like to return to your organizational history and recite a phrase from Tennyson to which you devoted one full page. At this time it can serve you well as both representing your mission and your charge. It is also my plea to you for acceptance of the proposal discussed in these remarks -- "Come, my friends, tis not too late to seek a newer world."

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

HUD-No. 71-337
Phone (202) 755-7174

FOR RELEASE:
Thursday
June 24, 1971

SPECIAL REVENUE SHARING BENEFITS EXPLAINED TO PENNSYLVANIA HOUSING OFFICIALS

An official of the U.S. Department of Housing and Urban Development today told the Pennsylvania Association of Housing and Redevelopment Authorities that the best solution for their many problems lies in enactment of the Administration's proposal for special revenue sharing.

Speaking in Tamiment, Pa., Floyd H. Hyde, HUD Assistant Secretary for Community Development, said that replacement of four HUD categorical programs--urban renewal, Model Cities, neighborhood facilities, rehabilitation loans--by a single, all embracing grant program would permit each recipient community to allocate Federal money in accordance with its own determination of priorities. In addition, Mr. Hyde said, a single application form would take the place of the multiple applications that now must be submitted for separate projects, thereby drastically reducing paper work and speeding up the processes of review and approval.

"There has been concern in some quarters that a 'numbers game' is being played with existing program appropriations," Mr. Hyde said. "But it is not at all difficult to set the record straight.

"In this fiscal year, the funding levels for the various programs to be folded into Community Development Special Revenue Sharing totaled $1.644 billion. This includes $1.029 billion for urban renewal, $525 million for Model Cities, $40 million for neighborhood facilities, and $50 million for rehabilitation loans. Matched against that $1.644 billion total, the first full year of urban community development revenue sharing proposes a funding level of $2 billion--an increase of $356 million."

Assistant Secretary Hyde also told his audience that more money for planning funds was being requested.

"While planning is not a prerequisite of urban revenue sharing," he said, "the Community Development legislation that has been submitted to Congress contains a budget request for $100 million--or twice as much money as ever before allocated for increasing the planning and management capacity of State and local governments."

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

HUD-No. 71-357
Phone (202) 755-7174

FOR RELEASE:
Thursday
June 24, 1971

HUD ISSUES PROPOSED PROJECT SELECTION, MARKETING CRITERIA

The U.S. Department of Housing and Urban Development has issued proposed criteria for the project selection of various types of housing and the affirmative marketing of housing.

These proposed criteria were outlined June 14 by Secretary George Romney as part of the Department's implementation of the President's statement on Federal policies relative to equal housing opportunity.

The project selection criteria were published in the Federal Register today; the affirmative marketing criteria on Tuesday.

The project selection criteria will be used by HUD Area Offices and HUD-FHA Insuring Offices in evaluating requests for assistance in the construction of Section 235 (homeownership interest subsidy), Section 236 (rental assistance interest subsidy), rent supplement, and low rent public housing.

The criteria include such factors as the community need for lower income housing, production efficiency of the sponsor or developer, nondiscriminatory location, improved environmental location for lower income families, effect of the proposed housing on neighborhood environment, relationship to orderly growth and development, and the employment and use of employees and business in the project area.

The affirmative marketing criteria are designed "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."

Comments on the proposed criteria are invited and will be accepted until July 22 for the affirmative marketing criteria and until July 26 for the project selection criteria. Communications should be sent in triplicate to the Rules Docket Clerk, Office of General Counsel, HUD, 451 Seventh St., S.W., Washington, D.C. 20410.

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

HUD-No. 71-363
Phone (202) 755-7174

FOR RELEASE:
Friday
June 25, 1971

ROMNEY LAUNCHES FIVE-STATE MASS MEDIA FAIR HOUSING ADVERTISING CAMPAIGN

The U.S. Department of Housing and Urban Development will launch a mass media fair housing advertising campaign on a pilot basis in five Atlantic Coast States and the District of Columbia on June 28, it was announced today by Secretary George Romney.

Carrying the theme of "HUD Opens Doors," the campaign will run for two months in Washington, D.C., and in Pennsylvania, Delaware, Maryland, Virginia, and West Virginia.

Following the pilot program, the campaign is expected to be in effect in all 50 States by September 1, 1971.

A unique feature in the campaign and a key element in making it a success will be the use of the telephone company's Wide Area Telephone System (WATS). Under this system individuals who have housing discrimination complaints under the Federal fair housing law will be able to telephone toll free to a central number in Washington, D.C. This number will be under the telephone company's "dial 800" system used by many commercial firms and some Federal agencies.

The HUD number in the five States during the trial period will be (800) 424-8590. Because of telephone company requirements, Washington, D.C. residents will not use the "dial 800" number, but will be asked to call 755-5490.

Samuel J. Simmons, HUD Assistant Secretary for Equal Opportunity, who administers the fair housing program, said the campaign was designed to publicize to the fullest extent possible individual rights under Title VIII of the Civil Rights Act of 1968, the fair housing law.

"During the years 1969 and 1970 combined," he said, "We received only about 2,000 discrimination complaints. We know there are many more people -- particularly minority group Americans -- who are not able to get the housing of their choice because of discrimination. What we intend to do is to let them know there is a law, and give them the opportunity to have access to our Federal procedures."

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Under the fair housing law, no person may be denied housing because of his race, color, religion, or national origin. The law also prohibits discrimination in advertising, financing of housing, and the provision of brokerage services. It also prohibits blockbusting.

The drive will be conducted with a wide range of material, including radio and television spots, publications, and posters printed in English and Spanish. These will be distributed throughout the country by HUD field offices, civil rights, fair housing, and ethnic organizations as well as other voluntary groups.

Kicking off the campaign, Secretary Romney stressed the importance of full public and private participation if the drive is to have significant impact on housing opportunities for the millions of minority group citizens who, he said, now have no choice in the housing market.

"The support of concerned Americans of all colors, nationalities, and religious affiliations," Mr. Romney said, "will make the difference between success or failure of the campaign."

Special monitoring of the campaign during its run in HUD's Region III will provide data relative to staff needs, technological requirements, and distribution procedures which should help gear the campaign for nationwide use.

Overall development of the campaign was supervised by Zebra Associates, Inc., a black owned New York based advertising firm, which employs a multi-ethnic work force.

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

FILE COPY

HUD-No. 71-346
Phone (202) 755-7174

FOR RELEASE:
Saturday
June 26, 1971

HUD OFFICIAL SAYS BLACK BUSINESSMEN ENTITLED TO GREATER ROLE IN CONSTRUCTION INDUSTRY

If the Nation's black citizens are to achieve meaningful economic freedom, it is essential that black businessmen participate fully and equitably in the mainstream of America's industrial and commercial activity, according to a ranking official of the U.S. Department of Housing and Urban Development.

Addressing the annual convention of the National Association of Minority Contractors today in Philadelphia, Samuel C. Jackson, HUD General Assistant Secretary said "It is of overriding importance that equal employment and fair housing be accompanied by the opportunity to actually own 'a piece of the action'".

The HUD official pointed out that an essential ingredient of the "American Dream" is the right to aspire to and in fact, realize the goal of entrepreneurship. "This ambition, this incentive must not be denied America's minority workers and businessmen if they are indeed first class citizens", he said.

Mr. Jackson noted that the construction market was estimated at in excess of $100 billion and constituted a vast opportunity for minority contractors. In this connection, he said that HUD was committed to providing positive assistance to minority contractors to insure a greater share of housing and urban development volume. He indicated that minority contractors are now actively involved in HUD projects currently totalling about $3.5 billion in construction funds.

As further evidence of HUD's commitment, he pointed to the continuing series of workshops and conferences held throughout the country to familiarize and update minority contractors on the opportunities available to them through HUD's programs.

"To overcome a common complaint that the white business community doesn't know who you are, HUD's Office of Equal Opportunity under the direction of Assistant Secretary Samuel Simmons compiled the first National Registry of Minority Contractors and subcontractors. This six-volume directory contains the names of over 4,000 contractors in 60 cities. It is used constantly by the government and private firms throughout the Nation" he said.

- more -

HUD-No. 71-346

Mr. Jackson outlined the mechanics of a city-wide plan for expansion of minority business opportunities in Los Angeles. The plan, developed by HUD's Office of Equal Opportunity, provides financial assistance for contractors who need interim financing for planning and executing the preliminary stages of minority-built projects, assistance in accounting, financial planning and project management. The program includes an experimental bonding component designed to locate and place bonds for minority contractors. In special risk programs, it will identify those contractors who cannot secure bonds via the normal surety environment.

To give muscle to the program, said Mr. Jackson, HUD arranged for a set-aside of 1,000 units of federally-assisted housing with an approximate dollar volume of $20 million to be let exclusively to minority contractors.

The Assistant Secretary concluded by noting that prior to February 1969, HUD had no minority entrepreneurial program as such and, in fact, many of its programs sometimes served to prevent participation by minority contractors.

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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.

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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. 71-378
Phone (202) 755-7174

FOR RELEASE:
Tuesday A.M.
June 29, 1971

HUD ANNOUNCES GUARANTEE OFFER FOR NEW COMMUNITY IN MINNEAPOLIS

Acting Secretary Richard C. Van Dusen of the U.S. Department of Housing and Urban Development today announced a $24 million offer of guarantee assistance to finance the development of the first "new-town-in-town" under the New Community Development Act of 1970. The project is Cedar Riverside, a high density new community in Minneapolis, Minn.

Mr. Van Dusen called the new community to be built over a 20-year period "a unique opportunity to demonstrate and test some exciting new concepts in city building."

One unusual aspect of the more than 100-acre Cedar Riverside new community is that it will couple the new community development within a 340-acre urban renewal project. The Cedar Riverside site is located on the west bank of the Mississippi River, one mile southeast of Minneapolis' Central Business District.

Plans for Cedar Riverside call for an eventual population of 30,000 housed in 12,500 dwelling units to be constructed over the two decades. A substantial percentage of the units will be subsidized through a combination of Federal and municipal programs.

Housing will be provided on approximately 80 acres in six neighborhoods, located around the institutional-commercial core of the community.

The basic use of the total land area in Cedar Riverside will be devoted to institutions (113 acres), parks and open space (56 acres), and housing and supporting facilities (105 acres). The University of Minnesota will occupy approximately 60 acres of the river bluff, at the head of the pedestrian and vehicular bridge connecting to the East Bank campus. Fairview and St. Mary's Hospitals and St. Mary's Junior College will occupy approximately 30 acres in the southeast corner of the area.

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The developers plan to include or study the feasibility of inclusion of a number of innovations in Cedar Riverside. These include:

* An opportunity to "pair" it with the new community of Jonathan, 20 miles west of Minneapolis at Chaska. Development of a "pairing" program would involve the exchange of facilities and expertise in arts and culture, education, recreation and leisure time activities, and health and social services. Such "pairing," at the outset, could be initiated through the coordinators of the new communities and possibly later through the local governments.

* Phasing of project construction to minimize inconvenience and expense in relocating residents and small business within the new town. Construction of interim vestpocket parks, rehabilitation of existing housing, and landscaping already have reversed environmental deterioration in the area.

* A central "hydronic" high pressure, high temperature system for heating and cooling buildings and arcades.

* A climate-controlled elevated plaza and walkway system joining schools, stores, cultural facilities, and parks. Walkways and open space will be separated from the vehicular traffic and parking level.

* A "people-mover" internal transportation system to link the East and West Bank campuses of the University of Minnesota.

* An experimental education program, which would include an upgraded elementary school. School facilities will be leased to the municipal school board.

* Comprehensive health services for residents in conjunction with the Fairview and St. Mary's Hospitals and the University's health center.

Many residents of Cedar Riverside are expected to be families of medical and para-medical staff of the hospitals in the area and the students, faculty, and staff of the colleges and University.

Demolition of existing buildings and rehousing of families in the 940 dwelling units currently on the project site already is under way.

The developer of the new community is Cedar-Riverside Associates Inc., whose board chairman is Henry T. McKnight, who also is a principal stockholder in the new town of Jonathan. Keith Heller, former University of Minnesota administrator of the School of Business Administration is chief executive officer and Gloria Segal, active in community affairs, is vice president.

The Federal offer to guarantee the debt of the developer was approved by the Board of Directors of the New Community Development Corporation, of which HUD Secretary George Romney is chairman. Other members are Under Secretary James M. Beggs of the Department of Transportation, HUD Assistant Secretary Floyd H. Hyde, and John G. Heimann, New York investment banker.

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NOTE TO EDITORS: Photographs of architects' scale models are available upon request to News Services Division U.S. Department of Housing and Urban Development, Room 4182, Washington, D.C. 20410.

HUD-No. 71-378

SUMMARY
CEDAR RIVERSIDE

1. Project Name: Cedar Riverside. A "new-town-in-town" entirely within the City limits of Minneapolis, Minn.

2. Developer: Cedar-Riverside Associates, Inc.

3. Location: On the west bank of the Mississippi River one mile southeast of the CBD of Minneapolis.

4. Acres: Approximately 101 acres of noninstitutional land of a 340-acre urban renewal site.

5. Terrain: Generally flat with normal inner city tree cover except near the bank of the Mississippi.

6. Access: From Cedar Avenue, Riverside Avenue, I-94 and River Road via 4th Street. Proposed access from exchanges on I-35W and Route 12.

7. Population: 30,000; phased in 10 increments over 20 years.

8. Dwelling Units: 12,500 total; rental, cooperative, condominium apartments.

9. Land Use:

Institutional (University of Minnesota, St. Mary's Junior College, Augsburg College, Fairview and St. Mary's Hospitals).	113 acres
Housing, education, commercial, recreational, and cultural	105 acres
Parks, open space	56 acres
Circulation	66 acres
	340 acres

10. Low and moderate income housing:
Approximately 10,750 units of the 12,500 units to be constructed will be subsidized through a combination of Federal and municipal programs.

11. Planners for the innovative new town include Ralph Rapson, head of architectural design, University of Minnesota; Heikki von Hertzen, planner and developer of Tapiola, Finland; Barton-Aschman Associates, planning and engineering; Gingold-Pink Associates, architect; Sasaki, Walker Associates, and Lawrence Halprin Associates, environmental design; Hammer, Green, Siler Associates, economics; Dr. David Cooperman, social planning; Bor-Son Building Corp., construction planning and programming; Crosier, Greenberg and Partners, structural engineering; Michaud, Cooley, Hallberg, Erickson & Associates, energy and mechanical systems; and Dorsey, Marquart, Windhorst, West & Halladay, legal.

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

HUD-No. 71-382
Phone (202) 755-7174

FOR RELEASE:
Wednesday
June 30, 1971

HUD OFFICIAL SEES NEW COMMUNITIES AS FOCAL PART OF NATIONAL GROWTH POLICY

"Of the many approaches under consideration for coping with the multiple problems of urban growth, none offers a potential as promising and exciting as the development of new communities" according to Samuel C. Jackson, General Assistant Secretary of the U.S. Department of Housing and Urban Development.

Speaking to the Builders Institute of Westchester and Putnam Counties (N.Y.) today, the HUD official pointed out that both the President in his 1970 State of the Union message and the Congress in enacting the 1970 Housing and Urban Development Act stressed the development of new communities as a focal instrument of a national urban growth policy.

Mr. Jackson characterized new communities as "the antithesis of the customary piecemeal development carried out by a multitude of developers and builders, each with little regard for the next entrepreneur's operation in terms of community goals, design, capacity of the infrastructure or, more importantly, the quality of life of their residents."

The new communities envisioned by HUD's Office of New Community Development, he declared, will be total entities with a planned balance of the physical and social amenities so essential to a rewarding life style for its residents.

"We intend for these communities to offer residents a full range of facilities as conceived by sophisticated master plans designed to eliminate most of the nightmarish aspects of contemporary urban life," said Mr. Jackson.

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The proposed new communities would also aid in reducing the Nation's mounting urban/rural imbalance, he added.

The Assistant Secretary indicated that HUD officials were emphasizing sound planning in connection with the following aspects of community development:

.... A proper mix or range of housing for low-and moderate-income families as well as middle-income residents.

.... Landscape and architectural controls to assure harmonious and attractive settings.

.... Adequate open space and population density standards.

.... Housing available to ethnic and minority groups with no strictures.

.... Convenient multi-modal transportation facilities.

.... An industrial base to provide employment for a sizable percent of the residents of the new communities.

.... Facilities for leisure and recreation for residents.

.... Practical measures to control air, noise and water pollution.

Mr. Jackson concluded by noting "if this sounds like a dream, so be it. After all, this great Nation was founded and evolved as the embodiment of a dream. It is time now to update that dream."

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

FILE

HUD-No. 71-384
Phone (202) 755-7174

FOR RELEASE:
Wednesday
June 30, 1971

COPY

MODEL CITIES CONTRACT RENEWED FOR COLUMBUS, OHIO

Secretary George Romney of the U.S. Department of Housing and Urban Development today announced the offer of a $5,906,000 Model Cities contract to Columbus, Ohio, for the second year of its Model Cities program.

The Secretary's action enables the city to implement the second phase of its five-year comprehensive Model Cities plan. The contract includes approval of three new projects and continuation of 29 projects and activities initiated in the first-year action phase of the program.

Columbus will continue to receive support from other programs administered by HUD; from the Departments of Health, Education, and Welfare, and Labor.

State, county, and local public and private resources will also be used by the city in its concentrated, coordinated attack on the serious social, economic, and physical problems within the model neighborhood areas.

Columbus was selected to participate in the Model Cities program in November, 1967, and subsequently received a $165,000 grant to develop a comprehensive five-year plan. On October 7, 1969, the city was offered a $5,906,000 contract to conduct the first-year activities of its program.

For further information:

FILE

Mayor Maynard Sensenbrenner
City Hall
Columbus, Ohio 43205

John Francis, Coordinator
Model Cities Coordinating Unit
1260 E. Broad
Columbus, Ohio 43215

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

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HUD-No. 71-385
Phone (202) 755-7174

FOR RELEASE:
Wednesday
June 30, 1971

COPY

MODEL CITIES CONTRACT RENEWED FOR NEWARK, N.J.

Secretary George Romney of the U.S. Department of Housing and Urban Development today announced the offer of a $5,654,000 Model Cities contract to Newark, N.J., for the second year of its Model Cities program.

The Secretary's action enables the city to implement the second phase of its five-year comprehensive Model Cities plan. The contract includes approval of 10 new projects and continuation of 15 projects and activities initiated in the first-year action phase of the program.

Newark will continue to receive support from other programs administered by HUD and from the Department of Health, Education, and Welfare.

State, county, and local public and private resources will also be used by the city in its concentrated, coordinated attack on the serious social, economic, and physical problems within the model neighborhood areas.

Newark was selected to participate in the Model Cities program in November 1967 and subsequently received a $204,000 grant to develop a comprehensive five-year plan. On January 26, 1970, the city was offered a $5,654,000 contract to conduct the first-year activities of its program.

For further information:

Mayor Kenneth A. Gibson
City Hall
Newark, N.J. 07102

Junius Williams
Community Development Administrator
39 Brandford Place
Newark, N.J. 07102

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