

DEPARTMENT OF HOUSING
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January 1, 1979 Volume 10 Number 1

Hud Newsletter

Current Trends

Normally private mortgage insurance activity declines at this time of year following seasonal mortgage lending activity. However, *HUD* reports private mortgage insurance activity up sharply from September levels. Following two months in a row in which applications were below year ago monthly levels, new applications received in October rose to 66,180. . . slightly above last October's volume. Private insurers issued 62,616 new certificates carrying a total loan amount of \$2.5 billion. This dollar volume brings cumulative year-to-date new insurance written to \$22.8 billion. . . surpassing last year's annual total by almost \$1.2 billion. Insurance in force at the end of October totaled \$77.8 billion. . . \$17.6 billion greater than a year earlier.

The *Federal Home Loan Bank Board* has trimmed its liquidity requirement for savings and loan associations by half a percentage point. . . freeing an estimated \$2 billion for mortgage lending.

California Federal Savings and Loan Association. . . the Nation's largest federally chartered association. . . has reduced its cheapest mortgage rate to 10.75 percent from 11 percent. *California Federal* had raised its so-called prime rate to 11 percent in mid-November and was the first major savings and loan in the State to do so.

Project notes totaling \$667,207,000. . . representing 87 *Public Housing Agencies*. . . were sold in mid-December at an average interest rate of 5.520 percent. The interest rate last month was 5.532 percent. Bids ranged from 4.25 percent to 5.86 percent. The average maturity of the notes sold was 9.1 months.

Bids on 182 mortgages totaling approximately \$369 million were accepted at the project mortgage auction held in mid-December. *GNMA* had offered to sell \$478 million in *FHA*-insured project mortgages and sold about 77 percent. Total offers received by *GNMA* were in excess of \$900 million. The range of accepted bids for projects that pay off in cash in the event of default was from a yield of 8.591 to 9.797 percent with an average yield to the investor of 9.609 percent. The average yield to investors for projects that pay off in debentures in the event of default was 9.781 with a range of yields from 9.615 to 9.905 percent.

300 Lot Purchasers to be Reimbursed

The *Twining Corporation* and its principal, Nathan A. Twining, have voluntarily agreed to fully reimburse 300 purchasers who paid nearly \$2 million for undeveloped land near Albuquerque, New Mexico. The agreement climaxes an 8-month investigation by the *Department's Office of Interstate Land Sales Registration*. . . during which Twining was alleged to have violated the *Interstate Land Sales Full Disclosure Act*. This refund offer represents the largest sum included in a single settlement negotiated by the *Department*.

Number of Children Declining in Most States

Lower birth rates and changing migration patterns have had a marked impact on the age markup of State populations in the 1970's. . . according to a *Census Bureau* report.

The report. . . which presents 1971-1977 population estimates for States by age, shows declines for most States since 1970 in both the population under 5 and 5 to 17 years. Nationally. . . there was a decline since 1970 of about 2 million (11.2 percent) in the population under 5 and about 3.5 million (6.7 percent) in the population 5 to 17. Declines were particularly sharp for the Northeastern and North Central States, with the population under 5 down 24.4 and 16 percent, respectively. In the South and West. . . however. . . expected population losses in these age groups due to declining fertility were nearly offset by migration gains.

All States not showing a decline in those under 5 were in the South and West. . . and only New Hampshire of the States outside those two regions had an increase in the population 5 to 17. For the population under 5. . . gains were made in all of the Mountain States, as well as **Alaska, Hawaii, Oregon, Florida, Mississippi, Arkansas, Oklahoma, and Texas.** Utah's 36 percent gain under 5 was by far the largest of any State.

Florida, Nevada, and Arizona continued to lead the Nation in percentage gains of those 65 and older. Florida gained an estimated 460,000 persons in this age group (46.5 percent), by far the greatest numerical gain. Nevada's gain was 64.4 percent and Arizona's 55.6 percent.

Nationally. . . the older population also has grown considerably since 1970. . . up 17.6 percent. The 23.5 million persons 65 and older now constitute 10.9 percent of the population. Regionally. . . this age group has increased 11 percent in the Northeastern and North Central States. . . 25.8 percent in the South and 24.5 percent in the West.

From 1970 to 1977 every State showed large increases in the population 18 to 44. . . as those born during the baby boom of the late 1940's and 1950's moved into this age group. The largest increase occurred in those aged 25 to 34. . . a gain of 8 million. . . or 32 percent.

The slowest growing population group in the 1970's has been those 45 to 64. . . reflecting the low birth rates of the Depression years. This group will show little or no growth for a number of years. . . according to the report.

Copies of the report, *Estimates of the Population of States, by Age: 1970 to 1977, Series P-25, No. 734*, are available for \$1.10 each from the Superintendent of Documents, Washington, D.C. 20402.

Crime Insurance Director Named

Amir (Le Roy) Spears has been named Director of the *HUD Federal Crime Insurance Program*. The new Director manages a program which enables individuals and businesses to purchase affordable insurance against burglary and robbery losses in areas where the cost or availability of crime insurance is a problem.

Spears was an insurance underwriter before coming to *HUD* in 1976; prior to that he was an area manager for the *Minnesota Mining and Manufacturing Company (3M)*. He played professional football for the *Green Bay Packers* in 1971-72. A native of Minneapolis, Spears is married and has three children.

Federal Crime Insurance is available in 22 States, the District of Columbia, Puerto Rico, and the Virgin Islands. At present. . . there are over 54,000 policies in force representing \$233 million worth of residential insurance and \$119 million in commercial insurance. Property owners and tenants can purchase burglary and robbery insurance in amounts up to \$10,000. Businesses can purchase up to \$15,000 worth of coverage.

Appeal for Photos

Black-and-white photographs of compatible new architecture in older settings are being sought by the *National Trust for Historic Preservation* for possible use in its forthcoming book on *Old and New Architecture – Design Relationship*. The book is based on the proceedings of the *Trust's* 1977 conference on this theme.

For specific information. . . photographers may contact Michael S. Leventhal, Special Programs Coordinator, Education Services Division, *National Trust for Historic Preservation*, 740-748 Jackson Place, N.W., Washington, D.C. 20006 (202/638-5200).

HUD Grants Help States Help Communities

Award of \$3.5 million in *State Technical Assistance Grants* to 16 States to help localities plan and implement their Community Development Program has been announced by *HUD* Secretary Harris.

Recipients of the awards were selected competitively from among 44 States who submitted proposals to *HUD* for funding.

In announcing the grants. . . Secretary Harris said, "The role of States in assisting cities in the application for and administration of block grant funds emphasizes the strength of the new urban partnership among the Federal, State, and local governments."

The awards. . . ranging from \$40,000 to \$300,000. . . will enable many cities, counties, and Indian tribal councils to receive help in preparing applications and in complying with Federal requirements necessary to successfully implement their Community Development Programs.

The *State Technical Assistance Grants* are funded for 1 year. The size of the grant was based on the State's identified technical assistance needs and its ability to deliver expanded services within 12 months.

Urban Impact Analyses

HUD has announced a \$500,000 demonstration project aimed at building the capacity of State and areawide *A-95 Clearinghouses*. . . in cooperation with Federal agencies. . . to develop and carry out urban policy objectives.

The *A-95 Clearinghouses*. . . which were established to help assure that projects proposed for Federal assistance are coordinated, are composed of both State and local government officials. Review procedures for these intergovernmental units were established in 1969 by the *Office of Management and Budget* in *OMB Circular A-95*. The circular provides *Clearinghouses* and Federal agencies with guidance concerning the review and coordination of Federal and federally-assisted programs and projects.

Developed by *HUD's Office of Community Planning and Development* in cooperation with the *White House Interagency Coordinating Council (IACC)*. . . the demonstration project is designed to encourage State and areawide *Clearinghouses* to develop urban impact analyses of projects proposed for Federal assistance prior to fund approval.

Robert C. Embry, Jr., *HUD* Assistant Secretary for Community Planning and Development, said the *Clearinghouses* will be invited to submit applications to participate in the demonstration project. Ten to 15 of the *Clearinghouses* will be chosen to share \$500,000 in comprehensive planning assistance program funds authorized by Section 701 of the *Housing Act of 1954*.

Jack Watson, the Chairman of *IACC*, has indicated that the 701 funded *Clearinghouse* demonstration will support the President's efforts to assure efficient, and equitable use of Federal programs in urban areas. In addition. . . the demonstration will help strengthen the objectives of the urban policy.

Copies of the announcement on the demonstration project have been sent to eligible *Clearinghouses*. For further information contact Richard Alexander, Director, Community Program Coordination Division, *HUD*, Room 7230, Washington, D.C. 20410 (202/755-6234).

AIA Gold Medal to Pei

World-renowned architect Ieoh Ming (I.M.) Pei, FAIA, was selected to receive the *American Institute of Architects'* highest award – the Gold Medal. Pei was chosen by the AIA Board of Directors "in recognition of most distinguished service to the architectural profession or to the Institute." He will receive the Gold Medal on June 6 during the 1979 AIA national convention in Kansas City.

The founder of *I.M. Pei and Partners*, New York. . . Pei is the second consecutive New York architect to win the coveted Gold Medal. Philip Johnson, FAIA, was the recipient in 1978. Pei is only the 41st person to receive the award since its inception in 1907.

Throughout 1978. . . Pei received unprecedented critical acclaim for his design of the \$94 million East Building of the *National Gallery of Art* in Washington. . . a 60,000-square-foot marble structure that took 10 years to complete. Faced with a site of irregular proportions. . . he was forced to split the museum interior into two triangles, with the larger triangle housing the museum and the smaller one accommodating the *National Gallery's* newly inaugurated *Center for Advanced Study in the Visual Arts*.

FYI

American Planning Association and the *Office of Archeology and Historic Preservation (Dept. of Interior)*. . . Seminar: *Tax Incentives for Historic Preservation*. . . Alexandria, Va., January 19; Denver, February 5; Charleston, S.C., February 19; Monterey, Cal., March 23; Boston, April 2; and Cincinnati, April 16. Details: Richard C. Jaffeson, APA, Preservation Seminar, 1776 Massachusetts Ave., N.W., Washington, D.C. 20034 (202/872-0611).

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Hud Newsletter

Current Trends

Housing starts in November rose to a seasonally adjusted rate of 2,104,000 units from a revised 2,095,000 units in October and the rate of 2,096,000 for November 1977. It was the ninth month in 1978 that new homes have been built at a rate of more than 2 million. The *Commerce Department* also reported that building permits for new privately owned housing construction were issued in November at an annual rate of 1.69 million. . . down 2 percent from the October rate of 1.72 million.

Auction yields were higher as the *Federal National Mortgage Association* issued \$285.9 million in 4-month commitments to purchase Government-backed and conventionally financed home mortgages. The corporation issued \$144.4 million in commitments on Government-backed mortgages at a weighted average yield of 10.402 percent. . . which converts to an average price of 94.08 for 9½ percent *FHA/VA* mortgages. The average in the previous auction was 10.325 percent. The range of accepted bids in the mid-December auction was from 10.370 to 10.600 percent. *FNMA* received 350 bids totaling \$283.4 million and accepted 225 bids. . . including 133 noncompetitive bids. In the conventional auction. . . *FNMA* issued \$141.5 million in commitments at a weighted average yield of 10.771. . . up from 10.638 in the previous auction. The range of accepted bids was from 10.735 percent to 10.979 percent. *FNMA* received 341 bids totaling \$262.2 million and accepted 214 bids including 131 noncompetitive.

Results of *HUD's* December 1 opinion survey on conditions in the mortgage market shows a further decline in *HUD/FHA* secondary market prices and a corresponding rise in mortgage yields from the previous month. Nationally. . . the secondary market price for immediate delivery of *HUD/FHA* insured new-home mortgages with 30-year terms and minimum downpayments decreased .4 of one point to an average \$96.4 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 9.99 percent. . . a 6-basis-point increase from the yield reported for November 1. National average interest rates contracted to be paid by borrowers for conventional first mortgages increased significantly by 15 basis points to 10.10 percent for new home transactions and rose substantially by 20 basis points to 10.15 percent for existing home sales. Basically. . . all areas of the country reported higher conventional mortgage interest rates for both new and existing homes with the West section reporting the largest increase. . . up 40 basis points for new and existing home sales, respectively.

Publication Available

Urban Community: A Guide to Information Source. . . volume 4 in the *Urban Studies Information Guide Series*, part of the *Gale Information Guide Library*. . . is a selective, annotated bibliography of books and articles from all of the social science disciplines that contribute to our knowledge of the urban community. Concentrates on research done since 1970. . . and primarily on works which deal with the American and British experience of urban community. 286 pages. Available for \$22.00 from *Gale Research Company*, Book Tower, Detroit, Michigan 48226 (313/961-2242).

Some Southern States Gain Black Population

A Number of Southern States gained black population through immigration during 1970-75. . . providing additional evidence that the historic black migration from the South has ended. . . according to the *Census Bureau*.

In the first estimates of State populations by race since the 1970 census. . . *Bureau* estimates indicated that black migration out of the South had stopped since 1970 but the evidence had been for major regions only.

New estimates. . . by States. . . show that **Maryland, Texas, Florida, and Virginia** have gained heavily through black immigration during 1970-75, but such Deep South States as **Alabama, Mississippi, and Louisiana** as well as **Arkansas** continued the patterns of outmigration. . . although on a reduced scale.

Maryland. . . for example. . . gained an estimated 87,000 blacks through immigration during the period. Much of it may be the movement of blacks out of the **District of Columbia** into the **Maryland** suburbs. **Florida** gained 49,000. . . and **Texas**, 29,000 by immigration. **Alabama** and **Mississippi** are each estimated to have lost 41,000 blacks because of outmigration during 1970-75.

The estimates show that overall the South may have gained blacks slightly through net immigration during the period. In contrast. . . from 1940 to 1970. . . the South lost 1.5 million blacks each decade through net outmigration.

Although the North continues to lose whites through migration. . . it is no longer gaining large numbers of blacks in return and. . . in some States, is even losing blacks through migration. Although **New York** gained more blacks during 1970-75 than it lost, this was largely a result of immigration of blacks into **New York** from overseas.

Whites have been leaving the North at a more rapid rate than the population as a whole. **New York's** estimated net loss of whites through migration during 1970-75, for example, was about 700,000. **New York, Ohio, Illinois, and Pennsylvania** all were estimated in 1975 to have smaller total white populations than at the time of the 1970 census. States in the West and South gained white population through migration during the period. The net gain for **Florida**. . . for example. . . is estimated to have been 1.3 million. . . and for **Texas**. . . nearly 375,000.

The report, *Population Estimates by Race for States: July 1, 1973 and 1975, P-23, No. 67*, may be obtained for \$1.00 from the *Superintendent of Documents*, Washington, D.C. 20402.

HUD Hits Housing Costs

Speaking before the *Council of State Housing Agencies* in Boston. . . *HUD Housing Costs Committee Chairman* William J. White said that *HUD* will do its part in holding down the rising cost of housing.

"We at *HUD* are taking and have taken steps to put our own house in order by eliminating unnecessary requirements, streamlining the application process and promoting uniform procedures among Federal agencies concerned with housing," he said.

He termed the cost of regulation of the housing industry as "staggering," and said that requirements for residential streets imposed by some communities "are better suited to freeways than feeder roads." White said that as much as 20 percent of the cost of a home has been attributed to regulation — some of it obviously over-regulation.

White. . . who headed a Task Force on Housing Costs which made 150 recommendations to *HUD* Secretary Patricia Roberts Harris last June. . . said that 87 of them are in the process of being implemented or are about to be implemented.

\$2.8 Million in Planning Grants

Nine States and 10 areawide planning organizations (APOs) which have performed an outstanding job in planning will share in \$2.8 million in incentive grants from HUD. The grants recognize State and regional strategies which encourage aid to distressed places and expansion of housing and employment opportunities for the disadvantaged.

"These are key objectives of the President's urban policy," HUD Secretary Harris said. "and are a must if we are to solve the wide range of city and suburban community development problems which extend beyond immediate local boundaries. The grants reward States and areawide planning groups which have made the greatest progress with explicit, action-oriented plans and programs."

Two separate categories of awards from HUD's *Comprehensive Planning Assistance Program (Section 701)* are being made based upon the levels of achievement of the planning strategies.

In the first category grants ranging from \$97,930 to \$250,000 will go to five States and four areawide planning organizations which have clear and concise urban strategies and have already demonstrated solid progress in carrying out their programs.

The second category of awards, paying \$100,000 each, go to those States and APOs which have shown some progress in developing an urban strategy and have demonstrated some achievements toward implementing it.

The *Economic Development Administration (EDA)* is providing joint funding with HUD for two of the areawide agencies - the *Regional Planning Council of Baltimore* and the *Denver Regional Council of Governments*. EDA will provide \$100,000 for each of the two agencies, giving the *Baltimore Planning Council* and the *Denver Council* total EDA/HUD grants of \$200,000 each. EDA is providing funding as part of its *Metropolitan Demonstration Program* which is aimed at fostering regional economic development planning.

The joint funding by HUD and EDA of these areawide planning agencies is part of the *Administration's* policy of increasing interagency coordination and demonstrating the value of coordinated planning for community and economic development.

In a related interagency effort. . . HUD and EDA are coordinating the work of two Washington State agencies. . . the *Puget Sound Council of Governments* and the *Puget Sound Economic Development District*. HUD is giving the *Council of Governments* a \$100,000 incentive planning grant; EDA is funding the *Economic Development District*.

Discrimination Suit Filed

The *Department of Justice* has filed a civil suit charging that owners of an all-white cooperative apartment development in Kansas City, Kansas, discriminate against prospective black residents. Attorney General Griffin B. Bell said the housing discrimination suit was filed in *U.S. District Court* in Kansas City against *Veterans Quindaro Homes, Inc.*, owner of the 350-unit cooperative.

The suit charged the corporation and its board of directors with violating the Fair Housing Act of 1968 by engaging in practices that discourage black applicants and perpetuate the all-white character of the development in an otherwise black residential area.

These practices include forbidding residents from advertising units for sale, requiring prospective residents to be sponsored by members of the board of directors, and using subjective criteria for admission. . . including compatibility with other residents, the suit said.

The suit asked for a court order permanently enjoining the corporation from using any racially discriminatory practice and requiring the corporation to correct the effects of the alleged past discrimination, including compensating victims of discrimination.

HUD Omaha Area Office Manager Named

Iowa Federal housing official Nate Ruben will head the Omaha, Nebraska, field office of HUD. As manager of HUD's Omaha Area Office, Mr. Ruben is responsible for carrying out all aspects of HUD policy and programs for housing and community development throughout the States of Nebraska and Iowa. Prior to assuming his new duties, he was director of the *Des Moines Insuring Office*.

CAI Introduces Cassettes

Cassette tape courses on insurance needs of condominium and homeowner associations and the legal risks and liabilities involved in association development, operation, and management are now available from the *Community Associations Institute (CAI)*.

For Condominium and Homeowner Association Boards – The 1¼-hour insurance course consists of two cassette tapes which: cover the purpose of insurance for a community association and the insurance responsibilities of its board of directors; outline the necessary coverage for both the association and its individual homeowners; and describe how to evaluate insurance needs.

For Developers of Condominium and Planned Communities and Their Advisors – The 4½-hour risks and liabilities course consists of four tapes and includes a review of basic concepts with an emphasis on the need for protection. Liabilities during an association's development and sales period are discussed. . . including specific sections for the lender and for the developer in his development capacity and association role.

The insurance cassette course is available for \$19.95 to CAI members, \$30 for nonmembers. The risk and liabilities cassette course is available for \$50 to CAI members, \$75 nonmembers. For more information on these cassette courses and other CAI publications. . . contact CAI, 1832 M St., N.W., Washington, D.C. 20036 (202/223-6770).

The *Community Associations Institute* is a nonprofit membership organization dedicated to research and education in the field of condominium and homeowner associations.

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Current Trends

HUD Secretary Patricia Roberts Harris predicts the home-building industry will have a relatively good 1979 as inflationary pressures in the economy are brought under control. Testifying on the 1979 housing outlook before the *Senate Committee on Banking, Housing and Urban Affairs*, the **HUD** Secretary told the lawmakers that HUD expects total housing starts to be 1.7 million during the coming year – a 15 percent overall drop from the two million starts expected for 1978 – but emphasized “we will not see a housing crunch of the magnitude of 1973-75 because of a number of factors and Federal actions already at work in the mortgage market, and others contemplated to assure a healthy housing industry.”

The Administration's actions to stem inflationary pressures in the economy “may have a somewhat small, short-term impact on housing starts,” she conceded, “but these actions are essential for the long-term health of the housing market and the economy as a whole.”

It took a week, but most major banks throughout the country raised their prime interest rates to 11 3/4 percent to follow *Chemical Bank of New York*. The record 12 percent high was set during the 1974-75 recession. The prime is the fee banks charge most credit worthy corporate customers.

Construction of new housing in the third quarter reached 520,989 units. . . 7.5 percent above the figure for the same period a year earlier, the *F.W. Dodge Division of the McGraw-Hill Information Systems Company* reported. According to George A. Christie, vice-president and chief economist of F.W. Dodge, the gain reflects “the surprising strength exhibited in the housing market in the face of the highest mortgage interest rates in nearly three years.”

Auction yields were higher as the *Federal National Mortgage Association* issued \$254.6 million in four-month commitments to purchase government-backed and conventionally financed home mortgages.

The corporation issued \$175.2 million in commitments on government-backed mortgages at a weighted average yield of 10.596 percent, which converts to an average price of 92.87 for 9½ percent *FHA/VA* mortgages. (The average in the previous auction was 10.402 percent.) The range of accepted bids in last month's auction was from 10.537 to 10.742 percent. *FNMA* received 401 bids totaling \$343.6 million and accepted 259 bids, including 157 noncompetitive bids.

In the conventional auction, *FNMA* issued \$79.4 million in commitments at a weighted average yield of 10.920 up from 10.771 in the previous auction. The range of accepted bids was from 10.875 percent to 11.375 percent. *FNMA* received 239 bids totaling \$155.2 million and accepted 160 bids including 102 noncompetitive.

Urban renewal projects notes totaling \$47,030,000, representing 21 local issuing agencies, were sold Dec. 19, at an average interest rate of 5.404 percent, **HUD** reported. Bids ranged from 4.77 percent to 5.80 percent. The average maturity of the notes sold was 5.8 months. The notes will be dated January 16, 1979. The average interest rate for the \$98,705,000 of project notes sold November 21 was 5.005 percent.

10-Year Outlook Good

"The 10-year outlook for housing demand is very favorable with strong demographic factors and with housing viewed as an investment asset in periods of inflation," according to Professor Dwight M. Jaffee, Economics Department, *Princeton University*.

Speaking to the *Federal Home Loan Bank Board's Eighth Annual Housing Forecast Conference*, he said the "demand for mortgage funds is growing due both to strong housing demand and to the attractive features of mortgage debt as an instrument to finance other household expenditures. The allocation of household savings to deposit instruments, in contrast, is unlikely to expand and may contract under current conditions in deposit markets.

"The predominant position of thrift institutions as suppliers of credit in mortgage markets is being threatened by frequent episodes of tight money and the continuing presence of high inflation rates and interest rates. On a cyclical basis, several periods of disintermediation have occurred, creating serious disruptions in mortgage and housing markets, and they will continue to occur unless fundamental restructuring takes place. On a secular basis, the demand for mortgage funds appears likely to outpace the growth in deposits available to thrift institutions.

"Although some structural changes will occur in the mortgage market (including alternative mortgage contracts), the rising mortgage interest rates will cause some reduction in the demand for mortgage funds, the primary response of thrift institutions is likely to occur on the liability side. Two main directions in thrift institution liability management and liability instruments can be anticipated as attempts to offset or eliminate these otherwise unhappy trends. Trends in these directions may already be observed, but the full implementation may be 5 to 10 years off."

Dallas Now Ranked 7th In Population

A new ranking of cities in the United States with populations of 100,000 or more according to the *Census Bureau* shows a single change among the top ten from 1975 to 1976 with Dallas replacing Baltimore as the Nation's seventh largest city and Baltimore dropping to eighth.

The estimates on which the ranking is based. . . a compilation of figures that will be issued over the next several months in State by State reports. . . show that only five of the top ten cities gained population from mid-1975 to mid-1976. Those gaining were Los Angeles, Houston, Dallas, San Diego, and San Antonio. Losing were New York, Chicago, Philadelphia, Detroit, and Baltimore.

One in Four Housing Units in Houston Area Built Since 1970

About one in four housing units in the Houston, Texas, metropolitan area (201,800 of 834,700) was built between 1970 and 1976. . . according to a report jointly released by the *Census Bureau* and *HUD*. The Houston report is one in a series which presents in-depth housing information for selected *Standard Metropolitan Statistical Areas (SMSA's)*. The data were collected as part of the *Annual Housing Survey* by the *Census Bureau* for *HUD*.

Sixty metropolitan areas are covered in this series of reports. The Houston *SMSA* was one of 20 surveyed during the period April 1976 to March 1977. The data shown in the report related to the Houston *SMSA* as defined for the 1970 census.

The report contains a wide variety of tables detailing the physical and financial characteristics of the housing units, and characteristics of the households which occupy them. Data in this report are from a sample survey and are subject to sampling variability. A detailed explanation appears in the report.

Copies of the report, *Housing Characteristics for Selected Metropolitan Areas - Houston, Texas, Series H-170-76, No. 49*, are available for \$7.00 each from the *Superintendent of Documents*, Washington, D.C. 20402.

HUD Action Grant Director

HUD Secretary Harris has announced appointment of David S. Cordish to serve as Director of the Urban Development Action Grant Program. He is the first appointed Director of HUD's newest program to stimulate community and economic development. His duties include advising the Assistant Secretary for Community Planning and Development on all aspects of the *Action Grant* program, including policy, eligibility, management and project selection issues. In addition, Mr. Cordish will advise the Assistant Secretary on economic development issues pertinent to all of HUD's community development programs, including *Block Grants*.

Decline in World Population

The *Census Bureau* reports that perceptible declines in population growth rates have begun to emerge throughout the world. The world population growth rate for 1976 was in a range of 1.7 to 2.0 percent. . . according to a study made by the Bureau with the support of the *Agency for International Development (AID)* of the *State Department*. The rate was reported as a range because of uncertainty of the data from many countries.

Worldwide. . . 70 percent of the population is in countries where growth rates declined during the 1966-76 decade, the study showed. Among continents. . . only Africa had a higher growth rate in 1976 compared with 1966. . . although individual countries in Africa showed declines.

The declines occurred in less developed nations as well as developed nations where growth rate declines have been evident for a long time. Especially notable were declines in *Sri Lanka* where the 1966 growth rate was 2.3 percent and the 1976 rate, 1.5 percent for a decline of 0.8 of a percentage point; the *Philippines*, *Thailand*, and the *Republic of Korea*, in each of which the decline was 0.7 of a percentage point; *Colombia*, 0.6 of a percentage point; *South Africa*, 0.4 of a percentage point; and the *People's Republic of China* and *Turkey*, 0.3 of a percentage point.

Although a pattern of growth rate decline is evident, the number of people added to the world's population each year is still greater than it was a decade ago because of today's much greater population base. . . the report points out. Between mid-1976 and mid-1977, 80 million persons were added to the earth's population; the annual addition of 1966-67 was 68 million.

Concerning the *People's Republic of China*. . . which had an estimated 1977 population of 982.5 million (nearly a quarter of the world's total). . . the report observed that despite the lack of solid information, there is little question that the growth rate is also declining in *China*.

Six other countries and *China* have more than 100 million inhabitants. In order of size after *China*, they are *India*, the *Soviet Union*, the *United States*, *Indonesia*, *Brazil*, and *Japan*. Together they account for 58 percent of the world's population. . . and in all of them, population growth rates have declined since 1970, the report notes.

A major factor in declining growth rates in many Asian and Latin American countries has been declining birth rates — especially *Indonesia*, the *Philippines*, *Thailand*, and *Colombia*. The 1976 birth rate (number of births in a year per 1,000 persons) was estimated for Asia to be about 32-37 per 1,000 and in Latin America to be 34-37 per 1,000.

Birth rates in 1976 range from a high of 55-57 per 1,000 in the African nation of *Niger* to a low of only 8 per 1,000 in *Monaco*. The rate for the U.S. was 15 per 1,000, and many European countries have birth rates under 15 per 1,000.

A special commentary on the World Population report has been published in *Business America* (November 20 issue), a biweekly magazine of the *Department of Commerce*.

The report. . . *World Population: 1977 — Advance Summary*. . . is available from the Population Division, *Census Bureau*, Washington, D.C. 20233.

Nevada Land Sale Fraud Conviction

Two Nevada land development companies have been convicted in *Federal District Court, Las Vegas*, on 11 counts of criminal fraud involving \$2.5 million for violations of the *Interstate Land Sales Full Disclosure Act*.

The president of both companies. . . Norman Dacus. . . also was convicted as an individual on 13 counts of violating the registration requirements of the *Act*. He was acquitted on charges of criminal fraud. Sentencing is scheduled for January 8.

Nevada Land Builders, Inc., and *Green Saddle Ranch Company* were charged by HUD's Office of *Interstate Land Sales Registration* with persuading persons to purchase subdivision lots in Pahrump Valley, 40 miles west of Las Vegas, by misrepresenting the property, both orally and through printed material. Also, *Statements of Record*, which give basic information about the land and the developer and are required by the *Full Disclosure Law*, were not made available to purchasers.

Over 416 lots or parcels. . . representing a dollar value of \$2.5 million. . . were sold by the corporations and their agents in violation of the *Act*. . . with over 280 sales made to out-of-State purchasers residing as far away as New York and Hawaii.

FmHA Mailing List

For years. . . people have been complaining because the *Farmers Home Administration* had no system for distributing its regulations to people outside the agency. Now for \$250 you can receive a complete set of the program regulations, administrative notices, and forms. For \$40 a year. . . nonprofit organizations can receive new regulations as they are issued. . . others pay \$75. For details see September 12 *Federal Register*.

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January 15, 1979
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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

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Hud Newsletter

Current Trends

Interest rates on conventional home mortgage loans increased between early October and early November 1978 to new peaks. . . the *Federal Home Loan Bank Board* reported. Average rates on loans closed rose moderately. . . while average commitment rates increased sharply during the month. This divergence reflected the quick response of commitment rates to the *Administration-Federal Reserve* anti-inflation, dollar-stabilization program instituted in early November. Despite record-high mortgage rates currently. . . mortgage credit has been much more readily available than during earlier periods of monetary restraint. The average effective interest rate on loans closed for purchasing newly-built, single-family homes increased by 3 basis points to 9.86 percent in early November. . . substantially less than the 10 basis point rise during October.

The *FHLBB* reported home mortgage interest rates climbed past 10 percent in December. . . reaching an average 10.02 percent, a record. In November, the rate was 9.87 percent. Rates have risen steadily since November 1977 and averaged 9.54 percent for all 1978. . . compared with the 1977 average of 9.01 percent, the *Board* said.

HUD reports the volume of long-term mortgages closed in September for 1-4 family homes totaled \$14.6 billion. . . virtually unchanged from the volume of loans originated a year ago. This brings total loan origination by all lenders to \$126.4 billion for the first 9 months of 1978. . . a 9 percent increase over the same period in 1977.

According to the U.S. League of Savings Associations. . . savings gains at savings and loan associations approached a near record high in November with gains carried upward by a strong rise in the 6-month money market certificates. Savings deposits at the Nation's savings and loan associations rose by a estimated \$1.7 billion November. . . according to reports received from 810 institutions holding 44.5 percent of the assets of the business. November's gain of \$1.7 billion equalled the increase of 12 months earlier. . . but trailed behind the record for that month of \$2.6 billion in 1976.

Commerce Department figures showed construction outlays in November up a strong 1.4 percent. . . their steepest increase since July. In October. . . construction spending climbed only 0.3 percent. Outlays for homes and apartments grew by a robust 2.4 percent. . . after declining 0.6 percent in October. At the same time. . . spending on public construction projects fell 1.3 percent. . . following an 0.2 percent dip in October.

National Housing Partnership In 39th State

With the start of construction of two housing developments for families of low- and moderate-income in Lewisburg, West Virginia, the *National Housing Partnership* began operations in the 39th state in which *NHP* is assisting local builders/developers produce needed housing, in addition to the District of Columbia and Puerto Rico, for a total of more than 47,000 units, with an estimated cost of \$1,452,700,000.

Action Grants Announced

HUD Secretary Harris has announced that 30 metropolitan areas have been selected to receive a total of \$89.7 million in the first *Action Grant* awards of 1979. The *HUD* funds are earmarked for 30 joint public/private development projects, supported by some half billion dollars in private financial commitment. When the projects are completed – most in two to three years – 14,422 new private sector jobs will be created, and an additional 6,268 jobs will be saved.

“President Carter and I recognize that urban areas have tremendous opportunities and we are prepared to join in a new partnership with State and local governments to strengthen their economic bases, eliminate blight and build a better future for all their citizens,” Secretary Harris said. “The \$557 million invested in these 30 projects proves that private business and industry also recognize these opportunities and are prepared to join in the partnership.”

The *Action Grant* offered to cities constitute a preliminary application approval, the first step in a process which leads to legally binding commitments between the private sector and the city, and a signed contract between the city and *HUD*. Delivery of funds to a locality is contingent upon completing the entire process. Funds earmarked for a county or city which is unable to obtain legally binding commitments or is otherwise unable to sign a contract with *HUD* are awarded to other projects in future rounds.

Cities offered awards today range from New London, Connecticut and Bayamon, Puerto Rico in the East, to Gulfport, Mississippi and Long Beach, California in the South and West. The *Action Grant* awards are based on the merits of the projects, but cities and counties may apply only if they meet special criteria for economic and physical distress, and have good overall records for equal housing and employment.

Three New Types of Mortgages

The *Federal Home Loan Bank Board* has voted final regulations which will permit its member savings and loan associations to offer three new types of mortgages to American homebuyers. The *Bank Board's* vote for these new mortgage instruments, known as *Alternative Mortgage Instruments (AMIs)*, was based on two and a half years of careful study which took into consideration the views of everyone concerned.

FHLBB Chairman Robert H. McKinley said, “We believe that these new mortgage instruments provide both flexibility in financing and consumer protection for the American homebuyer. These regulations offer freedom of choice to the homebuyer. They make it possible for consumers to make an informed choice among mortgage instruments. They also assure that anyone who wants the standard, fixed-rate, level payment mortgage will have that option.”

There will be available to the homebuyer three alternatives to the traditional fixed-rate mortgage: the *Graduated Payment Mortgage (GPM)*; the *Variable Rate Mortgage (VRM)*, and the *Reverse Annuity Mortgage (RAM)*.

The *Graduated Payment Mortgage* features lower scheduled payments in the early years, gradually rising to a predetermined level. It should appeal to many segments of the public, including young families, whose incomes can be expected to rise. This instrument is especially important in today's market, which has priced many households out of homeownership.

The *Variable Rate Mortgage* has, as its name implies, a variable interest rate. This interest rate is tied to a *Bank Board* approved index. Although the *VRM* has been approved nationwide, it cannot be offered in a particular state except upon a finding by the *Bank Board* that the authority to offer *VRMs* is required to preserve competitive balance. At the present time, the *Bank Board* has determined that only Federal associations in California face a competitive situation warranting *VRM* authorization.

The *Reverse Annuity Mortgage* should appeal to older citizens, since it features payments to homeowners based on the accumulated equity in their homes. In response to comments received on these proposed regulations, specific safeguards have been added and a provision has been added providing for *Bank Board* review before implementation.

Two Named to Arts Posts

Michael John Pittas and Charles B. Zucker have been named director and assistant director, respectively, of the *Architecture, Planning and Design Program* of the *National Endowment for the Arts*.

Pittas, 37, is a well-known planning and design administrator and educator who had been as associate professor and deputy director of the *Urban Design Program* at *Harvard Graduate School of Design*.

Zucker, 35, has been a planning consultant and educator and has taught at *Rutgers University*, *City College of New York*, and *Anne Arundel Community College in Maryland*.

The *National Endowment for the Arts* is an independent agency of the Federal Government . . . created in 1965 to encourage and assist the Nation's cultural resources and artists. The *Endowment* is advised by 26 Presidentially-appointed members of the *National Council on the Arts*.

Jobs and Houses

Beginning in October 1977. . . \$6 million of *Department of Labor* funds were distributed through *Rural America* to 34 community agencies in 20 States to hire and train farmworkers in construction skills through an extensive program of housing rehabilitation. Farmworkers and other rural poor were also to be trained in techniques of helping low-income people package *Farmers Home Administration* loans and grants.

By June 1979. . . 1,172 trainees will have passed through the program on their way to greater job opportunities and increased income for their families. In addition. . . 600 units of substandard farmworker housing will have been renovated to provide decent housing for 3,400 people living in substandard homes and labor camps.

The program was conceived in 1977 when Lamond Godwin, *DOL's* director of National Programs. . . and Alex Mercure, *USDA's* assistant secretary for Rural Development. . . met to develop a joint effort in tackling two great concerns: farmworker employment and substandard farmworker housing.

Rural America. . . as a *DOL* grantee for farmworker housing development. . . implements the program, drawing upon its previous years of experience and cooperation with both *DOL* and *FmHA* in previous programs of new construction and housing rehabilitation for farmworkers.

County Maps Show Changes

Two new color maps, one showing changes in use of primary home heating fuel and the other in the level of manufacturing employment for each county, have been issued by the *Bureau of the Census*.

The first map shows the trend in type of home heating fuel used for census years 1950, 1960, and 1970. Each county is color coded according to the fuel used to heat most housing units in the county. The map shows that, in 1950, coal and wood accounted for almost half of the Nation's home heating fuel. By 1970, utility gas — followed distantly by fuel oil — was by far the most widely used. Electricity, almost nonexistent as a primary home heating fuel in 1950 and 1960, showed significant gains in the Northwest, Tennessee Valley, and Southern Florida by 1970.

The second map shows the percent of change from 1967 to 1972 in manufacturing employment by counties in varying shades of tan and green. Changes ranging from a loss of 10 percent or more to a gain of 50 percent or more are shown for two classes of counties — those with fewer than 1,000 employees and those with more. The map shows the greatest losses occurred in the Northeast and North Central States, while the greatest gains took place in the South.

Single copies of the maps, *Primary Home Heating Fuel by Counties of the United States: 1950, 1960, 1970, Series GE-70, No. 3*, and *Percent Change in Manufacturing Employment by Counties of the United States: 1967 to 1972, Series GE-50, No. 73*, are available for \$1.90 and \$1.25 respectively, from the *Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402*, or *Commerce District Offices in major U.S. cities*.

Final Rules For Urban Homesteading

Urban Homesteading, previously tested in 39 cities, is being expanded into a nationwide program under final rules issued by HUD.

Homesteading is an urban version of the concept used in 1862 to settle the West. Today, 20th Century homesteaders are given titles to vacant homes in need of repair on condition that they rehabilitate, maintain and occupy the dwellings for a designated period of time.

Under rules published in the *Federal Register*, HUD will allow local governments to request available, vacant, unrepaired one-to-four-family properties acquired by HUD through foreclosure. Communities will be encouraged to incorporate proposed homesteading areas into their community development programs, or to designate areas for homesteading that are the same as *Neighborhood Strategy Areas*.

The final rules outline minimum requirements for a local homesteading program, including:

- an equitable procedure for selecting capable homesteaders;
- an agreement between the homesteader and community covering repair, occupancy, and inspection of the property, and conditions for cancelling the agreement;
- terms for conveying title to the homesteader for a nominal fee, and the need for a neighborhood improvement plan that includes upgrading of public services and facilities and encourages private investment in the area.

These rules permit communities to integrate locally owned vacant or abandoned properties (acquired by local governments through tax foreclosure or acquired with their community development funds) into their HUD approved urban homesteading program. These houses are another resource for potential homesteaders.

During fiscal year 1979, HUD will set aside \$20 million in low interest rehabilitation loans to assist existing and new homesteading programs approved under these final rules.

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Hud Newsletter

HUD Announces FY '80 Budget

A fiscal year 1980 budget of \$33.3 billion in budget authority and \$10.6 billion in outlay was announced by HUD Secretary Harris on January 22. Highlights of the proposed budget will be featured in the next issue.

Current Trends

Both savings inflow and mortgage lending at savings and loan associations declined in November. . . the *Federal Home Loan Bank Board* reported. All of the drop in lending activity. . . however. . . and about half that in savings inflow reflected seasonal developments. Savings inflow. . . moreover. . . was larger in volume than a year earlier and mortgage lending only slightly below the year-earlier peak. This relatively favorable experience. . . despite further sharp increases in market interest rates. . . reflected savings obtained by issuance of 6-month money market certificates at rates tied to *Treasury* bill yields.

Mortgage loans closed by federally insured associations totaled \$8.9 billion in November. This was 7 percent less than in October and 1 percent less than a year earlier. The month-to-month decline. . . however. . . was less than is usual between October and November. . . while the year-earlier volume had been a peak on a seasonally adjusted basis. As a consequence. . . loans closed (seasonally adjusted) rose in November to only slightly below the alltime high reached a year earlier.

HUD announced that project notes totaling \$910,137,000. . . representing 89 public housing agencies. . . were sold in early January at an average interest rate of 5.579 percent. The interest rate last month was 5.520 percent. Bids ranged from 5.11 percent to 5.87 percent. The average maturity of notes sold was 9.3 months.

During 1978. . . the *Federal National Mortgage Association* experienced a record level of mortgage commitment and purchase activity. It issued \$19.0 billion in commitments to purchase residential mortgages, vs. \$10.9 billion in 1977, and purchased \$12.3 billion of such mortgages. . . compared with \$4.8 billion in 1977. Return on portfolio for 1978 was \$293.9 million. . . compared with \$251.0 million for 1977. Fourth quarter portfolio return was \$72.4 million in 1978. . . \$69.2 million in 1977. . . and \$76.9 million in the third quarter of 1978.

Auction yields were higher as *FNMA* issued \$137.1 million in 4-month commitments in early January to purchase both government-backed and conventionally financed home mortgages. The corporation issued \$101.1 million in commitments on government-backed mortgages at a weighted average yield of 10.674 percent. . . which converts to an average price of 92.38 for 9½ percent *FHA/VA* mortgages. The average in the previous auction was 10.596 percent. The range of accepted bids in the auction was from 10.647 to 10.821 percent. In the conventional auction. . . *FNMA* issued \$36.0 million in commitments at a weighted average yield of 11.018. . . up from 10.920 in the previous auction. The range of accepted bids was from 10.977 percent to 11.250 percent.

Guilty of Fraud

A Pennsylvania land development company and its president have each entered pleas of guilty in Federal court in Harrisburg on two counts of land fraud for violating the *Interstate Land Sales Full Disclosure Act* and two counts of mail fraud.

Sentencing for *Evergreen Lake, Inc.*, and its president. . . James J. Justofin. . . is scheduled for January 30. Guilty pleas were entered on January 3. *Evergreen Lake, Inc.*, was the developer of *Evergreen Lake Estates* in Beaver Township, Columbia County, Pa., a recreational/second home development located 13 miles west of Hazleton, Pa., containing 778 lots on 322 acres

On October 17, 1978. . . a Federal grand jury in Harrisburg, Pa., returned a 30-count indictment against Evergreen and Justofin alleging 12 violations of the *Interstate Land Sales Full Disclosure Act* and 18 mail fraud violations.

The indictment accused Justofin and Evergreen of selling unimproved lots to consumers using a *Property Report* that contained false and fraudulent representations and promises. Developers of 50 or more lots are required by law to file a *Property Report*, which gives basic information about the land and the developer, with HUD's *Office of International Land Sales Registration (OILSR)*.

GNMA Tandem Program Continued

An additional \$1.5 billion in mortgage money became available on January 8 to finance the production of some 50,000 new and substantially rehabilitated housing units for low- and moderate-income families, John H. Dalton, President of the *Government National Mortgage Association (GNMA)*, announced.

Dalton said the funds will be committed by *GNMA*, a corporation within *HUD* under its *Section 8 Tandem Program* for the purchase of mortgages covering projects with Section 8 rental assistance payments.

The assurance of permanent financing provided by *GNMA* mortgage purchase commitments enables private lenders to originate below market interest rate loans. These loans are purchased by *GNMA* at favorable prices. *GNMA* later sells the loans at the going market price to private investors and absorbs the difference as a subsidy.

Mortgage Banking Continued Recovery In 1977

A strong single-family home loan market, favorable interest rates and increased operating efficiency made 1977 a year of moderate but sustained recovery for mortgage bankers, according to the latest survey by the *Mortgage Bankers Association of America*.

The average mortgage banking firm showed a net profit of \$375,000 on total income of \$3.86 million. This marked the third successive year of recovery from the low point in 1974, when the average company reported a loss of \$166,000 on \$2.37 million in revenues.

"The amount of net profits, profit margin and rate of return on equity for 1977 were all approximately three times the levels recorded in the previous year. Furthermore, we expect to find that this upward trend has continued into 1978," said Dr. Thomas Harter, *MBA's* chief economist.

"However, it is important to note that the profit margin for 1977 was only 9.7 percent, well below the 13.7 percent average for 1970-73. Return on equity was 12.2 percent, again well below the 15.6 percent average for that same period," Harter said.

Significant Decisions

In P.I. Properties, Inc., v. Harris, et al., U.S.D.C., D.C., C.A. No. 78-1401, . . . two interlocutory orders have been upheld by the Court of Appeals for the D.C. Circuit. One District Court order granted the Government's motion for summary judgment and sustained the actions of HUD in foreclosing upon the Clifton Terrace Apartments. The District Court also had denied plaintiff's motion for a preliminary injunction to prevent foreclosure, and granted the Government's motion to have the Department appointed mortgagee in possession of Clifton Terrace prior to foreclosure. Plaintiff had sought to rescind the foreclosure sale. . . claiming that HUD failed to provide two 6 months moratoria on the collection of principal and interest and two rent increases. . . in violation of its oral contractual obligations. . . thereby frustrating the performance of plaintiff's obligations to HUD pursuant to a Regulatory Agreement and Deed of Trust. Plaintiff also claimed a constitutional right to a full administrative hearing prior to the Federal Government's exercise of an extrajudicial power of sale.

In Massachusetts Union of Public Housing Tenants, Inc., et al. v. Patricia Harris and Lorenzo Jacobs, U.S.D.C., D.C., C.A. No. 78-936. . . plaintiffs have appealed from an order denying their motion for a preliminary injunction. Plaintiffs are public housing tenants who seek to enjoin conversion from utility master meters to individual meters on the grounds that the HUD regulation requiring conversion, 24 C.F.R. Part 865, violated the Administrative Procedure Act and the National Environmental Policy Act. The District Court found that the conversion policy had a reasonable basis as a measure to conserve energy.

In Janet T. Gilbert v. Patricia Roberts Harris, et al., U.S.D.C., E.D. Va., Norfolk Division, C.A. No. 78-57-N. . . the District Court has granted the Government's motion for summary judgment and has dismissed the complaint brought by a homeowner who alleged that HUD failed to comply with the National Environmental Policy Act of 1969 when it approved construction of the Green Run Project pursuant to Section 8 of the U.S.H.A. of 1937. The Court recognized that HUD's three-tiered system of environmental review exceeded the minimum requirements of NEPA. As to the special clearance completed for this project, "HUD considered all the factors which a reasonable decisionmaker would have evaluated in analyzing the project's environmental consequences."

Mortgage Gross Flows

HUD reports that the volume of long-term mortgages closed in September for 1-4 family homes totaled \$14.6 billion, virtually unchanged from the volume of loans originated a year ago. This brings total loan originations by all lenders to \$126.4 billion for the first 9 months of the year, a 9 percent increase over the same period in 1977.

Savings and loan associations accounted for 53.8 percent of the loans closed (\$7.8 billion), commercial banks had a market share of 22.7 percent (\$3.3 billion), and mortgage companies accounted for 12.8 percent (\$1.9 billion). In addition, loans originated by savings and loan associations and mortgage companies are down by \$193 million and \$156 million, respectively, from September 1977, while commercial banks showed an increase of \$205 million over the same period a year ago.

Loans closed during September on multifamily residential properties totaled \$1.1 billion, down substantially by 11 percent from September a year earlier. Savings and loan associations originated 44 percent (\$.5 billion) of total multifamily loans; its market share also decreased by 18 percent.

Construction loans for homes aggregated \$3.2 billion in September, 6 percent higher than a year ago. Multifamily construction loans at \$.7 billion were 11 percent below last year's September originations.

The statistics are obtained from reports filed by about 1,700 lending institutions and agencies that are compiled by the **FDIC, FHLBB, SEC, Census Bureau, American Council of Life Insurance, Mortgage Bankers Association of America** and **HUD** under a cooperative arrangement.

HUD Homesteading Program Helps

An interim report on HUD's *Urban Homesteading Program* shows that the program helps stabilize deteriorating neighborhoods and encourages homeowners in areas where homesteading is occurring to improve their own property.

These are among findings discussed in the recently published *Second Annual Report on the Urban Homesteading Demonstration Program* initiated by HUD in 1975 to test and evaluate the homesteading concept. The report was prepared by HUD's *Office of Policy Development and Research*.

Under the homesteading program. . . HUD is authorized to transfer one- to four-family homes it has acquired to local governments for transfer to selected families or individuals for as little as 1 dollar. Selected homesteaders must agree to repair the property to minimum health and safety standards before occupancy. . . and then must repair the property to applicable local standards for "decent, safe and sanitary condition" within 18 months after moving in. They also must occupy the property for at least 3 years and permit periodic inspection to insure compliance with these conditions.

Some 23 cities from among 61 applying for the program were initially selected for the demonstration and 16 additional ones have since been added. During the past year. . . the homesteading program was officially changed from a demonstration to an operating program. As of September 1978. . . rehabilitation had been started on 1,830 homes. . . which represent 94 percent of all homes conveyed to homesteaders. Rehabilitation had been completed on 1,060 homes.

Copies of the report are available from the *Division of Product Dissemination and Transfer, Office of Policy Development and Research, HUD, Washington, D.C. 20410*.

FYI

Consumer Federation of America. . . Annual Consumer Assembly. . . Washington, D.C., February 7-9. Details: CFA, Suite 901, 1012 14th St., N.W., Washington, D.C. 20005 (202/737-3732).

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Hud Newsletter

Highlights of HUD's Proposed 1980 Budget. . . see page 2

Current Trends

Housing starts in December topped the 2 million mark for the 10th straight month. . . the *Census Bureau* reported. . . with an estimated seasonally adjusted annual rate of 2,125,000. . . about the same as the revised November rate of 2,203,000 units. The preliminary estimate of privately owned housing starts in the country for all of 1978 was 2,018,500. . . 2 percent above the total of 1,987,100 for 1977.

The December 1978 seasonally adjusted annual rate for single family housing starts was 1,533,000. . . compared with the revised November rate of 1,558,000 units. The rate in December for apartments in buildings with five units or more was 459,000. . . compared with the revised November rate of 441,000. The December rate for units in buildings with two to four units was 133,000.

New privately owned housing construction authorized in December 1978 was at a seasonally adjusted annual rate of 1,680,000 units. . . 3 percent below the revised annual rate of 1,724,000 for November. . . and 6 percent below the rate of 1,788,000 for December 1977.

Results of HUD's January 1 opinion survey of conditions in the mortgage market showed . . . for the third consecutive month. . . a further decline in HUD/FHA secondary market prices and a corresponding rise in the mortgage yield from the previous month. Nationally. . . average secondary market price for immediate delivery of HUD/FHA-insured new home mortgages with 30-year terms and minimum downpayments decreased 1.2 point from \$96.4 to \$95.2 per \$100 of the outstanding loan amount. The equivalent gross yield to investors at this price was 10.16 percent. . . a 17-basis point increase from December 1. Generally. . . all areas of the country reported higher conventional mortgage rates for both new and existing homes with the Northeast section reporting the largest increase. . . up 30 basis points and 35 basis points for new and existing home sales, respectively.

Urban renewal project notes totaling \$56,294,000. . . representing 18 local issuing agencies. . . were sold in mid-January at an average interest rate of 5.245 percent. . . HUD reported. Bids ranged from 5.09 percent to 5.54 percent. The average maturity of the notes sold was 5.2 months. The notes will be dated February 14. The average interest rate for the \$47,030,000 of project notes sold in mid-December was 5.404 percent.

Government-assisted housing starts in New York City amounted to more than 16,700 in 1978. . . the highest number in 5 years. . . the *New York Times* reported. The starts involved new construction of luxury and middle-income apartments. . . where the city had offered to reduce taxes as an incentive to builders. . . as well as Federal aid to rehabilitate decaying housing in low-income neighborhoods. Nathan Leventhal, Commissioner of the city's *Department of Housing Preservation and Development*. . . said that of a total of 16,711 housing starts. . . 8,828 were in new construction, and 7,883 were in rehabilitation of existing housing units.

HUD's Proposed Budget for FY '80

The HUD fiscal year 1980 budget of \$33.3 billion in budget authority and \$10.6 billion in outlay is consistent with the Government-wide effort to reduce the *Federal* deficit and with a strong commitment to meeting the Nation's housing and community development needs. . . Secretary Harris announced.

"The \$33.3 billion budget. . . while reflecting the President's desire to reduce the Federal deficit. . . represents a firm commitment by the President and this administration to the revitalization of our Nation's urban areas and the provision of decent housing for all of its citizens. It is obvious that HUD faces a challenge in 1980 - a challenge to every HUD employee to increase efficiency and to make our housing and community development programs work better," the Secretary said.

The proposed budget. . . which would be effective October 1. . . underscores the *Department's* emphasis on the President's *New Urban Partnership* to bring together the private and public sectors, neighborhood groups and volunteer organizations and governments at all levels to aid distressed communities, large and small, wherever they are located.

For housing, the budget allocates \$27 billion for up to 300,000 low- and moderate-income families under the rental assistance (*Section 8*) and *Public Housing* programs.

In addition to public housing and rental assistance. . . the budget reflects mortgage interest subsidies under the homeownership program (*Section 235*) for 25,000 unit reservations. . . including 7,000 units targeted for inner-city neighborhoods for families displaced as a result of urban revitalization.

The Secretary noted that housing starts. . . a major objective of the *Department*. . . totaled 159,000 in *Section 8* units alone in 1978. . . exceeding her pledge to *Congress*. The estimate for starts for all assisted housing programs is 212,500 in 1979 and 251,000 for 1980. She forecast that by the close of FY '80. . . there will be more than 3.2 million units for low- and moderate-income families supported by HUD subsidies. Of this number. . . 2.3 million will be in rental assistance (*Section 8*) and public housing.

Referring to the secondary mortgage market. . . Secretary Harris announced that additional housing assistance will come from a continuation of the programs of HUD's *Government National Mortgage Association (GNMA or Ginnie Mae)*.

Builders and developers will have available to them \$1.5 billion in low-interest mortgage money for construction of rental assistance (*Section 8*) multifamily projects for low- and moderate-income families. Another \$500 million will be available to support low-interest mortgages for apartment houses in city areas targeted for revitalization. . . such as *Neighborhood Strategy Areas (NSAs)*. . . she said.

Detailing the 1980 budget projections for *Community Development*. . . the Secretary announced that:

- Increased funding has been requested for the Community Development Block Grant (CDBG) program. . . \$3.9 billion. . . which represents the full amount authorized by Congress for the last year of the current 3-year program.
- The *Urban Development Action Grant (UDAG)* program will be continued at the \$400 million level. Another 3-year authorization program. . . introduced by the Carter Administration in 1978. . . *Action Grants* totaling \$1.2 billion will have been allocated to governmental units by the end of 1980.
- The popular tool for urban renovation. . . HUD's low-interest loan rehabilitation program (*Section 312*). . . is budgeted for a \$130 million appropriation which. . . with \$55 million available for repayments of prior loans. . . would provide a total loan level of \$185 million in 1980.

Funding for two **HUD** initiatives in the President's *New Urban Policy* program. . . *Neighborhood Self-Help Development and Livable Cities*. . . is requested in the 1980 budget. For the *Neighborhood Self-Help Program*. . . under which **HUD** may award grants and other assistance to neighborhood organizations to form and carry out programs of housing and economic and community development in deteriorated neighborhoods. . . the budget requests \$15 million for 1979 and 1980. The budget also recommends \$5 million in 1979 and 1980 for the *Livable Cities* program to assist nonprofit organizations to undertake projects of historic, artistic, or cultural merit as part of neighborhood revitalization.

Other budget highlights:

- *Public Housing Operating Subsidies*: \$741.5 million. . . an increase of \$14.5 million over 1979. The funds are disbursed among *Public Housing Agencies* according to a Performance Funding System that recognizes efficient operations.
- *Elderly and Handicapped*: \$800 million. . . including \$50 million for the nonelderly handicapped . . . the same level as for 1979. The money would provide loans for an estimated 19,700 housing units in 1980.
- *Troubled Multifamily Projects*: \$82 million to assist an estimated 2,440 apartment projects. Funded for the first time in 1979. . . this new program helps prevent foreclosures and avert massive evictions or rent increases for low-income tenants.
- *Comprehensive Planning (Section 701)*: \$40 million to support State, areawide, and local comprehensive planning and management activities.
- *Fair Housing Assistance*: \$3.7 million for a new program to assist an estimated 31 State agencies in processing discrimination complaints under the 1968 *Fair Housing* legislation.
- *Research and Technology*: \$53 million.

The budget proposed an employment level for **HUD** of 16,175 positions by the end of 1980. This level. . . an increase of only 50 positions over 1979. . . "reflects the President's desire to hold down Federal employment and complies with the hiring ceiling in the recently-enacted Civil Service Reform bill," the Secretary noted.

Total 1980 budget authority required is \$33.5 billion. Because of a small carry-over of unused housing assistance budget authority. . . the actual amount requested of the *Congress* is \$33.3 billion. This compares to \$37.5 billion available in 1979, which included \$6.4 billion of carry-over housing assistance budget authority. Outlays are expected to total \$10.6 billion in 1980. . . compared with \$9.0 billion in 1979. . . an increase of about \$1.6 billion.

For comparison purposes. . . **HUD** budget totals exclude amounts for the *Federal Insurance Administration* and the *Federal Disaster Assistance Administration*. . . which are being transferred to the recently-created *Federal Emergency Management Agency*.

FYI

New York University. . . *Solar Energy Seminar*. . . San Francisco, February 14-16; Atlanta, March 7-9; Chicago, April 2-4; Boston, May 14-16; Los Angeles, September 14-16; and Washington, D.C., November 12-14. Details: Heidi Kaplan, Department 20 NR, *New York Management Center*, 360 Lexington Ave., New York, New York 10017.

Publications Available

Federally Assisted Housing Programs for the Elderly in Rural Areas: Programs and Prospects. . . . published by the *Housing Assistance Council (HAC)*. . . describes the major deficiencies in America's housing policy for rural areas. . . and pinpoints the various Federal agencies that deal with rural housing, centering on *HUD* and *FmHA*. The 24-page booklet discusses the individual programs of each of these agencies as they pertain to the rural elderly. Available for \$2.00 from *HAC*, 1828 L St., N.W., Washington, D.C. 20036.

How can Federal housing assistance programs be used to expand community living opportunities for developmentally disabled citizens? The answer to this and similar questions is provided in a major report released by the *National Association of State Mental Retardation Program Directors Inc. Housing and Developmentally Disabled Citizens: An Analysis of Policy Issues*. . . identifies numerous barriers to utilizing such programs on behalf of the developmentally disabled and pinpoints needed changes in existing laws, regulations, policies, and administrative procedures. A summary of major findings and recommendations may be obtained free by writing *NASMRPD*, 2001 Jefferson Davis Highway, Suite 806, Arlington, Virginia 22202.

Apartment Investing Check Lists. . . . a working tool that spells out everything that should be investigated when evaluating an apartment building investment. Designed for the investigator to get a thorough investigation of an apartment building the first time. . . making purchase negotiations a smoother process for all parties involved. Provides instructive check lists for room inspections, constructing accurate income statements, agreement of sale, financing, negotiations, presettlement inspection, and settlement. 64 pages. Available for \$7.95 (plus \$1.00 for postage and handling) from *HBJ Press*, 306 Dartmouth Street, Boston, MA 02116 (617/267-7200).

Urban Housing – Public and Private: A Guide to Information Sources. . . . Volume 5 in the *Urban Studies Information Guide Series*. . . cites a wealth of published sources ranging from journal articles to book-length studies, essays, texts, and government reports. Emphasizes years 1972-1976, but earlier works of significance are also included. For each citation. . . the editor provides complete bibliographic information together with a lengthy annotation indicating the work's scope, content, and conclusions. 319 pages. Available for \$22.00 from the *Gale Research Company*, Book Tower, Detroit, Michigan 48226. Order by number – ISBN 0-8103-1398-7.

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DEPARTMENT OF HOUSING AND
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HUD NEWSLETTER
February 5, 1979
HUD-318-370-ASI

Highlights of HUD's Proposed 1980 Budget



Hud Newsletter

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Current Trends

The Federal Home Loan Bank Board. . . in cooperation with the *Farmers' Home Administration (FmHA)* announced proposed regulations that would liberalize authority for federally insured savings and loan associations to invest in *FmHA Rural Housing Program* guaranteed loans. The proposed regulations would authorize federally insured savings institutions to invest in these *FmHA* guaranteed mortgage loans with loan-to-value ratios exceeding 90 percent of value without the usual requirement of private mortgage insurance and with terms in excess of 30 years. *FHLBB* Chairman Robert H. McKinney said the proposal stemmed from changes in the *Housing and Community Development Act of 1977*, which increased *FmHA's* authority. The guaranteed-loan *Rural Housing Program* now applies to borrowers with incomes (\$15,600-\$20,000) and provides for negotiation of interest rates by the borrower and the lender. . . although interest rates may not exceed rates on comparable loans not guaranteed. Borrowers with improving financial status are no longer required to leave the guaranteed-loan program before their loans mature.

HUD has announced that an additional \$450 million in mortgage funds became available on February 5 under *GNMA's* multifamily *Targeted Tandem program*. The \$450 million will be split between two programs: \$250 million will be available for projects located anywhere within cities and counties meeting the basic eligibility criteria for *HUD's Urban Development Action Grant Program*. These criteria relate to the age of the housing stock, per capita income, population growth rates, unemployment, employment growth rates, and incidence of poverty. This program is similar to the *Targeted Tandem program* operated by *GNMA* in fiscal year 1978. The remaining \$200 million will be available for projects located in designated areas of concentrated community development activity within these eligible cities and counties. These "neighborhood strategy areas" are to be designated by the city or county in its application for *Community Development Block Grant* funding.

Auction yields were higher in mid-January as the *Federal National Mortgage Association* issued \$76.4 million in 4-month commitments to purchase both government-backed and conventionally financed home mortgages. The corporation issued \$54.3 million in commitments on government-backed mortgages at a weighted average yield of 10.728 percent. . . which converts to an average price of 92.06 for 9½ percent *FHA/VA* mortgages. The average in the previous auction was 10.674 percent. The range of accepted bids in the auction was from 10.686 to 10.829 percent. In the conventional auction. . . *FNMA* issued \$22.1 million in commitments at a weighted average yield of 11.129. . . up from 11.018 in the previous auction. The range of accepted bids was from 11.084 percent to 11.275 percent.

U.S. Population 219.9 Million

The United States began the New Year – at 12:01 a.m., January 1, 1979, with an estimated population of 219,874,966. . . according to the *Census Bureau*. The figure is about 1.7 million higher than the *Bureau's* estimate for New Year's Day, 1978. The total includes the populations of the 50 States, the District of Columbia, and the Armed Forces and Federal employees overseas and their dependents.

The 1.7 million net population gain registered during 1978 is slightly lower than the 1.8 million increase of 1977. The record annual gain was the 3.1 million registered during the baby boom year of 1956.

Spur Homebuilding Technology

HUD Secretary Harris has announced a new program designed to stimulate thinking and advance technology in homebuilding while helping to reduce construction costs.

In a speech to the annual convention of the *National Association of Home Builders* in Las Vegas. . . she said the new approach – called the *Residential Building Technology Innovations Programs (RBTIP)* – will do this by identifying and recognizing promising new building products or subsystems.

The Secretary said “backyard inventors” and others whose innovations meet the selection criteria . . . especially those who need assistance in publicizing and marketing their products. . . will receive cash grants of \$5,000.

Approximately 10 such grants for these new building products or subsystems. . . which must be ready or near ready for the marketplace. . . will be awarded by *HUD* in the current fiscal year.

“We have discussed a number of ways to cut the costs of housing construction and what we all can do and must do to keep from pricing housing out of the reach of many Americans. An additional way is through American technological ingenuity. I know that your industry is continually looking for new concepts, ideas, products, and production processes that could lower housing costs,” she told the home builders. “*HUD* is happy to join in that effort.”

Donna Shalala, *HUD* Assistant Secretary for Policy Development and Research, told the homebuilders that the new program. . . the first of its kind in the *Department*. . . is not “a Government technology development project.” She emphasized that there are “no continuing grants to support additional product research and development, no complicated follow-up forms and reports, and no commitment to achieve stated milestones.” She noted that special effort has been made to simplify the required application forms and procedures.

While contributions from individuals and firms. . . both small and large. . . are welcomed and will be publicized, only those from individuals and small firms (generally under 50 employees) will receive cash grants.

Shalala explained that successful contributors to *RBTIP* face no loss of rights to their products, except the “very limited” right permitting *HUD* to publicize the information submitted with the application, certain supplemental information, and the right to purchase or procure future use of the item in a demonstration project. The use of the item in a demonstration project will be coordinated with each winner.

Eligible contributions include items that have reached the “operable prototype” stage of development. . . especially those products and subsystems for both new construction and rehabilitation of single-family and multifamily housing and mobile homes.

Examples of eligible housing products are such items as doors, windows, siding, brick and concrete block; eligible subsystems may consist of a completely designed and coordinated series of parts which serve a structural, lighting or plumbing function within prescribed performance limits.

Ineligible items include those whose primary purpose is energy conservation, complete housing systems, products being currently marketed in the residential construction industry, and certain appliances as noted on the application form. Also ineligible are items which cost more than those they are intended to replace.

A brochure on the *RBTIP* together with application forms is available to the public. **The closing date for applications is June 15, 1979.** It is expected that the selection of successful entries will be completed and announced by September 28. A booklet listing the winning entries will be available not later than January 15, 1980.

For further information contact Building Technology Research Staff, *Office of Policy Development and Research, HUD*, Washington, D.C. 20410 (202/755-0640).

Significant Decisions

Vecchioli, et al. v. HUD, Harris, Atlantic City Community Development Block Grant Program, et al., U.S.D.C., D. N.J., C.A. No. 78-1138. The **District Court** dismissed the complaint for failure to state a claim. Plaintiffs had sought to enjoin disbursement of 1977 CDBG funds to an Hispanic neighborhood group in Atlantic City. The thrust of the complaint was that the funding of this group constituted an allocation of Federal funds that would continue to isolate low-income families to a socially compacted area in violation of *Title VIII of the Civil Rights Act of 1968* and *Title I of the HCD Act of 1974*.

Crowley v. Harris, Housing Authority of New Orleans, et al., U.S.D.C., E.D. La., C.A. No. 78-3254. The **District Court** dismissed the complaint on plaintiff's motion. Plaintiff had sought to enjoin the planned conversion of an office building and hotel to a project for the elderly and handicapped, assisted under *Section 8*, for failure to comply with *NEPA*.

Al Grant, et al. v. Patricia Harris, U.S.D.C., E.D. Tenn., N. Div., C.A. No. 3-78-262. The **District Court** granted the Secretary's *Motion for Summary Judgment* in this action brought by persons residing near a *Section 8* New Construction project in Knoxville, Tennessee. With construction of the 152-unit project already underway, the neighbors challenged the adequacy of the *Normal Environmental Clearance* performed by *HUD* in 1976. When it became apparent that the administrative record for the *Normal Clearance* was lacking in documentation, *HUD*, at a hearing on cross-motions for *Summary Judgment*, moved to remand the case in order to create a more fully documented record. When that task was completed, the Secretary's motion was renewed and granted.

Barbara Fox, et al. v. The Redevelopment Authority of the City of Philadelphia, Harris, et al., U.S.D.C., E.D. Pa., C.A. No. 75-445. The **District Court** dismissed the complaint with prejudice pursuant to the terms of a *Stipulation for Consent Decree*. This was a class action by present and former residents of the Washington Square West Urban Renewal Area in Philadelphia seeking to enjoin the City and *HUD* from engaging in and financing any activity which causes the displacement of persons from the project area, on the ground that displacement caused by the urban renewal project violated the *Housing Act of 1949* and the *Uniform Relocation Act*. Plaintiffs alleged that the displacements complained of deprived them of their right to live in a racially integrated community. The *Consent Decree* requires *HUD* to provide *Section 8* contract authority and housing assistance payments for 131 units of new construction and/or substantial rehabilitation in the Washington Square West Urban Renewal Area.

Resident Advisory Board, et al. v. Rizzo, et al., U.S.D.C., E.D., C.A. No. 71-1575. The **District Court** granted plaintiffs' motion. . . in which *HUD* joined. . . to compel the *Philadelphia Housing Authority* and the *Philadelphia Redevelopment Authority* to execute all necessary contracts and agreements for the development of the Whitman Park Townhouse Project. The **Court** also rejected motions to amend an earlier order so as to permit consideration of scattered site rather than townhouse development.

New Association for Public Risk Managers

The new *Public Risk and Insurance Management Association (PRIMA)* is beginning its membership drive to bring government risk, insurance, and safety managers together in an organization directed toward their special problems.

Dennis Tweedale, Risk Manager of Madison, Wisconsin is president of the Association. Vice Presidents are Betty Connor, Insurance Coordinator for Memphis, Tennessee; Robert Bieber, Risk Manager, Westchester County, New York; Steven Webber, Chief of Risk Management, Jefferson County, Alabama; Sheldon Weinberg, Risk Manager, Hennepin County, Minnesota; and James Banner, Risk Manager, Clark County, Nevada. The board of directors have been aided in their endeavors by Nestor Roos and Joseph Gerber of the University of Arizona, and the *International City Management Association (ICMA)* which is helping the fledgling group get started.

Members will receive a monthly newsletter containing the most recent information and developments in the areas of public risk, insurance, and safety management, a national directory of risk managers, and the services of a job referral. Also planned is a national conference to address those problems unique to the public sector.

For further information about joint *PRIMA* send requests for information to *PRIMA's* staff coordinator, Natalie Wasserman, *Public Risk and Insurance Management Association (PRIMA)*, Suite 1009, 1101 Connecticut Avenue, Washington, D.C., 20036, or call (201) 293-1892.

New Homesteading Approach

A unique approach to urban homesteading that could provide training, new jobs and homes for low- and moderate-income families at prices they can afford will be tested in up to 10 cities as result of a \$184,000 contract announced by **HUD**.

HUD Assistant Secretary for Community Planning and Development Robert C. Embry, Jr., said the process . . . called "sweat equity homesteading" . . . will involve the restoration of **HUD**- or city-owned multifamily buildings in severely deteriorated neighborhoods by neighborhood residents themselves. As the term implies . . . the neighborhood residents will build an equity in the rehabilitated building with the "sweat" of their toil. This equity . . . in effect . . . would be their downpayment on a dwelling unit. When rehabilitation is complete. . . the buildings will be owned as cooperatives by the homesteaders.

Testing of the "sweat equity" concept in multifamily housing will be carried out by **WESTAT**. . . a housing-social science research firm in Bethesda, Md., in cooperation with the **Urban Homesteading Advisory Board (U-HAB)** of New York City. The objective of the contract, Embry said, is to build among local governments, community and neighborhood organizations, the technical capabilities necessary to carry out neighborhood revitalization through multifamily homesteading and self-help rehabilitation.

While contributing their own labor. . . participating homesteaders will be learning valuable construction skills from professional instructors, Embry said, and could. . . at the discretion of the locality . . . receive modest training wages under the *Federal Comprehensive Employment and Training Act (CETA)* program.

Embry said his office will be experimenting with a variety of approaches to multifamily homesteading in this project. . . recognizing that cities and neighborhood needs differ from State to State. While some elements of **U-HAB's** earlier experience may be adapted. . . others will be developed to fit specific needs of the selected urban homesteading locations, he said. This could include using **HUD**-owned properties versus city-owned buildings, a sliding scale of low-interest rehabilitation loans relative to income, and a variety of funding sources, he noted.

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Current Trends

Some banks have lowered their prime lending rate from 11¾ percent to 11½ percent, but most larger banks have held back. . . refusing to join the first prime rate reduction in more than 2 years. *Chase Manhattan Bank* cut its rate to 11½ percent at the end of last month with competitors calling the move premature. Banks were slow to follow. *First Pennsylvania Bank*. . . the 20th largest bank in the country. . . reduced its rate a few days later. . . as did the *First American Bank*. . . largest bank in Northern Virginia. . . and others scattered throughout the country. The prime rate will probably vary among banks for some time. . . analysts believe.

The Government National Mortgage Association (GNMA) has announced that it has tentatively scheduled to offer for sale by auction approximately \$500 million of *FHA*-insured project mortgages on Thursday, March 15. Mortgages to be offered were purchased by *GNMA*. . . through the *Federal National Mortgage Association (FNMA)*. . . under *Special Assistance Programs 17, 21, and 23*. *FHA*-insured project mortgages offered for sale will not be eligible for inclusion in pools of project mortgages that support issues of *GNMA*-guaranteed mortgage-backed securities. This sale will be conducted for *GNMA* by *FNMA* under procedures, terms, and conditions described in a bidding invitation to be issued this month.

The construction industry saw a strong and steady finish to 1978 as contracts for new construction totaled \$158.4 billion. . . 13 percent above the 1977 figure. . . the *F. W. Dodge Division of McGraw-Hill Information Systems Company* reported. Residential building contracts in December were at \$4.8 billion. . . a 10 percent increase over the December 1977 figure. For all of 1978 there was a 20 percent gain in residential building value bringing the total to \$74.5 billion for newly started housing.

Special Censuses Conducted During First Half of 1978

Special censuses were conducted by the *Census Bureau* in 82 local jurisdictions during the first half of 1978. The 82 special censuses were distributed among 23 States and Puerto Rico. The most populous place enumerated was the *Toa Baja municipio of Puerto Rico*. . . where the 1978 total was 76,935. The smallest place was *Ely, Iowa*. . . with a population of 383. The report also includes a table of the population areas annexed to the municipalities since the *1970 Census*.

A special census is typically conducted at the request and expense of a local government. Results are sometimes used to update the population base for State tax fund allocations. Information collected in a special census is usually limited to a count of all persons by age, sex, race, and their relationship to the head of household. Additional questions may be asked if the local government is willing to incur the cost.

Copies of the report. . . *Summary of Special Censuses Conducted by the Bureau of the Census between January 1 and June 30, 1978, P-28, No. 1561*. . . may be obtained for 70 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

Fraud Control Committee Established

Secretary Harris has announced formation of a special Fraud Control Committee in another innovative step to minimize opportunities for fraud and waste in HUD's programs and operations. The HUD group is composed of representatives of each major office in the Department and is headed by the Inspector General.

"This action," said Secretary Harris, "is just part of HUD's long continuing effort to curb fraud and mismanagement – an effort designed not only to detect fraud but to 'red flag' potential trouble spots so corrective action may be taken before they develop to a critical stage."

HUD was one of the first Federal Departments to create an office of Inspector General with the authority to inquire into all program and administrative activities of the Department in carrying out a comprehensive plan of audits, investigations, surveys, reviews, and security services.

HUD's efforts in this area have been recognized as probably the best among Federal Agencies. In testimony before the *Senate Subcommittee on Federal Spending Practices* last September. . . Comptroller General Elmer Staats said the HUD program is "the only ongoing systematic mechanism to actively look for fraud. . . a concentrated effort by joint teams of investigators and auditors to detect fraud and program weaknesses."

Over \$2 Million to Aid New York City Housing Committed

Commitment of more than \$2 million to multifamily urban homesteading in New York City. . . expanding the "sweat equity" experiment in housing rehabilitation into two Brooklyn neighborhoods – Southside in Williamsburg and Ocean Hill – Brownsville. . . was announced by HUD.

HUD Assistant Secretaries Donna Shalala and Robert C. Embry, Jr., notified Mayor Edward Koch in a joint letter that HUD has earmarked \$2.2 million in Section 312 low-interest loans to aid renovation of selected city-owned buildings by homesteaders in the neighborhoods. The allocation will be made over a 2-year period. . . subject to continuation of the program and available funding.

"Sweat equity" homesteading involves the restoration of HUD- or city-owned multifamily buildings in severely deteriorated neighborhoods by neighborhood residents themselves. . . with the resident-homesteader's own labor on the rehabilitation project serving as "sweat equity," or downpayment, on a dwelling unit. When rehabilitation is complete. . . the buildings are owned as cooperatives by the homesteaders.

During the process, participating homesteaders learn valuable construction skills from professional instructors. . . and at the discretion of the city are paid modest training wages under the *Federal Comprehensive Employment and Training Act (CETA)* program.

Homestead buildings in the Southside and Ocean Hill – Brownsville areas will be city-owned properties. . . as were those rented in an earlier homesteading effort undertaken by HUD and the city in the Morrisania (Bronx) and Lower East Side (Manhattan) neighborhoods of the city.

HUD contributed \$2.6 million in Section 312 funds to this initial effort – the Nation's first federally-supported demonstration in multifamily homesteading – bringing to \$4.8 million the total HUD commitment to date for this type of homesteading in the city.

HUD plans to provide \$1.2 of the new commitment in fiscal year 1979 and the remaining \$1 million in fiscal 1980. . . providing the city can reach several agreements with proposed community sponsors for the expanded homesteading effort. . . Los Sures in Williamsburg and the Ocean Hill – Brownsville Tenants' Association.

Hearing Scheduled

The *District Court* in the District of Columbia has set March 26, 1979, as the date on which it will consider comments on the tax and utility cost subsidy settlement agreement entered into by the Secretary and plaintiffs in the national class action of *Underwood v. Harris*. Parties wishing to comment may appear at the hearing which will take place at 10:00 a.m. in the Courtroom of the Honorable John H. Pratt, U.S. Courthouse, 3rd and Constitution Ave., N.W., Washington, D.C. 20001.

Litigation was initiated by tenants of *Section 236* projects across the country as a means of compelling HUD to implement the tax and utility cost subsidy program originally established by the *Housing and Community Development Act of 1974*. Under the terms of the settlement tenants who resided in a *Section 236* project. . . including projects financed by State housing agencies. . . between February 1, 1975, and September 30, 1977, and who paid in excess of 30 percent of their adjusted monthly income for rent (25 percent in cases where tenants directly paid one or more utility charges) may be eligible to receive retroactive tax and utility cost subsidy payments. Particular project owners may also benefit from the settlement.

By order of the *Court*. . . potential claimants must be given an opportunity to comment on the settlement before it is finally approved. The complete text of the settlement agreement is on file with the Clerk of the Court, District of Columbia, 3rd and Constitution Ave., N.W., Washington, D.C. 20001.

Any party desiring to comment on the settlement should file written notice of their comments with the *Court* by March 12, 1979, with copies to Patricia M. Tenoso, *Western Center on Law and Poverty, Inc.*, 2424 West Sixth St., Los Angeles, California 90020, and Maryann Clifford, *U.S. Department of Justice, Civil Division*, Room 3728, Washington, D.C. 20530.

FYI

National Housing Conference. . . 48th Annual Meeting. . . Theme: *Housing in Crisis - 1979*. . . Washington, D.C., March 12-13. Details: NHC, Suite 211, 1126 Sixteenth St., N.W., Washington, D.C. 20036.

Community Associations Institute. . . 7th National Conference on Community Associations. . . Houston, March 24-28. Details: CAI, 1832 M St., N.W., Washington, D.C. 20036. (202/223-6770).

Air Conditioning Contractors of America. . . Annual Convention. . . Atlanta, February 25-March 1. Details: ACCA, 1228 17th St., N.W. Washington, D.C. 20036.

Government Institutes, Inc.. . . *Energy Technology Conference and Exposition*. . . Washington, D.C., February 26-28. Details: *Government Institutes, Inc.*, 4733 Bethesda Ave., N.W., Washington, D.C. 20014.

National Roofing Contractors Association. . . Annual Convention-Exposition. . . Houston, February 27-March 1. Details: NRCA, William Good, 1515 N. Harlem Ave., Oak Park, Illinois 60302 (312/383-9513).

Department of Energy and the *American Institute of Industrial Engineers*. . . *Conference on State Energy Audit Impact '79*. . . Dallas, March 5-7. Details: AIIE, 25 Technology Park/Atlanta, Norcross, Georgia 30092.

Workshops Scheduled

The *National Center for Housing Management, Inc. (NCHM)* is sponsoring a series of workshops dealing with various topics of significant interest to persons concerned with management of certain federally-subsidized housing. For further details. . . contact NCHM, 1133 15th St., N.W., Suite 611, Washington, D.C. 20005 (202/872-1717). Workshops, locations, and dates follow:

Developing and Managing Housing with Services for the Elderly. . . St. Louis, March 1-2. . . San Francisco, May 3-4. . . and Brattleboro, Vermont, June 25-26.

Developing 202 Housing for the Elderly and Handicapped. . . Seattle, March 5-6. . . Kansas City, Mo., March 12-13. . . Chicago, March 15-16. . . Dallas, March 19-20. . . Boston, March 22-23. . . and Washington, D.C., March 26-27.

Everything You've Always Wanted to Know About Section 8. . . San Francisco, March 8-9. . . Atlanta, April 23-24. . . Chicago, May 17-18. . . Denver, June 14-15. . . and Boston, July 9-10.

FmHA 515 and HUD Section 8. . . Atlanta, March 15-16. . . New York, April 9-10. . . Washington, D.C., May 21-22. . . Chicago, June 11-12. . . and Denver, July 26-27.

Publication Available

Condominium and Homeowner Associations that Work – On Paper and In Action. . . published jointly by the *Community Associations Institute (CAI)* and the *Urban Land Institute.* . . is a comprehensive handbook on formulating the founding legal documents and governance structure of condominium and homeowner associations. Designed to provide state-of-the-art information on the community association governance concept and how it has evolved through the 1970's. Describes the type of approach to be taken in designing a community association, the elements at work in the planning process, market considerations, and how to move from the governance concept to actual legal documentation, the association's chain of command, and the financial structure. Available for \$12 to both CAI and ULI members. . . \$16 for nonmembers. . . from CAI, 1832 M St., N.W., Suite 101, Washington, D.C. 20036 (202/223-6770).

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . Paul Kelly, Editor. Subscription rate \$23.00 per year, domestic. . . \$28.75 foreign. Address all communications regarding the subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

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HUD NEWSLETTER
February 19, 1979
HUD-318-372-ASI



DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

MAR 02 1979

Hud Newsletter

Current Trends

Total savings gains at associations reached a near-record \$6.1 billion in December 1978. . . according to projections based on reports received from 896 associations holding 49.6 percent of the total assets of the business. . . the *United States League of Savings Associations* reported. However. . . the final quarter crediting of interest always inflates the total deposit growth in December. When interest for the month is subtracted from the total gain, the resulting figure is known as net new money. When viewed in terms of net new money, the performance for the final month of 1978 failed to show the strength suggested by the unadjusted gain. Net new money equaled that of 12 months earlier. . . but was significantly behind that for December of 2 years ago.

National Association of Home Builders' economists have raised their forecast of housing starts for 1979 to 1,645,000 units. . . which is 75,000 units more than their forecast of a month earlier. Reasons for the upward revision: (1) Personal income during 1979 will be higher than projected earlier. (2) The strong housing activity of the fourth quarter of 1978 can be expected to "spill over" into the first part of 1979.

The Federal Home Loan Bank Board announced further substantial growth in savings balances in 6-month money market certificates (MMC's) issued at rates tied to the 6-month *Treasury* bill rate during December. Balances in MMC's at all federally insured savings and loan associations are estimated to have increased by \$6.2 billion during December. This was smaller than the record \$8.0 billion increase in November. . . even though it included interest credited at the end of the quarter. Most of the decline. . . however. . . appears to have been seasonal in nature.

The Home Owners Warranty (HOW) Corporation continued on its steady course of growth during 1978 with the most significant increase the number of registered *HOW* builders which rose from 6,895 at the end of 1977 to 11,289 this year. . . an addition of 4,394 participating builders. This represents one-third of eligible *NAHB* builder members. Some 440,000 new homes are now covered by the 10-year protection plan. . . an estimated \$22 billion worth of new housing. A record 188,000 homes were added to the program during 1978.

Auction yields declined as the *Federal National Mortgage Association* issued \$55.8 million in 4-month commitments to purchase both government-backed and conventionally financed home mortgages. The corporation issued \$37.9 million in commitments on government-backed mortgages at a weighted average yield of 10.613 percent. . . which converts to an average price of 92.77 for 9½ percent *FHA/VA* mortgages. The average in the previous auction was 10.728 percent. The range of accepted bids in the early-February auction was from 10.415 to 10.744 percent. In the conventional auction. . . *FNMA* issued \$17.9 million in commitments at a weighted average yield of 11.067. . . down from 11.129 in the previous auction.

HUD announced that the volume of long term mortgages closed in October for 1-4 family homes totaled \$15.5 billion. . . up 12 percent from \$13.8 billion in loans originated a year ago. This brings total loan originations for homes by all lenders to \$145.8 billion for the first 10 months of 1978. . . a 13 percent increase over the same period in 1977.

HUD Announces Solar Grant Competition

A grant competition for over \$2 million in the continuing effort to encourage residential use of solar energy has been announced by Secretary Harris. This is the last of five planned cycles of grants under HUD's *Residential Solar Demonstration Program* which is part of the *National Solar Heating and Cooling of Buildings Program* managed by the U.S. Department of Energy. The residential program is administered by HUD's *Office of Policy Development and Research*. The formal announcement and solicitation for the competition will be issued shortly to eligible interested parties.

Noting that HUD has funded solar demonstrations in more than 11,500 dwelling units in the previous demonstration cycles. . . Secretary Harris said the fifth cycle is designed to stress energy efficiency in housing by concentrating on energy conservation and use of both passive and active solar systems.

In general. . . active solar systems are those requiring specialized equipment, and passive systems use elements of the building structure. . . such as heat absorbent materials.

This round of awards differs from previous demonstration cycles in two respects: It initiated a two-step process, the first for design and the second for construction; and it limits the competition to two categories of projects.

The first category deals with solar system installations in existing urban multifamily buildings housing low- and moderate-income families. Projects being rehabilitated for energy efficiency by community development groups, neighborhood housing associations, neighborhood revitalization organizations with established housing associations, and neighborhood revitalization organizations with established housing rehabilitation records will be eligible for consideration. Approximately 25 awards of \$5,000 each will be made to help these groups design a solar system that can be used when multifamily buildings are being rehabilitated. Those with winning designs will receive an additional award of up to \$50,000 with which to actually construct and install their creation.

The second category will concentrate on energy conserving solar systems in new single-family homes built for sale. Established builders of single-family homes who have experience in energy efficient construction are eligible applicants. Some 100 design grants of \$2,000 each are to be made to homebuilders for energy conserving designs that incorporate active and passive solar energy systems. Construction grants for technically acceptable designs will be for \$10,000 each.

Following the mid-February call for applications. . . eligible builders and groups must submit their applications during March. . . defining experience, type of project and project team membership. Selections for design funding will be made in April. . . followed by approximately a 16-week period of design work. Construction grant awards for all designs judged technically feasible will be made in September so that construction can begin this year.

Copies of the formal announcement and solicitation will be sent to those on the mailing list of the *National Solar Heating and Cooling Information Center*. Copies will not be distributed to private individuals. Organizations not on the list wishing to receive a copy should contact the *Center* by calling 800/523-2929 (800/464-2983 in Pennsylvania, and 800/523-4700 in Alaska and Hawaii), or by writing to Solar Heating, P.O. Box 1607, Rockville, Md. 20850.

Publications Available

Compendium of Registration Laws for the Design Professions. . . includes registration laws for engineers, architects, land surveyors, landscape architects, and planners for all 50 States and the U.S. Territories. The registration laws for the five professions have been reproduced directly from the statutes, with amendments in place for accuracy. A complete directory of the State and territorial registration boards appears for each profession. The *Compendium*. . . in loose-leaf format with heavy vinyl binder. . . will be updated periodically as registration laws change. . . according to the publisher.

Available for \$90 (prepaid) from *National Council of Engineering Examiners*, P.O. Box 5000, Seneca, South Carolina 29678.

Age and Education Prime Mobility Factors

The younger and more highly educated you are. . . the more likely you are to move. . . according to a report on mobility released by the *Census Bureau*. The young and better educated segment of the U.S. population has the highest mobility rates in the country.

Between March 1975 and March 1978. . . 63 percent of persons 25 to 29 years old at the end of that period and 59 percent of those 20 to 24 had changed residence. This compares to only 34 percent of the total population 3 years old and over.

Reasons given in the report for high mobility among these groups are the following: many young people are establishing their own households, starting new jobs, finishing school, serving in the Armed Forces, or have been recently married. Young children, too, maintain high mobility rates since they move with young parents.

At the other end of the age spectrum. . . only a small percentage of persons over 55 had changes of residence in the 3-year period despite the relatively large numbers of retired persons moving to the "Sunbelt" areas." Fewer than 20 percent of persons 55 years old and over in 1978 had moved. . . 17 percent of those 55 to 64 years old. . . 15 percent of those 65 to 74 years old. . . and only 12 percent of those 75 years old and over had moved between 1975 and 1978.

For the U.S. as a whole and regionally. . . internal migration continues to shift population out of the northern States and into the South and West. During 1975 to 1978. . . there was a continuation of other major migration patterns of the past 5 to 10 years. . . with more persons moving out of metropolitan areas than into them. . . and central cities of the metropolitan areas continuing, on the whole, to have net outmigration.

The report also presents data on migration between regions, metropolitan areas, and counties by race, and some analyses of the various migration trends.

Copies of the report. . . *Geographical Mobility: March 1975 to March 1978, Series P-20, No. 331*. . . are available for \$3 from the *Superintendent of Documents*, Washington, D.C. 20402.

FNMA Urban Effort Praised by HUD Secretary

HUD Secretary Harris praised the *Federal National Mortgage Association's* new *Urban Loan Program* as a prime example of Government and private sector cooperation and "a clear response to those who suggest that the President's efforts to halt inflation mean the end of the administration's urban policy commitments."

The program. . . announced at a joint White House briefing with Vice President Walter Mondale, Secretary Harris, and *FNMA* President Oakley Hunter. . . expands to \$700 million the amount *FNMA* is targeting to finance urban housing. Under the program. . . *FNMA* will purchase from 60 to 90 percent of the pooled value of conventional mortgages on urban homes. But in addition. . . the participating lender must certify that the sale proceeds will be reinvested in additional urban mortgages – either residential or commercial.

"The *FNMA* loan participation program," said Secretary Harris, "reinforces urban policy initiatives aimed at building public-private urban revitalization partnerships. It reflects the need to improve the housing choices and neighborhoods of city residents." And she added, "It acknowledges the strategic role adequate housing and decent neighborhoods play in stimulating economic development in our cities."

Agreeing with Secretary Harris, Mr. Hunter said, "*FNMA* believes strongly that this investment in our Nation's urban areas is a sound investment. This commitment to the future of our Nation's cities will, we believe, benefit the Nation and the corporation's shareholders."

New HUD Assistant Secretaries

The U.S. Senate has confirmed the appointments of Sterling Tucker and William B. Welsh as HUD Assistant Secretaries. They were sworn in by Secretary Harris on February 13.

Mr. Tucker is confirmed as Assistant Secretary for Fair Housing and Equal Opportunity. . . succeeding Chester C. McGuire, Jr., who resigned to return to private business.

Mr. Welsh was confirmed as Assistant Secretary for Legislation and Intergovernmental Relations. . . succeeding Harry K. Schwartz who accepted a position on the White House staff.

FYI

National Association of Home Builders. . . Seminar: *Income Property Financing for Commercial and Residential Properties*. . . New Orleans, March 12-15. Details: *Department of Training and Education, NAHB, 15th & M Sts., N.W., Washington, D.C. 20005.*

National Leased Housing Association. . . Seminar: *FmHA Section 515 and HUD Section 8: How to Participate and Syndicate*. . . Washington, D.C., March 19-20 and Chicago, March 26-27. Details: *NLHA, 1800 M St., N.W., Suite 400-South, Washington, D.C. 20036 (202/785-8888).*

American Land Development Association. . . Seminar: *Financing, Marketing, and Selling Real Estate Projects*. . . Lake Buena Vista (Orlando), Florida, March 21-24. Details: *ALDA, 1000 16th St., N.W., Washington, D.C. 20036 (202/659-4582).*

National Center for Urban Ethnic Affairs and the Division of Community Development, State of Missouri. . . *Neighborhood Revitalization Conference*. . . St. Louis, March 28-30. Details: *NCUEA, 1521 16th St., N.W., Washington, D.C. 20036 (202/232-3600).*

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Hud Newsletter

DEPARTMENT OF HOUSING
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Current Trends

January housing starts, at a 1,656,000-unit seasonally adjusted rate. . . according to the *Census Bureau*. . . were at the lowest level since the 1,519,000-unit rate of January 1977. Housing specialists, however, recalling a similar sharp drop a year ago, believe the decline was caused by poor weather in the greater part of the country. Starts rose in the Northeast. . . but declined in the rest of the country.

Starts for single-family units fell to a 1,136,000-unit annual rate, down 26 percent from December's revised 1,529,000 units and 12 percent below the year earlier 1,290,000 units. Multifamily housing starts in January were at a 520,000-unit annual pace, 2.4 percent below December's 533,000 units, but 15 percent higher than the year earlier 454,000.

Permits fell to a seasonally adjusted annual rate of 1,363,000 units in January. . . down 18 percent from December's revised 1,664,000 unit pace. Single-family permits dropped to an 864,000-unit rate. . . down 25 percent from December's 1,149,000 units.

Federal Home Loan Bank Board announced that conventional home mortgage interest rates increased to new all time highs between early December 1978 and early January 1979. The month-to-month rise in rates on actual loan transactions were near records and reflected substantial boosts in commitment rates during the fourth quarter of 1978. . . commitment rates also increased, but by only about one-half as much as during each of the two preceding months according to the *FHLBB*.

The average effective interest rate on loans closed for purchasing newly built, single-family homes was 10.19 percent in early January 1979. This was 17 basis points higher than the December figure and 104 basis points more than a year ago.

Urban renewal project notes totaling \$93,385,000, representing 27 local issuing agencies, were sold in mid-February at an average interest rate of 5.257 percent, *HUD* reported. . . bids ranged from 4.97 percent to 5.49 percent. The average maturity of the notes sold was 6.7 months, and will be dated March 20. The average interest rate for the \$56,294,000 of project notes sold in mid-January was 5.245 percent.

As of February 1, the *HUD* opinion survey of conditions in the mortgage market indicated that there was little change in *HUD/FHA* secondary market prices and the corresponding mortgage yields from the previous month. . . nationally, the secondary market price for immediate delivery of *HUD/FHA*-insured new home mortgages with 30-year terms and minimum downpayments dropped slightly by 1/10 point from \$95.2 to \$95.1 per \$100 of the outstanding loan amount. The gross yield to investors at this price was 10.17 percent, compared to 10.16 percent for January 1, 1979.

Innovative Proposals Sought

HUD has announced that the *Innovative Grant Program* for fiscal year 1979 will focus on two of the most important issues facing urban areas in the next decade.

"We want to minimize or eliminate displacement of existing residents when inner-city neighborhoods are revitalized with public or private funds," **HUD** Secretary Harris said, "and we also want to assist low- and moderate-income people who choose to relocate outside of the city. We are seeking innovation in expanding housing opportunities for the people who often have the least choice."

Through a notice in the *Federal Register* on January 19. . . **HUD** invited proposals from States and units of general local government for *Innovative Grants* to:

- (1) assist low- and moderate-income residents in remaining in neighborhoods which are in the process of revitalization, or
- (2) provide opportunities for low- and moderate-income residents to move outside of cities, if they so desire, on an areawide and intergovernmental basis.

Grants of up to 2 years duration will be awarded on the basis of criteria including:

- the extent to which the proposal represents innovative approaches and techniques;
- the extent to which the problem is shared, and the approach can be adapted, by a significant number of other communities;
- if in category (1), the extent to which the project avoids displacement of low- and moderate-income people; and
- if in category (2), the extent to which the proposed activities are areawide and intergovernmental in nature.

Proposals must be delivered to **HUD** in Washington, D.C., or postmarked, no later than May 7, 1979. Further information may be obtained from Robert L. Blake, *Office of Policy Planning, HUD*, Washington, D.C. 20410 (202/755-6092).

Steps Taken to Restore Harlem Landmark

Dunbar Apartments. . . an historic landmark occupying a square block in Harlem. . . has been purchased for upgrading and modernization in cooperation with the City of New York and the New York Bank for Savings. . . the *National Housing Partnership* has announced.

Dunbar Restoration Associates. . . a joint venture between *NHP* and *Blitman Construction Company*, New York, bought from the *New York Bank for Savings* the one block complex bounded by 149th and 150th Streets and Seventh and Eighth Avenues. . . which was named after the famous black poet, Paul Lawrence Dunbar. The bank. . . which provided a purchase money mortgage. . . will continue to fund the interim repair program which is now in progress.

Steps are now being taken toward the planning for full restoration of the property in conjunction with the bank and the *City of New York Participation Loan Program*. A detailed survey of the needs of existing tenants will begin immediately since a major goal of the program is to upgrade the quality of housing for present residents in the complex. Full participation by tenants is anticipated in arriving at final decisions.

Dunbar Apartments was built in 1928 by the Rockefeller family as a cooperative for moderate-income persons. . . but was converted to rental property in 1936 when the Depression forced foreclosure on the mortgage.

The National Housing Partnership. . . a privately owned and operated organization headquartered in Washington, D.C. . . was created by the *Congress* in 1968 to stimulate the production of housing. It is already engaged in the development of five projects in New York City, including two in Harlem.

Call for Papers

The American Planning Association (APA). . . with a grant from HUD's Office of Policy Development and Research. . . is sponsoring a competition for papers on the subject of *Energy in the Cities*. Anyone can submit papers – professionals, students, and the general public.

A jury of experts in energy planning and community development will choose 7 to 10 winning papers for publication next fall in a special *APA* report. Winning authors will be invited to present their papers next October at the *APA National Planning Conference* in Baltimore.

This competition gives people from all walks of life a chance to express their views on public energy policy as it affects our cities. The competition will focus attention on the serious challenge faced by public policymakers to design programs that incorporate principles of energy conservation and orderly urban growth and take advantage of alternative energy resources.

APA will accept any paper that falls within these six topics:

- Energy Conservation, Land Use, and Orderly Growth
- The Connection between Energy Use and a Strong Local Economy
- Energy Policy and Housing
- Alternative Technologies
- Energy Policy and Transportation
- Government's Role in Developing Energy Policy

Papers may not exceed 15 double-spaced, typewritten pages and **must be received by May 15**. Authors of papers selected for publication will be notified in July. Include names, titles, affiliations, addresses, and telephone numbers of all authors.

Send four copies of the papers to Joel Werth, Coordinator of the *Energy in the Cities Symposium*, *American Planning Association*, 1313 East Sixtieth Street, Chicago, Illinois 60637 (312/947-2086).

FmHA Farm Loan Program Escalates

The \$11 billion the *Farmers Home Administration* loaned in fiscal 1978 was nearly one-fifth of the total amount loaned in its 44-year history. That's the story told by *Overview of Farmers Home Administration Programs*. . . a recently issued *FmHA* leaflet.

Other facts are: The farm loan program was the largest in 1978 with \$5 billion advanced. . . compared to \$3.8 billion in housing loans. In 1960. . . loans totaled \$300 million; in 1971. . . loans and grants reached the \$2.4 billion level; and in 1978. . . with the same number of full-time employees as in 1971. . . the agency loaned and granted \$11.1 billion.

FmHA is financing one out of every five new homes currently under construction in nonmetro areas. Since 1949, the agency has financed construction or purchase of close to 746,000 new single-family homes and around 163 apartment units. . . making a total of 909,000 new housing units. During 1978, some 112,500 families. . . averaging 3.4 persons. . . used *FmHA* loans to build, buy, or improve their homes. The average loan was \$25,066 (1977 figure) and the average home built contained 1,057 square feet of living space. Approximately 60 percent of these borrowers had incomes low enough to qualify for an interest credit which reduced their interest rate to an average of 2.9 percent.

The on-site labor involved in building the new *FmHA* financed apartments and homes in FY 1978 provided 27,410 jobs in rural areas.

Reversal of Historic Outmigration

A reversal of the historical outmigration of the poor from the South is shown in an analysis of 1975-77 data from surveys conducted by the *Census Bureau*.

The total of poor persons (those with incomes below the poverty level) who migrated to the South in 1975-77 exceeded the number who left. At the same time. . . the Northeast and North Central regions showed outmigration of the poor. . . and the West continued to gain more of the poor than it lost. . . a pattern evident there as early as the 1960's.

For the population of the South in all income categories. . . the shift to net immigration occurred in the 1960's. . . but the region continued to send more low-income migrants to other regions than it received until the 1975-77 figures were studied.

The change has not necessarily come about from return migration of the poor. . . says Dr. Larry H. Long, chief of the *Population Analysis Staff, Population Division*, and author of the report. Instead. . . it seems to be largely the product of low-income persons staying in the South. . . probably because of a steady growth of jobs that lift people above the poverty level.

The new findings thus tend not to support previous theories about the poor being motivated to move from States where welfare payments are low to States where payments are higher. Often cited as an inducement for the southern poor to migrate northward. . . the traditionally higher welfare payments in the Northeast remain higher today. Despite this supposed attraction. . . the South has changed to net immigration and the Northeast to net outmigration without equalization of regional differences in welfare payments. . . the report says. In both the Northeast and the South. . . a majority of the low-income population consists of persons who never have moved between States.

Single copies of the report. . . *Interregional Migration of the Poor: Some Recent Changes, Series P-23, No. 73*. . . may be obtained for \$1.40 from the *Superintendent of Documents, Washington, D.C. 20402*.

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Hud Newsletter

Current Trends

Auction yields declined as the *Federal National Mortgage Association* issued \$150.9 million in 4-month commitments to purchase both Government-backed and conventionally financed home mortgages at its February 21 auction. The corporation issued \$123.3 million in commitments on Government-backed mortgages at a weighted average yield of 10.473 percent. . . which converts to an average price of 93.63 for 9½ percent *FHA/VA* mortgages. The average in the previous auction was 10.613 percent. The range of accepted bids in the auction was from 10.415 to 10.628 percent. In the conventional auction. . . *FNMA* issued \$27.5 million in commitments at a weighted average yield of 11.022. . . down from 11.067 in the previous auction. The range of accepted bids was from 10.950 percent to 11.25 percent.

Spending for construction rose in December to a seasonally adjusted annual rate of \$215 billion from \$212.8 billion in November. . . the *Commerce Department* reported.

The *Federal National Mortgage Association* will launch three new programs to provide funds for the rehabilitation of existing residential properties and for new construction in urban areas. The new *FNMA* urban financing options include: first mortgage financing of urban home acquisition and rehabilitation, a mechanism through which commercial banks and savings and loan associations can obtain collateralized loans from *FNMA* for urban reinvestment, and a long term commitment program to cover lenders' urban loan originations. Announcing the program at the annual convention of the *National Association of Home Builders*. . . *FNMA* president Oakley Hunter stated: "These programs offer a range of financing tools to the enterprising builder-rehabilitator who wants to break into the growing urban housing market."

HUD has announced that the volume of long term mortgages closed in November for 1-4 family homes totaled \$15.3 billion. . . up 15 percent from \$13.4 billion a year ago. This brings total loan originations for homes by all lenders to \$161.1 billion for the first 11 months of the year. . . a 13 percent increase over the same period in 1977.

Task Force for Soul City, N.C.

HUD Secretary Harris announced the appointment of a high level *Task Force* to encourage investment in the new community of Soul City, North Carolina.

"The success of this project rests in attracting jobs," said Secretary Harris, "without which the Government's investment in Soul City will not be used to fullest advantage."

Soul City was established in one of the poorest rural areas of the country with the hope that if residential and industrial facilities were installed, it would attract private employers who would bring much needed jobs to the area.

The *Soul City Task Force*. . . co-chaired by Sterling Tucker, Assistant Secretary for Fair Housing and Equal Opportunity. . . and William White, General Manager for the *New Community Development Corporation*. . . will seek to develop possible ways to encourage investment in that new community.

Rehabilitation and Tax Incentives

The rehabilitation of older buildings has gained momentum as a result of tax incentives passed by Congress in late 1976. Some 516 rehabilitation projects in 41 States . . . involving an investment of more than \$320 million. . . have already qualified for incentives which were established by the *Tax Reform Act of 1976*. The intent of the tax incentives is to stimulate preservation of historic commercial and income-producing structures by placing rehabilitation on an equal footing with new construction.

To be eligible for the tax incentive provisions. . . rehabilitation work on designated historic structures must comply with the Secretary of the *Interior's Standards for Rehabilitation*. These ten standards are broadly worded to ensure that the significant historical and architectural features of a building are preserved in the process of rehabilitation work. Technical information on common rehabilitation practices such as exterior cleaning of masonry, repointing mortar joints, window and roof repairs, and energy conservation is available to help owners meet the standards.

Property owners must submit an application describing the historic character of a building and the rehabilitation work to State and Federal preservation officials for review in order to obtain certification.

Upwards of 125,000 historic structures throughout the Nation would be eligible for the preservation incentives. . . according to estimates by the *Office of Archeology and Historic Preservation* of the *U.S. Department of Interior*. Owners of 19th and early 20th century hotels, breweries, commercial buildings, schools, residences, railroad stations, mills and industrial buildings already have applied for the incentives. . . and many more are expected to apply as the preservation provisions become more widely known. Eligible structures include those listed in the *National Register* or within *National Register* historic districts. Buildings within certain local or State-designated districts can also qualify for the incentives.

Preservation provisions of the *Tax Reform Act* allow property owners to amortize the costs of rehabilitation over a 5-year period or to depreciate the costs of a substantially rehabilitated structure at an accelerated rate.

Rehabilitation incentives are contained in Section 2124 of the *Tax Reform Act (Public Law 94-455)* and do not expire until June 1981. For more information about the program, send inquiries to: *Tax Reform Act, Office of Archeology and Historic Preservation, Heritage Conservation and Recreation Service*, 440 G St., N.W., Washington, D.C. 20243.

Over Half of Farm Workers Live on Farms

Just over half (54 percent) of the 3.5 million people who worked primarily in agriculture in 1977 lived on farms, while the rest commuted to work from nonfarm residences. This picture of farm labor is part of a report jointly released by the *Census Bureau* and the *Economics, Statistics and Cooperatives Services* of the *Department of Agriculture*.

Since 1970, the number of farm resident agricultural workers has declined by one-fifth or 453,000, while the number of agricultural workers living off farms rose from 1.4 to 1.6 million. The trend of farm workers living away from farm residences reflects the long standing trend of declining farm population. In 1920, about 30 percent of the total U.S. population resided on farms; in 1977, only 7.8 million or 3.6 percent lived on farms.

There is also an increasing tendency for farm residents to work primarily on nonagricultural jobs. In 1977, the number of farm residents employed in nonfarm jobs was nearly equal to the number working in agriculture. The move toward nonfarm jobs by farm residents has been strongest in the South, where 55 percent were engaged in nonfarm activities in 1977 compared to 45 percent in other regions. This disparity is apparently associated with the high number of low-income farms in the South whose residents must work elsewhere to supplement their incomes.

Copies of the report, *Farm Population of the United States: 1977, Series P-27, No. 51*, are available for \$1.30 each from the *Superintendent of Documents*, Washington, D.C. 20402.

Ford Foundation Grants

Because urban-oriented colleges are the principal points of access to higher education and opportunity for many disadvantaged students. . . the *Ford Foundation* has been supporting efforts that call attention to their needs and funding problems. For example. . . a new series of grants. . . totaling \$646,393. . . will help 22 such institutions in six cities improve their educational services for the poor and disadvantaged. The funds will support tutoring and counseling services for underachieving students, inter-institutional planning and cooperation, and bilingual and remedial education programs.

One of the grants. . . \$115,000. . . went to *Jersey City State College*. . . on behalf of all four colleges in the community for a series of workshops to train faculty to integrate basic instruction in reading, writing, and mathematics skills into the curriculum. The aim is to encourage faculty to help students organize material, write term papers, answer essay questions on examinations, and participate in classroom discussions. Project Director: Robert M. Latzer, *Jersey City State College*, 2039 Kennedy Blvd., Jersey City, New Jersey 07305.

Other institutions receiving grants:

University of the District of Columbia. . . \$112,490. . . for the overhaul and consolidation of testing programs to guide educational and psychological counseling of students. Project Director: Ewaugh Fields, *University of the District of Columbia*, 4200 Connecticut Ave., N.W., Washington, D.C. 20008.

University of Hartford (with *Hartford Community College* and *Hartford State Technical College*). . . \$104,000. . . for a learning skills and resource center that will direct efforts to enroll the city's Hispanics in higher education, coordinate remedial programs, and provide diagnostic, tutoring, counseling, and referral services. Project Director: Irving Starr, *University of Hartford*, 200 Bloomfield Ave., West Hartford, Conn. 06117.

University of Massachusetts, Boston (with *Boston State College*, *Massachusetts College of Art*, *Bunker Hill Community College*, *Massachusetts Bay Community College*, and *Roxbury Community College*). . . \$100,000. . . for studies of the educational, counseling, and financial needs of high school dropouts and undereducated adults, and for experiments in cross registration and transfer of credit among the schools. Project Director: Neil Didriksen, *University of Massachusetts*, One Washington Mall, Boston, Mass. 02108.

Miles College (Birmingham, Ala.). . . \$115,103. . . for a tutoring and counseling program staffed by retired teachers, for public school students. Project Director: Mildred Tucker, *Miles College*, P.O. Box 3800, Birmingham, Ala. 35208.

San Francisco Consortium (which includes *San Francisco Community College*, *San Francisco State University*, the *University of San Francisco*, the *University of California at San Francisco*, *Hastings College of Law*, *Golden Gate University*, *Cogswell College*, and the *California College of Podiatric Medicine*). . . \$99,880. . . for evaluation of the institutions' efforts to serve minorities, assessment of the educational needs of the disadvantaged, and studies of the local labor market. Project Director: Lloyd Luckmann, *The San Francisco Consortium*, 111 New Montgomery St., San Francisco, Calif. 94105.

Justice Department to help Resolve Housing Dispute

At the request of a Federal judge, the *Community Relations Service (CRS)* of the *Department of Justice* is heading efforts to resolve a dispute growing out of alleged harassment of black families in Boston public housing projects. *CRS* Director Gilbert G. Pompa said U.S. District Judge A. David Mazzone asked his agency to assist the parties in the dispute to assure that minorities have equal housing opportunities.

The court postponed action in two suits filed by the City of Boston and black residents while attempts are made to resolve some of the issues involved. Mr. Pompa said the city filed suit seeking preliminary injunctive relief against several whites who allegedly committed acts of racial violence to drive minority tenants from their homes in East Boston public housing projects. Denied full intervention in that suit. . . black tenants filed their own suit. . . naming as defendants the city, Mayor, police commissioner, *Boston Housing Authority*, and various police officers. The suit charges that the defendants failed to take appropriate, necessary action, thus depriving the plaintiffs of their civil rights.

CRS was established by the *Civil Rights Act of 1964* to assist communities in resolving disputes growing out of discrimination based on race, color, or national origin.

Increase in Suburban Black Population

The number of blacks living in suburbs increased by 34 percent between 1970 and 1977, although those in suburbs still represent only 25 percent of the black metropolitan population, and only 6 percent of the Nation's suburban population. . . according to the *Census Bureau*.

Black migration to the suburbs accelerated between 1975 and 1977 and accounts for 14 percent of the net increase in suburban population attributable to migration. . . compared with only 7 percent in 1970-75.

The black population in cities increased about 6 percent between 1970 and 1974 but showed no change from 1974 to 1977. . . a contrast to growth patterns prevalent in the past several decades.

The study covers information on population, age, marital status, household relationship, family size, migration, educational attainment, labor force status, occupation, industry, income, and poverty.

The study is based on information from the 1970 census and from the March 1977 *Current Population Survey (CPS)*. As in all sample surveys, the data in this report are subject to sampling variability and errors of response, including underreporting and nonreporting. A detailed explanation appears in the report.

Copies of the report. . . *Social and Economic Characteristics of the Metropolitan and Nonmetropolitan Population: 1977 and 1970, Series P-23, No. 75*. . . are available for \$3.15 each from the Superintendent of Documents, Washington, D.C. 20402.

FYI

National Training and Information Center and Illinois Advisory Committee to the U.S. Commission on Civil Rights. . . Conference: *Insurance Redlining and Reinvestment: Directions for Change*. . . Chicago, March 22-23. Details: NTIC, 1123 W. Washington, Chicago, Illinois 60607 (312/243-3035).

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DEPARTMENT OF HOUSING
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Hud Newsletter

Current Trends

The *Federal Home Loan Bank Board* reports that interest rates on bonds and money market instruments declined substantially in January from the highs for the current economic cycle reached generally late last year. The decline appears primarily to have reflected uncertainty about the economy. On one hand. . . money supply growth weakened substantially and credit demands slowed some. On the other. . . the general economic backdrop remained quite strong. . . and there were no signs of significant abatement in inflationary pressures. January's decline in market interest rates amounted to 20-40 basis points for most types of securities. . . but was larger for some short term instruments and smaller for most long term bonds.

According to *FHLBB*. . . interest rates on mortgage loans rose again from early December to early January, reaching new peaks. The rise was quite sharp when measured by average rates on loans closed. . . which tend to reflect earlier increases in commitment rates. . . but smaller when measured by the rise in rates for future commitments. The average effective interest rate on conventional loans closed for purchasing newly built, single-family homes rose 17 basis points from early November to early December to average 10.19 percent in the latter period. The average effective interest rates on closings for previously occupied residences rose even further. . . by 24 basis point to 10.32 percent. Both increases were larger than a month earlier and close to the largest on record. . . being exceeded only by the figures for a few months of 1973 and 1974.

Graphic Summary of Governmental Data Issued

A summary of key facts in graphic form about the organization, finances, and employment of U.S. governments at all levels has been issued by the *Census Bureau*.

The publication contains 50 charts and graphs on the following subjects: Governmental Organization; Governmental Finances, including Federal, State, and Local Governments; Public Employment and Payrolls, State and Local Government Retirement Systems; Environmental Quality; Criminal Justice; and Labor-Management Relations.

A brief description of each source publication appears at the end of the graphic material. Exact figures and greater detail may be found in these sources. . . together with related statistics and information on classifications, concepts, and sources of information.

Copies of the report. . . *Chart Book of Governmental Data – Organization, Finances, and Employment: 1976, Series GF76, No. 7.* . . are available for 75 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

HUD Plays Major Role in U.S./Mexican Agreement

An agreement between the United States and Mexico on the exchange of information about their National Urban Policies and urban affairs along their borders will be administered by HUD. The *International Agreement* was signed February 16 in Mexico City by U.S. Secretary of State Cyrus Vance and Mexico's Minister of State Virgilio Roel.

Under terms of the agreement. . . a joint steering committee will be established to administer a program of information exchange between the two countries. The four-member committee. . . two to be appointed by HUD Secretary Harris and two by her Mexican counterpart. . . will select and manage all programs and projects for cooperative action.

Any cooperative program project will carry out one or more of the following activities:

- exchange of documentation related to urban programs in general and projects in border areas in particular;
- joint meetings and seminars;
- joint research and study projects;
- exchange visits by experts, advanced students, representatives of public or private organizations, or private citizens;
- other activities as may be agreed by the joint steering committee.

The agreement will remain in force for 3 years and be automatically extended for successive 3-year periods unless either party notifies the other of its intent to terminate. Both parties are responsible for their own expenses under the agreement and all activities are subject to the availability of funds.

The *U.S. National Urban Policy* signed last March by President Carter committed his Administration to a comprehensive effort to make Federal programs more sensitive to the needs of urban areas. The U.S.-Mexico Agreement is designed to help fulfill this commitment. . . particularly in urban areas along the border.

Vacant Housing Units

National vacancy rates in the third quarter 1978 were 5.0 percent in rental housing and 1.0 percent in homeowner housing. The vacancy rate in rental housing was lower than the rate in the third quarter 1977, 5.4 percent, but was not statistically different from the rate in the second quarter 1978. The vacancy rate in homeowner housing in the third quarter 1978 was not statistically different from the rates in the third quarter 1977 or the second quarter 1978. These results are based on information obtained in sample surveys conducted by the Bureau of the Census.

The data are the results of a sample survey and are, therefore, subject to sampling variability. For example, the standard error on the estimated rental vacancy rate of 5.0 is 0.2 percentage points. Consequently, the 68-percent confidence interval as shown by these data is from 4.8 to 5.2 percent, i.e., the interval $5.0 + (1 \times 0.2)$ percentage points. Therefore, a conclusion that the average estimate, derived from all possible samples of this type, lies within a range computed in this way, would be correct for roughly 68 percent of all possible samples.

The report is for sale by the *Superintendent of Documents*, U.S. Government Printing Office, Washington, D.C. 20402. Annual subscription (Series H-111 and H-121, combined), \$5.00, additional \$1.25 for foreign mailing. Single copy, quarterly \$1.00 annual issue \$1.40.

Architecture Program Issues 10-Year Progress Report

By Design. . . a major report on the first decade of progress by the *Architecture, Planning and Design Program* of the *National Endowment for the Arts* – its philosophy and achievements – is now available to the public through the *Government Printing Office*.

The 260-page, indexed catalogue describes over 1,200 grants to individuals and organizations supported by the program over the past decade. These grants have stimulated the pursuit of new and imaginative ideas for improving our built and cultural environments in small towns and major urban areas, at universities, community design centers, and within local and Federal Government agencies.

The Program's acting director. . . Roy F. Knight. . . said: "These grants provide straightforward proof of the fertile partnership between Federal and local support, public and private initiative, and general and professional know-how. Although many of the grants responded to the specific concerns of a particular community," he added, "they are applicable in attitude and ambition elsewhere."

By Design serves both as an encyclopedia of recent, *Endowment*-supported efforts in design and as a valuable research and writing tool to suggest and encourage new design projects. It is available for \$4.25 from the *Superintendent of Documents*, Washington, D.C. 20402. Order by number – Stock No. 036-000-00035-0.

HUD and DOE Announce Awards for Solar Heating Designs

Awards totaling \$1,396,000 for designs and construction of homes using passive solar systems for heating were announced by *HUD* Secretary Harris. Passive solar systems make use of solar energy without need for specialized equipment. By using elements of the building structure to collect, store, and circulate the sun's heat, passive solar systems provide space heating and assist space cooling with minimal use of additional energy to drive pumps, fans, or other mechanical equipment. An example of a passive solar system is the use of materials which will absorb and retain the sun's heat and release it as needed.

The 242 awards announced were selected in *HUD*'s Passive Solar Residential Design Competition and Demonstration, a new element in *HUD*'s solar program conducted in cooperation with the U.S. Department of Energy and the Solar Energy Research Institute.

HUD Secretary Harris said that the continuing partnership with *DOE* for the solar demonstration programs "is an important aspect of the research for alternative energy in the residential market."

"The passive solar system designs recognized by these awards, and the information which we expect to obtain from these projects will provide a significant increase in our understanding of the most effective and economical ways to use solar energy in homes," said Assistant Secretary Donna Shalala, whose *Office of Policy Development and Research* has responsibility for the *HUD* program.

Omi Walden, *Department of Energy* Assistant Secretary for Conservation and Solar Applications, commented, "This is the first step in accelerating the commercialization of passive solar designs in the marketplace."

Awards of \$5,000 each were made for 145 designs for new homes with awards of \$2,000 each for 17 designs for adding passive solar systems to existing homes (retrofit).

Another 80 awards were made to builders for construction of one or more of the winning new home designs for sale on the open market. The builders receive \$7,000 for the first model constructed from the winning design, and another \$2,000 each for up to four additional models built at the same time from the same design.

HUD is responsible for the residential heating and cooling portion of the national solar heating and cooling of buildings program managed by the *Department of Energy*.

Flood Insurance Information Via Toll Free Number

U.S. residents living in areas outside the continental United States can now telephone. . . toll free. . . for consumer information on the *National Flood Insurance Program*. . . HUD has announced. Residents in Puerto Rico, Alaska, Hawaii, and the Virgin Islands can call: 800-424-9080. The lines are staffed from 9:00 a.m. to 5:00 p.m., Eastern Standard Time, Monday through Friday.

The toll free line for all other States is 800-424-8872. Residents in the District of Columbia and the Washington metropolitan area should call 472-2381.

The National Flood Insurance Program. . . created by *Congress* in 1968. . . makes flood insurance available at reasonable prices to residents and property owners in flood prone communities. Participating communities are required to pass local regulations to control development in flood prone areas. Flood plain management. . . as it is called. . . protects homes and businesses from future flooding and saves tax dollars.

Under the program. . . property owners can insure homes, businesses, and contents for as little as 25 cents per \$100 coverage. Tenants can insure their personal belongings.

Over 1.4 million policies are now in force representing over \$49 billion in insurance coverage.

FYI

National Center for Housing Management. . . Workshop: *The Money Side of Housing Management*. . . Denver, March 22-23. . . Dallas, April 4-5. . . Los Angeles, May 24-25. . . Washington, D.C., June 28-29. . . and Chicago, July 23-24. Details: *NCHM*, 1133 15th St., N.W., Suite 611, Washington, D.C. 20005 (202/872-1717).

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Hud Newsletter

Current Trends

An improved national economy. . . combined with Federal counter-cyclical aid. . . has brought to many troubled communities a degree of welcome economic stability. . . HUD Secretary Harris reported to Congress. In a statement before the *House Committee on the Budget*. . . she told the lawmakers that despite the progress being made in revitalizing distressed cities, "basic issues which generated the President's urban policy still exist." Noting that although disinvestment still surpasses investment in numerous older central cities, the Secretary told the lawmakers, "Signs of downtown renewal and neighborhood revitalization have become visible in some urban areas." She pointed with pride to a number of programs designed to continue this thrust. . . such as the *Urban Development Action Grant* program. The *Action Grant* program. . . she noted. . . is generating \$6 in private investment for every Federal dollar allocated to the program. The FY '80 budget requests \$400 million for *Action Grants*. . . with another \$275 million recently approved by the White House.

Auction yields declined as the *Federal National Mortgage Association* issued \$175.6 million in 4-month commitments to purchase both government-backed and conventionally financed home mortgages. The corporation issued \$141.8 million in commitments on government-backed mortgages at a weighted average yield of 10.427 percent. . . which converts to an average price of 93.92 for 9½ percent *FHA/VA* mortgages. The average in the previous auction was 10.473 percent. The range of accepted bids in the early-March auction was from 10.407 to 10.511 percent. In the conventional auction. . . *FNMA* issued \$33.8 million in commitments at a weighted average yield of 10.961. . . down from 11.022 in the previous auction. The range of accepted bids was from 10.900 percent to 11.040 percent.

The *Federal Home Loan Bank Board* announced that balances in 6-month money market certificates (MMCs) issued at rates tied to the 6-month *Treasury* bill rate rose at a record pace during January. Balances in MMCs at all federally insured savings and loan associations are estimated to have increased by \$14.2 billion from December to January. This was more than twice the \$6.2 billion rise in December. . . and three-fourths more than the \$8.0 billion increase in November. . . the largest rise in such balances prior to January. Total MMC balances at all *FSLIC*-insured savings and loan associations are estimated to have totaled \$55.0 billion at the end of January and accounted for 12.9 percent of total savings balances at these institutions. This was up from the 9.7 percent share at the end of the year.

CBT/Childs Bertman Tseckares & Casendino, Inc., Boston architects and landscape architects, have received a *Merit Award* for the Newton Lower Falls Housing Community in the *Sensible Growth Design and Planning Award* competition sponsored by the *National Association of Home Builders*. This award is given annually to projects that maintain a balanced concern with the social, economic, and environmental needs of our society. *Newton Falls Associates*, Chestnut Hill, MA, are developers of this 60-unit housing community designed for elderly and moderate-income families.

Open Mortgage Credit For Women

HUD Secretary Harris has called for the removal of barriers that impede the full participation of women in the mortgage and homeownership market. Announcing a new *HUD* initiative, *Women and Mortgage Credit*, she noted that some lenders still are reluctant to make loans to single women or take into account the full income of married women.

In a statement read to reporters by Assistant Secretary Shalala, Secretary Harris said this reluctance "... too often thwarts women in their search for decent housing. . . acts as a drag on their economic advancement, and must surely dampen the economic vitality of our entire country."

The *Women and Mortgage Credit* project, sponsored by *HUD's Office of Policy Development and Research*, addresses three major problems:

1. Too few women know their rights in obtaining credit and housing finance.
2. Not all lenders and real estate agents have grasped the full scope of equal and fair housing laws.
3. Many of them fail to recognize that women are indeed creditworthy.

To overcome these problems, the *HUD* project focuses on the grass roots education of women about basic credit and housing finance concepts, as well as their credit rights. It also launches a campaign to enhance lender awareness that women are indeed creditworthy and represent an economic market that is as yet substantially untapped. Efforts are planned in 20-25 cities selected for their geographical, housing market, and ethnic/racial diversity. Four of the cities will have special workshops for the Spanish speaking to ensure participation by Hispanic women who, because of a language barrier, might otherwise not become involved.

Black women's organizations are working closely with *HUD* to ensure that black women participate fully in this project and are informed of the procedures to follow when they're victimized by racial and/or sexual discrimination.

The project will involve national women's groups, trade associations, businesses and local organizations in educating the public that women mean good business in the credit market. Workshops and seminars in the selected cities will concentrate on housing options, advantages and disadvantages of homeownership, alternate mortgage instruments and the step-by-step procedures of acquiring a mortgage.

Lending institutions appear ready to support the project and will give resource assistance to consumer education workshops, distribute "women are creditworthy" materials at meetings and conventions, and publish supportive articles in their newsletters. Federal regulatory agencies cooperating in the project include: the *Federal Reserve Board*, *Federal Trade Commission*, *Federal Deposit Insurance Corporation*, *Federal Home Loan Bank Board*, and the *Comptroller of the Currency*.

Secretary Harris announced the award of nearly a million dollars in grants and contracts to four organizations committed to helping the project achieve its objectives:

- **BLK. Inc.**, Under a \$340,000 contract, is responsible for overall management of the *Women and Mortgage Credit* Project in 16 target cities.
- Under a \$220,792 grant, the *League of Women Voters* will select chapters in 10 cities to conduct workshops geared primarily, but not exclusively, to business and professional women and displaced homemakers. Some of these will be in addition to the 16 target cities.
- **Harvard University** will conduct a study of sex and race discrimination in the mortgage market under a research grant of \$161,835.
- **The National Council of Negro Women** has been awarded a *HUD* contract of \$230,478 to produce a series of educational packages dealing with the major housing issues of concern to women.

1979 Nominations for Rockefeller Public Service Awards

The Rockefeller Public Service Awards program is now accepting nominations for the five \$10,000 awards to be given in 1979.

The annual awards honor individuals whose outstanding achievements in public service have contributed creative and constructive ways to the solution of important problems facing the Nation. Nominees may be working in the public or private sector. . . at the local, State, or national level.

Nominations of outstanding work are solicited this year in the following problem areas:

- Contributing to a more stable and equitable world society.
- Conserving and developing resources wisely.
- Increasing the effectiveness and efficiency of State and local public governments.
- Revitalizing communities and neighborhoods.
- Helping young people to become responsible adults.
- Reducing crime and improving justice.
- Advancing the health of the American people.

Nominees must be U.S. citizens and may not be seeking or holding elective office or be sitting judges. The deadline for receipt of nominations is May 15, 1979.

Founded in 1952. . . the *Rockefeller Public Service Awards program* has been sponsored throughout its history by the late John D. Rockefeller, 3rd. . . and is administered by Princeton University's Woodrow Wilson School of Public and International Affairs. A 1979 brochure describing the awards and the nominating procedures can be obtained from Ingrid W. Reed, Administrative Director, *Rockefeller Public Service Awards*, Woodrow Wilson School, Princeton University, Princeton, New Jersey 08540.

FYI

American Society of Civil Engineers. . . Convention and Exposition. . . Boston, April 2-6. Details: ASCE, 345 East 47th St., New York, N.Y. (212/644-7496).

Solar Heating Workshops for the Financial Community. . . co-sponsored by 23 State energy offices, DOE Regional Solar Energy Centers, Department of Energy-Solar Market Development and Training Program, and National Association of Mutual Insurance Companies, in the following cities: Boston, March 29. . . Cleveland, April 3. . . Chicago, April 10. . . Miami, April 24. . . St. Louis, April 26. . . Salt Lake City, May 8. . . Denver, May 10. . . Houston, May 14. . . Seattle, May 15. . . Dallas, May 16. . . Albuquerque, May 17. . . Omaha, May 22. . . Phoenix, May 22. . . Detroit, May 31. . . New York City, June 5. . . Rochester, New York, June 7. . . Memphis, June 14. . . and Philadelphia, June 20. Details: National Solar Heating and Cooling Information Center, Conferences Office, 1030 15th Street, N.W., Suite 720, Washington, D.C. 20005

Nine Cities Named for Evaluation

Nine cities have been chosen by HUD as test communities for determining the impact of the Department's multi-billion dollar *Community Development Block Grant (CDBG)* program on the housing stock and quality of life in neighborhoods. The cities are Birmingham, Corpus Christi, Denver, Memphis, New Haven, Pittsburgh, San Francisco, St. Paul, and Wichita. A tenth city will be named later.

The data will be collected over a 3-year period so as to trace the consequences of community development activities as they occur. The data collection will involve interviewing a sample of households, local officials, and others who potentially affect or are affected by the CDBG program.

The \$4 million study will focus on housing rehabilitation, residential redevelopment, and neighborhood facilities. It will document the extent to which program benefits are distributed to low- and moderate-income households. Other major areas of the study include an examination of the effects of citizen participation on the planning and implementing of CDBG programs and an evaluation of the neighborhood strategy approach incorporated in the 1977 CDBG regulations.

Researchers at the University of Pennsylvania will conduct the analysis, while *Abt Associates* of Cambridge, Mass., and the *National Opinion Research Center (NORC)* of Chicago will collect data for the project. *Abt Associates* and *NORC* have hired and trained local staff workers in each of the cities who will contact and interview households between February and April 1979. All *Abt* and *NORC* staff will carry identification. This year's initial interviews will be followed by additional rounds in the next 2 to 3 years.

The CDBG program was initiated in 1974 to replace categorical grants, in order to allow cities more leeway in deciding how funds were to be spent. Some \$12 billion have been expended in large and small communities for community development projects since the program was inaugurated.

A report on the preliminary results of the first year data collection will be available late this year in time to be used in the Congressional review of funding for CDBG for the next 3-year extension.

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Hud Newsletter

Current Trends

The *Census Bureau* report of housing starts in February showed a seasonally adjusted annual rate of 1,411,000 units. . . 15 percent below January's revised 1,669,000 rate. The February figure was the lowest since July 1976, when the rate, based on revised figures, was 1,148,000 units annually. Starts in February 1978 were at a 1,659,000 unit rate. However. . . a 3 percent recovery in building permits. . . to a 1,360,000 unit annual rate in February. . . from January's revised 1,324,000 . . . eased the downturn. Housing experts still expect home construction to pick up as the weather improves. Single-family starts. . . at a 964,000-unit annual rate in February. . . were down from 1,148,000 in January and 1,171,000 a year ago. Multifamily starts declined to a 447,000 rate from January's 521,000 and 488,000 in February 1978.

Building permits for single-family houses. . . a good indicator of future activity. . . fell 3 percent. . . to a 814,000-unit annual rate from January's revised 841,000. But. . . again. . . multifamily permits rose 13 percent. . . to a 546,000-unit rate from January's 483,000. Housing starts rose in the West but fell in the rest of the country. . . and. . . permits fell in the Northeast and South but rose in the North Central and Western Regions.

Project notes totaling \$907,800,000. . . representing 77 *Public Housing Agencies*. . . were sold in mid-March at an average interest rate of 5.502 percent, *HUD* reported. The interest rate last month was 5.371 percent. Bids ranged from 5.04 percent to 5.70 percent. The average maturity of the notes sold was 8.9 months.

The *Government National Mortgage Association (GNMA)* of *HUD* announced that bids on 172 mortgages totaling approximately \$339 million were accepted at the project mortgage auction held on March 15. *GNMA* had offered to sell \$592 million in *FHA*-insured project mortgages and sold about 57 percent of the offering. Total offers received by *GNMA* were in excess of \$1.3 billion.

The *Federal Home Loan Bank Board (FHLBB)* announced that net new savings receipts of associations rose sharply in January. . . reflecting both usual seasonal influences and record net issuance of high-rate, 6-month money market certificates. Mortgage lending activity at associations declined in January, but by slightly less than the typical seasonal amount. Net new savings receipts of *FSLIC*-insured savings and loan associations totaled \$4.4 billion in January. This was substantially more than the seasonal increase expected from the \$0.7 billion of net new savings received in December. It is also 53 percent larger than a year earlier. . . but 11 percent less than the January 1977 inflow and 14 percent less than in January 1976, when the record for January was established.

FHLBB also announced that conventional home mortgage interest rates increased further between early January and early February 1979. . . but by much less than the near-record increases registered during the previous month. The average effective interest rate on loans closed for purchasing newly built single-family homes was unchanged at 10.18 percent in early February. This compares with a 16-basis point increase from early December 1978 to early January 1979. . . and was the smallest monthly increase since October-November 1977.

Minority Outreach Effort by HUD

HUD has announced the award of a \$400,000 grant to the *National Urban League* aimed at expanding the participation of minorities in housing research. "This outreach effort is important," said Secretary Harris, "if we are to assure more realistic input and greater participation by minorities in the key processes by which the *Department's* programs are developed and evaluated, and thus better tailor our programs to meet the needs of minorities."

Assistant Secretary Donna Shalala. . . whose *Office of Policy Development and Research* made the award. . . said that under the 2-year project the *League* will undertake a comprehensive program directed toward:

- Increasing the capability of minority persons in housing research.
- Developing a listing of minority persons trained in housing research.
- Increasing the effectiveness of her office in disseminating information about housing research opportunities at *HUD* to minority researchers, organizations, and institutions throughout the Nation.

Under terms of the agreement, the *League* will organize a panel consisting of representatives from colleges, universities, and the private sector to provide assistance in meeting the objectives of the grant. The agency plans to use its network of more than 100 affiliates to identify minority persons already trained in housing and community development research in colleges and universities, local government, business and social action organizations. Selected individuals will be assigned to conduct research on vital housing issues and will serve, where possible, as interns or consultants in the preparation of papers and reports on housing research. They will also provide training to persons at minority colleges and universities and to staff members in community-based minority organizations through summer internships, conferences, and fellowships. A report will be issued on completion of the project.

For further information contact: Rodney O. Neal, *National Urban League*, Research Department, 733 - 15th St., N.W., Washington, D.C. 20005 (202/783-0220), or James L. Beasley, *Policy Development and Research*, *HUD*, Room 8230, Washington, D.C., 20410 (202/755-8238).

FYI

National Association of Housing and Redevelopment Officials. . . *Workshop for Commissioners of Public Housing Authorities, Urban Redevelopment Agencies, and Community Development Agencies*. . . New Orleans, April 6-8. Details: *NAHRO*, 2600 Virginia Ave., N.W., Washington, D.C. 20037 (202/333-2020).

Association of Collegiate Schools of Architecture. . . *Annual Meeting*. . . Savannah, Ga., April 7-10. Details: *ACSA*, 1735 New York Ave., N.W., Washington, D.C. 20006.

National Graduate University. . . *19th Institute on Federal Funding*. . . Washington, D.C., April 10-12. Details: *NGU*, 1101 North Highland St., Arlington, Va. 22201 (703/527-4800).

University of Detroit (Division of Continuing Education). *Grant Writing Workshop: How to Write Winning Proposals*. . . Washington, D.C., April 19-20. Details: *University of Detroit, Division of Continuing Education*, 4001 W. McNichols Road, Detroit, Mich. 48221.

Institute of Real Estate Management. . . *Seminar: Condominium Management*. . . San Francisco, April 21-22. . . St. Louis, June 9-10. . . and Washington, D.C., September 8-9. Details: *IREM*, 430 N. Michigan Ave., Chicago, Ill. 60611.

National Association of Housing and Redevelopment Officials. . . *Washington Legislative Conference*. . . Washington, D.C. April 23-24. Details: *NAHRO*, 2600 Virginia Ave., N.W., Washington, D.C. 20037 (202/333-2020).

Housing, Development Award to Congressman

Thomas Ludlow Ashley, chairman, *House Subcommittee on Housing and Community Development*, has received the *National Housing Conference's* prestigious Nathaniel S. Keith Award. Presentation was made by Leon W. Weiner, president of the *National Housing Conference, Inc.*, at a luncheon meeting held during the annual convention of the Conference. Presented for "Outstanding Service on Behalf of Housing and Community Development," the Keith award honors the man whose lengthy career in government housing agencies was capped by service as the first Urban Renewal Commissioner. After this stint Keith became a private consultant in urban affairs, and also served as president of the *National Housing Conference* from 1960 to 1973. His book, . . . *Politics and the Housing Crisis Since 1930*. . . has become a classic.

Institute for Urban Design

Urban design will now receive heightened visibility with the creation of the *Institute for Urban Design*. . . a new nonprofit organization devoted to the advancement of urban design and to the improvement of American towns and cities. Its goal is to promote the quality of urban life as influenced by physical planning and construction. It will encourage communication among people involved in the interdisciplinary urban design process. . . including architects, planners, landscape architects, social scientists, government officials, private developers, and citizens.

The *Institute* will publish a magazine in the field of urban design. The first issue will go to press this Spring. The *National Endowment for the Arts* is funding the new magazine. . . and in-kind support has been provided by the Social Science Division of the State University of New York at Purchase. An additional grant has been provided by the *NEA* for a Handbook on Urban Design. . . the first publication in the Institute's book program.

In addition to these publications. . . the *Institute for Urban Design* will conduct study tours and seminars. The first tour is scheduled for Paris, July 9-14.

Further details may be obtained from *Institute for Urban Design Headquarters*, Social Science Division, State University of New York, Purchase, N.Y. 10577 (914/253-5102 or 253-5126).

Imminent Threat Funds Help Hastings, Neb.

The explosion in Hastings, Nebraska happened in the early morning hours on Saturday, February 10. At about 2 a.m., gas from a break in a city-owned main built up in a retail store and ignited, ripping through a quarter block of the town's business district. The blast was felt miles away. Hastings, population 22,000, had suffered between \$5 million and \$10 million damage. Worse yet, the community realized the original cast iron natural gas mains were corroded and weak and the same thing could happen again — maybe the next time during the day when workers and shoppers are in the stores.

Because of the danger to the town, and because no other source of funds was available, *HUD* has awarded a \$207,500 Imminent Threat grant to Hastings under Title I of the *Housing and Community Development Act*. The funds will be used to replace four blocks of gas mains and service lines in the downtown area.

"When smaller communities need assistance, as in the case of Hastings, *HUD's Small City Block Grant* funds may be awarded under the *Imminent Threat* program," said *HUD* Secretary Harris. "Imminent threats to life and safety — outside of Presidentially declared disasters — are not generally the kinds of problems Federal agencies deal with best," she added, "but when the local *HUD* office has available funds, the danger is verified by an outside source, and no other State, Federal or local resources are available, *HUD* is the best friend of small cities with immediate problems."

Verifications at the State and Federal level were required, but *HUD* was able to process and approve Hastings' application within four days of receipt. While the disastrous explosion hurt Hastings' downtown business district, the Imminent Threat award will help eliminate the cause of the explosion and prevent a possible tragedy in the near future.

HUD Frees Funds For Code Revisions

HUD will support the Nation's war on inflation by allowing communities to use development funds for establishing revised uniform building codes. William J. White, who served as chairman of *HUD's Task Force on Housing Costs*, said the code funding would hit at one of the road blocks to reduced housing costs.

Speaking before a meeting of the *National Council of the Housing Industry* in Washington, Mr. White declared: "We are going to do more to promote consistency of building code requirements and procedures and have asked the *National Institute of Building Sciences*, the model codes organizations and several prominent trade associations to assist us in accomplishing this goal. We intend to support a revised one- and two-family code for new construction, and to help develop new codes for the rehabilitation of both single- and multifamily dwellings.

"During the next year or so, HUD will notify States and localities that they may spend some of the funds they receive through planning grants, urban development action grants and other Federal funds to pay for their administrative costs in considering and adopting such revised codes."

White, general manager of *HUD's New Community Development Corporation* also cited another weapon in the inflation fight. "We intend to do more to promote innovation in the housing industry. We hope that your markets for current products, fixtures and appliances will remain strong. But we are convinced that without strong Federal support, the country will not create volume markets for new products, technologies and other ways of building better housing for lower costs.

"Therefore, we will ask that new building regulations explicitly recognize and provide support for private initiative in marketing new products which are worthy for use in the housing industry."

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Hud Newsletter

Current Trends

Auction yields declined as the *Federal National Mortgage Association (FNMA)* issued \$222.3 million in 4-month commitments to purchase both government-backed and conventionally financed home mortgages. The corporation issued \$142.6 million in commitments on government-backed mortgages at a weighted average yield of 10.419 percent. . . which converts to an average price of 93.97 for 9½ percent *FHA/VA* mortgages. The average in the previous auction was 10.427 percent. The range of accepted bids in the mid-March auction was from 10.404 to 10.511 percent. In the conventional auction. . . *FNMA* issued \$79.7 million in commitments at a weighted average yield of 10.920. . . down from 10.961 in the previous auction. The range of accepted bids was from 10.872 percent to 11.001 percent.

Project notes totaling \$907,800,000. . . representing 77 *Public Housing Agencies*. . . were sold in mid-March at an average interest rate of 5.502 percent, *HUD* reported. The interest rate in February was 5.371 percent. Bids ranged from 5.04 percent to 5.70 percent. The average maturity of the notes sold was 8.9 months.

Urban renewal project notes totaling \$45,349,000. . . representing 23 local issuing agencies. . . were sold March 20 at an average interest rate of 5.399 percent, *HUD* reported. Bids ranged from 5.04 percent to 5.62 percent. The average maturity of the notes sold was 7.4 months. The notes will be dated April 17.

Private Mortgage Insurance Activity

December private mortgage insurance activity fell off the sharp pace which had been typical of 1978. . . however. . . private insurers' activity for the year set new annual records. . . according to private mortgage insurance activity data for December released by *HUD*.

New applications received in December totalled 48,785. Private insurers issued 54,079 new certificates carrying a total loan amount of \$2.2 billion. For the year. . . private insurers received 772,359 applications. . . and issued 659,620 certificates. . . carrying a total loan volume of \$27.3 billion. This loan volume was almost 27 percent greater than the previous record set in 1977 at \$21.6 billion.

Insurance in force at the end of December totaled \$81.1 billion. . . more than \$17.7 billion over a year earlier. Private insurers insured a monthly record \$276.9 million in conventional mortgage pools. The December figure brings the total volume of such pools issued in 1978 to \$970.3 million. At the end of 1978 there was \$1.1 billion outstanding in privately insured pools of conventional mortgages.

Indian Input Sought

A planned new initiative by HUD to test ways of improving the design, quality, and production of housing for American Indians is being reevaluated to ensure that it reflects the views of the Indians themselves. A 3-year demonstration effort testing the effectiveness of using professional construction managers to improve the production time and the quality of Indian housing at lower per unit costs is being reassessed. Indian input will be solicited to improve the proposal or to devise an alternative method to achieve the same results as intended by the original proposal. The activity is formally known as the *Indian Housing Development and Construction Management Demonstration Program*.

"Effectiveness of the effort will depend largely upon the active cooperation of the Indian community," HUD Secretary Harris said. "We expect to use this additional time to solicit specific comments and suggestions. The initiative lies with the Indian people themselves."

Population May Top 6 Billion in Year 2000

The World's population could exceed 6 billion by the year 2000, according to *Census Bureau* projections. The information is in a new *Bureau* report with illustrative projections of world populations for the year 2000. High, medium, and low projections were shown as follows: low, 5.9 billion; medium, 6.4 billion; and high, 6.8 billion. The 1975 estimate of world population is 4.1 billion.

The projections are based upon differing assumptions concerning fertility and mortality throughout the world. World population projections are acknowledged to involve considerable guesswork because: 1. many countries do not have reliable estimates of population or reliable vital statistics and, 2. fertility rates tend to change very quickly. It should be pointed out that the very publication of projections themselves can have an impact on fertility rates by calling attention to future situations that may result in reconsideration of public policy.

The *Bureau* projections showed that less developed regions would grow at a much faster rate than more developed regions. For example, the less developed regions – Africa, Latin America, and parts of Asia and Oceania – are projected, in the medium projection series, to add about 70 percent of their 1975 populations which totaled about 3.0 billion. The more developed regions – Europe, North America, USSR, Japan, Australia, and New Zealand – will add only about 17 percent to their 1975 total of 1.1 billion.

The medium projection for mainland China is for a population of 1.3 billion, the report said. Another 1.0 billion will live in India, and a projected 309 million in the Soviet Union. The U.S., the world's fourth largest Nation, is projected in the medium series to have a year 2000 population of about 250 million.

Twenty to 22 percent of the world's population in 2000 will be living in the more developed regions and four-fifths in the less developed areas, the report noted. In addition, about 90 percent of the persons added to the world's total between 1975 and 2000 will live in the less developed regions.

The report also contains, for comparison, projections of world populations by other organizations such as the *World Bank*, the *United Nations*, and the *Community and Family Center of the University of Chicago*. These projections differ somewhat from the *Census Bureau* projections primarily because they make different assumptions about the levels of fertility.

The report contains information and projections for 17 countries, as well as regional breakdowns. Support for the report was provided by the *Development Survey Bureau of the Agency for International Development*.

Copies of the report, *Illustrative Projections of World Populations to the 21st Century, P-23, No. 79* may be obtained for \$3.00 each from the *Superintendent of Documents*, Washington, D.C. 20402.

Denver Wins Innovative Award

An innovative approach by the City of Denver to rehabilitate old homes, build new houses and provide good quality apartments for low-income renters. . . all with a minimum of displacement. . . has been selected to receive a \$640,984 Innovative Award from HUD. "This is a stellar example of a partnership between an experienced private nonprofit organization, residents and neighborhood groups, private organizations, the business community, and government agencies," said HUD Secretary Harris. "The *Innovative Award* will allow Denver to assist the residents of the neighborhood, most of whom are lower income," she said, "and at the same time attract middle-income persons and private revitalization with a minimum of displacement."

The 2-year demonstration project is targeted for the Baker Area, a lower income neighborhood of predominantly Spanish-surnamed residents to which the city has given top priority under the HUD Community Development Block Grant program. It is located just south of the area where Denver received preliminary approval for a HUD Action Grant to rehabilitate existing homes and build new ones.

The neighborhood project is expected to rehabilitate 255 homes. . . 40 percent of the low-income owner-occupied properties in the Baker target area. Mortgage assistance. . . at 95 percent of the "value after needed repairs". . . will assist about 90 families to purchase homes there. Other new, single-family owner-occupants will be attracted through new construction on vacant lots, and the purchase, rehab and resale of abandoned and dilapidated buildings.

In addition. . . 16 small apartment buildings, containing two-to-four units each. . . will be purchased, rehabilitated, and resold to area residents for use as quality housing for low-income renters. The proposed activities will be carried out by Brothers Redevelopment, Inc., a private, nonprofit organization experienced in rehabilitation activities. The proposal was developed with the assistance of the Lutheran Resources Commission-Washington. . . a nonprofit ecumenical consulting agency.

The target area for the activities has a population of 6,670. . . with 75 percent Spanish-surnamed and a median family income of \$7,200. The median income for the Baker area. . . according to 1970 census data. . . is only 59 percent of the median income for Denver.

Publications Available

Rural Transportation – a modest proposal. . . a 39-page report issued by Rural America. . . calls for the establishment of a national Rural Transportation Administration along the lines of the Rural Electrification Administration. The proposed Rural Transportation Administration would be an independent agency instructed to assume responsibility for extending minimal transportation facilities to all eligible persons in rural areas and small towns within a given period of time. . . perhaps 5 to 7 years. . . with the persons most immobilized and isolated receiving service first. Copies of the report are available for \$2.00 from Rural America, 1346 Connecticut Ave., Washington, D.C. 20036.

Natural Solar Architecture: A Passive Primer. . . by David Wright, AIA. . . is a technical introduction. . . written in layman's terms. . . to the concepts of passive solar design for homes. The 245-page, soft cover book is filled with tips, rules of thumb, checklists, and cartoon illustrations that can help the building designer understand and apply the principles of natural energy for creating energy-efficient, comfortable buildings. The book also includes a bibliography and metric conversion tables. Available for \$7.95 (\$7.15 for AIA members) from AIA Publications Fulfillment, American Institute of Architects, 1735 New York Ave., N.W., Washington, D.C. 20006. AIA Order No. 3M322.

Community Association Insurance: Guide for Association Practitioners – GAP Report 4. . . published by the Community Association Institute. . . explains the need for insurance by community associations, defines basic insurance terms, and reviews in detail the three major types of insurance that are necessary. The Guide outlines the variety of property coverages, ways to determine the necessary amount of property insurance, provides a way to establish property values and concludes with a form for insurance bid specifications. Available for \$10. . . (\$5 for members). . . from CAI, 1832 M St., N.W., Washington, D.C. 20036 (202/223-6770).

Urban Policy: A Guide to Information Sources. . . focuses on that part of public policy that affects urban education, transportation, criminal justice, housing and urban renewal, ethnicity, health, and poverty. The guide cites recent works on the stages of development associated with policymaking: policy demands, policy formation, policy implementation, and policy outcomes. 198 PP. . . \$22.00. Available from Gale Research Company, Book Tower, Detroit, Michigan 48226 (313/961-2242).

Advanced Wastewater Treatment Techniques and New Equipment. . . presents information on the current state of development of 10 advanced wastewater treatment processes. . . discussion focuses on treatment processes that have been applied. . . the advantages and disadvantages of those processes . . . and their present and anticipated use. \$2.30.

A Design Approach to General Structural Integrity. . . the fourth in a series leading to the development of a *Methodology for the Design and Construction of Large Panel Concrete Structures.* . . reports on a procedure by which it is possible to ensure the stability of a structure in the case of damage caused by abnormal loading conditions in multistory panel concrete structures. \$3.25.

FYI

American Institute of Real Estate Appraisers. . . *Seminar: Women Do Succeed in Real Estate Appraising.* . . Houston, April 21. . . and Chicago, May 4. Details: AIREA, 430 N. Michigan Ave., Chicago, Illinois 60611.

National Roofing Contractors Association. . . *Roofing Technology Conference.* . . Gaithersburg, Maryland, April 19-20. Details: NRCA, 1515 N. Harlem Ave., Oak Park, Illinois 60302.

American Society of Civil Engineers. . . *Conference on Civil Engineering Education.* . . Madison, Wisconsin, April 19-21. Details: ASCE, 345 E. 47th St., New York, N.Y. 10017.

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Hud Newsletter

U.S. DEPARTMENT OF HOUSING
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APR 17 1979
WASHINGTON, D.C. 20009

Current Trends

Mortgage interest rates rose to new highs from early January to early February, but at a considerably slower pace than during the several preceding months, the *Federal Home Loan Bank Board* reported. This appears to have reflected the influence of general interest rate developments and, in the case of commitment rates, probably the improved savings flow to depository institutions in January. The effective rate offered by major lenders on commitments for conventional fixed-rate mortgages within a 75-percent loan-to-value ratio and a 25-year term to maturity rose 3 basis points during the most recent period to average 10.54 percent in early February. . . sharply less than either the 12-basis-point increase a month earlier or the 23-basis-point rise from early November to December. . . it was also the smallest increase since the 1 basis-point rise from early August to early September. . . the proportion of lenders offering such commitments, moreover, inched up to 82 percent in early February, reversing a 3-month downward trend.

The United States League of Savings Associations reported that, although February's gain in savings deposits at the Nation's savings and loan associations topped the increase for the same month of last year, the statistics on flows indicate a departure from the strength in gains prevailing since the introduction of the money market certificates in June. Savings gains at associations in February reached an estimated \$2.6 billion, according to reports received from 913 associations holding 43.1 percent of the total resources of the business. This gain moved past the \$2.3 billion of February 1978, but trailed far behind the increases of \$3.3 billion to \$3.9 billion seen in the second months of 1975 through 1977. Within the perspective of the current cycle that got under way in 1974, last month's gain showed a slowdown similar to that of early last year, with its more than seasonal easing.

In a move to improve service to local councils, 11 *Home Owners Warranty Corporation* districts have been established throughout the country. The district managers are part of the Field Operations Department of HOW.

Since April 1978 when the first *Urban Development Action Grant* project was announced, HUD has announced over 300 projects totaling \$599.4 million. These projects have resulted in a leveraging of \$3.6 billion in private sector financial commitments and are responsible for the creation of more than 160,000 jobs, both for construction purposes and permanent jobs once construction is finished.

A total of 15 metropolitan areas across the country will be canvassed during the next 12 months in the *Annual Housing Survey* conducted by the *Census Bureau*. The survey, taken for HUD to provide frequent and up-to-date data on U.S. housing, started March 19 and will continue through March 1980. About 112,000 housing units in the 15 *Standard Metropolitan Statistical Areas* (SMSA's) will be covered. SMSA's in the survey are rotated every four years, a different group being surveyed each year until the rotation is completed.

Contracts for residential building increased 20 percent in February to \$4.63 billion from \$3.86 billion the year before. . . the *F.W. Dodge Division of McGraw-Hill Inc.*, reported. George Christie, *Dodge's* chief economist called most of the year-to-year gain "merely the effect of the considerable inflation in homebuilding in the past 12 months." He added that the high interest rates and severe winter weather. . . blamed for the recent drop in one-family housing starts. . . haven't had any apparent effect on the boom in general building activity.

Reduced Interest Rate for Mass. Home Buyers

The *Massachusetts Home Mortgage Finance Agency (MHMFA)* has announced that by April 20, 1979, a total of approximately \$23,600,000 in mortgage financing at an interest rate of 8 7/8 percent will become available to low- and moderate-income home buyers in Massachusetts. In order to provide this reduced interest rate, *MHMFA*, an independent State agency, has issued tax-exempt revenue bonds to fund the purchase of interests in eligible mortgages from mortgage lenders taking part in the *MHMFA* Loan Participation Program.

An individual or a family seeking financing for a one-to-four unit dwelling for use as their primary residence will be able to submit an application for a mortgage to one of the twenty-two mortgage lenders which are taking part in the *MHMFA Loan Participation Program*. To be eligible, a borrower's adjusted gross income may not exceed \$16,000 for a one-person household or \$19,000 for a two-person household; a \$1,000 adjustment is included for each additional person in households of more than two people. Borrowers must have incomes sufficient to meet monthly mortgage payments and must have accumulated savings for a downpayment on the property to be mortgaged.

Shirley Parish, Executive Director of *MHMFA*, emphasized that in addition to stimulating homeownership by providing reduced interest rates for lower income borrowers, a primary purpose of the *MHMFA* program is to preserve and stabilize the existing housing stock of the Commonwealth. Therefore, most of the mortgages are required to finance the purchase or rehabilitation of houses which are at least 10 years old and/or located in older neighborhoods. The *Neighborhood Preservation Area Program* of *MHMFA* also insures that older neighborhoods will receive a share of *MHMFA* mortgage financing. Within a *Neighborhood Preservation Area*, borrowers will have available not only the resources of a participating mortgage lender, but additional advice and assistance in evaluating the rehabilitation needs of a property and the financial resources needed to purchase and maintain a house.

Additional information about the *MHMFA Loan Participation Program* can be obtained from participating mortgage lenders or the *Massachusetts Home Mortgage Finance Agency*, 45 School Street Boston (617) 723-6800.

Sixth Anniversary for DRG

April 1st marked the sixth anniversary of *DRG Financial Corporation*, the new mortgage and sales subsidiary of the 44-year old DeFranceaux Realty Group, known in its early days as the F.W. Berens Sales Company of Wash., D.C.

DRG's most active program is its activity in the use of *FHA's* Section 223(f) program which is used to refinance or finance the purchase of existing apartment projects. In this area, *DRG* also maintains a majority of the loans either funded or applied for with *FHA* on a nationwide basis. A major recent sale which was coupled with refinance was the *Penn Towers* project in Philadelphia (\$19,500,000). *DRG's* current volume of business in *FHA* programs is \$596,297,000 of cases either currently in process with *FHA*, or under contract to file with *FHA*. *DRG* has already received a total of \$623,815,360 in *FHA* commitments since it began dealing with that agency on multifamily housing in 1975. This amount represents commitments received on 194 projects (53,349 units) throughout the country.

In addition to its *FHA* activity, *DRG* is mortgage loan correspondent for the *John Hancock Life Insurance Company*, the *Mutual Benefit Life Insurance Company*, and the *Navy Mutual Aid Association*. Recently *DRG* announced \$53,000,000 in conventional transactions covering three contiguous sites on Vermont Avenue in Washington, D.C.

Partners for Livable Places President

Robert H. McNulty is the new president of *Partners for Livable Places*, a Washington based national coalition of organizations and individuals concerned with quality of design and planning in the built environment. *Partners* advocates livability and works to insure that our communities are stimulating, diverse and secure places to live, work and play. McNulty is currently Acting Director of the Historic Preservation Program at Columbia University. Before Columbia, he was the Assistant Director of the Architecture, Planning and Design Program at the *National Endowment for the Arts*.

Water Conservation Effort Launched

In the face of increasing public concern about the rising costs and shortages of water supplies, *HUD* has announced a water conservation research project designed to eventually reduce the use of water in the home.

"We must make every effort to conserve our valuable natural resources," said Secretary Harris, "if there is to be a sufficient supply for future generations. This project is part of the administration's effort to assure that supply."

According to Donna E. Shalala, *HUD* Assistant Secretary for Policy Development and Research. . . the research will produce basic information to reduce residential water use as well as municipal use.

Specifically. . . the research will involve carrying out laboratory procedures for evaluating plumbing products now used in homes and will include data gathering and analysis. While the consumer will benefit most. . . the research will be useful to homebuilders, architects, designers, plumbing equipment manufacturers, and State and local code officials. The findings will be used to make recommendations for designers and manufacturers of plumbing fixtures, fittings, and appliances that conserve water.

The project is part of a water conservation program developed by *HUD* in 1978. It also supplements a water conservation program requested by President Carter for assisted housing programs administered by *HUD* and other Federal agencies.

The National Bureau of Standards, with an initial funding of \$550,000 will develop the data along with *Stevens Institute's Davidson Research Laboratories* in Hoboken, N.J.

New Publications

Building Conversion and Rehabilitation. . . by Thomas A. Markus. . . considers a timely issue in architecture and construction: how to convert existing buildings for new uses. Discusses restoration, conservation, repair, rehabilitation, conversion, refurbishment, and alteration. Includes a rehabilitation design checklist and up-to-date suggestions on space utilizations, energy, heat, and economics. 192 pp. . . 20 photos. . . 80 diagrams. Available for \$39.95 from Butterworth Publishers, Inc., 19 Cummings Park, Woburn, MA 01801. (408-00313-8)

Quality in Urban Planning and Design. . . by Roy Cresswell. . . contains the conclusions and recommendations of a November 1977 conference held in London which focused on international town planning. Designers, architects, civil engineers, and town planners will find this book a valuable addition to literature on urban design and protection of the environment. Case studies highlight the conference papers. Also included are illustrated examples of designs from the United States, United Kingdom and West Germany. 160 pp. . . 124 photos. . . 13 diagrams. Available for \$29.95 from Butterworth Publishers, Inc., 19 Cummings Park, Woburn, MA 01801 (408-00363-4)

Planning and Financing Facilities for the Elderly. . . published by the American Association of Homes for the Aging. . . describes in full detail all the possible government and private sources of financing facilities for older persons. Included are narrations of the financial experiences of 30 facilities. A comprehensive appendix with names and addresses of relevant agencies and organizations. . . in addition to a bibliography, a glossary and index to help to transform this wealth of information into an easy-to-use resource handbook. 281 pp. . . \$9 for *AAHA* members. . . \$12 for non-members. Available from *AAHA*, Suite 770, 1050 17th St., N.W., Washington, D.C. 20036.

New Members of FNMA Advisory Board

Ten representatives of housing and related industries have been appointed to two-year terms on the *Federal National Mortgage Association's Advisory Committee*. Appointed to serve as Committee chairman for 1979 is John C. Hart, Sr., President of *Gateway Corporation*, a development and construction firm based in Indianapolis, and a former President of the *National Association of Home Builders*.

The purpose of the *FNMA Advisory Committee* is to bring to the corporation's attention, from outside sources, a wide variety of viewpoints on questions that relate to *FNMA* policy and procedures in its secondary mortgage market operations. *FNMA*, a stockholder-owned and privately managed corporation, is the Nation's largest single supplier of home mortgage funds. It purchases mortgage loans from local lenders, thereby replenishing those institutions' supply of mortgage money.

FYI

National Association of Home Builders. . . *18th Semiannual Housing Forecast Conference*. . . May 3. . . NAHB National Housing Center, Washington, D.C. Details: *NAHB, Economics Division*, 15th and M Streets, N.W., Washington, D.C. 20005 (202-452-0442).

National Apartment Association. . . *Annual Convention*, May 6-9, New Orleans. Details: *NAA*, 1825 K Street, N.W., Suite 604, Washington, D.C. 20006 (202-785-5111).

American Institute of Architects. . . *National Design Conference*. . . May 3-4, 310 Center, 310 South Michigan Avenue, Chicago. Details: John Gaillard, Design and Environment Program, 1735 New York Avenue, N.W., Washington, D.C. 20006 (202-785-7363).

American Institute of Real Estate Appraisers. . . *Seminar: Minorities Do Succeed in Real Estate Appraising*. . . Chicago, May 5. . . and Los Angeles, May 18. Details: 430 N. Michigan Ave., Chicago, Illinois 60611.

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Hud Newsletter

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

APR 25 1979

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Current Trends

More than \$5.2 million in HUD housing counseling grant funds have been awarded to professional counseling agencies in 44 States, the District of Columbia, and Puerto Rico. Among services provided by these funds are help to low- and moderate-income families facing mortgage foreclosures because of job loss or major illness. . . and advice about homeownership obligations for prospective homeowners with limited incomes. Through this program the nonprofit and neighborhood sectors become involved in the urban partnership.

The *Federal Home Loan Bank Board (FHLBB)* announced both net new savings receipts and mortgage lending activity at savings and loan associations declined more than seasonally in February. Net new savings receipts of *FSLIC*-insured savings and loan associations totaled \$2.6 billion in February. This was 24 percent more than a year earlier. . . but 31 percent less than the record for the month established in 1976 and about 18 less than inflow in February of both 1975 and 1977. February net new savings receipts also were about 40 percent less than the very large January inflow. This represented a substantially more than seasonal decline. . . but even after seasonal adjustment savings receipts in February were larger than in December.

Private mortgage insurance activity was up in February. . . less than the normal seasonal increase. . . according to HUD's private mortgage insurance activity data monthly report. Activity through the first 2 months of 1979 remained 10 percent below last year's record pace. New applications received in February totaled 39,751. . . up by less than half the normal increase over January volumes. New certificates issued totaled 34,950. . . the lowest monthly volume in two years. Despite the low number of new loans insured. . . higher average loan amounts kept the insurance written volume above last year's record pace.

Elderly Program Successful

According to a study. . . HUD's program for the elderly has generally produced good quality housing projects at a reasonable cost. The study. . . *Housing for the Elderly and Handicapped*. . . compiled by HUD's Office of Policy Development and Research. . . is an evaluation of HUD's Section 202 program from 1959 to 1977.

The Section 202 program provides low-interest direct loans to nonprofit sponsors to finance housing for elderly and handicapped persons. Since 1974. . . this program has been enhanced by the use of HUD's Section 8 rent subsidy program. . . whereby the cost to tenant of these projects may be subsidized.

The study revealed that Section 202 projects were generally well constructed and well designed to meet the needs of the elderly and were located in areas which insured tenant safety and access to services. Also. . . there appears to be a high degree of tenant and community satisfaction with the program.

Single copies of the study are available upon request to the Product Dissemination and Transfer Division, Office of Policy Development and Research, HUD, Washington, D.C. 20410.

FY '80 Budget Can Do the Job

HUD Secretary Harris has told a *House Subcommittee* that although the *Department's* FY 1980 budget is lean. . . it is sufficient to carry out the *Department's* broad policy objectives.

Testifying before the *Subcommittee on HUD-Independent Agencies of the House Committee on Appropriations*. . . the Secretary recognized that the budget does not provide all that many believe is required to meet the critical needs of low- and moderate-income people and the Nation's cities. "However, there is never enough money available to meet all needs that many concerned persons perceive."

The total budget authority request for 1980 is \$33.6 billion which is an increase of ~~\$2.5~~ \$2.5 billion over the \$31.1 billion estimated for 1979. "However," the Secretary said, "after adjusting for carryover balances of budget authority in subsidized housing programs, the total available budget authority in 1979 is \$37.5 billion, decreasing by \$4 billion to \$33.8 billion in 1980."

In highlighting the budget request. . . the Secretary pointed out that the largest items are those for the *Section 8* and public housing programs, which total \$26.7 billion for 1980.

There is sufficient contract and budget authority. . . she said. . . to assist up to 300,000 units of *Section 8* public housing. In addition. . . the budget reflects 25,000 units for mortgage interest subsidies under the *Section 235* program which assists low- and moderate-income families in homeownership. . . 7,000 of these units would be targeted to inner city neighborhoods for families displaced as a result of urban revitalization.

Federal, State, and Local Governments Tax Collections Increased in FY '76-77

Taxes collected by all governments were \$61.5 billion higher in fiscal 1976-77 than the previous year. This is more than double the \$26.8 billion increase in fiscal 1975-76. . . according to a report issued by the *Census Bureau*. The large increase was derived mainly from individual and corporate income taxes. . . reflecting improved economic conditions and, to some degree, inflationary trends. Some of the increase is due to the later ending of the Federal fiscal year in 1977 (September 30). . . as compared with the 3-month earlier ending in 1976 (June 30). Total tax revenue from Federal, State, and local governments for 1976-77 was \$419.7 billion.

Of the total national tax revenue. . . approximately 58 percent was collected by the Federal Government, 24 percent by State governments, and 18 percent by local governments.

Total Federal, State, and local governmental revenue from all sources amounted to \$657.3 billion for fiscal 1976-77. . . up \$86.1 billion from the prior fiscal year.

Total governmental expenditure in fiscal 1976-77 was \$680.3 billion. . . up \$55.3 billion from the previous year's \$625.1 billion. A breakdown of Federal, State, and local government expenditures shows that about \$366 billion was spent for current operation; \$75 billion for capital outlay; \$49 billion for assistance and subsidies; \$46 billion for interest on debt; and \$144 billion for insurance benefits and repayments. Included with the current operation expenditure was \$202.5 billion for personal service (salary and wages for public employees).

Copies of the report, *Governmental Finances in 1976-77, GF 77, No. 5*, are available for \$1.35 from the *Subscriber Services Section (Publications)*, *Census Bureau*, Washington, D.C. 20233.

Significant Decisions

In *Massachusetts Union of Public Housing Tenants, et al. v. Harris, et al.*, U.S.C.A., D.C. Cir., No. 78-2272. . . the *Court of Appeals* for the District of Columbia has granted the Government's motion for summary affirmance of the *District Court's* order denying a preliminary injunction to prevent HUD's implementation of utility meter conversion regulations, 24 CFR Part 865. Public housing tenants sought the injunction. . . contending that HUD had failed to comply with the requirements of NEPA and the *Administrative Procedures Act* when promulgating the regulations several years ago. Plaintiffs' motions for summary reversal and for an injunction pending appeal were denied.

In *Federal Property Management Corp., et al. v. Patricia Harris, et al.*, U.S.D.C., S.D. Ohio, C.A. No. C-3-76-255. . . the *District Court* has dismissed a claim by owners of several Section 236 projects for damages against the Secretary. . . resulting from the *Department's* failure to implement the 1974 tax and utility cost subsidy program. The *Court* held the Secretary immune from suit where funds to pay the damages claimed could only come from the U.S. Treasury. The *Court* granted plaintiffs' motion to transfer the action to the *Court of Claims* since plaintiffs assert a contract right to the funds. The *Court* dismissed plaintiffs' claim for the subsidy payments under the legislation. . . since this issue was encompassed in the national class action of *Underwood v. Harris* which has been settled.

Less Change Ahead for American Family?

According to population authorities in the *Census Bureau*. . . the next two decades look a little calmer than the recent past for the American family.

A number of measures of population analyzed in a special *Bureau* report suggest that "several aspects of the present situation are at least consistent with an outlook of less change ahead." Specifically. . . the report cites birth rates, school enrollment figures, and participation by women in the labor force to demonstrate current thinking about the future of the family.

While the decline in birth rates during the past 20 years provided much momentum to a variety of other changes. . . the decline has gone about as far as it can reasonably go, and most population experts do not expect these rates will rise significantly in the next decade or two. The great increase in school and college enrollment during the past 20 years brought about other changes. . . the report points out. . . but the enrollment phenomenon is not likely to be repeated. The proportion of young people who graduate from high school has been on a plateau of about 85 percent of the total for some time now. The percentage of young men in their late 20's who have finished a year or more of college has reached 60 percent of the total; the comparable proportion of young women is 50 percent. These percentages are 10 points higher than just a decade ago. . . but no one expects them to rise by that amount in the decade ahead. . . the report says.

While there has been a recent big increase in the percentage of women in the labor force. . . from 38 percent in 1960 to 48 percent in 1977. . . the odds don't favor a continued sharp upswing. . . the report notes. But if conditions remain favorable. . . including a continuation of low birth rates and some further increase in the educational level of people. . . the labor force participation rate for women could continue to increase moderately for some time.

This report presents the testimony by *Census Bureau* demographers Paul C. Glick and Jacob S. Siegel before the *House Select Committee on Population*, chaired by James H. Scheuer, and the *House Select Committee on Aging*, chaired by Claude Pepper. While some of the material has appeared in previous *Census Bureau* reports, this publication analyzes the statistics and suggests what may happen in the future.

Copies of the report. . . *The Future of the American Family (and) Prospective Trends in the Size and Structure of the Elderly Population, Impact of Mortality Trends, and Some Implications*, P-23, No. 78. . . are available for \$1.30 from the *Superintendent of Documents*, Washington, D.C. 20402.

Good News in Small Packages

The *Ford Foundation*, stating that most of the good news from the country's older cities has been generated by the efforts of community groups to revitalize and preserve their neighborhoods, has announced *Foundation* support to the following groups:

National Training and Information Center, Chicago, which offers training programs, information, and technical assistance to local groups, received a grant of \$110,000. Details: Gale Cincotta, *National Training and Information Center*, 1123 W. Washington Blvd., Chicago, Ill. 60607.

National Neighbors, which serves more than 100 racially integrated neighborhoods throughout the country, received \$120,000. Its programs help communities deal with the fears that often emerge during the early stages of integration and with the problems of stabilizing neighborhoods already integrated. Details: John Michener, *National Neighbors*, 815 15th Street, N.W., Washington, D.C. 20005.

South East Community Organization (SECO), a community development corporation in Baltimore that works in predominantly white, ethnic, working-class neighborhoods, received a grant of \$20,371. *SECO* will use the funds to devise more effective ways to coordinate its expanding programs of residential and commercial revitalization. Details: Jack Gleason, *South East Community Organization*, 10 S. Wolfe St., Baltimore, Md. 21231.

Urban Institute, a major source of public-policy research on urban issues, received supplemental *Foundation* assistance of \$1,350,000. Neighborhood preservation will become an important part of the research agenda of the *Institute*. Details: William Gorham, *Urban Institute*, 2100 M. St., Washington, D.C. 20037.

Urban Environment Conference Foundation received continued support of \$50,000. The *Conference* seeks common ground among urban groups on issues in which the interests of environmental protection, health, and economic development come into conflict. Details: Sydney Howe, *Urban Environment Conference Foundation*, 1302 18th St., Washington, D.C., Suite 301, 20036.

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April 23, 1979
HUD-318-381-ASI



Hud Newsletter

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Current Trends

Auction yields rose as the *Federal National Mortgage Association (FNMA)* issued \$237.8 million in 4-month commitments to purchase both government-backed and conventionally financed home mortgages. The corporation issued \$139.2 million in commitments on government-backed mortgages at a weighted average yield of 10.436 percent. . . which converts to an average price of 93.87 for 9½ percent *FHA/VA* mortgages. The average in the previous auction was 10.419 percent. The range of accepted bids in the early-April auction was from 10.420 to 10.541 percent. In the conventional auction. . . *FNMA* issued \$98.6 million in commitments at a weighted average yield of 10.922. . . up from 10.920 in the previous auction. The range of accepted bids was from 10.886 percent to 11.012 percent.

Projects notes totaling \$799,999,000. . . representing 77 *Public Housing Agencies*. . . were sold in mid-April at an average interest rate of 5.578 percent. . . *HUD* reported. The interest rate last month was 5.502 percent. The average maturity of the notes sold was 9.6 months.

Missouri's *Department of Consumer Affairs, Regulation and Licensing*, has prepared a *Consumer Shopping Guide for Homeowners and Renters Insurance* that encourages Missouri consumers to shop around before buying insurance. The guide shows that prices of insurance vary as much as 300 percent between companies for similar coverage. Although the guide addresses only Missouri insurance rates. . . the *Department of Consumer Affairs* found that similar variations exist in other States. It is free by writing the *Missouri Department of Consumer Affairs*, P.O. Box 1157, Jefferson City, MO 65102.

The *Government National Mortgage Association (GNMA)* announced that it has tentatively scheduled to offer for sale by auction approximately \$600 million of *FHA*-insured project mortgages on June 7. The mortgages to be offered were purchased by *GNMA* through the *Federal National Mortgage Association (FNMA)*, under Special Assistance Programs 17, 21, and the Emergency Mortgage Purchase Program 23. The *FHA*-insured project mortgages offered for sale will not be eligible for inclusion in pools of project mortgages that support issues of *GNMA*-guaranteed mortgage-backed securities. This sale will be conducted for *GNMA* and *FNMA* under procedures, terms, and conditions described in a bidding invitation to be issued during the second week in May. A listing of the mortgages offered for sale will be included in the invitation.

As of April 1, *HUD*'s opinion survey of conditions in the mortgage market indicated little change in *HUD/FHA* secondary market prices and the corresponding mortgage yields from the previous month. Nationally, the secondary market price for immediate delivery of *HUD/FHA*-insured new home mortgages with 30-year maturities and minimum downpayments decreased 0.1 point from \$95.1 to \$95.0 per \$100 of the outstanding loan amount from the previous month. The gross yield to investors at this price was 10.19 percent, up slightly from the March 1 yield of 10.17 percent.

County Government Revenues Increased in Fiscal 1976-77

County government revenue during fiscal 1976-77 totaled \$42.4 billion. . . an increase of \$4.6 billion. . . over 1975-76. . . according to a report released by the *Census Bureau*. General revenue of county governments (excluding utility, liquor store, and employee-retirement amounts) was \$41.4 billion in 1976-77. . . or \$4.5 billion higher than a year earlier. Included under general revenue for counties are receipts from the Federal general revenue sharing program. . . which totaled \$1.7 billion. . . or 3.9 percent of total county revenue.

County taxes accounted for 37.4 percent (\$15.9 billion) of county government revenue in 1976-77. Property taxes continued to be the major source of tax revenue. They supplied \$12.9 billion. . . or 30.4 percent. . . an increase of 11.3 percent over the previous year's tax total of \$11.6 billion.

County government expenditure rose to \$42.4 billion in 1976-77. . . up \$4.0 billion from the year before. General expenditure (spending other than for utility, liquor store, and employee-retirement purposes) totaled \$41.2 billion. . . compared to \$37.5 billion the previous year.

Public welfare. . . costing more than \$7.8 billion and nearly 11 percent higher than in fiscal 1976. . . continued as the leading expenditure for county governments. The second largest amount went for education. . . which cost county governments \$6.6 billion. Hospitals cost \$4.3 billion and highways, \$3.8 billion.

These four categories accounted for over 53 percent of county government expenditure in fiscal 1977. However. . . from 1967 through fiscal 1977. . . the percentage of expenditure for public welfare decreased from 20.9 percent to 18.5 percent. During the same period. . . the share allocated to education decreased from 17.5 percent to 15.7 percent. Health and hospital expenditures rose from 12.4 to 14.9 percent from 1967 to 1977. . . and the proportion allocated to highways dropped sharply from 15.4 to 9.1 percent.

The report also covers expenditure by character and object; indebtedness and debt transactions; cash and security holding; county utilities and liquor stores; employee-retirement systems; financial data by size groups, and individual county data (including per capita amounts) for 332 counties of 100,000 inhabitants or more (based on 1973 population).

Copies of the report. . . *County Government Finances in 1976-77, GF77, No. 8*. . . may be purchased for \$1.75 from the Subscriber Services Section (Publications), *Census Bureau*, Washington, D.C. 20233.

FYI

National Association of Home Builders. . . 18th Semiannual Residential Construction Forecast Conference. . . Washington, D.C., May 3. HUD Under Secretary Jay Janis will serve as one of the guest panelists. Details: NAHB, Economics Division, 15th & M Sts., N.W., Washington, D.C. (202/452-0442).

Historic House Association of America. . . First Annual Preservation Conference. . . Asheville, N.C., May 11-13. Details: HHAA, 740-748 Jackson Place, N.W., Washington, D.C. 20006 (202/638-5200).

Solar Energy Industries Association. . . National Solar Heating and Cooling Workshops and Product Exhibit. . . Anaheim, Calif., May 11-15. Details: SEIA, 1001 Connecticut Ave., N.W., Washington, D.C. 20036.

American Bankers Association. . . First Executive Seminar on Retail Banking. . . Lake Bluff, Ill., May 13-19. Details: ABA, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

Illinois-Indiana Bi-State Commission. . . Conference: *Using Land to Save Energy*. . . Chicago, May 18-19. Details: Lee Trunkey, Programs Director, *Illinois-Indiana Bi-State Commission*, One E. Wacker Drive, Chicago, Illinois 60601 (312/467-4612) or Eileen Schmitz, Conference Coordinator, *Energy Resources Center, University of Illinois at Circle Campus*, Box 4348, Chicago, Illinois 60680 (312/996-4490).

Home Mortgage Rates Continue Up

Federal Home Loan Bank Board Chairman Robert H. McKinney announced that conventional home mortgages rates increased further between early February and early March.

"Commitment rates," McKinney said, "which generally reflect current market conditions, are continuing to rise, but much more slowly than we observed several months ago. I suspect that the interest rates on loans closed will follow the same direction, since they normally lag behind commitment rates. It is still too early to call these developments a trend but, for the moment, mortgage rates appear to be stabilizing."

The effective mortgage commitment rates quoted by major lenders for the purchase of newly-built, single-family homes on fixed-rate loans with a 75-percent loan-to-value ratio and a 25-year term to maturity averaged 10.58 percent in early March. This was up 3 basis points from a month earlier. . . and the smallest increase since August-September 1978. The proportion of lenders offering commitments for 75-percent, 25-year loans increased for the second consecutive month. . . from 81.0 to 82.3 percent.

The average effective interest rate on loans closed for purchasing newly-built, single-family homes was 10.32 percent in early March. This was up 12 basis points from early February and compares with a 2-basis-point increase during the prior period. The average effective rate on loans closed for purchasing previously occupied homes was 10.47 percent in early March. . . up 8 basis points from early February. In comparison. . . the early January to early February increase was 6 basis points.

Land Sales Regulations Simplified

HUD has taken another step in its continuing effort to simplify regulation requirements and to make them easier to understand in announcing revisions to *Interstate Land Sales* regulations.

The revised regulations were published in the April 10 issue of the *Federal Register*. The *Interstate Land Sales Full Disclosure Law*. . . which is administered by HUD's *Office of Interstate Land Sales Registration (OILSR)*. . . requires land developers to register their real estate offerings and give a disclosure document to each lot purchaser before a contract is signed. The law applies. . . with certain exceptions. . . to sellers who are offering 50 or more lots in a subdivision.

The disclosure document which purchasers receive is the Property Report. It gives lot purchasers information they need in order to make intelligent decisions on whether to buy. This includes information about rights to cancel contracts, title information, facts about the physical condition of the land, about the roads or streets, crucial utility services and other important details.

HUD has been concerned that the length of the *Property Report* might be discouraging purchasers from reading them. Under the revisions, the *Report* will be composed in a more easily understood narrative fashion and a cost sheet will be included so a purchaser can read on one page all the costs being incurred.

The amendments to the land sales regulations also provide new advertising guidelines and new disclosure requirements dealing with property owner associations and the environment. The advertising guidelines provide new rules on racial discrimination and the use of investment potential as a sales inducement.

For further information, contact Roger Henderson at HUD: (202) 755-6847.

Series of Consumer Forums

One of the most far-reaching efforts ever attempted to more fully involve consumers in the governmental decisionmaking process has been announced by *HUD*. Nearly 90 *Consumer Forums* to inform consumers and solicit their views on *HUD* issues and programs will be held between now and September throughout the United States.

"These *Forums*," said Secretary Harris, "will provide us with a broad spectrum of views which will be invaluable in shaping departmental policies and programs so that they better reflect a sensitivity to consumer and neighborhood needs. We are convinced that with a better understanding of our programs, consumers and *HUD* can forge a strong partnership which will help us reach our goal of a decent home in a suitable environment for all Americans."

The effort. . . being launched by *HUD's Office of Neighborhoods, Voluntary Associations and Consumer Protection (NVACP)*. . . will be conducted by *HUD Area Offices* in conjunction with local consumer groups.

Noting that until now. . . most *Consumer Forums* have been held in Washington, D.C., NVACP Assistant Secretary Geno Baroni said, "This is truly where the Government meets the people. To get the views of the people, we must go to the people." Baroni explained that: "*HUD Area Offices* are developing the agenda and format for these *Forums*, since they have a closer understanding of the specific local concerns of their citizens. In addition, they are in a position to ensure that follow-up activities are carried out.

"These *Forums*," Baroni added, "will provide a unique opportunity for us to learn from each other and enable us to create a true partnership among the public, government, and private sectors to shape urban policy and programs. Through this relationship, we are confident that we can resolve many of the problems of the past and find solutions for the challenges of the future."

Each *HUD Area Office* will hold at least two *Consumer Forums*. The subjects and dates of many of the *Forums* have already been decided; others are still under development.

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Current Trends

Calling the increase of the maximum allowable interest rate for mortgages financed by *FHA/VA* from 9½ percent to 10 percent, effective April 23, "a reluctant but necessary step," *HUD* Secretary Patricia Harris said that it was necessary to bring the *FHA* rate in line with competitive market rates. The maximum rate for multifamily housing remains at 9½ percent. *HUD* estimates that the increase to 10 percent will raise the monthly payment on a \$40,000, 30-year mortgage, some \$14.80.

The change will also ease some of the initial costs involved in financing a home through the *FHA* or *VA*. . . she said. "Under present market conditions. . . a seller must pay approximately 5 to 7 discount points to make *FHA* or *VA* mortgages marketable. When added to the 6 percent sales commission and other related costs. . . front-end costs become so high that many sellers are reluctant to sell on an *FHA/VA* basis, and thus buyers who are not qualified for conventional mortgage credit find desirable housing scarce."

Privately owned housing units were started in March at a seasonally adjusted annual rate of 1,793,000. . . according to the *Census Bureau*. . . 30 percent above the revised annual rate of 1,384,000 for February and 11 percent below the rate of 2,011,000 for March 1978. The March seasonally adjusted rate for single-family housing starts was 1,263,000. . . compared with the revised February rate of 946,000 units. The rate in March for units in apartment buildings with five units or more was 421,000. . . compared with the revised February rate of 362,000. The March rate for units in buildings with two to four units was 109,000. Housing starts do not include mobile homes. During the first 3 months of this year, 327,000 housing units were started. . . compared with 362,000 units for the same period in 1978. . . a decrease of 10 percent.

New privately owned housing construction was authorized in March 1979 at a seasonally adjusted annual rate of 1,579,000 units in the 14,000 permit-issuing places. . . 20 percent above the revised rate of 1,321,000 for February. . . but 4 percent below the rate of 1,647,000 for March 1978. New single-family units were authorized in March 1979 at a seasonally adjusted annual rate of 978,000 units. . . compared with the revised February rate of 787,000. During the first 3 months of this year, 309,400 units were authorized by permits. . . compared with 341,000 units for the same period in 1978.

Auction yields rose as the *Federal National Mortgage Association* issued \$349.2 million in 4-month commitments to purchase both government-backed and conventionally financed home mortgages. The corporation issued \$191.5 million in commitments on government-backed mortgages at a weighted average yield of 10.512 percent. . . which converts to an average price of 93.39 for 9½ percent *FHA/VA* mortgages. The average in the previous auction was 10.436 percent. The range of accepted bids in the mid-April auction was from 10.495 to 10.585 percent. In the conventional auction. . . *FNMA* issued \$157.7 million in commitments at a weighted average yield of 11.010. . . up from 10.922 in the previous auction. The range of accepted bids was from 10.975 percent to 11.162 percent.

Significant Decisions

Alexander, et al. v. HUD, et al., U.S. Supreme Court, No. 77-874, and Harris, et al. v. Cole, et al., U.S. Supreme Court, No. 77-1463. In a unanimous opinion written by Mr. Justice Marshall, the *Supreme Court* has denied benefits under the *Uniform Relocation Act* to tenants displaced from two projects acquired by HUD following a default on a federally insured loan. The *Court* reviewed the definition of a "displaced person" under Section 101(6), and held that, to qualify a tenant for benefits under the *Act*, the written order to vacate must result from the acquisition or proposed acquisition of real property in order to undertake a Federal program or project. An exhaustive review of the legislative history and the structure of the *Act* convinced the *Court* that more was required than a casual connection between the order to vacate and a Federal program or project; it was also necessary that the program or project be the very reason for acquiring the property.

Gladstone Realtors, et al. v. Village of Bellwood, et al; Robert A. Hintze Realtors, et al. v. Village of Bellwood, et al., U.S. Supreme Court, No. 77-1493. By a 7-2 decision, the *Supreme Court* held that the Village of Bellwood and four residents of an integrated area of the Village, have standing to complain of the "steering" practices of two real estate brokerage firms. Mr. Justice Powell, writing for the majority, adopted the argument supported by the brief amicus filed on behalf of the United States, and concluded that Section 810 and Section 812 of the *Civil Rights Act of 1968* afford alternative remedies to precisely the same class of plaintiffs. Persons complaining of Title VIII violations have the option of an immediate suit in *Federal District Court*, or a simple, inexpensive and informal conciliation procedure, with the right to bring an action if conciliation efforts fail. The *Court* found that the individual plaintiffs enjoyed standing to sue because of the injury they claimed as homeowners in the area against which petitioners' steering practices had been directed. The two individuals who resided outside of the target area, however, alleged no injury sufficient to warrant a finding that they were harmed by petitioners' steering practices.

Urban Impact Study Launched

New methods of forecasting the potential impact of proposed State and local projects on communities before Federal funds are committed will be developed and tested by 14 major planning organizations with the aid of \$560,000 in special grant awards announced by HUD. Five Statewide and nine areawide planning organizations will carry out the 12-month demonstration. . . described by HUD Secretary Harris as "a much-needed counterpart to the national-level urban impact analysis required of all new Federal programs and policies before they are put into effect."

Advance knowledge of any adverse impact in projects requesting Federal assistance. . . Secretary Harris said. . . would permit changes to avoid unwanted effects on localities, and enable Federal decisionmakers to ensure that federally-aided State and local projects support urban policy goals.

"Consistent with the President's *National Urban Policy*," she said, "this demonstration calls for a partnership at all levels of government, the private sector, and neighborhood and volunteer groups, to work together in carrying out policies designed to improve our urban areas." HUD developed the demonstration in cooperation with the *White House Interagency Coordinating Council* and the White House staff.

HUD Assistant Secretary Robert C. Embry, Jr., whose Office of Community Planning and Development is funding the demonstration, said the 14 award-winning agencies will review effectiveness of the new methodologies along with their normal "A-95 clearinghouse" responsibilities.

So called because they were established by *Circular A-95* of the *Office of Management and Budget*. . . these clearinghouses coordinate Federal or federally-assisted projects with State, areawide, and local planning agencies to assure orderly growth and development.

Real Estate Grants Competition to be Analyzed

The keys to success for real estate entrepreneurs and city governments in the \$400 million per year, highly competitive *Federal Urban Development Action Grant* program will be explored in a national conference May 24-25. Cosponsored by the *Housing and Development Reporter* and the *Institute for Professional and Executive Development*. . . two organizations with extensive backgrounds in advising the real estate field on redevelopment opportunities. . . the conference will cover:

- High-ratio leveraging of public and private dollars in downtown commercial and neighborhood projects.
- How to "read" Federal priorities in advance in order to structure your community's or firm's proposals successfully.
- How to make maximum use of the important new industrial development bond-action grant connection, under the provisions of the Revenue Act of 1978.
- How to build in financial recycling mechanisms in action grant proposals to increase the likelihood of funding.

The sessions will be held at the *Sheraton National Hotel* in Arlington, Va., May 24-25. The hotel is located 10 minutes from downtown D.C. and 5 minutes from National Airport. For further details contact Debra Hyde, seminar coordinator, (202/466-8592).

Prices of Single-Family Homes Outstrip Property Taxes

The average sales price of a previously occupied single-family house increased 118 percent from \$15,878 in 1966 to \$34,557 in 1976. . . according to a 1977 *Census of Governments* report released by the *Census Bureau*. During the same time, median area/property taxes increased by 112 percent, from \$293.74 to \$662.03.

Although tax bills have increased over the decade, effective tax rates have actually declined, from 1.85 percent of the sales price to 1.80 percent. Among the 353 cities covered in the report, single-family residential property tax bills ranged from 0.13 percent to 6.77 percent of the sales price.

Property tax bills were generally higher in 1976 but represented lower percentages of sales prices than 10 years ago. Between 1966 and 1976, assessed values fell to generally lower levels, with respect to market value, and became less uniform in relation to each other than they used to be.

In 1966 property tax revenue, primarily of local governments but including State collections as well, amounted to a nationwide average of \$46.36 per \$1,000 of personal income. For the median State (Michigan) that year, the figure was \$45.20. Ten years later, the nationwide average was down to \$45.33 per \$1,000 of personal income, and the amount for the median State (Texas) was only \$38.63.

Single-family residential property accounted for about \$496 billion in assessed value in 1976. The total assessed value of all property subject to local general property taxation reached \$1.2 trillion in 1976, an increase of \$511.3 billion since 1971.

In 1976, real property assessments throughout the Nation averaged 31.3 percent of the market value, as indicated by the sales price, compared to 32.7 percent in 1971. The aggregate assessment-sales price ratio involved is determined by dividing the total assessed value of sold properties by the corresponding total sales price.

The report shows that there was considerable variation in assessment ratios from State to State (including the District of Columbia). The statewide average for single-family residences ranged from a low 3.3 percent in South Carolina to a high of 76.3 percent in Kentucky.

Single copies of the report, *Taxable Property Values and Assessment-Sales Price Ratios, Vol. 2 of the 1977 Census of Governments*, may be purchased for \$4.75 each from the *Superintendent of Documents*, Washington, D.C. 20402.

\$1 Billion in Housing in Massachusetts

The *Massachusetts Housing Finance Agency (MHFA)* has financed over 39,000 units of housing in 272 developments with loans totaling over \$1 billion. These developments house nearly 115,000 people and are located in 75 Massachusetts communities. Additionally. . . *MHFA's* program has generated 20,000 construction jobs, 850 housing development, management, and maintenance positions, and 26,000 spinoff jobs in housing service and related businesses.

Publications Available

Guide to Information Sources for the Construction Industry. . . written and compiled by the *Producers' Council, Inc.* . . addresses the subject of information bases, and supplements the *Guide to Construction Marketing Research*, released in 1975 by the *Council*. This companion piece is a complete listing of information sources that might be of interest to anyone researching any aspect of construction markets. The two volumes together can be purchased for \$25. Single copies of the *Guide to Information Sources for the Construction Industry* are available for \$17.50 from the *Producers' Council, Inc.*, 1717 Massachusetts Ave., N.W., Washington, D.C. 20036.

Guide to Quality Construction Products is a functional, desk-side reference for use by specifiers and buyers of quality construction products. Single copies are available free from the *Producers' Council, Inc.*, 1717 Massachusetts Ave., Washington, D.C. 20036. Quantity orders are available at cost.

1979 Resource Book on General Revenue Sharing. . . contains all the information local officials need to stay on top of the *General Revenue Sharing Program*. The up-to-date handbook explains what the recipient of GRS funds must do in order to comply with regulations for: Citizen Participation, Civil Rights, Public Hearings and Publication Requirements, Audit and Accounting Procedures, and Reporting Requirements. 130 pp. Available for \$14.95 from *Government Information Services*, 752 National Press Bldg., N.W., Washington, D.C. 20045.

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . Paul Kelly, Editor. Subscription rate \$23.00 per year, domestic. . . \$28.75 foreign. Address all communications regarding the subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

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AND URBAN DEVELOPMENT

MAY 14 1979

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Hud Newsletter

Current Trends

Private mortgage insurance activity rebounded sharply in March after 2 months of below normal activity. . . *HUD* reported. New applications received in March totaled 55,268. . . up 39 percent over February's volume. New certificates issued totaled 41,407. . . and carried a dollar loan amount of new insurance written of \$1.8 billion. For the first quarter, the volume of new applications was down nearly 19 percent from 1 year ago. . . and the number of new certificates issued was down nine percent. Despite the lower number of new loans insured, higher average loan amounts boosted the new insurance written volume for the first quarter to three percent above last year's first quarter. Insurance in force at the end of March amounted to \$84.2 billion. . . more than \$18 billion greater than a year earlier.

The Federal Home Loan Bank Board reported that changes in interest rates on major types of bonds and money market instruments were mixed during March. . . as inflation accelerated and concern persisted regarding the underlying strength of the economy. Yields on Treasury bills increased moderately. . . but those on most other types of money market instruments and on intermediate and long term bonds declined by 5 to 25 basis points. Mortgage interest rates rose again from early February to early March. . . once more reaching new highs. However, the rise in commitment rates for future mortgages. . . which reflect current market conditions. . . continued at the modest pace of a month earlier.

United Press International has reported that several savings and loan institutions in California have hiked mortgage rates to 11 percent. . . the highest level on a widespread basis since 1974. *Home Savings and Loan*. . . the Nation's largest. . . was the latest to reach that plateau a week after *Great Western S&L*. Industry observers said increasing loan demands. . . even in the face of hiked rates. . . and a slowdown in deposits at leading institutions triggered the rate increase. Industry observers indicated the current rate would probably hold for a while.

The National Association of Home Builders. . . in its April 20 *Economic News Notes*. . . stated that the starts and permit data in March showed a strong rebound which seems to be mainly weather related. However. . . the figures should be looked at in conjunction with the strong sales reported through a telephone and mail survey *NAHB* recently completed. This strength can only be described as surprising and unexpected. As inflation continues into double digit rates. . . people are continuing to shift from currency to real assets. Entry into the home buying market is one certain way of protecting the fast disappearing power of the consumer's purchasing power, *NAHB* stated.

HUD's Federal Disaster Assistance Administration is currently field testing in Arkansas a new *Combined Application/Verification Process* that is expected to improve services to disaster victims at the same time that it offers protection to the government. Under the new procedures applications for several different forms of assistance are combined into one application review process. This reduces the number of contact points and the processing time for victims and cuts the potential for paying of duplicate benefits by government and private insurance companies.

HUD's New Securities Program

Requests for more than 250 guarantee commitments amounting to over \$1.8 billion have been received from lenders under the newly implemented mortgage-backed securities program involving *Graduated Payment Mortgages (GPM)*. Although the new program became operational April 23 . . . virtually all of those commitment applications have already been approved by the Department. The first commitment was issued to *VNB Mortgage Company* of Richmond, Va. The company received a commitment to issue \$5 million in securities. . . which will finance *GPM* loans for home buyers throughout Virginia.

Under the program. . . *HUD's Government National Mortgage Association (GNMA)* guarantees securities backed by the pools of *GPM's* insured by the *Department's Federal Housing Administration*. The securities will be issued by private mortgage lenders to private investors. *HUD* Secretary Harris said, "It is evident that the lending institutions agree with us that there is a proven need for *GPMs* supported by the *GNMA* securities. The money generated by the new securities program should help many more people to buy their first homes."

The *GPM* program which just completed its first full year as a permanent operation enables home buyers to make lower initial monthly payments than are possible under the regular mortgage insurance programs. It is aimed at first time home buyers. . . particularly young people. . . whose incomes can reasonably be expected to increase and keep pace with the annual "graduation" or increase in the monthly installments required under the various *GPM* plans.

The *GPM-Backed Securities* program will be limited to mortgages insured under *GPM Plans I, II, and III*. These provide for an increase in mortgage installments over a 5-year period. Depending on the plan. . . the monthly installments increase either 2½, 5, or 7½ percent each year over the first 5 years of the loan. After the fifth year. . . the monthly installments remain the same for the term of the loan.

Mortgage lenders may obtain additional information about the *Graduated Payment Mortgage-Backed Securities* program from the Office of the Vice President for Mortgage-Backed Securities, *GNMA*, Washington, D.C. 20410. Potential home buyers may obtain information about the *Graduated Payment Mortgage Insurance program (Section 245)* from mortgage lenders or their nearest *HUD Field Office*.

FYI

Community Associations Institute. . . 1979 Workshop Series: *Development Guide to Creation of the Condominium and Homeowners Association*. . . Washington, D.C., May 21-22. . . Chicago, May 31-June 1. . . Miami, June 4-5. . . Los Angeles, June 11-12. . . Boston, June 14-15. . . and Denver, June 25-26. Details: *CAI*, 1832 M St., N.W., Washington, D.C. 20036 (202/223-6770).

National Association of Home Builders. . . Seminar: *Federal Housing Programs*. . . Washington, D.C., June 6-8. Details: Department of Training and Education, *NAHB*, 15th & M Sts., N.W., Washington, D.C. 20005.

American Land Development Association and the *Land Development Institute*. . . Annual Government Regulations Seminar. . . Washington, D.C., June 7-9. Details: *ALDA*, 1000 16th St., N.W., Washington, D.C. 20036 (202/659-4582).

National Council for Urban Economic Development. . . CUED Training Institute on Urban Economic Development: *Building Local Economic Development Capacity*. . . Pittsburgh, June 11-14. Details: Training Institute, *CUED*, 1730 K St., N.W., Suite 1009, Washington, D.C. 20006.

National Leased Housing Association. . . Eighth Annual Meeting. . . Washington, D.C., June 13-15. Details: *NLHA*, 1800 M St., N.W., Suite 400-S, Washington, D.C. 20036.

Census Bureau Issues 99th Statistical Abstract

The 99th annual edition of the *Statistical Abstract of the U.S.* and its pocket-sized companion brochure *USA Statistics in Brief, 1978* have been published by the Census Bureau.

Eighty-eight new tables reflecting subjects of current public interest appear in the 1978 Abstract. For instance, nine new tables give information on persons living alone by age and sex, characteristics of widows, earned degrees below a bachelor's, time until first birth after first marriage for women, characteristics of volunteer workers, unemployment categorized by industry of last job, Nobel prize laureates, the number of licensed drivers and traffic deaths, and income of farm and nonfarm families.

Eight new tables reflect government concerns and include information on: alien-deportation, public school employment, expenditures for environmental quality control, assessed property values and property tax revenue, the effect of changes in Social Security contribution rates, military reserve costs, real growth rates of Gross National Product, and Congressional campaign finances.

Business and industrial activities are covered in 13 new tables on such subjects as major collective bargaining settlements, foreign lending by large U.S. banks, energy consumption by source and sector, motor vehicle safety defect recalls, the sales price of new one-family homes, total and per capita retail sales, and U.S. liabilities to foreigners.

The *Abstract* also provides information on average weights and heights of the population, fees for medical office visits (by medical specialty), and medical malpractice insurance premiums.

The following examples give some idea of the scope of information contained in the new edition:

- In 1977, the legal immigration rate was 2.1 new immigrants for every 1,000 residents. . . the highest since 1968 when the rate was 2.3.
- In 1976, 32,300 law degrees were conferred, an increase of 116 percent over 1970. In the same period, law degrees conferred on women increased from 5.4 percent of the total to 19.2 percent.
- The labor force grew 2.7 percent from 1976 to 1977 and broke the 100 million level in the first four months of 1978. The percentage of the population in the labor force reached 62.8 percent in 1977 and was up to 63.3 percent in early 1978.
- As of July 1978, there were 4,500 black elected officials in the United States. Sixty-one percent were in the South and 58 percent of the total held city and county offices, such as mayor or county commissioner.
- The value of farm real estate has almost doubled since 1973, increasing from \$266 billion to \$524 billion in 1978. The average value per acre was \$490 nationally and ranged from \$2,057 in New Jersey to \$93 in New Mexico.
- Housing starts reached two million in 1977, an increase of 29 percent in one year. This is still below the high of 2.4 million recorded in 1972. Single-family housing starts were up to a record 1.5 million units in 1977.
- Retail sales in 1977 totaled \$708 billion. . . over 90 percent more than the 1970 sales of \$371 billion. Department store sales accounted for 10 percent of all retail sales in 1977 and amounted to \$334 per capita.

Copies of the 1978 edition of the *Statistical Abstract* are available from the *Superintendent of Documents*, Washington, D.C. 20402. Prices are as follows: \$10.50 for the hardback. . . \$6.75 for the paperback. The price includes the cost of *USA Statistics in Brief, 1978*.

Program to Strengthen Minority Thrift Institutions

The Federal Home Loan Bank Board and the **Department of Commerce** have announced a joint program aimed at strengthening the operations of minority-managed savings and loan associations. The **Bank Board** and the **Department of Commerce** through its **Office of Minority Business Enterprise (OMBE)** have developed a four-part assistance plan to be financed by **OMBE** and in-kind contributions from the private sector. To fund these programs. . . **OMBE** is transferring \$70,000 to the **Bank Board**.

FHLBB chairman McKinney said: "The contract which has been negotiated between the **Bank Board** and **Commerce** sets forth both real and practical solutions to tackle the problems that minority-owned associations face. We have found that the root of many of these problems stems from a lack of experience on the part of the managers and directors."

Mobile Home Advisory Council to Meet

Research on wind, fire, and transportation as they relate to mobile homes will be among the topics discussed at the biannual meeting of the **National Mobile Home Advisory Council**. . . to be held May 22-24 at **HUD**. It will be open to the public. Daily sessions begin at 9 a.m.

Under the **National Mobile Home Construction and Safety Standards Act of 1974**. . . **HUD** has the responsibility of establishing construction and safety standards for mobile homes. The 24-member **Advisory Council**. . . composed of consumer, industry, and Government representatives. . . meets twice a year to advise the **HUD** Secretary on the establishment, amendment, or revocation of the standards.

For further information: John Mason, Acting Director, **Office of Mobile Home Standards** (202/755-7970).

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Hud Newsletter

DEPARTMENT OF HOUSING
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Current Trends

Auction yields rose as the *Federal National Mortgage Association* issued \$415.1 million in 4-month commitments to purchase both government-backed and conventionally financed home mortgages. The corporation issued \$307.8 million in commitments on government-backed mortgages at a weighted average yield of 10.822 percent. . . which converts to an average price of 94.69 for 10 percent *FHA/VA* mortgages. The average in the previous auction was 10.512 percent. The range of accepted bids in the May 1 auction was from 10.773 to 11.351 percent. In the conventional auction. . . *FNMA* issued \$107.3 million in commitments at a weighted average yield of 11.172 . . . up from 11.010 in the previous auction. The range of accepted bids was from 11.126 percent to 11.333 percent.

HUD has announced a \$6 million dividend for distribution to management-type cooperatives with mortgages insured under Section 213 of the *National Housing Act*. This payment brings to \$41.9 million the amount of dividends declared to date in this program. The dividends are based on the record set by Section 213 cooperatives in maintaining their mortgage payments.

HUD has expanded its deinstitutionalization program for chronically mentally ill persons. Governors of the 50 States, of all U.S. possessions and of the Commonwealth of Puerto Rico, and Mayor Barry of the District of Columbia, have been invited to submit letters of intent stating their interest in applying for funding this year. Some 59 projects in 14 States were funded last year.

So far this year. . . 14 major disaster declarations have been approved. . . 10 of these during April. This is the highest level of disaster activity experienced in a short period of time since an outbreak of tornadoes in April 1974. These 14 disaster areas are expected to receive about \$250 million from the President's *Disaster Relief Fund*. . . primarily for the repair or replacement of public facilities. A grand total of \$1 billion in Federal grants and loans is expected to be made. Over 30,000 individuals have been registered and referred for some form of assistance in the 123 counties designated thus far in 1979 as eligible for Federal assistance. Temporary housing will be provided for over 18,000 affected families. . . and approximately the same number will receive disaster loans from either the *Small Business Administration* or *Farmers Home Administration*.

The value of construction contracts awarded in March increased 12 percent to \$13.95 billion. . . from \$12.46 billion a year earlier. . . the *F.W. Dodge Division of McGraw-Hill Inc.* reported. The biggest gain came in contracts awarded for nonresidential building. . . up 25 percent to \$4.23 billion. . . from \$3.37 billion in March 1978. The gain was evenly distributed among commercial, industrial, and institutional projects. Residential construction contracting rose 8 percent in March to \$6.87 billion from \$6.33 billion a year before. March housing activity reflected continued strength in multifamily building and a partial recovery in one-family starts. . . the report started.

The *Home Owners Warranty Corporation* reached the 500,000 mark in home enrollments last month. The program is currently available through more than 12,500 registered *HOW* builders.

Expanded Program for Handicapped

A greatly expanded effort to increase housing opportunities for handicapped persons has been announced by HUD. In an address before the annual meeting of the President's *Committee on the Employment of the Handicapped*, HUD Under Secretary Jay Janis announced a new technical assistance program and a substantial increase in funding for the successful *Demonstration Program for the Deinstitutionalization of the Chronically Mentally Ill*. Now in its second year, the interagency program will have a potential funding of up to \$60 million, a 53 percent increase over last year.

The program was announced last year by First Lady Rosalynn Carter and HUD Secretary Harris and initiated by HUD in cooperation with the *Department of Health, Education and Welfare*. The announcement marked the first time Federal funds were targeted to meet the housing and support services needed by mentally ill persons if they are to live independently in the community.

HUD's 1979 funding will include \$25 million from the *Section 202 Direct Loan Program Serving the Handicapped and Elderly* and up to \$5 million from the *Section 8 Rental Assistance Program*, which ensures that eligible residents pay no more than 25 percent of their income for rent.

Federal funds are targeted to those States with the greatest need and the best resources to insure a successful program. HEW matches HUD funds through a waiver system allowing States to use Medicaid and other *Social Security Act* program funds for support services. The combined funding for 1978 and 1979 will produce approximately 1100 units in 159 projects housing close to 3000 mentally ill persons integrated into communities throughout the Nation.

In announcing HANDI-TAP, a new technical assistance program, Mr. Janis said, "We will be helping local and state officials and handicapped consumers evaluate their community's needs for housing the handicapped so they can realistically meet those needs." HANDI-TAP will be conducted nationwide in three phases: a seminar program, a demonstration program and a communications program.

Ten seminars will be held across the country to train HUD field staff, State and local officials, association members, and handicapped persons to identify problems and develop practical solutions. The systems evolving from the seminar series will be tested in six States. Conducted simultaneously, the six demonstration projects will be designed to show that the systems can be used by State and municipal officials to plan, develop and manage a comprehensive housing and services program for the handicapped. The demonstration is expected to produce model programs that can be used by other communities.

The findings and results of the seminars and demonstration projects will be summarized in a series of workbooks. These materials will become reference works for local officials and handicapped consumers as they develop local housing and community development programs for the handicapped. State representatives interested in further information on both programs should contact: The Office of Independent Living, HUD, Room 9106, Washington, D.C. 20410 (202) 755-7366.

Publications Available

Legal Foundations of Land Use Planning. . . offers introductory text material at the beginning of each topic. . . provides essential background information and explains new terms and concepts. . . text material followed by judicial decisions and statutory provisions that illustrate previously described subjects. 541 pp. . . \$17.95. Available from. . . Center for Urban Policy Research, Rutgers University, Building 4051, Kilmer Campus, New Brunswick, N.J. 08903 (201-932-3134).

National Solar Energy Educational Directory. . . a listing of 1,200 solar-related courses and more than 160 solar programs and curricula offered by universities, colleges and technical-vocational trade schools across the Nation. Available at \$4.75 each from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402 (publication stock no. 061-000-00210-3).

Solar Energy Handbook 1979. . . a special edition of Popular Science magazine published by Times Mirror Magazines, Inc. . . . oriented toward consumers and residential interests and full of reference material such as abstracts of Federal and State tax incentives for solar heating and a buyer's guide to more than 600 solar manufacturers. 112 pp. . . \$1.95 at most newsstands, or Popular Science, 380 Madison Avenue, New York, N.Y. 10017.

Endowment Grants for 1979

Matching grants totalling \$510,980 have been awarded for special summer projects in cities and towns throughout the country. . . the *National Endowment for the Arts* has announced. The 80 grants from the *Endowment's Expansion Arts Program* go to support projects in 36 States and the Virgin Islands. Each is professionally directed and provides training and/or work experience for artists in one or more art forms.

The summer projects range in size from the \$1,750 to the *Center Stage* of Honesdale, Pa., for basic theatre training programs. . . to \$19,830 to the *Music Advisory Council* of Seattle for its "Music-in-the-Parks" and "Summerstage 79" youth program. The latter culminates in touring productions for the general community and for the handicapped and hospitalized children.

The National Endowment for the Arts is an independent agency of the Federal Government. . . created in 1965 to encourage and assist the Nation's cultural progress. It is advised by the 26 Presidentially-appointed members of the *National Council on the Arts*.

Detailed Information on State Populations

The first report since 1970 presenting survey results and a variety of demographic, social and economic characteristics of States has been released by the *Census Bureau*. The report carries recent information on such characteristics as marital status, education, and income. Estimates are given for all 50 States, the District of Columbia, and for geographic regions, divisions, and the entire United States.

Statistics in the report are from the 1976 Survey of Income and Education, which provides the first detailed information on individual States since the 1970 census. The following are examples of the range of information contained in the report:

- **Marital Status:** Nationally, about six out of 10 persons aged 14 and above were married and living with their spouse. Three in 10 had never been married, five percent were divorced and not remarried, and two percent were widowed. Nevada and California had the highest percent divorced, nine and seven percent, respectively. West Virginia, the District of Columbia, Florida, and Mississippi each had about nine percent widowed.
- **Households:** In 1976, there were 72.8 million households in the U.S. Almost one-fifth of these were in California (7.7 million) and New York (6.3 million). The average household contained 2.90 persons, ranging from a high of 3.45 in Hawaii to a low of 2.55 in the District of Columbia. The District also had the highest proportion of households maintained by one person - 37 percent.
- **Black Population:** Although over 50 percent of the black population lived in the South in 1976, the States with the largest number of blacks were in the North and West. New York had the largest black population, 2.2 million, followed by Illinois and California, each with about 1.6 million blacks.
- **Persons of Spanish Origin:** Of the estimated 11.2 million persons of Spanish origin living in the United States in 1976, about seven million lived in the five Southwestern states of Arizona, California, Colorado, New Mexico, and Texas. California had the largest Spanish origin population, 3.3 million, followed by Texas, 2.6 million, and New York, 1.4 million.

The report also contains extensive information on the poverty rates of States, the number of disabled workers, employment differences around the country, and occupational characteristics of women and ethnic groups. The statistics on income and poverty have appeared in more detail in separate regional reports already published by the Bureau.

As in all sample surveys, the data in the report are subject to sampling variability and errors of response, including underreporting and nonreporting. A detailed explanation appears in the report.

Copies of the report, *Demographic, Social, and Economic Profile of States: Spring 1976, P-20, No. 334*, may be obtained for \$3.00 from the *Superintendent of Documents*, Washington, D.C. 20402.

CAI Elects

The *Community Associations Institute (CAI)* has elected Francis B. Francois, Prince Georges County Maryland Councilman, president for 1979. Francois first joined *CAI* in 1975 as a public official representative. The Maryland attorney is also chairman of the *Washington Suburban Transit Commission* and a member of the *Washington Metropolitan Area Transit Authority*.

Other officers elected during the 7th National Conference recently held in Houston, Texas, were: **James L. Laughlin**, first vice president, president of *Community Association Services* in Vienna, Virginia; **Beale Locks**, second vice president, developer representative from Shreveport, Louisiana, and past director of the *Louisiana Home Builders Association*; **Nancy N. Schpatz**, treasurer, former executive director of the *Columbia Bar Association*, Columbus, Ohio; and **Morton L. Certilman**, secretary, a New York Attorney representing the *Condominium Council* of the *New York State Builders Association*.

The *Community Associations Institute* is an independent, nonprofit research and educational organization formed to develop and distribute the most advanced and effective guidance for the creation, financing, operation and maintenance of the common facilities and services in condominiums, town-house projects, planned unit development and open space communities.

FYI

American Institute of Architects. . . 111th National Convention. . . Kansas City, Mo., June 3-7.
Details: Pete McCall, AIA, 1735 New York Ave., N.W., Washington, D.C. 20006 (202/785-7265).

Rural America. . . 4th National Conference on Rural America. . . Washington, D.C., June 24-26.
Details: *Rural America*, Dupont Circle Bldg., Washington, D.C. 20036.

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DEPARTMENT OF HOUSING
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MAY 30 1979
WASHINGTON, D.C. 20410

Current Trends

The Federal Home Loan Bank Board announced that growth in 6-month money market certificate (MMC) balances at savings and loan associations during March was larger than in February. Balances in MMC's (issued at rates tied to the 6-month *Treasury* bill rate) in all federally-insured savings and loan associations are estimated to have increased \$7.9 billion in March. . . \$2.0 billion greater than February's rise.

President Carter has accepted the resignation of Robert H. McKinney, chairman of the *Federal Home Loan Bank* effective on or about June 1. Chairman McKinney's resignation comes after nearly 2 years at the helm of the *Bank Board* and is a result of his desire to devote more attention to his family and return to the private sector. During his tenure. . . Chairman McKinney transformed the *Bank Board* into being recognized as the prime authority over private sector housing in the U.S., with a much larger role in monetary policy as it affects housing.

Project notes totaling \$496,040,000. . . representing 75 *Public Housing Agencies*. . . were sold in early May at an average interest rate of 5.420 percent. . . HUD reported. The interest rate last month was 5.578 percent. Bids ranged from 4.95 percent to 5.61 percent. The average maturity of the notes sold was 8.4 months.

Savings deposits at savings and loan associations rose by an estimated \$8.5 billion in March. . . according to reports received by the *U.S. League of Savings Associations* from 1,042 associations holding 49.7 percent of the total resources of the business. The gain of \$8.5 billion topped the \$7.2 billion of March 1978 by a strong 18.8 percent. The 1.9 percent rate of growth also moved ahead of the 1.8 percent of a year earlier. . . but trailed far behind the 2.6 percent and 2.4 percent attained in March of 1975 and 1976, respectively. The rates of increase provide a better measure of comparative rate of growth over the time span of the past 5 years because of the large dollar differences in total deposits over that period.

HUD announced that the volume of long term mortgages closed in February for 1-4 family homes totaled \$9.9 billion. . . down 6 percent from \$10.6 billion in loans originated a year ago. This brings total loan originations for homes by all lenders to \$22.0 billion for the first 2 months of the year. . . a 1 percent increase over the same period in 1978. Of the 1-4 family loans closed in February, savings and loan associations accounted for 46.9 percent (\$4.7 billion). . . commercial banks had a market share of 22.6 percent (\$2.2 billion). . . and mortgage companies accounted for 20.2 percent (\$2.0 billion). In comparison to February a year ago. . . home loans originated by mortgage companies are up by \$360 million. . . while savings and loan associations and commercial banks showed significant decreases of \$902 million and \$305 million, respectively.

Applications Sought

HUD along with other participating agencies has announced that applications will soon be accepted for a new \$3 million interagency program designed to assure that jobs created under federally-assisted development projects go to the economically disadvantaged. The *Targeted Jobs Demonstration Program* is being carried out under an Interagency Agreement among **HUD**, the **Department of Labor (DOL)**, the **Economic Development Administration (EDA)**, the **Department of Transportation (DOT)**, the **Small Business Administration (SBA)**, and the **Community Services Administration (CSA)**.

Under the program, individual grants of up to \$100,000 a year for up to two years will be available on a competitive basis to local governments where a substantial amount of federally-assisted development activity already is underway. Local governments interested in participating in the program are being asked to submit letters of intent by June 25. From this group, approximately 50 will be invited to prepare full applications. The successful applicants – 15 to 20 – will be announced early in November.

Information on the program may be obtained by contacting Bobbie H. Denson, **Department of Housing and Urban Development**, Room 7158, Washington, D.C. 20410. Telephone (202) 755-7506.

HCC Reprints Comprehensive Book on "How to be an Operative Home Builder"

The first reprinting of *How to be an Operative Home Builder*. . . a comprehensive guide book covering the complexities of finance. . . has been published by **Housing Capital Corporation (HCC)**.

Demand exhausted the supply within a year of the original version of this first comprehensive "how to" book setting forth in one 400-page volume all of the basic subjects needed in the development of a subdivision from beginning to end, from market analysis to sales.

The book resulted from the New Ventures School. . . conducted by **HCC**. . . a small business investment company subsidiary of the **National Housing Partnership**. . . in the spring of 1977 when no published textbook could be found to use in the 1-week intensive course. The presentations by some of the Nation's top housing industry leaders in their particular field of expertise were therefore taped and then edited for inclusion in the soft-cover book.

This first reprinting contains one new section on "General Management Principles for the Operative Builder." The other material remains unchanged from the original.

Copies of *How to be an Operative Home Builder* are available for \$35 each postpaid from the Department of Corporate Affairs, **National Housing Partnership**, 1133 15th St., N.W., Washington, D.C. 20005.

FYI

Mortgage Bankers Association. . . *First Income Property Developers Conference*. . . Chicago, June 7-8. Details: **MBA**, Gavin Brown, Income Property Department, 1125 Fifteenth St., N.W. Washington, D.C. 20005.

Real Estate Institute (New York University). . . Seminar: *Financial Feasibility in Real Estate*. . . Washington, D.C., June 21-22. . . Chicago, August 2-3. . . and San Francisco, November 1-2. Details: Registrar - 14th Floor, **NYU Conference Center**, 360 Lexington Ave., New York, N.Y. 10017 (212/953-7266).

Center for Community Development and Preservation. . . Workshop: *Integrating Social Services in Housing*. . . New York City, June 22. Details: **CCDP**, 180 South Broadway, White Plains, New York 10605 (914/761-5991).

Mid-Atlantic Solar Energy Association. . . *Solar Glazing: 1979 Topical Conference*. . . Pomona, New Jersey, June 22-23. Details: **MASEA**, 2233 Gray's Ferry Ave., Philadelphia, Pa. 19146 (215/963-0880).

South and West Maintain Growth

State population estimates for 1978 show continued growth in the South and West. . . according to the *Census Bureau*. Between 1970 and 1978. . . the West grew by 15.1 percent and the South by 12.4 percent. Nationally. . . the population grew by 7.3 percent. . . a slight increase over last year's figures.

According to the report. . . the Northeast has virtually stopped growing. . . and the North Central region has increased by only 2.9 percent since 1970. Only three Northeastern States grew faster than the national average. . . New Hampshire, 18.1 percent; Maine, 9.8 percent; and Vermont, 9.5 percent.

The Middle Atlantic States declined by 1.0 percent between 1970 and 1978. New York declined by 2.7 percent and Pennsylvania lost 0.4 percent of its population. Only New Jersey registered a modest 2.2 percent increase.

The only other State in the Nation with a declining population was Rhode Island. . . which lost 1.6 percent in 8 years. The District of Columbia has lost 11 percent of its population since 1970.

The Nation's population increased by 13.3 percent between 1960 and 1970. . . compared to the much slower growth of the 1970's. The South and the West increased by 14.2 and 24.1 percent. . . respectively . . . in the 1960's and the Northeast and North Central regions grew by 9.8 and 9.6 percent. The Middle Atlantic States. . . which have lost population since 1970. . . grew 8.9 percent between 1960 and 1970.

Most of the fastest growing States of the 1960's are still growing faster than the rest of the country but often at a reduced rate of growth. The following chart shows the percent changes for the five fastest growing States in the 1970's:

State	1970-78	1960-70
Nevada	35.0	71.3
Alaska	33.1	32.8
Arizona	32.6	36.0
Wyoming	27.4	0.7
Florida	26.5	37.1

Wyoming increased its population growth drastically in the 1970's. Other States with growth rates double those of the 1960's are Idaho, Maine, Mississippi, Montana, and New Mexico. All three of the States losing population in the 1960's - West Virginia (-6.2 percent), North Dakota (-2.3 percent), and South Dakota (-2.2 percent) - grew during 1970-78.

On the other hand. . . 11 States have current growth rates less than half those of the 1960's. They are California, Connecticut, Delaware, Illinois, Indiana, Maryland, Massachusetts, Michigan, Nevada, New Jersey, and Ohio. In addition. . . three States that were growing in the 1960's are now losing population - New York, Pennsylvania, and Rhode Island.

Copies of the report. . . *Estimates of the Population of States: July 1, 1977 and 1978 (Advance Report), Current Population Reports, Series P-25, No. 790*. . . are available for 60 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

HUD Launches Anti-Crime Program

A multi-million dollar interagency program aimed at stemming crime and fear of crime in public housing projects was announced by HUD Secretary Harris. "This program," she said, "which had its start last year as part of the President's *National Urban Policy* has been greatly enhanced by enactment of the *Public Housing Security Act of 1978*."

The New effort – *Urban Initiatives Anti-Crime Program* – recognizes the need for a more comprehensive anti-crime program which, the Secretary said, "is necessary if we are to succeed in turning around distressed public housing projects." The initial funding for the interagency program will be slightly more than \$30 million with the bulk being provided by HUD: \$20 million in modernization loan authority and \$2.25 million from *Community Development Block Grant* discretionary funds. The *Department of Labor's (DOL) Youth Community Conservation and Improvement Projects (YCCIP)* will account for \$8 million.

The funds will be distributed nationwide on a competitive basis to housing projects with serious crime and vandalism problems that can be substantially reduced by a comprehensive anti-crime program.

Other Federal monies and services will be co-targeted to the participating housing projects to supplement the activities started with HUD and Labor Department funds. These agencies include the *Law Enforcement Assistance Administration (LEAA)*, *ACTION*, the *Administration on Aging (AOA)*, the *Administration on Alcohol, Drug Abuse and Mental Health (ADAMHA)*, the *Administration on Children, Youth and Families (ACYF)*, the *Community Services Administration (CSA)*, the *Economic Development Administration (EDA)*, the *U.S. Fire Administration* and the *Interior Department* through its *Urban Park Program*.

In making awards, HUD and DOL will be looking for applications that include improved PHA management of public safety, physical rehabilitation of facilities, physical security improvements, social services, tenant anti-crime efforts, employment opportunities, better linkages with the police, and new partnership with local government and the private sector.

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Hud Newsletter

DEPARTMENT OF HOUSING
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Current Trends

Urban renewal project notes totaling \$60,466,000. . . representing 21 local issuing agencies. . . were sold in mid-May at an average interest rate of 5.027 percent. Bids ranged from 4.78 percent to 5.34 percent. The average maturity of the notes sold was 7.7 months. The notes will be dated June 19. The average interest rate for the \$101,481,000 of project notes sold in mid-April was 5.436 percent.

Housing starts declined in April. . . trailing March in all parts of the country except the West. . . and were below year-earlier levels nationwide. The *Commerce Department* said work was begun on privately owned housing in April at a seasonally adjusted annual rate of 1,749,000 units. . . down 2.1 percent from the revised March figure of 1,786,000 units and 20 percent below the year-earlier 2,176,000 units annually. Starts of single-family homes rose 1 percent in April to a 1,279,000-unit annual rate from March's 1,266,000 units. But starts of multifamily sites declined almost 10 percent to a 470,000-unit annual rate from 520,000 in March. Building permits. . . an indicator of future construction activity. . . fell in April to a seasonally adjusted annual rate of 1,517,000 units. . . down 6 percent from 1,621,000 in March and 21 percent below a year earlier. Starting with the April report. . . the *Commerce Department* said. . . its permit data is based on reports from 16,000 localities instead of 14,000 used in previous reports. Permits showed little change in most parts of the country. . . but fell sharply in the South. Permits for single-family homes eased to an annual rate of 1,040,000 units from 1,056,000 in March. Multifamily permits declined to a 477,000-unit rate from 565,000 a month earlier.

The Federal Home Loan Bank Board announced that conventional home mortgage rate increases moderated somewhat between early March and early April. The effective mortgage commitment rate quoted by major lenders for the purchase of newly built, single-family homes on fixed-rate loans with a 75-percent, loan-to-value ratio and a 25-year term to maturity averaged 10.64 percent in early April. This was up 5 basis points from early March and brought the total increase since early January to 13 basis points. In contrast, the average rate rose by 12 basis points in December (from early December to early January) alone. The proportion of lenders offering commitments for 75-percent, 25-year loans increased again. . . rising from 82.8 to 83.1 percent. The average effective interest rate on loans closed for purchasing newly built, single-family homes was 10.34 in early April. . . up 4 basis points from early March. The early February to early March increase was 10 basis points.

HUD's May 1 opinion survey was conducted 5 business days after the maximum allowable interest rate for *FHA*-insured mortgages was increased from 9½ percent to 10 percent. Because of timing of the change and the survey. . . reliable data on secondary market prices for these securities at that time are unavailable. However. . . data compiled on the adequacy of funds available for financing of Section 203(b) mortgages showed that 96 percent of the *HUD Field Offices* reported affirmatively. This was the first time in 4 months in which the affirmative response has increased. . . up 1 percentage point from April 1. For May last year. . . the favorable response was measured at 93 percent. . . 3 percentage points lower than this year.

Ford Foundation 1978 Annual Report

The recently issued *Ford Foundation Annual Report 1978* states that the *Foundation's* cash expenditures in fiscal 1978 (October 1 to September 30) were \$160 million. . . compared to \$171 million in fiscal 1977. Expenditures were mainly grant payments to 521 organizations and 1,005 individuals.

The report states: "Although many of the nation's older cities seem to be experiencing a revival, older neighborhoods near the central core continue to suffer from neglect, deterioration, and abandonment of buildings. The causes have been documented: as older neighborhoods begin to decline, the middle class that had provided them with a measure of stability moves out and is replaced by people who are mainly dependent upon public support for their survival. For some areas, the process ends with vandalism, the abandonment of buildings by owners and tenants, and leveling of the area by public authorities.

"In many neighborhoods, however, groups have formed to reverse this tide of urban decay. Residents have organized to maintain, repair, and manage distressed properties. Pilot programs have been initiated to restore mortgage investment in neighborhoods and to give tenants of public housing greater responsibility in the management of their projects. The *Foundation* has provided start-up grants for a number of these organizations. For example, funds this year went to the *Massachusetts Union of Public Housing Tenants* and the *Citizens Housing and Planning Association of Boston* for tenant management programs."

Also receiving assistance was *Neighborhood Housing Services (NHS)*, which began in Pittsburgh and has since expanded into a nationwide demonstration of neighborhood revival. *NHS* programs (the *Foundation* has assisted five- Baltimore, Dallas, Oakland, Washington, D.C., and San Antonio) join lenders, residents, and local government agencies in restoring private and public investments in neighborhoods where banks have discontinued lending because of deteriorating conditions. This year the *Foundation* granted funds to enable the Baltimore *NHS* to provide emergency housing repair services to 350 households headed by women, the elderly, or the handicapped, and to Neighborhood Housing Services of America for a program to accelerate the flow of private mortgage funds into some forty-six cities where *NHS* programs are operating. The latter program is also funded by the *Equitable Life Assurance Society* and by federal agencies.

Two organizations in New York City that seek to arrest the decline of housing received supplementary grants. They were *Advisory Services for Better Housing*, which helps owners, housing managers, tenants, and federal officials develop plans for rehabilitating subsidized multifamily dwellings, and the *Association of Neighborhood Housing Developers*, which provides technical assistance to some twenty-seven neighborhood groups. The *Bronx Frontier Development Corporation* received a grant for neighborhood revitalization activities, including the composting of vegetable and other waste material for neighborhood gardening projects in the South Bronx, one of the most squalid areas of New York.

In Cambridge, Massachusetts, the housing authority received a grant to improve the neighborhood of Roosevelt Towers, a public housing project where racial antagonism between project residents and the surrounding working-class community erupted into riots during the 1960s. The program seeks to improve neighborhood security, revitalize a shopping area, and provide jobs for unemployed youth.

Supplementary assistance also went to the Chicago-based *National Training Information Center*, which has helped to dramatize the deleterious effects of mortgage "redlining," of withdrawal of lending in older neighborhoods. Its activities include training of community workers and research of trends affecting urban neighborhoods.

The *Center for Urban Ethnic Affairs* received a grant to continue its work with white ethnic working-class groups on neighborhood preservation projects. The center helps organize the groups, provides them with technical assistance in management, fund-raising, and project development, and trains neighborhood workers.

Significant Decisions

Catherine Cochran, et al. v. Youngstown Metropolitan Housing Authority, Secretary of HUD, et al., U.S.D.C., N.D. Ohio, C.A. No. C 79439 Y. The *District Court* has dismissed this action brought by two tenants on behalf of all persons in Mahoning County eligible for participation in the *Section 8* existing housing program in which they had alleged that the Secretary abused her discretion in establishing Fair Market Rents for *Section 8 Existing Housing* without considering the rent levels necessary to assure deconcentration of the lower income population of the County. Plaintiffs' *Section 8* assistance was terminated when a *HUD*-approved rent increase for the *Section 236* project in which they reside pushed their rents above the applicable Fair Market Rent for their units. The *Court* approved a settlement agreement allowing the landlord for the two named plaintiffs to apply to *HUD* via the Housing Authority for a special adjustment of the rents of only the two named plaintiffs. *HUD* approval of the special adjustment request to permit rents to be increased up to 20 percent above Fair Market Rents will permit continuance of *Section 8* assistance on behalf of the two tenants.

Shelvia Williams, et al. v. The City of Fairburn, Georgia, Harris, et al, U.S.D.C., N.D. Ga., C-78-271 A. The named plaintiff has entered into a Stipulation of Voluntary Dismissal with prejudice of all claims against *HUD*. Plaintiff, a black tenant whose *Section 8* subsidy had been threatened with termination, challenged a City Council action requiring termination of the *County Housing Authority's* existing *Section 8 Program* in Fairburn, Georgia. This action was taken under authority of a State Statue providing that county housing authorities cannot operate within a city unless authorized by the City. The City has now agreed to permit the *County Housing Authority* to provide 20 units of *Section 8* housing within the City, 15 of them for the elderly. Plaintiff continues to prosecute her claim for damages and attorneys' fees against the local defendants.

Improved Data Collection Sought for Davis-Bacon Act

HUD Secretary Harris has announced a change in *HUD's* support role in administering the *Davis-Bacon Act* that will improve the accuracy of data used in determining prevailing wage rates and result in lower construction costs for some federally-assisted housing. She has asked Elizabeth R. Raymond, Assistant to the Secretary for Labor Relations, to take full responsibility for collecting the data used by the *Department of Labor* to set prevailing wages rates.

Recognizing there were problems in the data gathering procedures. . . Secretary Harris earlier this year commissioned *Gordon Associates, Inc.*, of Washington, D.C. to perform an in-depth assessment of the situation. Among other things, the study showed that estimated wage rates in many localities tended to be high because of the lack of a comprehensive data base.

The *Davis-Bacon Act*. . . passed in 1931 and administered by the *Department of Labor*. . . requires employers on construction projects to pay members of the same craft the local prevailing wage. Later legislation extended this provision to include federally-assisted residential construction.

The study found that inaccurate information. . . and in many instances no information. . . about local wages has resulted in employers paying higher wages than the actual prevailing labor rates. If the residential wage surveys are conducted on a systematic basis. . . the report says. . . some construction costs could be reduced.

"Under Mrs. Raymond's direction, *HUD* will begin now to collect the accurate data needed by the *Labor Department* to record wage determinations reflecting local wages," Secretary Harris said. "This effort will help ensure that federally-assisted housing continues to be built with wage rates appropriate to the residential labor market."

Largest Ever \$3.3 Million Loan to Bring Homes, Employment to Watts

The Watts Labor Community Action Committee . . . a private nonprofit urban development agency. . . has signed a \$3,300,000 credit agreement with **Security Pacific National Bank** for the development and construction of housing units in the Watts area of south central Los Angeles. Ted Watkins. . . chairman of **WLCAC**. . . said that "this is the largest credit of its kind ever signed between a private urban development agency such as ours and a major commercial bank. These funds will be used for specific projects designed to bring decent homes and the opportunity for employment back to this area. There are now over 10,000 substandard houses in Watts."

The loan will provide approximately \$2,280,000 to continue development projects already underway in the Watts/Willowbrook area. \$1,020,000 will be used to finance housing relocation costs. . . as the project includes relocating 140 residential units from other areas of Los Angeles. Twenty-six units (9 single-family residences and 15 apartments) are now completed and a few others are near completion.

Financing. . . upon completion of a unit. . . will be transferred to permanent real estate loans to **WLCAC**. . . who becomes the owner of the properties. The units will be rented to qualified members of the minority community with 75-80 percent of the units subsidized under the Section 8 program of **HUD**. This means qualified minorities will be able to rent a unit at low cost — that is. . . not more than 25 percent of the family's gross income, with **HUD** bearing the balance of the market rent.

The Ford Foundation is providing a guaranty of collection for 50 percent of uncollected principal for a maximum of 10 years, on units not rent-subsidized by **HUD**. **Security Pacific** assumes all other liabilities.

WLCAC is a nonprofit community development organization started in 1965 to assist in the redevelopment of the Watts Community. Its programs today reach some 750,000 residents and include two senior citizen centers, management of a \$1.5 million child care center, a dial-a-bus service, a manpower training center and a beautification program. **Security Pacific** is a co-sponsor of a bank-teller training program from which the bank has hired over 50 graduates.

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Hud Newsletter

Current Trends

Withdrawals outran savings deposits by an estimated \$1.2 billion during April at the Nation's savings and loan associations. . . according to reports received by the *U.S. League of Savings Associations* from 924 associations holding 42.7 percent of the total resources of the business. April became the first month in 4½ years to show a contraction in the total savings of associations. Savings gains had been positive in all the months since August 1974.

HUD reports that private mortgage insurance activity for April increased for the second month following below normal activity in January and February. New applications received in April totaled 63,356. . . up 14.6 percent over March's volume. . . but below a record pace set in 1978. New certificates issued totaled 46,734 and carried a dollar loan amount of new insurance written of \$2.0 billion. While the increase in new certificates over the March volume was in line with the normal seasonal patterns. . . higher average loan amounts boosted the April increase in new insurance written by nearly twice the normal seasonal increase over March's volume. Insurance in force at the end of April amounted to \$85.4 billion. . . more than \$17.4 billion greater than a year earlier. Private mortgage insurers also insured \$128.9 million in conventional mortgage pools during April. At the end of the month. . . there were \$1.4 billion outstanding in privately insured pools of conventional mortgages.

The *Federal National Mortgage Association* reported net income for the first quarter of 1979 at \$39.5 million. . . compared with \$51.1 million for the previous quarter. . . and \$52.0 million for the first quarter of 1978. The decline resulted from lower commitment fee income during the quarter. . . and an increase in borrowing costs which more than offset higher revenues on *FNMA's* mortgage portfolio. *FNMA's* purchase of mortgages against earlier commitments remained high during the first quarter. . . however. . . totaling a record \$3.7 billion vs. \$2.9 billion in the previous quarter and \$2.4 billion a year ago. *FNMA's* net mortgage and loan portfolio was \$45.1 billion as of March 31, 1979. . . up from \$42.0 billion at year-end 1978 and \$34.8 billion a year earlier.

Auction yields rose as *FNMA* issued \$220.6 million in 4-month commitments to purchase both government-backed and conventionally financed home mortgages in mid-May. The corporation issued \$118.6 million in commitments on government-backed mortgages at a weighted average yield of 10.875 percent. . . which converts to an average price of 94.36 for 10 percent *FHA/VA* mortgages. The average in the previous auction was 10.882 percent. In the conventional auction. . . *FNMA* issued \$102.0 million in commitments at a weighted average yield of 11.300. . . up from 11.172 in the previous auction.

Interest rates on most major types of bonds and money market instruments increased moderately during April, *FHLBB* reported. Rates were relatively stable until late in the period. . . when they rose as a result of a modest further tightening in monetary policy and concern over inflation. Yields on most types of securities rose 5 to 30 basis points. . . those on short term money market instruments generally remained below the highs reached earlier in the year, but yields on intermediate and long term bonds reached new highs for the current cycle.

More To Cost Less

An expanded study on the impact of escalating pension costs on State and local governments will save more than \$1 million in Federal research funds while at the same time avoiding a duplication of efforts, *HUD Secretary Harris* announced. The \$1.15 million study is being conducted under a cooperative agreement among *HUD*, acting as the lead agency, and the President's *Commission on Pension Policy*, the *Social Security Administration* and the *Universal Social Security Coverage Study*, the *National Institute of Education*, the *Department of Labor's Pension and Welfare Benefit Programs*, and the *Office of Personnel Management* (Intergovernmental Personnel Programs).

The research effort will explore: the cost to State and local governments of various funding alternatives for public pensions; the implications of the retirement systems costs for distressed cities; the adequacy of public pension benefits in relation to the retirees costs of goods and services; an inventory of pension fund investment vehicles and analysis of their yields; and a forecast of financial implication of a universal coverage system requiring Social Security coverage of all workers.

The research is to be conducted by a consortium headed by the *Urban Institute*, in association with *Howard Winkelvoss & Associates*, and the *Government Finance Research Center* of the *Municipal Finance Officers Association*. This expanded effort amends a grant competitively awarded to the consortium last year by *HUD*.

Research grant activities are to be conducted in compliance with the interagency *Memorandum of Understanding and Cooperation* announced by the President's *Commission on Pension Policy*. In addition, the *Pension Task Force of the House Committee on Education and Labor* significantly assisted the development of this research.

Management/Leadership Program

HUD Secretary Harris has announced a unique work/study program designed to develop a network of Federal, State, and local government managers who can more effectively and creatively implement community development and housing programs. The new *HUD Intergovernmental Management Program* will be a 1-year, intensive work/study experience for approximately 25 men and women now working throughout the Nation as program specialists and technicians. Students will pursue a combination of full-time graduate study at the *University of Southern California*, *Washington Public Affairs Center*, and full-time work as professionals in *HUD's Office of Housing* or *Office of Community Planning and Development*. Upon completion of the program. . . and any additional academic requirements of the University. . . they will be eligible to receive a Masters Degree in Public Administration.

The *Intergovernmental Management Program* is open to all *HUD* and State and local government employees with at least 3 years experience in housing and community development. Individuals should be now working at the GS-11 to 13 level or non-Federal equivalent. Applicants must be recommended by their supervisor and nominated by the *HUD Regional Administrator* for their location (Assistant Secretary for *HUD Headquarters* employees). The Department will pay all costs of the training, including tuition, fees, books, and for travel and relocation to and from the Washington, D.C., area. *HUD* employees will receive their usual salaries for the position to which they are assigned, and non-*HUD* participants. . . detailed to *HUD* under the *Intergovernmental Personnel Act (IPA)*. . . will continue to be paid their regular salaries by the respective State/local governments, with *HUD* reimbursing 75 percent.

Further details and application information may be obtained from the *HUD Regional Training Officer* serving the applicant's geographic area.

Urban Land Institute Elects

The Urban Land Institute (ULI) announced the election of its officers for 1979-80 at the opening of the *Institute's* semi-annual meeting in Dallas. Michael F. Kelly, president, *Dayton Hudson Properties*, Minneapolis, has been elected president. Other officers are: first vice president, I. Locke Ransen, president, *Mondev International, Ltd.*, Montreal, Quebec; second vice president, John B. Turner, president, *Friendswood Development Company*, Houston; Secretary, William F. Caldwell, president, *Caldwell Equity Corporation*, Troy, Michigan; and Treasurer, Claude M. Ballard, vice president-Real Estate Investment Department, *Prudential Insurance Company*, Newark, New Jersey.

ULI is a private, nonprofit research and educational organization founded in 1936 to help improve the quality of land use, land development, redevelopment and land planning standards in the United States. Based in Washington, D.C., *ULI* is a national membership organization with more than 6,400 members from all segments of the land use planning and development community.

Publications Available

Making City Planning Work. . . by Allan B. Jacobs. . . is a lively account of the author's years as planning director of San Francisco. About half the book is a narrative of events and of the changes in the political climate that molded the city's planning decisions between 1966 and 1974. The balance is devoted to case studies. . . development projects or planning programs. . . in which the city's problems and opportunities are described through the eyes of the planning director. 323 pp. . . illustrated. Available for \$13.95 from *ASPO*, 1313 E. 60th St., Chicago, Illinois 60637.

The following publications are available from the *Superintendent of Documents*, Washington, D.C. 20402, at the prices indicated:

Congregate Housing for Older People – An Urgent Need, A Growing Demand. . . is designed to assist in the planning, design, and operation of such a program. Stock No. 017-062-00107-3. . . \$3.

Home Energy Saver's Workbook. . . contains useful, detailed information on energy conservation measures for the homeowner, such as how he can save money by insulating, caulking, and weatherstripping his home, tips for saving energy, etc. Stock No. 041-018-00116-6. . . \$1.

Questions and Answers on Home Insulation. . . identifies the different types of insulation that can be used in the home and examines the selection and application of insulation from a safety standpoint. Stock No. 052-011-00193-7. . . \$1.10.

FYI

Construction Specifications Institute. . . *Convention.* . . Cincinnati, June 17-20. Details: Jack Atherton, *CSI*, 1150 17th St., N.W., Washington, D.C. 20036 (202/833-2160).

National American Indian Housing Council. . . *Fifth Annual Convention.* . . Seattle, June 18-22. Details: *NAIHC*, 400 West King St., Suite 404, Carson City, Nevada 89701 (702/882-1766).

Air Pollution Control Association. . . *Annual Meeting.* . . Cincinnati, June 24-29. Details: *APCA*, P.O. Box 2861, Pittsburgh, Pa. 15230.

National Association of Housing and Redevelopment Officials. . . *Conference.* . . Theme: *The City: How Public/Private Ventures Generate Changes in Financing, Managing, and Marketing Revitalization Programs.* . . Detroit, July 24-27. Details: Dave Alberts or Gail Kodish, *NAHRO*, 2600 Virginia Ave., N.W., Suite 404, Washington, D.C. 20037 (202/333-2020).

FNMA Annual Meeting

Oakley Hunter, president of the *Federal National Mortgage Association* was reelected chairman of the *FNMA* Board of Directors at the recent *FNMA* annual meeting. The vote, which marked Hunter's eight annual reelection to the post, came during a meeting of the Board following the corporation's annual shareholders' meeting. Hunter has also served as president of *Fannie Mae* since January 1970.

The nine other members of the management slate were reelected by the shareholders to a 1-year term. Those directors are: Joseph A. Gilliland, president and chief executive officer, *Stockton, Whatley, Davin & Company*, Jacksonville, Florida; Joseph P. Hayden, president, *The Midland Company*, Cincinnati, Ohio; Sidney Kaye, vice chairman of the board, *Advance Mortgage Corporation*, Detroit, Michigan; John E. Krout, Chairman of the Board, *Germantown Savings Bank*, Bala-Cynwyd, Pennsylvania; James J. O'Leary, vice chairman of the board, *United States Trust Company*, New York, New York; John M. O'Mara, first vice president, *Merrill Lynch White Weld Capital Markets Group*, New York, New York; Robert H. Pease, Chairman, Finance Committee, *Draper & Kramer, Inc.*, Chicago, Illinois; Gerald E. Rickert, vice president-mortgages, *Bankers Life Company*, Des Moines, Iowa; and Samuel J. Simmons, president, *National Center for Housing Management*, Washington, D.C.

Hunter also announced that the White House had advised *Fannie Mae* that the five members of the Board of Directors appointed by the President for the 1979-1980 term would be: Marvin S. Gilman, executive vice president, *Leon N. Weiner & Associates, Inc.*, Wilmington, Delaware; John G. Heimann, Comptroller of the Currency, Washington, D.C.; Henry A. Hubschman, Esq., *Fried, Frank, Harris, Shrive & Kempelman*, Washington, D.C., former HUD Executive Assistant to Secretary Harris; Raymond H. Lapin, president, *R.H. Lapin & Co., Inc.*, San Francisco, California; and John D. Thompson, a realist/realtor and president, *VIJON Realty*, Washington, D.C..

This is Hubschman's first term on the Board; the others were reappointed.

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Hud Newsletter

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JUN 19 1979

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Solar Design Grants

Grants totaling \$353,000 for 139 residential solar heating and cooling designs have been awarded in a competition conducted by HUD. The grant awards are in two categories. Some 25 neighborhood and community organizations were selected for grants of \$5,000 each to complete designs for solar systems in existing low- and moderate-income multifamily projects being rehabilitated.

Design grant awards of \$2,000 each go to single-family homebuilders for design of 114 energy conserving, solar homes being built for sale. Over 880 applications were received for the design assistance grant awards.

The \$5,000 grant awardees (Category 1) are neighborhood and community development groups which have demonstrated expertise and effectiveness in carrying out neighborhood revitalization projects. Those receiving \$2,000 grants (Category 2) are builders of single-family homes, and their involvement is designed to help encourage other builders to consider solar and energy conservation.

To assist the award winners in completing their designs, HUD now is holding a series of meetings to be followed by design workshops early in July. In these meetings, the latest techniques for designing and evaluating solar energy applications and the documentation requirements of the design process will be reviewed. The completed designs are to be submitted to HUD by August 21 for evaluation for technical feasibility. Those found eligible will receive additional funding for construction and implementation costs.

This is the fifth in a series of awards under HUD's Residential Solar Demonstration Program, which is part of the National Solar Heating and Cooling of Buildings Program managed by the U.S. Department of Energy.

MHFA First

The first State housing agency commitment in the Nation for financing in a Neighborhood Strategy Area (NSA) was made with the approval of a \$6,845,728 loan from the Massachusetts Housing Finance Agency to convert the former Asinof factory in Chicopee Center into 105 units of housing. The housing will be called McKinley House and will be designed to accommodate the special needs of elderly and handicapped persons.

The NSA program, initiated by HUD last year, makes Section 8 rental subsidy available to assist in revitalization of older communities. Massachusetts obtained nearly 4,000 of these units for use in 15 cities and towns. MHFA expects to finance about 2,800 of these units over the next 5 years. The subsidies will be used to reduce rents so that tenants, in developments such as McKinley House, will pay a set 25 percent of their monthly income for rent. In the participating Massachusetts communities, the program is expected to generate public and private investments (over and above the mortgage financing from HUD and MHFA and subsidies for people who will live in the housing) of approximately \$613,000,000.

HUD To Increase Availability Of Mobile Homes

HUD has announced plans for a comprehensive revision of its mobile home loan program to add important support to the financing of this vital alternative form of shelter for thousands of Americans. *Housing* Assistant Secretary Lawrence B. Simons noted that this would be the first significant revision in the program in the past 5 years and is crucial to the Nation's need for more than the 275,000 mobile homes now being produced annually.

HUD Secretary Harris authorized the proposed changes as imperative in **HUD's** overall efforts to help meet the dire need for lower cost housing throughout the country. The changes are designed to make the **HUD** program more workable for industry. The proposed revisions would:

- Increase the mortgage allowance limit from \$100 to \$300 for 'skirting' or shielding at the base of the home when installed.
- Raise the air-conditioning allowance to actual dealer's cost plus installation, instead of the present sliding scale allowed for units by weight.
- Raise the maximum allowance for set up of a mobile home from \$400 for a single-wide unit to \$500, and from \$600 for double-wide units to \$1,000.
- Raise the maximum 'tear-down' allowance for repossession and refurbishing from a flat \$500 on all units, to \$500 for single-wide units and \$1,000 for double-wide units.
- Increase the "advance," or the amount allowed dealers in the sale of homes, from 113 percent to 116 percent of the manufacturer's invoice.
- Pay lenders holding outstanding defaulted mobile home notes 7 percent interest on the entire balance due from the date of default until the date of claim, or for a period of nine months and 31 days, whichever is less. Previously, a note holder received 7 percent interest on whatever loss was sustained after resale of the unit.

In addition **HUD** is proposing a regulation change to require that hazard insurance be obtained on all **FHA** insured mobile homes. Lenders will be permitted to "escrow," or collect monthly payments to cover the insurance, or the borrower-home buyer may be permitted to pay the insurance out of his own funds. Plans for these changes follow **HUD's** announced increase in the maximum allowable charges for financing under the program. The rate for the regular mobile home loan was increased from 12 percent to 12½ percent.

The Federal Home Loan Bank Board has announced a number of proposed amendments to existing Federal mobile home regulations that could significantly enhance the opportunities for homeownership among low- and moderate-income home buyers.

Mobile homes have become an increasingly attractive alternative because of their improved design, construction and durability in recent years and the Bank Board's proposed liberalization of its regulations is recognition of the higher quality of development, **FHLBB** Chairman Robert H. McKinney stated.

Under the proposed amendments, . . . Federal associations can make loans up to 90 percent of the total cost of new and used mobile homes, including freight, itemized set-up charges, sales and other taxes, and fees imposed by law. The inclusion of these costs in the original financing agreement will, in effect, reduce the minimum downpayment from approximately 15 percent to 10 percent of the total cost. The maximum terms of maturity under the proposed amendments will be extended to 20 years, consequently lowering monthly mortgage payments. Present regulations set maximum maturity terms of 12 years for new mobile homes with an area of under 900 square feet and 15 years for larger mobile homes. The 20-year limit will also apply to used mobile home purchases which are presently subject to a complex table of maximum maturities.

Under the proposed amendments, thrift institutions would be able to extend their mobile home mortgage financing from 10 percent to 20 percent of their total assets and to more actively participate in the purchase and sale of participation interests — mobile home chattel paper. The retention requirements for the seller of chattel paper would be reduced from 50 percent to 25 percent, thereby, in conjunction with the expanding lending authority, considerably expanding the flow of funds to areas where mobile homes are most needed.

Property Taxes Main Tax Revenue Source

Total city-imposed taxes provided \$26.1 billion in fiscal 1976-77. . . about 43 percent of all general revenue of municipal governments. . . while property taxes continued as the predominant tax revenue source, supplying \$15.7 billion. Other municipal tax sources included \$3.5 billion from general sales and gross receipts. . . \$2.3 billion from selective sales taxes. . . and \$4.6 billion from licenses and other miscellaneous taxes. . . according to a report released by the *Census Bureau*.

Municipalities received \$73.8 billion from all revenue sources in fiscal '76-77. . . an increase of 10.4 percent over the previous year. . . the report shows. Expenditures for cities climbed to \$70.6 billion. . . an increase of \$3.1 billion or 4.7 percent. . . during the same period.

General revenue of city governments (excluding funds from utilities, liquor stores, and employee-retirement accounts) also rose in the 1976-77 period to \$60.9 billion. . . compared with \$55.3 billion a year earlier. . . the report says.

Municipalities received about \$14.2 billion from State governments in fiscal '76-77. This. . . together with income from the Federal Government and other local governments (mainly counties). . . brought total city intergovernmental revenue to \$24.2 billion or about 40 percent of general revenue from all sources.

More than two-thirds of all municipal expenditures in fiscal 1976-77. . . \$50.3 billion. . . was for current operations. This included amounts for publicly owned and operated utilities, insurance trusts, and general government purposes.

Capital outlay. . . mostly for construction, and to a lesser degree for equipment, land purchases, and the acquisition of existing structures. . . totaled \$11.3 billion. . . or 16 percent of all municipal expenditures.

General expenditures (spending other than for utilities, liquor stores, and employee retirement purposes) totaled \$56.1 billion in 1976-77. . . an increase of \$1.7 billion from 1975-76.

Education continued to take a larger share of city expenditures than any other function. . . \$7.6 billion or almost 14 percent of all general spending.

Police protection ranked second (\$6.4 billion) and public welfare third (\$4.6 billion).

Single copies of the report. . . *City Government Finances in 1976-77, GS77, No. 4*. . . may be obtained for \$2.30 from the Subscriber Services Section (Publications), *Census Bureau*, Washington, D.C. 20233.

MICA Elects

William L. Hemphill, president, *United Guaranty Corporation*, Greensboro, N.C., has been reelected to a third term as president of the *Mortgage Insurance Companies of America (MICA)*, the trade association of the private mortgage insurance industry. His term begins July 1.

Other officers of the association elected at the recent sixth annual meeting are: vice president, Robert L. Waldo, president, *Verex Assurance, Inc.*, Madison, Wisc.; secretary, David O. Maxwell, chairman, *Ticor Mortgage Insurance Company*, Los Angeles; and treasurer, Leon T. Kendall, president, *Mortgage Guaranty Insurance Corporation*, Milwaukee. Named to the executive committee were James Coles, president, *PMI Mortgage Insurance Co.*, San Francisco; Jackson W. Goss, president, *Tiger Investors Mortgage Insurance Company*, Boston; and William A. Simpson, president, *Republic Mortgage Insurance Company*, Winston-Salem, N.C. Max H. Karl, chairman of *Mortgage Guaranty Corporation*, Milwaukee, remains as an ex-officio member of the committee.

NHP Dedicates Two Housing Developments

Dedication by the *National Housing Partnership* of two housing developments, one for the elderly and one for families, represented a giant step in the flood recovery program of Lock Haven, Pa., hard hit by Hurricane Agnes in 1972 and still suffering a severe shortage of dwellings. Six of the 20 townhouse and garden apartment buildings providing 150 units for families in Lock Haven Gardens have been completed and are fully occupied, while the six-story Kephart Plaza for the elderly consisting of 100 apartments is about 75 percent occupied. All units are covered by the Federal *Section 8* rental assistance program which means that residents pay no more than 25 percent of their income for rent.

Because both projects are located on a flood plain, all buildings are constructed one story above ground level in accordance with Federal flood insurance requirements, thus permitting a covered patio and entrances under cover, among other features. *NHP* is the developer of the \$5 million Lock Haven Gardens and the \$3 million Kephart Plaza. The land was obtained from the Redevelopment Authority, and the *Section 8* allocations were acquired through the Clinton County Housing Authority.

Morgan Guaranty Report

Indications are that the average price of existing homes. . . which rose 17 percent last year. . . is now moving up at a somewhat less hectic pace. . . according to the *Morgan Guaranty Survey*.

In its April report, it states that the upshot of this could be a blow to what economists call the "wealth effect": people's sense of affluence may wane if in fact home values stop escalating at the earlier pace. Capital gains from the sale of homes have been huge in recent years. . . as sales prices for existing homes have jumped some 70 percent since 1973 and turnover of houses (a record 3.9 million last year) has almost doubled. Such gains. . . of course. . . while for the most part plowed back into other real estate, have served as a strong additional support to the purchase of consumer durables. Open to question now is how powerful such stimuli will continue to be. . . if. . . as anticipated. . . the tightening in mortgage markets now occurring makes it difficult for home sales to be sustained at last year's high rate.

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Current Trends

Since 1973 the cost of constructing a new home has gone up almost twice as fast as the average family income. At the present rate of inflation the average home will cost over \$100,000 by the end of 1984.

Some coastal cities will be allowed to release heavier amounts of partly treated sewage into the ocean according to new rules issued by the *Environmental Protection Agency (EPA)*. EPA has discovered that the ocean itself rapidly disperses certain products of partially treated urban sewage without damaging the environment. Among the cities that will save money under the new regulations are **Los Angeles, San Francisco, San Diego, Boston, Honolulu, and Seattle**. To become eligible for the less stringent procedures, cities must show that they were dumping partly treated sewage into the ocean as of December 27, 1977 in addition to proving that such dispersal will not interfere with fishing, public water supplies, and recreation.

After nearly a decade of failing to provide an adequate amount of public housing, the City of Chicago appears ready to try harder. Under the *Gautreaux* ruling in 1969, the city was held to a formula of building three units of public housing in non-impacted areas of the city for every one built in a poverty impacted area. In the decade which followed, the city built only 114 units of public housing. A recent court ruling eases that constraint, and only requires the building of 400 family units in impacted areas, 400 family units in non-impacted areas and 586 elderly units in either area. The road back will be difficult, however, since the housing authority must find appropriate sites at reasonable costs.

The *House* completed action on the Department's *Fiscal Year 1980 Authorization Bill*. Several significant amendments were offered to the *Bill* prior to final passage. The *House* rejected, by a vote of 263 to 159, an amendment by Congressman Ritter (R-Pa.) that sought to transfer \$200 million of the \$275 million increase in the *UDAG* program to the *Community Development Block Grant* program. Also rejected was an amendment to waive the *Davis-Bacon* prevailing wage requirements for residential housing rehabilitation "self-help" projects and for Indian Housing. The *House* unexpectedly adopted by a vote of 357 to 48 an amendment by Congressman Neal (D-N.C.) to include pockets of poverty in the *UDAG* program. Following this action on the cost of consideration of the *Bill*, the *House* further adopted an amendment by Congressman Ashley (D-N.C.) adding a new title to the *Bill* which more closely reflects the proposals of the *Administration*. The *House* also adopted an amendment to exclude Secretarial cease and desist powers from the *Interstate Land Sales Act*.

The *Department* is taking steps to help local governments keep better account of their financial resources and relieve them of multiple audit and reporting requirements now imposed by the Federal Government. Two groups, the *National Council on Governmental Accounting* and the *Financial Accounting Standards Board*, will jointly administer a \$1.2 million HUD grant to conduct seminars for local finance officials on uniform accounting standards. Such standards could serve as the basis for meeting audit and reporting requirements associated with receipt of Federal aid and can strengthen a city's ability to sell its bonds.

Many Cities' Reports Not 'Clean'

Ernst and Whinney, third largest U.S. accounting firm, surveyed 100 annual reports for 1977 of small to medium-sized cities (25,000 to one million population) and found that 60 percent failed to receive a "clean" auditor's opinion. While not disclosing details on individual cities, Edward W. Klasny, an E&W partner, said "Cities aren't providing sufficient information in annual reports for gleaning a true picture of financial health." The *Wall Street Journal* said, "The findings could add impetus to Federal efforts to assume a larger role in municipal reporting."

Making Solar Energy a Reality

Now is the time "to take cost-effective solar energy out of the realm of science fiction and make it a reality," Vondal Gravlee, president of the National Association of Homebuilders, has proposed to the leading U.S. manufacturers of building products. He asked that concerned members of the *National Council of the Housing Industry* pool their technical know-how and funds for the purpose of building an "energy saver" demonstration home. "This is the kind of effort we need now to solve our energy problem," he added. *New Jersey's Supreme Court* has ruled that all new homes built in the Garden State are covered by implied warranty, making builders responsible for construction defects.

Residential Building on Upswing

Spending on private construction during the month of April climbed .1 percent to a \$170.4 billion rate which was up 11 percent from last year. Outlays for residential building increased 1.9 percent to a \$96.6 billion pace after reaching 0.7 percent the previous month. According to the *Commerce Department* these outlays were 4.8 percent over the April 1978 mark.

Pei Laments State of Environment

In accepting the *American Institute of Architecture's Gold Medal*. . . highest honor the organization can bestow. . . I.M. Pei took colleagues to task as follows: "Failure of perception, effort and will on our part has resulted in the deplorable state of the built environment, for which we must take the responsibility."

HOW Names Life Board Member

George C. Martin of Louisville, Ky. was named lifetime honorary member of the *Home Owners Warranty Corporation Board of Directors* in a special resolution passed by the *National Association of Homebuilders Committee* during its Spring Board Meeting. Martin served as *HOW's* first chairman and helped develop the organization while serving at *NAHB* in 1973.

Urban Infill Study Contract

How much growing room is there in America's urban areas? This question – now a burning issue with cities searching hard for more efficient ways to utilize existing public facilities, to conserve energy and to use close-in sites for needed housing and economic development – will be explored in depth in a two-year, \$445,000 research contract awarded by *HUD* to the *Real Estate Research Corporation (RERC)* of Chicago, Ill.

Regional agencies or local governments interested in participating in the study should contact: Deborah Brett, Project Manager, *RERC*, 72 West Adams, Chicago, Ill. 60603, (312) 346-5885; or James Hoben, Government Technical Representative, *HUD*, Office of Policy Development and Research, Room 8210, Washington, D.C. 20410, (202) 755-5422.

Ford Foundation Grants Help Rebuilds Cities

Ford Foundation Grants to help refurbish urban scenes total \$72,480 as follows: *Chicago Organic Theatre* \$15,000 to help renovate gutted and abandoned Buckingham Theatre in the North Clark Street neighborhood. . . \$12,480 to the *National Association of Neighborhoods for Forums* on the *Community Reinvestment Act* which funds the rebuilding of declining areas. . . A program of *Savannah's Rehabilitation Project* which seeks to prevent displacement of low-income residents during restoration and renewal of an historic neighborhood, to receive \$25,000. . . Renovation of abandoned buildings in West Englewood section of the Windy City to helped by \$20,000 to *Neighborhood Housing Services of Chicago*.

FHA Paperwork To Be Reduced

The Computerized Homes Underwriting Management System (CHUMS). . . now undergoing testing in Philadelphia. . . reduces the number of form which *FHA* lenders have to submit to *HUD*. For example, the application form has been reduced from a six-part form to a two-part form without sacrificing the quality of information required for underwriting decisions. This not only substantially reduces the amount of paper to be processed, but will also generate considerable savings in *HUD* staff time.

New Publications

Using Productivity Measurement: A Manager's Guide to More Effective Services is now available from the *International City Management Association*. The *Management Information Service* report outlines techniques for assessing the effectiveness of municipal services of solid waste collection and recreation techniques which have been tried successfully in communities across the country. This report is a product of work *ICMA* has done in cooperation with the *Urban Institute* in the area of productivity measurement. Over 100 local officials have reviewed the report. Individual copies of the 180-page report are \$10 each. (An order processing charge of \$1.50 will be added to each order not prepaid.) Orders should be sent to the *International City Management Association*, 1140 Connecticut Avenue, N.W., Washington, D.C. 20036, Attention: *MIS*.

Kansas County Pledges Compliance

In compliance with the *Federal Revenue Sharing Act*, *The Shawnee County, Kansas Board of Commissioners* has pledged to review the lending and hiring practices of banks and savings and loan associations that have county revenue sharing funds on deposit. The agreement was worked out between the *Community Relations Service* of the *Department of Justice* and the *Coordinating Committee of the Black Community* following the latter group's complaint to the *U.S. Treasury Department's Office of Revenue Sharing*.

FYI

A new 96-unit public housing project for the elderly in Duluth is the first to provide congregate living facilities and the necessary social services to avoid institutionalization. The unique social services which are available at the project include housekeeping, laundry service, special outpatient care and transportation services.

The Southern Christian Leadership Conference sponsored a two-day training conference in Atlanta to train housing professionals, planners, administrators, government officials, neighborhood leaders and *SCLC* chapter members from across the southeast in the effective use of Federal, State, community and private development resources to aid in improving housing and economic development opportunities for low-income socioeconomic groups.

International Observations

An *Institute of Housing Research* is being established in Kuala Lumpur, Malaysia with the help of Mr. A. Kartahardja, head of the *Directorate of Building Research*, Ministry of Public Works, Bandung, Indonesia.

In Geneva, Switzerland, June 7-11, representing the U.S. with the *ECE Working Party* on the building industry were Jasper Hawkins, member of the *National Institute of Building Science (NIBS)* and Donald Baxter, Director of the *Office of Architecture and Engineering, HUD*. They talked about energy conservation and the international harmonization of building regulations.

HUD was visited by Dr. Lajos Papp, Hungary's Undersecretary of State, and David Lukhele, Sr., a South African Government Official. . . they were briefed on housing policies and public housing, respectively.

Uses of Old Railroad Stations

There are an estimated 20,000 vacant or underused railroad stations in the country, and the *Department of Transportation* has a new book giving step-by-step instructions on how to convert these often strategically located structures into active moneymakers and spurs to downtown revival, the *Neighborhood Conservation and Reinvestment Newsletter* reports.

Recycling Historic Railroad Stations: A Citizen's Manual, prepared by *Anderson-Notter-Finegold*, the Boston firm that specializes in adaptive reuse, provides case studies on how eight communities (Ann Arbor, San Juan Capistrano, Calif.; Little Rock, Ark.; New London, Ct.; Savannah, Ga.; Lincoln, Nebr.; Duluth, Minn.; and Ogden, Utah) turned old railroad stations into joint bus-train-airport limousine terminals, restaurants, offices, a visitor's center, and other new uses.

A cost formula for the "typical reuse project" is offered to show one what to expect in the way of development costs, operating expenses, and cash requirements. Renovation costs can run as low as \$18 a square foot, as in Ogden, Utah, or as high as \$100, as in Ann Arbor. More typically, they fall between \$30 and \$45 a square foot, the book says.

A limited supply of free copies of the book and a technical supplement is available from the *Office of the Secretary, Transportation Dept., Office of Environment and Safety*, Washington, D.C. 20590. Copies are also available for \$3 each from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. 20202. Ask for Stock Numbers 050-000-00143-1 and 050-000-00144-0.

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Hud Newsletter

Current Trends

Experts predict that the low point in the housing depression will be reached during the first quarter of 1980. Housing starts which peaked at 2.2 million annually during the last quarter of 1978 may drop to a low of 1.45 million in the second or third quarter of next year. While May's housing starts were up five percent over April's they still trailed May 1978 figures by 10 percent. According to the *Associated Press*, rising interest rates are the cause as the *Federal Government* continues its anti-inflation effort.

DOT's new *Urban Initiatives Program* has available during 1979 \$173 million for cities which would combine mass transit plans with urban investment projects of other Federal agencies, the private sector, and local communities. Examples underway: **Baltimore:** *Baltimore Gardens* which includes enlargement of *Lexington Market Transit station*; *North Avenue station expansion*; and the *Reisterstown Plaza station* entrance addition by a new commercial complex. . . total for this \$10 million. . . **St. Louis:** *Bi-State Development Agency* using \$.8 million to renovate two historic buildings as transit administration offices in the *Laclede Landing* area. (\$25 million from the private sector and \$1.5 million from *HUD, EDA* and *Interior* are included in this). . . **Pittsburgh:** \$7.1 million for a midtown underground trolley station. **Bellingham, Washington:** conversion of an abandoned railroad station into a bus terminal near a shopping arcade and public market area. **Fall River, Mass.:** Linking of UMTA's \$64,000 grant for a transfer facility to a *HUD*-funded parking area and pedestrian mall. Other cities in on the action include **Atlanta, Long Beach, California, and Bridgeport, Connecticut.** . . A three year decline in **New York City's** property tax base has come to a halt with the total value of land and buildings in *Gotham* fixed at \$38.05 billion by the *Tax Commission*. Property owners who protested the new valuations were granted \$297 million in reductions to assessments. The largest increase in property valuation was in *Manhattan* where values jumped \$228.39 million from 1978-79 figures. While **Staten Island** and **Queens** noted increases, declines were registered for **Brooklyn** and the **Bronx**. The *Manhattan* jump was accredited to rising office rentals in addition to a boom in commercial construction. . . **New York City's Canine Waste Law of 1978** was honored by the *City Club of New York* with a cherished *Albert S. Band Award*. The *Club* maintains that the *Law* does as much to enhance the quality of urban life through clean sidewalks as any specific piece of physical design. Other *Band* awardees include the following buildings: 265 E. 66th Street; Turtle Bay Towers; Abraham Goodman House; Pedestrian shelter at TWA Flight Center, Kennedy Airport; and the United Nations Plaza Hotel.

A Million Tons of Waste

More than one million tons of hazardous waste is produced in **New York State** each year. More than 44 percent of this material comes from **Erie and Niagara Counties**, western counties which contain the only two State-sponsored landfills. However, thirty percent of the total waste is not properly disposed of according to the State's *Department of Environmental Conservation*. These wastes include organic pesticides, degreasing agents, acids, alkalines, metal sludges and other poisons.

Rent or Buy? A Tough Choice

It's getting tougher to choose between renting and buying in the U.S. these days as the attrition rate of rental units showed a shrinkage of 20,000 units in 1978. While 1.8 new households were created last year, falling production combined with foreclosure and conversion into condominiums or cooperatives of desirable rental units kept the annual loss of rental housing at two percent for the third straight year. Of 587,000 multifamily units built in 1978 only 200,000 were privately financed multifamily rentals. Losses from demolition, fire and abandonments last year were around 250,000. . . 300,000 were converted from rental to condominium or cooperative. Michael Sumichrast, chief economist of the *National Association of Homebuilders* called the statistics "frightening" and said, "There is no future in private rental housing." Chicago builder Daniel Levin of the *McHugh-Levin Company* said "The outlook for rentals hasn't been good for four years. Rents will have to go up 25 to 30% to stimulate new construction."

University of Miami's Law Center is sponsoring the *Third Institute on Condominium and Cluster Housing* October 27-28 in Miami, Fla. A brochure outlining the program can be obtained by writing the *Center* at P.O. Box 248087, Coral Gables, Florida.

Removing 'Eyesore' From Ironbound Area

While Newark, N.J. has received \$12.1 billion in action grants, private investments stemming from this activity amount to between \$46 and \$47 million for six projects. The activity will produce 1,000 permanent new jobs and refurbish some of the city's aged and worn industrial facilities. Asked to comment on the success of *HUD's Urban Development Action Grant program*, Alfred Faiella, executive director of the *Newark Economic Development Corporation* said, "It's the best thing since flush toilets. . . This project wouldn't have been possible without the *UDAG* and the money comes back to the city and can be used for more economic development when the loan has been repaid." Faiella referred to the revitalization of a 40 acre complex in the *Ironbound District* which was characterized as the "biggest eyesore in the area."

Florida Areas 'Fastest Growing Markets'

Chicago Title Insurance Company (CTIC) points out that Fort Myers and West Palm Beach, Florida are the fastest growing markets for new homes in the Nation. After studying 28 major markets *CTIC* said that while the national average was 2.61 (the number of new home built per 100 households) Ft. Myers and West Palm Beach were moving ahead at respective rates of 10.85 and 10.7. Third highest was Las Vegas, Nevada at 10.16. Other hot areas include Phoenix; Sarasota, Florida; San Bernardino-Riverside, California; Houston, Austin, Texas; and Seattle, Washington. The five lowest were New York (0.57), Philadelphia (1.24), San Francisco (1.39), Los Angeles, (1.42), and Detroit (1.49).

Mortgage Market Booming

Despite the increasing reticence of financial institutions to make housing finance funds available, and declining deposits in banks and savings and loan associations, a *Wall Street Journal* survey says the demand for mortgages across the country continues to boom. The *Journal* quotes Bruce Tucker, executive vice president of the *American Building and Loan Association* as saying "we haven't seen any buyer resistance to 11 percent interest rates." However, the *Journal* says discriminating buyers can find "bargains." Chicagoan James Kendall who works for the *U.S. League of Savings Associations* says "At a time when mortgage rates were generally 10 percent and moving to 10 1/4 percent, I found a mortgage rate at 9 7/8 percent. . . You just have to shop around."

Household Finance Corporation is offering 25 year debentures in seeking to raise \$25 million in the public market. A consumer finance company, *HFC* seeks to reduce outstanding short term bank loans and commercial paper.

International City Management Association has released its study of 838 American Cities, "*Governmental Structure in American Cities*," which proposes that social factors affect the type of city government adopted by a community. Level of ethnicity, population change, median family incomes, and age of the city are mentioned as variables. Copies of the study may be procured from the **ICMA**, 1140 Connecticut Avenue, N.W., Washington, D.C.

HUD's Office of International Affairs has published a *Directory of International Organizations Concerned with Metric Building (HUD-IA-446)*. . . **International City Management Association** has issued a special report (May 1979) "*Using Productivity Measurement: A Manager's Guide to More Effective Services*." The report is based on the joint effort of the **Urban Institute**, **ICMA**, and the cities of **St. Petersburg, Florida**, and **Nashville, Tennessee**. Material deals with how well citizens are served, solid waste collection, and recreation. . .

National Association of Homebuilders officials estimate that **HUD's** conventional **GPM (Graduated Payment Mortgage Plan)** could bring homeownership with reach of an additional 8 million buyers under the **FHA 245 Program**. Changes proposed for **GPM** by the **Banking Committee** would reduce downpayment requirements and initial monthly payments. . .

Ray Millard, **HUD** employee, elected to two year term as council member of the **National Capital Area Chapter of American Society for Public Administration (ASPA)**. . .

According to **Commerce Department**, **HUD** leads all **Federal Departments** in having an average of daily deposits totaling \$98.3 million in minority-owned banks. Total daily Federal deposits during 1978 averaged \$171.9 million for an increase of 68 percent over 1977. . . It is estimated that costs could range up to \$50 billion for the clean-up of between 30 and 50,000 sites in the U.S. containing some degree of hazardous waste similar to Love Canal at Niagara Falls, N.Y. **EPA** and **HUD** have established a liaison to work on the problem. . .

City of San Diego proposes to share costs with homeowners on the repair of landslide damages in the San Carlos area. Around 61 homes are affected with the City planning to contribute \$79,000 toward the activity. Assessments to property owners would range from \$700 up to \$6800. . .

New rules governing **Federal Disaster Assistance** and **Floodplain Management** have been proposed. Rules would add subportions to **FDAA regulations** in order to implement **Executive Orders 11988 (Floodplain Management)** and **11990 (Protection of Wetlands)**. Interested parties are urged to submit written comments by August 13, 1979 to Rules Docket Clerk, **Office of the General Counsel, Department of Housing and Urban Development**, Room 5218, 451 Seventh Street, S.W., Washington, D.C. 20410.

Around 6,000 Americans die in home fires each year. **HUD** has released a new booklet "*People and Fire*" which contains tips for the homeowner and high-rise dwellers on fire safety. Information ranges from how to get out of a burning house fast to advice on the safest interior finishing materials. . . The item can be purchased through the **Consumer Information Center**, Department 93G, Pueblo, Colorado, 81009. Cost is \$1.30.

NUGGETS

"We believe Federal riot insurance is the best riot insurance. We could not purchase such reinsurance in the private market for anything like the same price," says John Purkis, a Liberty Mutual Insurance Company vice president.

GNMA's Mortgage-Backed Securities Program is expected to reach the \$80 billion level near the end of the fiscal year.

HUD has announced suspension of sales at the **Texas National Golf Club and Development Subdivision**, a 1,000 second-home development 70 miles north of Houston. The developer, Russell F. Wiggins, is charged with misleading purchasers about the subdivision.

Interstate Household Migration is Job-Related

About one-half of all household moves between States are job-related. . . according to a study released by the *Census Bureau*. The study is based on data from the *Annual Housing Surveys* conducted by the *Bureau for HUD* and covers moves made from August 1973 to December 1976. About 24 percent of the household moves could be attributed to job transfers. . . and another 24 percent were to take a job or to look for work. An additional 2.4 percent of households moving between States reported miscellaneous employment-related reasons.

The other one-half of the moves did not appear to be directly job-related. The movers reported a variety of reasons. . . including closer proximity to relatives (7.5 percent). . . schooling (5.4 percent). . . change of climate (5.1 percent). . . service with the Armed Forces (4.8 percent). . . and retirement (3.4 percent).

The influence of non-economic factors in interstate population movements is probably understated in the data. . . according to *Bureau* demographers Larry H. Long and Kristin A. Hansen. . . the authors of the study. By recording only one reason for moving. . . the main reason. . . the survey may not fully reflect the range of considerations that influence where people move. For many persons. . . a job change may be the main reason for moving from one State to another. . . but climate, opportunities for outdoor recreation, and other non-economic concerns may cause people to look for jobs or accept a new job in one region rather than another. Nevertheless. . . the desire for a change of climate can be important in some interregional migration streams. About one out of every 10 persons leaving the Northeast and North Central regions reported climate as the main reason for moving.

Retirees constitute an important group of interstate migrants. About 3.4 percent reported retirement as the main reason for moving. . . but a much larger number – 20.4 percent – also reported having retirement income, thus suggesting mixed motives of retirement and employment.

The study. . . *Reasons for Interstate Migration: Jobs, Retirement, Climate, and Other Influences*, Series P-23, No. 81. . . is available for \$1.50 from the *Superintendent of Documents*, Washington, D.C. 20402.

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. Subscription rate \$23.00 per year, domestic. . . \$28.75 foreign. Address all communications regarding the subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

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Hud Newsletter

DEPARTMENT OF HOUSING
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Current Trends

GNMA accepted bids of 446.5 million on 224 mortgages in June. **GNMA** sold about 74 percent of its offering of \$632 million in **FHA**-insured projects mortgages. Total offers received were in excess of \$1.2 billion. Average yield to investors for projects that pay off in debentures in the event of default was 9.78 percent with a range of yields from 9.53 to 10.00 percent.

George N. DeFranceaux, chairman of the *National Housing Partnership*, predicts that mortgage interest rates may never decline below 10 percent. The *NHP* has commitments to participate in 364 projects consisting of more than 50,000 units at a cost of \$1.6 billion. DeFranceaux listed the following factors contributing to the failure of single-family builders: the wrong product – no staying power – having partners that cannot take the 'downs' as well as the 'ups' – spreading themselves too thin in both management and capital areas – being unable to say 'no' to all those 'golden opportunities' – selling homes without knowing what their real costs are – spending their 'profits' before they even know they have any.

The 1980 decennial census will have a profound effect upon *Standard Metropolitan Statistical Areas (SMSA's)* particularly in Washington where it is expected that Calvert and Frederick Counties in Maryland will qualify as part of the Washington *SMSA* according to growth rates projected beyond 1970 into the 1980's. Of 285 *SMSA's*, 39 (including Washington) are interstate. . . 43 percent of the Washington *SMSA* live in Maryland. . . 34 percent live in Virginia. . . and 23 percent live in D.C.

FNMA is providing a new initiative through which the corporation will commit up to 12 months in advance to purchase a set dollar amount of **FHA/VA** or conventional mortgages on urban properties from **FNMA** approved lenders. This long term forward commitment allows sufficient time for completion of rehabilitation work, where necessary, after initial property acquisition or for new urban construction.

FDAA Deputy Administrator Thomas R. Casey is on detail as Acting Deputy Director of the new *Federal Emergency Management Agency (FEMA)*.

During June **HUD** officials briefed Lebanese Government visitors on self-help housing technologies and urban homesteading problems and French builders on the U.S. single-family housing market.

NHP Passes 50,000 Mark In Housing Units

The *National Housing Partnership* in 1978 celebrated its 10th anniversary of creation by the Congress by passing the 50,000 mark in single-family and multifamily housing units either produced or committed, its annual report to the President disclosed.

The Congress authorized the formation of *NHP* and the *National Corporation for Housing Partnerships*, its sole general partner and administrative arm, in 1968 "to encourage the widest possible participation by private enterprise in the provision of housing for low- or moderate-income families," a brief history within the report relates. Today *NHP* develops, owns, and operates more housing for low- and moderate-income families than any other private institution in the Nation.

Among the highlights listed for *NHP* in 1978:

- Continued very favorable financial trends. Increased gross revenues from all single-family and multifamily operations – resulting in the most financially successful year in *NHP's* history.
- Started 2,183 government-assisted multifamily housing units for lower income families together with 1,775 units for the elderly. The ratio of family to elderly units far exceeds national averages and represents a continuation of extensive involvement by *NHP* in family housing.
- Increased its rehabilitation activity to 22 percent of its multifamily production, up from 6 percent in 1977.
- Stepped up major urban revitalization activity which represented 55 percent of its multifamily housing production.
- Added two new States, Connecticut and West Virginia, plus Puerto Rico, to its sphere of operations which now includes 39 States and the District of Columbia.
- Expanded the provision of front-end working capital to builders of single-family sales housing through its subsidiary, *Housing Capital Corporation*, so that – since it was licensed in the fall of 1975 – 8,840 homes in 21 States either had been completed, were in construction, or had been committed for future development.
- Placed increased emphasis on the greatly expanding housing management role with the creation of *NCHP* Property Management, Inc.
- Achieved a record of \$28 million in sales of equity interests in multifamily projects.

Koch Vetoes Budget Hike in Gotham

New York's Mayor Koch warned local lawmakers that unless their town got a new budget the *U.S. Treasury* couldn't certify further borrowing by the City under Federal loan procedures. Result. . . city council and the board of estimates added \$41 million to the original budget proposal and approved a \$12.8 billion budget to cover fiscal year 1980 beginning July 1. However. . . the mayor vetoed the budget additions. "We care about fiscal integrity," said Mr. Koch.

FYI

"Managing Real Estate as an Investment," Course 401 under sponsorship of the Institute of Real Estate Management (IREM) will be conducted at the Breckenridge Inn in St. Louis and the Holiday Inn Golden Gateway, San Francisco, August 12-18. IREM is located at 430 N. Michigan Avenue, Chicago, Ill. 60611.

Single-family Homes Trends

Over \$110 million in economic activity is generated whenever 1,000 single-family homes are constructed. According to the *National Association of Homebuilders* this estimate includes wages, purchases and profits associated with building the homes, in addition to people taking monies received from the process and spending it in other sectors of the economy. This doesn't take into account other spinoffs such as draperies, carpeting, furnishings, gardening materials and equipment and other items.

Other economic activities associated with the erection of 1,000 single-family homes means that nearly 1,800 new jobs are created, including over 500 in on-site activity, 102 in off-site construction, and over 200 in land development. Nearly 900 jobs are generated in such areas as manufacturing (nearly 400), wholesale trade (355), transportation and services, and 145 in mining and all others.

A thousand units would generate more than \$7.4 million in tax revenue at all government levels of which \$3.0 million would go for Federal personal income tax from workers' wages and an additional \$500,000 to be deducted for State income taxes. Builders would pay \$2.8 million to the U.S. in corporate income taxes and \$1 million would go to local governments in real estate taxes. State business income tax revenues would be substantial. Since a drop of over 20 percent is forecast for home starts in 1979, the impact on the national economy is expected to be considerable. These figures are based on an average sales price of \$55,313 per home minus the raw land at a 1978 rate.

Judge Clears GRS From Relocation

Fifth Circuit U.S. Court of Appeals has ruled that the City of Macon isn't required to provide relocation aid to approximately 19 families and six individuals displaced by a road project accomplished with *General Revenue Sharing (GRS)* funds. The *Court* said the *GRS* is "intended to float on its own bottom and not be encumbered by sargasso of some foreign sea." The ruling means that certain laws do not apply to local projects where the only Federal involvement is the use of *GRS*. . . in this case the *Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970*. Judge Homer Thorneberry said, "One need read only six lines of the legislative history of the *State and Local Assistance Act of 1972* to see the phrase 'no strings.' I am at a loss to understand how these two Acts can work in concert if one Act provides for automatic distribution and the other Act contemplates prior Federal approval for specifically proposed projects." The *National Association of Counties*, the *International City Management Association* and other State and local interest groups filed amicus briefs in the case *Goolsby v. Blumenthal*, arguing that the *Relocation Act* did not apply to *GRS* as the *Court* decided.

Urban House Design Finalists Chosen

Finalists have been chosen in the *Urban House Design* competition of the City of Saint Paul which challenges Minnesotans to design energy efficient houses suitable for construction on narrow, inner-city lots that are compatible with existing houses in the neighborhood. Finalists are David Valentine (\$63,325), Gerald Messman (\$68,000), Peter Garleen and Sylvia Frank (\$86,780). Finalists were chosen from among 71 entries. The winners must arrange financing using the *Below Market Interest Rate Home Mortgage Program*. Construction will begin this summer and completion is set for April 1, 1980.

Rehab Columbus, Ohio's First Steel Building

Columbus, Ohio's first steel-framed structure. . . the Wyandotte Building. . . is undergoing rehabilitation under *Section 2124 of the Tax Reform Act of 1976* as an historic building listed by the *National Register of Historic Places*. The building was designed by Daniel Burnham and erected one-half block from the State Capitol in the 1890's.

Publications Available

"Marin County, a wealthy suburb north of San Francisco, is the best place to look for an understanding of what it means to stop urban growth in the name of environmental protection. It means closing the gates to people who may want to move in and. . . where possible. . . even to people who may want to visit; turning to State and Federal governments for help in paying the costs of exclusivity; and maintaining a tone of moral righteousness while providing a better living environment for the established residents," says Bernard Frieden in his new *Cambridge, MIT Press*, book "*The Environmental Protection Hustle*," 1979, 211 p., \$12.50. Frieden was an adviser to HUD on the formulation of President Carter's *Urban Policy Statement*.

According to GAO, urban waste conversion to energy systems could produce power equivalent to 48 million barrels of oil per year in addition to recovering such vital metals as aluminum and iron. Information on this subject may be obtained through the U.S. General Accounting Office, Distribution Section, Room 1518, 441 G Street, Washington, D.C. 20548, \$1.00 per copy, EMD 79-7, February 18, 1979, 28p.

Return of the Trolley

The trolley car may be on the verge of a comeback. Pittsburgh and San Francisco held on to a portion of their systems, Philadelphia and Boston still have vestiges of theirs. Los Angeles is taking a hard look at a possible revival. Washington, D.C. experts are looking at the possibility of reviving crosstown cablecar lines from Georgetown to DuPont Circle as feeder routes into the Metro rail system. New York City thinks that they could improve the quality of crosstown transit along such streets as 42nd. On this route, a proposed 12 trolleys would replace 68 buses and be 41 percent cheaper.

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Hud Newsletter

Current Trends

Houston will top the Nation in multifamily housing starts during 1979 according to projections of the National Association of Homebuilders. While Houston will have 29,300 units in its forecast the area has a five to six month inventory of condominiums available. Chicago, with a tremendous increase in the demand for rental housing due to condo converts, is predicted to have a leap of 13,000 in its future. Los Angeles with 26,000 units holds to second place. Washington, D.C. is in 13th place with 7,000 starts projected. New York City will abide with a predicted 9,800 units.

Effective July 1, New York City tenants are facing a 20 percent increase throughout the 350,000 rent-stabilized apartments after a vote of the Rent Guidelines Board. The highest rates to be projected since the rent stabilization law was passed by the City in 1969 may go even higher if the cost of heating oil jumps more than 15 percent above its current price next year. Tenant groups have vowed to take their protests to court.

According to the California Association of Realtors, the average cost of a home in Los Angeles County during April reached \$84,843. While this figure was topped by Palm Springs with its \$121,569 figure, the statewide average, though a record, was a mere \$79,457.

Neighborhoods in Chicago and Cleveland will benefit from an experimental HUD program involving the renovation of 175 homes. In cooperation with Chicago's National Peoples Action group (NPA) 75 HUD owned homes will be repaired and sold in the Buckeye-Woodlawn and Union Miles area of Cleveland, Ohio and an estimated 100 properties will receive the same treatment in the Roseland District of Chicago. HUD will work closest with the NPA in selecting homes to be renovated and in all phases of work leading to repair and resale of the homes, according to Assistant Secretary Geno C. Baroni.

A HUD Publication '*Resident's Satisfaction in HUD-Assisted Housing: Design and Management Factors*' HUD-PDR-390 March 1979) is called a "hot item" by Dan Seligman in the July 16 issue of *Fortune's Keeping Up*" (page 50). Copies may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Boston's Metropolitan Area Planning Council (MAPC) is updating its Overall Economic Development Program (OEDP) to see that each of its 92 member communities are eligible for funding under the Federal Economic Development Administration (EDA). OEDP is the MAPC's economic planning document for metropolitan Boston. The updated plan includes industrial site surveys along major suburban transportation corridors zoned for industrial use in addition to historical reviews of employment trends and information on municipal finance population and land use. The *MAPC Annual Report* is free and may be obtained by writing MAPC at 44 School Street, Boston, Massachusetts, 02108. The document also doubles as a calendar.

Affirmative Action Programs on the Move

The U.S. Supreme Court has ruled, 5-2, in *Weber v. Kaiser Aluminum Co.* that companies may establish voluntary affirmative action programs favorable to minorities. In writing for the majority, Justice William Brennan said that the prohibition of racial discrimination in employment in the landmark *Civil Rights Act of 1964* "does not condemn all private, voluntary, race-conscious affirmative action plans." Saying that Congress did not intend to prohibit the private sector from taking effective steps to accomplish equal employment opportunity, the Court stopped short of defining what is permissible and what is not. "We need not today define in detail the line of demarcation between permissible and impermissible affirmative action plans," the opinion said. . . "It suffices to hold that the challenged. . . plan falls on the permissible side of the line." Chief Justice Warren Burger and Justice William Rehnquist dissented from the opinion.

The **Federal Home Loan Bank Board (FHLBB)** and the U.S. Department of Commerce have agreed to a joint program aimed at strengthening the operations of minority-managed savings and loan associations. The agencies have developed a four-part assistance plan which will be financed by the **Office of Minority Business Enterprise (OMBE)** and in-kind contributions from the private sector. OMBE is transferring \$70,000 to the **Bank Board** to fund the program. **FHLBB** Chairman Robert H. McKinney said, "Promoting the development of new and existing minority-managed associations is a major goal of the **Bank Board**. I feel today's action represents the first step toward realizing this goal." There are some 78 associations which qualify as minority managed and owned.

The U.S. Department of Labor is seeking to maintain control over the affirmative action plans of construction companies even after they cease to be government contractors. The **Office of Federal Contract Compliance Programs (OFCCP)** has ruled that a **Tulsa** drilling contractor cannot obtain Federal contracts until it complies with Federal affirmative action guidelines. Company officials contend that their legal commitment to establish a balanced work force ended when the firm completed its work under a Federal contract in 1971. **OFCCP** says the legal obligation to affirmative action continues after all other aspects of the contract are terminated. The case is pending a decision in the U.S. District Court in **Tulsa**.

Experts Disagree on New Baby Boom

According to a recent article in the *Wall Street Journal*, Experts cannot agree on the prospects for a new baby boom comparable to that which took place between World War II and the late 1950's. While some demographers contend that the U.S. population will peak at 253 million in 2015 and then decline, others believe that the 1980's may produce a new boom. Both sides agree, however, that business conditions can delay any rapid population increases. Conditions such as high inflation and the likelihood of a recession could make many young parents doubtful about economic security in the next decade, the *Journal* noted. It concluded, however, that "sooner or later, a new boom looks likely."

The **Community Associations Institute (CAI)** has turned its attention to the present young adult population, the result of the post-war baby boom. The Institute says this group has moved from the rental apartment market into the prime homebuying age. The June issue of *CAI News* says these families have two incomes per family, fewer children and lower child-care costs. Builders and developers, therefore, are looking at new factors that are significantly shaping the home buying segment of the American population, the *News* noted. These factors include: more women stay single longer, more women have full-time jobs, family size is smaller (women are having fewer children), and four-plus member households are declining dramatically.

"The result of our changing demographics is more money available for homes, high demand for condominium-style living, housing units with fewer bedrooms and higher interest in amenities such as swimming pools and tennis courts," *CAI* said.

Consumer Protection for Home Owners

HUD and the **Federal Trade Commission (FTS)** are conducting a joint study to determine the seriousness of new-house defects. The nationwide survey is expected to be completed and the results announced by the end of this year. Meanwhile, the FTS has established an enforcement group within its **Bureau of Consumer Protection** to look into new-house construction defects. Bureau spokesmen say cases may be developed against specific builders if substantial consumer injury is found.

Meanwhile, two **San Francisco**-based companies – the **American Home Shield Corporation** and the **Pacific Cal-West Financial Corporation** – have agreed to merge. The companies operate through real estate offices and sell warranties to buyers and sellers of used homes covering the repair of electrical, heating, plumbing and appliance systems.

Help for Private Developers

HUD and **New York City Department of Housing Preservation and Development (HPD)** have designed a specific framework in which city-owned buildings can be made available to private developers and other development entities within the four target neighborhoods. In each neighborhood, a vacant building (s) of approximately 100 units requiring substantial rehabilitation will be conveyed to the developer at \$500 per unit. Additionally, other nearby buildings containing a combined total of at least 50 units will be made available for limited rehabilitation and conversion to cooperatives by the city. These buildings will be conveyed at \$250 per unit and may be vacant or partially occupied. Up to \$2 million in city **Community Development Block Grant (CDBG)** funds will be allocated to finance the limited rehabilitation of the co-ops. The mechanism for coordinating (1) the CDBG funding of the limited rehabilitation; (2) the focusing of necessary private sector expertise for the limited rehabilitation; (3) the creation of the cooperatives; and (4) the administration of the demonstration at the neighborhood level will be a **Special Purpose Organization (SPO)**. This SPO will be a **Housing Development Fund Corporation** formed under Article XI of the **New York State Private Housing Finance Law**. . . It is the SPO that will be the focus in each neighborhood for the relationships which must be established among the developer, the community organization, and existing occupants in order for the experiment to succeed. . . Interested developers and community groups, or teams including both, should contact: The Office of Procurement and Contracts, **HUD Regional Office**, 26 Federal Plaza, Room 3513 New York, N.Y. 10007, Attn: Melvin Senchak. Applications for participation can be picked up at that point and must be returned by 2:00 p.m. EST August 1. For further information: Mrs. Sybil Phillips, Director, Community Conservation and Research, (212) 264-7194.

Federal Crime Insurance

Residents and owners of businesses in Wisconsin and New Mexico are now eligible to buy burglary and robbery insurance under the **Federal Crime Insurance Program** administered by the **Federal Emergency Management Agency**. . . Gloria M. Jimenez, **Federal Insurance Administrator**, said the action declaring the States eligible was taken following a review of the need with **Governor Lee Dreyfus** of Wisconsin; **Governor Bruce King** of New Mexico; **Mayor Henry W. Maier** of Milwaukee; **Mayor Dave Rusk** of Albuquerque and others. . . Correspondence with the **Servicing Company** should be addressed to **Federal Crime Insurance**, P.O. Box 41033, Washington, D.C. 20014. In addition, a toll free telephone number – (800) 638-8780 – has been installed to enable applicants to get immediate information about the program. Policyholders and property insurance agents and brokers may also use the number for reporting claims and obtaining forms.

Housing Conditions of Blacks

Housing in which Black Americans live is twice as likely to be flawed as the housing of the total population. . . according to a HUD report. This is one of the findings in a summary report on the housing situation of Black households in the United States.

The report. . . *How Well Are We Housed? 3. Blacks*. . . is the third in a series on housing conditions of various groups of Americans. The first two reports in the series dealt with the housing conditions of Hispanics and female-headed households.

This latest report reveals that black people spend more of their earnings than the general population to live in decent housing. It estimates that 37 percent of Black Americans – but only 20 percent of the total population – need to spend more than a quarter of their income to live in unflawed, uncrowded housing.

“The fact that some Americans are still treated as second class citizens cannot be tolerated,” said HUD Secretary Harris. “I will continue to fight for the right of all minorities to get a fair share of the benefits of this society.”

Another finding in the report. . . which is based on data from HUD's *Annual Housing Survey for 1976*. . . is that maintenance and plumbing are the most frequent deficiencies found in black households.

Copies of the report may be obtained from the *Office of Policy Development and Research*, Room 8124, HUD, Washington, D.C. 20410.

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Hud Newsletter

Current Trends

The Federal Trade Commission (FTC) has announced that it is surveying shopping-center developers and tenants to determine if its past orders against shopping-center lease restrictions are being followed. Since 1975 the *FTC* has ordered a number of tenants to drop lease conditions that it views as anticompetitive. Violations include requirements against leasing space to discount stores or granting favored tenants the exclusive right to sell certain merchandise and services.

The Nation's largest housing lender, *Home Savings & Loan Association of Los Angeles*, has cut its minimum interest rate for fixed rate mortgages to 11½ percent from 11¾ percent. A spokesman for the company said the fixed rate was cut for purely technical reasons and added that "loan demand is still good."

Builders Investment Group, Valley Forge, Pa., is reported to be in default on \$74 million in notes and debentures and may be forced into bankruptcy proceedings unless its lenders agree to grant waivers or make other arrangements.

Bankers Trust Co., New York City, has said that it may sell 55 of its branches to three foreign banks. *Bankers Trust* is seeking to sell all of its 89 offices and concentrate on wholesale, rather than consumer, banking. The proposals to sell to foreign banks are subject to approval by regulatory authorities.

Graham J. Morgan, chief executive officer of *U.S. Gypsum Co.*, said he expects his company's first-half profit to be "approximately \$4 a share," up 30 percent from \$3.07 a share a year earlier. *U.S. Gypsum* is a leading maker of building materials and foresees a record year despite a projected decline in housing starts.

The *Bureau of the Census* recently announced that the median age of all Americans was now precisely 30.0. This means that half of all American citizens are more than 30 years old and half of us are below that age level. Some experts predict that the median age will rise to 35 by the year 2000 and to 37.8 by 2040.

The *U.S. Department of Labor* has reported that average salaries for a sample of white-collar occupations increased 7.8 percent in the 12 months which ended in March 1979. That was slightly smaller than the 7.9 percent rise in the previous 12 months. Salaries for professional, administrative and technical support personnel rose 7.7 percent, and salaries for clerical workers rose 7.8 percent.

The leaders of 73 homeowners' groups in New York City have called for an additional 5 to 7-year moratorium in implementing a new State property-assessment plan they say could triple taxes on private homes by 1981. The plan by the *Temporary State Commission on Real Property Taxation* calls for assessment of property at 100 percent of market value effective at the end of 1980.

Two 'New Community' Experiments End

HUD has announced that two financially troubled new communities are being phased out as the result of actions taken by the *Board of Directors* of the *New Community Development Corporation* (*NCDC*). The *Board* voted to acquire the assets of Soul City, a new community in North Carolina and approved a negotiated settlement for acquisition and disposition of the Newfields project in Ohio.

NCDC General Manager William White said that: "Despite local efforts and the support of *HUD* these two projects have not developed into the thriving new communities it was hoped they would become." A *HUD* weekly report of major departmental activities noted that: "Even if Soul City's substantial debt were reduced to zero, there would be insufficient funds from sources other than the *Federal Government* to pay operating expenses or to amortize any new debt."

Soul City was created by Floyd McKissick, a nationally known attorney and civil rights activist in the late 1960's. Since it was approved as a New Community Project by *HUD* in 1972, only 40 lots have been sold and 31 new homes constructed. Last February *HUD* Secretary Patricia Roberts Harris appointed a task force to review the current and future conditions affecting the viability and success of the Soul City project. The task force concluded that Soul City is not financially feasible.

The *NCDC Board* voted to acquire Newfields in October 1976 after concluding that it was not an economically feasible project. The suit to foreclose was filed by *HUD* in 1978. After lengthy negotiations, all the parties involved agreed to a settlement which will result in an estimated recovery to *HUD* of \$4 million. The original plans for Newfields, approved in 1973, included a 4,000-acre development with 13,000 housing units and 39,000 people. Today, there are only 150 residents, 65 housing units and some community facilities.

Homeowners Warned of Equity Scheme

A scheme bilking homeowners who have fallen behind on mortgage payments is the subject of a nationwide *Consumer Alert* from *HUD's Office of Neighborhoods, Voluntary Associations and Consumer Protection* (*NVACP*).

Targets of the scheme, called the "home equity rip-off," are homeowners in default of their home loans and who are unaware of equity available to them because inflation has dramatically increased the value of their houses. It is this equity, says *NVACP*, that is the object of unscrupulous land speculators who take advantage of homeowners' fears of losing their homes, their ignorance of the true market value of the property and their lack of knowledge about the options and assistance available to them.

NVACP's Assistant Secretary Geno Baroni said "the home equity rip-off scheme has been reported in the Los Angeles area but *HUD* feels other areas of the country may experience the same problem." He said that speculators contact a homeowner who has received a default notice, promise help and eventually end up with title to the property.

Homeowners with government insured or guaranteed mortgage loans (*HUD/FHA/VA*) and who are in default should contact their lender or a professional housing counseling agency. Homeowners with conventional loans also should seek out the help of a professional housing counseling agency. Where the homeowner has no prospect of making up the payments, *HUD* says it would probably be wise to sell the property through a reputable real estate company after obtaining several realistic estimates. Money from the sale of the house can then be used to pay off the mortgage and any remaining funds would go to the former owner.

"Whatever the circumstance," said Assistant Secretary Baroni, "the consumer should be wary of unsolicited calls, and letters which offer to protect your credit and promises to take care of your problem."

Additional information may be obtained by calling the *Neighborhood & Consumer Affairs Representative* in the *HUD* field office nearest you.

Workshop on US/Mexico Urban Policy

HUD will host a workshop on American-Mexican urban policies at its central headquarters in Washington, July 30 to August 4. The workshop is an outgrowth of a meeting held June 7 in Mexico between **HUD** Secretary Patricia Roberts Harris and Mexican President Lopez Portillo which produced an *Agreement for Cooperation in the Field of Housing and Urban Development*. The agreement, signed by Secretary of State Cyrus Vance and then Foreign Minister Santiago Roel Garcia during President Carter's visit to Mexico in February, names **HUD** and the **Mexican Ministry of Human Settlements and Public Works (SAHOP)** as executive agencies to carry out the work plan established by a joint steering committee.

In the June meeting, President Portillo pledged his support to the steering committee and said his interest in urban affairs is rooted in an extensive background in urban issues in and out of public office. Secretary Harris said, "I believe no two countries stand to gain more from an open flow of information and exchange of ideas on our urban problems than the United States and Mexico."

Information will be exchanged on urban policies, plans and programs; programs of **HUD** and **SAHOP** as they impact border communities; national housing policies; urban environmental impact assessment and planning; the relationship of Federal and local governments in planning including citizen participation; metropolitan area planning; and urban disaster planning preparedness.

Mortgage Gross Flow-April 1979

HUD has announced that the volume of long-term mortgages closed for 1-4 family homes totaled \$14.0 billion, up 7 percent from \$13.1 billion in loans originated in April a year ago. The agency said, however, that all or a substantial proportion of the increase is due to improvements in its data system. The April activity brings total loan originations for all homes by all lenders to \$48.0 billion for the first four months of the year, a slight decrease of 1 percent over the same period in 1978.

Of the 1-4 family loans closed in April, savings and loan associations accounted for 50 percent (\$7.0 billion), commercial banks had a market share of 20 percent (\$2.8 billion), and mortgage companies accounted for 21 percent (\$3.0 billion).

In comparison to loan activity in April 1978, July 1979 data show that home loans originated by savings and loan associations and commercial banks had decreased slightly by \$.1 billion (down 1 percent) and \$.2 million (down 6 percent), respectively. While mortgage companies showed substantial increases of \$1.1 billion (up 57 percent) from April of last year, this increase to a significant extent reflects improved statistical coverage and does not necessarily signify increased mortgage volume.

Easier Home Loans

House-hunting Americans, faced with sky-high home prices and soaring interest rates, are getting new help from Federal regulators, State and local governments and even employers according to a recent story in *U.S. News and World Report*.

According to the July 2 story, many States are boosting legal ceilings on mortgage rates to keep conventional housing loans flowing. Some States and cities are creating new pools of money for homes, often at bargain interest rates, with sales of special tax-exempt bonds, and a growing number of companies are giving cash and other kinds of housing assistance to transferred employees. As of July 1, federally chartered savings and loan associations can offer variable-rate mortgages on which interest rates rise or fall in line with a national interest-rate index. Experts say that this practice could mean more money for home loans in the long run.

U.S. News and World Report says that rising rates have "bumped into limits set by usury laws in many States, reducing lenders' willingness to offer standard home loans." To counter this trend, the story says, at least 14 States have changed their usury laws this year. *Indiana*, for example, raised its mortgage-interest limit to 15 percent from 10. *Maryland* eliminated its ceiling altogether. *Nevada* raised its limit to 18 percent, and other States have adopted a "flexible ceiling that tracks an economic index."

Mortgage Rates for New Homes

The Federal Home Loan Bank Board (FHLBB) has announced that mortgage interest rates on loans closed for new homes reached 10.66 percent in June, up from 9.46 percent a year earlier. The *Bank Board* said its commitment rate, reflecting what lenders were quoting to prospective home buyers last month, jumped to a record 11.09 percent on a new home with a 25-year mortgage covering 75 percent of the purchase price.

Kenneth Biederman, director of *FHLBB's Office of Economic Research*, said the June figures show the effects of a recent "slowdown" in savings flows to thrift institutions and "continued high levels of demand" for housing. He noted that the rise in mortgage rates has been encouraged partly because a dozen or more States have recently lifted "usury-law" limits that held rates at 10 percent.

Despite high mortgage rates, he said, he doesn't foresee any "collapse" of the housing market and predicted that housing starts will run at an annual rate of about 1.6 million through mid-1980.

Mortgage rates also jumped for previously owned homes in early June - 10.71 percent from 10.60 percent in May and 9.48 percent a year earlier.

The average purchase price for new homes climbed to \$73,000 in June from \$72,300 in May and \$62,600 a year earlier. The average purchase price for previously owned homes in June was \$61,000. A year ago the average cost for such homes was \$53,900.

Senate Confirms FHLBB Member

The *Senate* last month confirmed, by voice vote, the nomination of Andrew DiPrete for membership on the *Federal Home Loan Bank Board (FHLBB)*. Mr. DiPrete was sworn in on June 29, replacing Garth Marston who left the *FHLBB* last September. A former chief regulator for State-chartered financial institutions and insurance companies in Rhode Island, DiPrete says he hopes to face issues confronting the savings and loan business which, he says, are to "gather funds to support a prosperous housing market."

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Hud Newsletter

Current Trends

New one-family houses completed during 1978 tended to be larger and contained more amenities than those completed in 1979, according to statistics released jointly by HUD and the U.S. Bureau of the Census. Of some 1,369,000 houses completed in 1978, 54 percent had 1,600 or more square feet of living area compared to 59 percent in 1977.

The U.S. Department of Commerce reports that business inventories rose 1.2 percent in May, following a 1.4 percent climb a month earlier. Manufacturing, retail and wholesale inventories increased \$4.7 billion in May to a seasonally adjusted \$402 billion. This was slightly less than April's dollar increase of \$5.4 billion.

Century 21 Real Estate Corp. may provide mortgage brokerage and other real estate services to its brokers if a suitable financial partner can be found. The real estate franchiser has had "informal discussions with several major corporations concerning methods of financing" the additional services, Senior Vice President James Mitchell said.

Yields at its latest auction of four-month commitments to buy home loans declined, according to the Federal National Mortgage Association (FNMA). FNMA said yields for commitments on Government-backed loans eased for the fourth consecutive auction, while those on commitments for conventional mortgages posted a decline after rising at seven consecutive auctions.

Commitments on mortgages guaranteed by the Veterans Administration or insured by the Federal Housing Administration (FHA) saw the average yield fall to 10.622 percent from 10.742 percent two weeks earlier. It was the lowest average since the 10.512 percent on April 16. For conventional mortgages, yields dropped to 11.538 percent, the lowest since the 11.409 percent of May 29.

HUD Proposes Change in Block Grant Rules

HUD has issued a proposed rule which would amend 24 CFR, Part 570, by adding two new sections. The first (Sec. 570.612) would govern the administration of the use of block grant funds by eligible subrecipients. The second section (Sec. 570.613) would set forth guidelines for the disposition of real property under the block grant program. The proposed amendment was published in the *Federal Register*, Vol. 44, No. 126, Thursday, June 28, 1979 at page 37631.

Affirmative Action May Get Push

The Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) may require annual affirmative action programs in the wake of the recent Supreme Court decision in *Weber vs. the Kaiser Aluminum Company*. OFCCP's director, Weldon Rougeau, sees the decision as a green light to force compliance with his agency's guidelines. Likely targets include banks, insurance companies, academic institutions and the energy industry.

House Passes Education Bill

A bill creating a *Department of Education* — the 13th cabinet-level agency — has passed the *House* by a 210 to 206 vote. The *Senate* passed a similar bill last April. The measure, which now goes to a *Senate-House* Conference, would consolidate 160 Federal education programs involving some 18,000 employees and budgets totaling about \$14.1 billion.

OMB to Revise Circular A-102

The *Office of Management and Budget (OMB)* offers interested parties an opportunity to comment on a proposed revision to *Circular A-102*, in a notice appearing in the July 11 edition of the *Federal Register* (Vol. 44, No. 134, page 40624). The revision of *Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments* would expand and clarify the rules governing audits of federally assisted programs.

President Proposes Solar Bank

President Carter has proposed the creation of a *Solar Bank* as the backbone of a legislative program that would enable the Nation to derive 20 percent of its energy power from the sun and other renewable resources by the year 2000.

The *Solar Bank*, which would be based in the *Department of Housing and Urban Development (HUD)*, would provide upfront subsidies to banks and other lenders. The lending institutions would in turn make loans for solar investments in residences and commercial structures at interest rates below the prevailing market rate. Under the plan, *HUD* and the *Department of Energy (DOE)* would develop a solar energy information program by FY 1980 to aid builders, bankers and the public.

Jersey Official Sues Municipalities

The Appellate Division of the *New Jersey Superior Court* has ruled that the State's public advocate "properly adhered to statutory guidelines" when he filed a suit against 27 *Morris County* municipalities for allegedly zoning out low- and moderate-income housing. The suit was based on studies of vacant land, population, income and types of housing, and charged that the municipalities were using illegal land-use plans to create upper-class communities.

Black Population Increases

Figures released by the *Bureau of the Census* show that in the last eight years America's black population has grown 12.6 percent, more than twice the rate of the white population. "The black population has experienced a slower decline in fertility than the white population and as a consequence, the decline in the population under 14 has been sharper for whites than for blacks," the *Bureau* said.

Numbers increased for blacks and decreased for whites in both younger and older age brackets. Blacks 18 to 24 years of age have increased at almost twice the rate of whites in that age group. Blacks have also experienced a 20-percent increase in senior citizens (over 65 years), the *Bureau* reported.

Prices May Double in 10 Years

Data Resources, Inc. (DRI), an economic forecasting firm based in Lexington, Mass., has made a series of long-term projections about the future of the Nation's economy based on various economic possibilities. The forecast concluded that prices are expected to double before the end of the next decade. Commenting on the *DRI* forecast, the July 2 edition of *The Washington Post* said: "If prices double between now and 1987-89, you're going to need more than twice your present income, in 10 years or less, just to live exactly the way you do today."

Age Bias Prohibited

The U.S. Department of Health, Education and Welfare (HEW) has issued Government-wide regulations which ban age discrimination in all federally financed programs. The rules went into effect on July 1. The regulations permit age distinctions that are necessary for a program's "normal operation" or that are based on "reasonable factors other than age."

The Federal Mediation and Conciliation Service (FMCS) will intervene in resolving discrimination disputes. Alleged violations could lead to an investigation and a hearing before an administrative law judge and could result in a cutoff of funds.

By early 1981, some 28 Federal agencies that finance programs must eliminate any age distinction "that cannot be justified," HEW said.

Federal Lands to Produce More Lumber

The administration's recent order to increase harvests from Federal forests may not produce a sudden increase in lumber for the housing market, but experts are predicting that more lumber will be available in the 1980's. The Council on Wage and Price Stability estimates that lumber accounts for about 15 percent of the final price of a new single-family house. It said that only "a sustained increase in Federal timber over a decade or more would have a significant impact on lumber prices."

Social Security Taxes to Rise

Actuarial experts are predicting that by 1987 – less than a decade away – the maximum Social Security tax imposed on individual workers will rise to \$3,045.90. In 1949 the tax rate was \$30 a year. In 1977 the maximum rate was \$965.25.

Company to Market 'Folding' Home

Engineering Associates of Newport Beach, Ca., has developed a new type of house which can be "unfolded" onto a prepared foundation. The house of the future is called IMACH ("eye-mack"), an acronym for Innovational Manufactured A-Concept Home. IMACH is a factory-built, mobile modular A-frame house 12 feet wide and 13½ feet high when packed for traveling. It unfolds to a height of 23 feet and a width of 26 feet. Designers say the house may someday travel to its site on its own wheels, much as a mobile home, or it may actually be built at the site.

Three lengths are planned, 45, 50 and 60 feet, all with the same 26-foot width. The houses are expected to cost from \$25,000-\$30,000, not including lot, foundation and site improvements such as a driveway or landscaping.

Federal Aid Shrinking

A panel of urban affairs specialists attending a Washington Conference on *Cities – Yesterday, Today and Tomorrow*, has concluded that local governments in the future will have to look to institutions other than Washington for answers to their own local development questions.

"Communities . . . are going to have to rely more and more on their own inventiveness and initiative, for as the current economic situation should demonstrate, there simply aren't enough Federal resources to do it all," the panel said. Recommending increased dialogue between State and local government to fill the void which will be left by shrinking Federal aid, the specialists said that local job creation is the real hope of reviving urban economies.

Windmill Generates Electricity

The world's largest electricity-generating windmill, dedicated recently atop a mountain in Boone, N.C., could be a harbinger of things to come in the Nation's efforts to find alternative sources of energy. Federal and State officials hailed the windmill as a signal that the United States was moving to end its reliance on foreign oil for its energy needs. At the ideal wind speed of 25 miles per hour, the windmill can produce 2,000 kilowatts of power.

HUD Names New Regional Administrator

HUD Secretary Patricia Roberts Harris has appointed Geraldine G. Thompson as Administrator of the HUD Regional Office in Atlanta. She replaces A. Russell Marane who is joining the Carter-Mondale Presidential Committee.

Ms. Thompson will oversee operations of the agency's housing and community development programs in Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee. Secretary Harris noted that Ms. Thompson, formerly the Federal Liaison Officer for the City of Atlanta for two years, "has acquired a broad knowledge of the programs she will direct." She also has served as Special Assistant for Community Affairs for the City of Atlanta.

Enforcement Functions Transferred

President Carter last month issued Executive Order 12144 which transferred certain functions relating to the enforcement of equal pay and age discrimination in employment programs to the U.S. Equal Employment Opportunity Commission (EEOC). The functions previously were under the jurisdiction of the U.S. Department of Labor. Jurisdiction over Federal employees related to age and equal pay were transferred to the Commission from the Office of Personnel Management (formerly the Civil Service Commission) on January 1, 1979.

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Current Trends

U.S. Home, the Nation's largest on-site builder of single-family houses, says it expects to report a 34 percent increase in second quarter net income. This would set income at a record \$9.5 million, or 86 cents a share, on revenue of \$220.2 million. A year ago the company earned \$7.1 million, or 63 cents a share, on revenue of \$168.6 million.

Personal income rose 0.5 percent in June, continuing a slowing trend evident since February. The income of Americans rose \$9.4 billion to \$1.900 trillion, the *Commerce Department* reported. This compares with a rise of 0.7 percent or \$12.4 billion in May. The June personal income figure is equal to about \$8,650 for every man, woman and child in the United States.

Some 8,485 new permanent jobs will be created, 11,829 existing jobs saved and 7,219 construction workers employed as the result of the large city *Urban Development Action Grants* released in mid-July by HUD. The \$84.5 million in Federal funds pulled in \$509 million in private financial commitments for 29 projects in 25 metropolitan areas across the Nation.

The *Federal Home Loan Bank Board (FHLBB)* has approved the use of variable interest rate mortgages (VRM) by Federal savings and loan associations. As of July 1, savings and loan institutions may offer borrowers a sliding-rate mortgage with the potential to raise interest costs by one-half percent a year. The maximum increase over the life of the mortgage, however, cannot exceed 2.5 percent of the contracted rate.

Groups Act to Keep Schools in Cities

A unique plan to keep universities and colleges from fleeing inner cities has been developed by **HUD**. **HUD** and the *American Association of State Colleges and Universities (AASCU)* have agreed to develop programs to encourage schools of higher learning to remain in the central cities. The agreement was reached in a Memorandum of Understanding signed by Secretary Patricia Roberts Harris; E.K. Fretwell, president of the *AASCU*, and G. Robert Ross, chairman of the *AASCU's* Committee on Urban Affairs.

The memorandum will encourage direct campus relationships with cities and will lead to increased college and university participation in its revitalization of cities. Under the agreement, the *AASCU* will encourage schools to renew their commitment to the central cities by retaining present faculties and, where feasible, expanding in central cities. **HUD** will work for a "coordinated Federal response" to efforts of the schools, and will lend technical assistance to achieve objectives of the program and in securing Federal financial assistance through available grants and loans.

Urban Renewal Project Notes

Urban renewal project notes totaling \$55,130,000, representing 19 local issuing agencies, were sold in July, at an average interest rate of 4.607 percent, *HUD* reported. Bids ranged from 4.31 percent to 4.89 percent. The average maturity of the notes sold was 7.9 months. The notes will be dated August 14. The average interest rate for the \$14,197,000 of project notes sold in June was 4.599 percent.

Bonus Loan Funds Available

A bonus allocation of \$5.9 million in single-family Section 312 rehabilitation loan funds is being provided by *HUD* to 39 cities and two counties to accelerate their neighborhood revitalization programs. The special funds, for long-term, low-interest loans to homeowners of one- to four-family dwellings in designated *Housing Neighborhood Strategy Areas (NSA's)* are in addition to Section 312 funds allocated earlier for other local programs.

"This special project, in addition to improving housing conditions for low- and moderate-income homeowners, also demonstrates the improved coordination of *HUD* programs," Secretary Patricia Roberts Harris said. The Section 312 program is a direct Federal loan made available to property owners through a local government agency. Residential rehabilitation loans may not exceed \$27,000 per dwelling unit.

HUD Releases Market Prices

The results of the July 1 opinion survey on conditions in the mortgage market have been released. As of July 1, the survey showed a significant increase in *HUD/FHA* secondary market prices and a corresponding drop in mortgage yields from the previous month. Nationally, the secondary market price for immediate delivery of 10 percent *HUD/FHA* insured new-home mortgages with 30-year terms and minimum downpayments increased eight-tenths of one percentage point to an average \$96.8 per \$100 of the outstanding loan amount.

'Set Aside' Concept to Get Test

The controversial set aside provision of the 1977 *Public Works Employment Act* will be resolved by the *U.S. Supreme Court*. The *Court* has been asked to rule on the legality of the provision which sets aside 10 percent of the work on local contracting jobs for subcontracting firms owned by minorities. Appellate courts in Philadelphia, New York City and Cincinnati have upheld the provision, but a number of district courts have held that the practice is illegal. The ruling, expected next spring, could have broad impact on the implementation of affirmative action programs.

Condominium Conversions Double in 1978

According to *Citicorp Real Estate*, the number of rental units converted to condominiums and cooperatives doubled last year and is expected to increase at least 30 percent in 1979. Calling condo conversions "the most likely sector to thrive in this year's more difficult climate," *Citicorp* predicts the completion of at least 130,000 converted units this year.

The Detroit-based firm said that Chicago and New York City lead the Nation in conversions, but Denver, Detroit, Los Angeles, Phoenix and Washington, D.C. are expected to double the number of conversions this year. Philadelphia, it said, will quadruple its conversions in 1979 and Atlanta is expected to increase its conversions ten-fold.

ULI Report Sees Rural Growth

Small cities and towns outside large metropolitan centers have been the fastest growing areas in the United States since 1970, according to a report by the *Urban Land Institute (ULI)*. The report, *Growth and Change in Rural America*, presents evidence that:

- Perhaps for the first time in U.S. history, non-metropolitan areas are growing faster than metropolitan areas;
- The most rapid growth is taking place in the most rural counties, i.e., those with the smallest urban places or with none at all;
- Unincorporated communities in rural counties and townships are growing faster than are small towns and cities in these counties; and
- Non-metro growth is a widespread phenomenon found in every U.S. Census region. It is "geographically pervasive," and even includes the supposedly lagging Northeast.

The report is available for \$9.75 for members and \$13.00 for nonmembers from *ULI*, 1200 18th Street, N.W., Washington, D.C. 20036 (202/331-8500).

DOL to Propose Anti-Bias Regulations

The *Department of Labor (DOL)* is expected to propose regulations which will prevent employers with Federal contracts from paying dues for employees in exclusive private clubs with discriminatory membership policies. The *DOL* says those excluded from such clubs may be victims of discrimination where membership gives an employee a "professional or business advantage."

Sears Appeals Suit Dismissal

Sears, Roebuck & Co. has appealed the dismissal of a lawsuit in which it challenged the Federal Government's authority to enforce affirmative action laws. The *U.S. District Court* in Washington, D.C. dismissed the suit against 10 Federal agencies, saying "*Sears* failed to present a justifiable case or controversy."

The *Sears* suit charged that conflicting and confusing Federal rules made it impossible for employers to comply with all job-bias laws, and contended that Government policies were the root cause of the Nation's white-male-dominated work force.

Census Projects Increase in Households

By 1999, there will be from 28 to 41 percent more households in the United States than there were last year according to a projection released recently by the *Bureau of the Census*. The most conservative of four projections would result in an increase of 21.2 million households, to a total of 97.2 million between 1978 and 1995. The highest would add 31.5 million households for a total of 107.5 million. The March 1978 estimate was 76 million.

Two Minority Banks Closed

The *Independence Bank of Chicago* has taken over the operations of the *Guaranty Bank & Trust Company* and the *Gateway National Bank of Chicago*, according to the *Federal Deposit Insurance Corp.* All three of the banks are minority-owned. *Guaranty Bank & Trust Co.* was closed by the Illinois banking commissioner and *Gateway National* was closed by the *U.S. Comptroller of the Currency*. *Independence* assumed deposits and other liabilities totaling \$9.1 million from *Gateway* and \$5.2 million from *Guaranty*.

EPA to Modify Drinking Water Regulations

The *Environmental Protection Agency (EPA)* has proposed changes in the *National Interim Primary Drinking Water Regulations* to provide greater latitude to small public water systems for determining compliance with technical requirements. The proposed modifications were published in the *Federal Register*, Vol. 44, No. 140, July 19, 1979 at page 42246.

Carter Names Miller FHLBB's Acting Chairman

President Carter has named Anita Miller as acting chairman for the *Federal Home Loan Bank Board (FHLBB)*. Mrs. Miller has been a member of the *Board* since last May. Her term expires in 1982.

FYI

National Association of Real Estate Brokers (NAREB). . . 32nd Annual Convention. . . New Orleans, La., August 5-10. Details: *NAREB*, 1025 Vermont Avenue, N.W., Washington, D.C. (202/638-1280).

Publications Available

A Guide to Housing and Community Development Programs for Small Towns and Rural Areas. . . outlines steps to be taken by rural municipalities in planning community development and housing programs. \$6.00. Available from the *Housing Assistance Council*, 1828 L Street, N.W., Suite 606, Washington, D.C. 20036.

The Inflation of House Prices. . . predicts the impact of economic policy on reducing overall price increases in houses. . . foresees an end to rapid price increases. \$25.00. Available from *D.C. Heath and Company*, Lexington Book Division, 125 Spring Street, Lexington, MA 02173.

The '78 Residential Builders Compensation Survey. . . details the average salary for building company executives in 18 categories. \$135. Available from Lee Stephens, 8055 W. Manchester Avenue, Playa del Ray, CA 90291.

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . Charles Sharpe, Editor. . . Subscription rate \$23.00 per year, domestic. . . \$28.75 foreign. Address all communications regarding the subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

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August 6, 1979
HUD-318-396-ASI



Hud Newsletter

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
AUG 10 1979
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Current Trends

A recent survey of wage increases for public housing maintenance workers indicates that during the first six months of 1979 such increases have held to an estimated 7.5 percent. This shows that local housing authorities, under HUD guidance, have managed to keep wage increases within the President's wage guidelines, although the guidelines do not apply to them.

The *National Association of Home Builders (NAHB)* says a survey conducted by its Economic Division indicates that housing activity may be heading for a decline. *NAHB* data gathered from the field points strongly to (1) a decline in new home sales, (2) an increase in the inventory of new homes for sale, and (3) a slowdown in buyer traffic at new subdivisions.

The West leads all other regions of the Nation in the formation of new households, according to the *Bureau of the Census*. The report said 567,000 households were formed in the West in 1977-78, an annual increase of 4 percent, to 14.6 million units. California led the Nation in total households at 8.4 million, followed by New York with 6.4 million. Connecticut had 1,080 and New Jersey had 2,520,000.

Building permits, considered to be a reliable indicator of construction activity, rose 1.8 percent in mid-year to an annual rate of 1,647,000 units. The rate was 16.9 percent below the permits level a year earlier.

White Accepts Post At Mortgage Firm

William J. White, general manager of HUD's New Community Development Corporation, is leaving to become president and chief executive officer of a Boston-based mortgage banking firm.

"Bill White has given more than two years of dedicated service to HUD," said Secretary Patricia Roberts Harris, "and I deeply regret his resignation. I personally appreciate the special effort he has made in reorganizing the problem-plagued New Communities program he inherited into a viable program which makes sense."

During his tenure more than half of the failing projects were liquidated. The remaining new communities have become well established and economically and racially integrated. Total population of the new communities has increased by 59 percent with the black population showing a 40 percent increase. There also has been a 38 percent increase in the construction of low-and moderate-income housing and a 64 percent increase in industrial and commercial development.

White will be replaced by Bryant Young, deputy general manager, who will head the New Community Development Corporation in an acting capacity.

Poor Have 'Double Burden'

The *National Advisory Council on Economic Opportunity* has indicated that the continuing combination of inflation and unemployment imposes "a double burden on the poor." The 13-member *Council* said that many of the Nation's poorest families are being forced into debt to purchase basic needs. Because of high inflation in the necessities — food, housing, energy and medical care — households in the lowest 10 percent income group are spending 119 percent of their after-tax income on these basics, the *Council* said in its annual report to the President and Congress.

The report said that "unemployment is still a potential catastrophe for individuals and families, and a source of expensive social disruption for the country as a whole." It said that public aid such as unemployment insurance and food stamps cannot remove the pain of joblessness. In a covering letter to the President, the *Council's* chairman, Arthur Blaustein, said the plight of the poor must become a high priority not only for the Federal Government but also for voluntary local nongovernmental groups, as well as religious, labor and business leaders. He said that efforts to limit public spending "are irresponsible to the extent that the real-life consequences of those approaches can do further damage to millions of Americans who are barely surviving."

26 Communities Get Urban Renewal Funds

More than \$69 million will go to 26 communities to help them complete or close out old programs, mostly urban renewal projects from the late 1960's and early '70's, *HUD* has announced. The awards are made from *HUD's* Financial Settlement Fund, authorized at \$100 million per year through 1980, which is used to give supplemental assistance to local governments for completing or settling categorical projects, such as urban renewal, water and sewer, and neighborhood development programs.

"In awarding funds we gave priority to protecting the Federal interest by selecting applicants who lacked sufficient resources to repay loans guaranteed by the Federal Government," said Robert C. Embry, Jr., Assistant Secretary for Community Planning and Development. "The lack of local resources was caused primarily by lower-than expected proceeds from the sale of the redevelopment sites, or no sale at all. This was a major problem in the old urban renewal program," Mr. Embry said.

Localities receiving awards will be required to be financially settled, with all loans repaid and a closeout agreement executed to bring any remaining activities under the local community development program. Applications were received from 37 localities and requests totalled \$141 million.

NAHB Revises Housing Starts Estimate

The *National Association of Home Builders (NAHB)* has revised its 1980 forecast of housing starts downward 3.3 percent to 1.56 million units. The forecast for 1979, 1.617 million starts, remains about the same. Earlier, *NAHB* had projected that 1980 housing starts would increase about 6.1 percent over 1979 levels. The Association says its latest forecast was based on several factors, including the following:

- The latest *NAHB* sales survey shows a further weakening of new home sales. Less than one-third of the respondents now indicate good sales compared to nearly 65 percent a year ago.
- The same survey indicates a considerable increase in unsold inventory of new homes, with one-third reporting inventory to be about normal as compared to only 9 percent a year ago.
- The latest *Bureau of the Census* report on the sale of new homes shows sales at an annual rate of 726,000, unchanged from April and down 19.3 percent from the peak reached in October 1978.

HUD Launches New Program

HUD's \$10 million Congregate Housing Services Program has gone into operation. Under the program, eligible handicapped and temporarily disabled persons who live in public housing or Section 202 projects are able to receive at least two meals a day, seven days a week. They may also receive support services such as personal assistance and housekeeping. HUD estimates that FY 1979 funding will support approximately 50 three-year grants.

Census Releases Study on Blacks

A new study by the *Bureau of the Census* says that economic downturns have played a major role in slowing black progress toward full social and economic equality with white Americans. Titled *The Social and Economic Status of the Black Population in the United States: An Historical View, 1790 to 1978*, it presents a detailed statistical portrait of the black American experience from slavery to emancipation to modern times.

NAHRO, NCHM Get Certification Approval

The *National Association of Housing and Redevelopment Officials (NAHRO)* and the *National Center for Housing Management (NCHM)* have been granted accreditation as approved certifying organizations under the Public Housing Manager Certification Program. The groups are authorized to proceed with implementation of their certification systems in accordance with 24 CFR, Part 867.

New York Gives Free Legal Aid on Housing

New York City has established a *Community Law Office* in upper Manhattan to give free legal advice to tenants and community groups. The office, assisted by a Federal grant of \$249,000, also offers advice to owners of residential buildings who want to improve them. The new office also will refer applicants to housing programs and assist with the formation of cooperatives. The services are available to anyone in the Manhattan area who cannot afford a lawyer.

Hispanic Group Issues Study

An Hispanic group, *La Casa de Puerto Rico*, has issued a comprehensive study of Hispanic housing needs in the City of Hartford, Conn. The study recommends (1) an increased supply of public and private housing for low- and moderate-income families (2) reduced housing costs and increased household income, (3) expanded homeownership opportunities, (4) increased accessibility to new and existing housing and housing assistance programs, and (5) improved conditions of public and private housing in Hispanic neighborhoods.

Seattle Proposes Housing Authority

The City of Seattle may soon test an unusual low-income housing strategy that doesn't involve rent controls or a massive injection of Federal money. If approved, the program would be the first of its kind undertaken by a municipality. According to the director of the *Department of Community Development*, the city hopes to establish a *Public Development Authority (PDA)* which could purchase and rehabilitate low-income rental housing.

The new agency would have statutory power to buy, sell, lease, manage or renovate properties for "public purposes." The purpose, in this case, would be to buy and control apartment buildings in order to insulate low-income tenants from escalating rents, demolitions or condominium conversions.

The proposed Seattle *PDA* would use a common financing method called "equity syndication," patterned after a private Washington, D.C. program operated by *Jubilee Housing*. Buildings could be acquired with "front-end" funds from Federal Block Grant allocations and tax-deductible contributions. Federal Urban Development Grants might be used as downpayments in some cases.

FHLBB Head Pledges Housing Support

Chairman Anita Miller, the *Federal Home Loan Bank Board* has pledged her agency's intention to "implement a countercyclical program if housing starts fall seriously below 1.5-1.6 million this year. She said tools which may be employed by the *FHLBB* may include: (1) reducing liquidity requirements, (2) increasing advances and (3) increasing the *Federal Home Loan Mortgage Corporation's (FHLMC)* commitment to purchase home loans on the secondary market. Mrs. Miller said such efforts would depend on continued demand for housing and would be undertaken only in concert with current goals to reduce inflation.

Publications Available

Shelterforce. . . a quarterly journal for housing activists and community organizers containing news, analysis and other information on all phases of the housing field. \$5.00 for six issues. Available from *Shelterforce*, 380 Main Street, East Orange, N.J. 07018.

A Homebuyer's Guide. . . helps you decide whether or not to buy a home. . . provides worksheets on subjects such as: Should I Rent or Buy?, What are Settlement Costs?, How Do I Determine if the House is Sound?, and How to Select a House. Brochure and price list free. Available from Abby Brown, *American Bankers Association*, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036 (202/467-4887).

Something to Build On. . . a 22-minute, 16mm color film which depicts the miserable living conditions of farmworkers. . . shows what is being done to help farmworkers obtain better housing. Free-loan to community, public service and educational groups. Available from *Rural America*, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036.

Truth in Lending Report. . . provides guidelines for writing contracts; clarifies circumstances under which the law says that housing remodelers are extending credit and outlines obligations to customers. Available from *NAHB's* Rehabilitation and Remodeling Department, 15th & M Streets, N.W., Washington, D.C. 20005 (202/452-0329).

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Hud Newsletter

Current Trends

President Carter has announced his intention to name HUD's Under Secretary Jay Janis as chairman of the *Federal Home Loan Bank Board (FHLBB)*. He would succeed Robert McKinney, who has resigned. Janis, an executive assistant to HUD's first Secretary, Robert C. Weaver, returned to the agency in his present position in 1977. His term at the FHLBB would expire in June 1981.

The *National Urban League* is planning to conduct a national survey of black households. The survey, called the *Black Pulse*, will use a random selection of more than 5,000 black families. It will be the first, largest and only survey concentrating exclusively on the black community.

President Carter has continued *Federal Regional Councils* in each of the 10 standard Federal regions by issuing Executive Order 12149. The *Councils* were established in order to provide a structure for interagency and intergovernmental cooperation.

Two out of every three commuters drove alone to work the year after the 1973-74 national gasoline shortage, according to a survey recently released by the *Bureau of the Census*. Overall, in 1975, nearly 85 percent of all workers traveled to work in a car or truck, 6 percent used public transit, 5 percent walked, 3 percent worked at home and 1 percent went by motorcycle or bicycle. Of those using cars and trucks, 65 percent drove alone and 19 percent were in carpools.

Secretary Harris Lauds Landrieu Selection

The selection of former New Orleans Mayor Moon Landrieu as the new Secretary of HUD has been praised by former Secretary Patricia Roberts Harris. Mrs. Harris said "I am delighted that President Carter has nominated Mayor Moon Landrieu as Secretary of the *Department of Housing and Urban Development (HUD)*. I can think of no person better qualified to serve in this position. I know Mayor Landrieu. I have worked with him and I know that he shares the President's commitment, my commitment, and the commitment of HUD to serving the needs of low- and moderate-income people and distressed communities, large and small, throughout this country."

Mrs. Harris, who is *Secretary of Health, Education and Welfare (HEW)*, said that as the mayor of a large, distressed sunbelt city, Landrieu knows the importance of HUD programs for communities everywhere. "All of us who know the Mayor," she said, "know him to be an inspired leader, a gifted administrator, and a committed advocate for the needs of America's communities, large and small. I look forward to working with him in the Cabinet to address our concerns for service to the most vulnerable people in this society."

Rate of Government Growth Slows

A *Tax Foundation* survey has found that although Government spending is increasing year by year, its rate of growth has slowed. In the 1950's, spending adjusted for inflation increased at an annual rate of 5.9 percent. The rate in the 1960's was 5.5 percent and in this decade it is rising at a rate of 4 percent. The survey predicted that Government spending in the current fiscal year would reach \$829 billion, twice the amount spent seven years ago. It covered 80,171 units of Federal, State and local Governments.

HUD Announces Mortgage Insurance Activity

HUD has reported that private mortgage insurance activity in June, and for the second quarter as a whole was below the normal seasonal pattern. In June private mortgage insurers received 63,079 new applications, a 9 percent decline from May. Private mortgage insurers issued 54,970 new certificates of insurance in June, carrying a dollar volume of \$2.4 billion.

For the second quarter, private mortgage insurers received 195,835 applications, and issued 146,868 new certificates for a volume of \$6.8 billion in new insurance written. The total volume of new insurance written for the first half of 1979 amounted to \$12.1 billion, less than 3 percent or \$366 million below the first half volume of 1978. Insurance in force at the end of June was \$88.1 billion, nearly \$17.1 billion greater than one year earlier.

Private mortgage insurers also insured \$53.6 million in conventional mortgage pass-through pools in June. For the first half of 1979, private mortgage insurers have covered \$489 million in conventional mortgage pools. The outstanding balance of all such pools stood at \$1.7 billion at the end of June.

HUD Outlines Solar Initiatives

HUD has outlined four new administrative initiatives designed to give its housing programs a solar focus. In remarks to a *House Subcommittee on Housing and Community Development*, Acting Secretary Jay Janis said field offices will be instructed to:

- Identify multifamily projects proposing to use solar energy and to forward those with processing problems to Washington for immediate attention.
- Include solar heating and hot water systems in public housing when the installation is cost effective.
- Assist the agency in meeting its 1980 goal of using solar systems in some 2,500 HUD-assisted housing units.
- Consider the installation of wood burning stoves which meet *Underwriters Laboratories* safety standards in new *FHA*-insured homes in an effort to conserve energy.

Janis also gave strong support to the *Solar Energy Development Bank* recently presented to the *Congress* by President Carter. Under the legislative proposal, the Solar Bank will be located in *HUD* and draw on the expertise of the *Government National Mortgage Association*. It would be funded at \$35 million in 1980 and at \$150 million each fiscal year from 1981 through 1985 from revenues generated by the windfall profits tax.

The Bank will provide interest subsidies for home improvement loans and mortgages for residential and commercial buildings. The subsidies will be paid directly to commercial banks and other financial institutions. In turn, they will make below-market interest rate loans to builders, homeowners and owners of apartments and commercial buildings to purchase and install solar energy equipment.

FNMA Auction Yields Decline

Auction yields declined as the *Federal National Mortgage Association (FNMA)* issued \$92.6 million in four-month commitments to purchase both Government-backed and conventionally financed home mortgages. The corporation issued \$50.2 million in commitments on Government-backed mortgages at a weighted average yield of 10.648 percent, which converts to an average price of 95.78 for 10 percent *FHA/VA* mortgages. The average in the previous auction was 10.662 percent. The range of accepted bids in the latest auction was from 10.621 to 10.710 percent. *FNMA* received 148 bids totaling \$96.7 million and accepted 98 bids, including 66 noncompetitive bids. In the conventional auction, *FNMA* issued \$42.4 million in commitments at a weighted average yield of 11.510, down from 11.538 in the previous auction. *FNMA* received 132 bids totaling \$57.5 million and accepted 110 bids including 61 noncompetitive.

Basement Leakage is Most Common Defect

Water leakage in basements is the most commonly reported structural defect in American housing units, according to a report released by the *Bureau of the Census* and *HUD*. Signs of water leakage were reported in the *1977 Annual Housing Survey* by one-fourth (6 million) of owner households in structures with basements and 19 percent of renter households in buildings with basements. The second most common complaint concerned signs of mice or rats reported in 15 percent of all occupied housing units.

Eighty-nine percent of U.S. homeowners and 67 percent of housing unit renters rated their housing as "good" or "excellent" in the survey. Available outdoor recreational facilities were rated as unsatisfactory by 23 percent of all households. Regional percentages for reported unsatisfactory recreational facilities were as follows: the Northeast, 22 percent; North Central, 19 percent; South, 31 percent; the West, 19 percent.

During the winter prior to the survey, 6 percent of the 43.8 million housing units occupied by owners reported breakdowns in heating equipment compared with 10 percent of the 16.8 million renter-occupied units. About 3 percent of all households reported breakdowns in their water supply. Unfavorable neighborhood conditions most frequently cited by all households were street or highway noise (32 percent), heavy traffic (29 percent) and adequate street lights (25 percent). Some 21 percent of renter and 15 percent of owner households reported nearby commercial or nonresidential activities.

Although neighborhood crime was reported as an unsatisfactory condition by 15 percent of homeowners and 21 percent of renters, 84 percent of all households considered police protection to be satisfactory. About 80 percent of both black and Spanish-origin households reported satisfactory police protection. Public transportation was listed by 40 percent of homeowners as an unsatisfactory neighborhood service and by 24 percent of renter households. Renters in central cities were pleased with transit service; 10 percent reported it as unsatisfactory.

Copies of the report, Part B, *Indicators of Housing and Neighborhood Quality*, Series H-150-77, are available for \$5.50 from the *Superintendent of Documents, Government Printing Office* Washington, D.C. 20402. They also may be obtained from district offices of the *Department of Commerce* in major U.S. cities.

Study Says Housing Bias Persists

According to a new *HUD* study, blacks seeking to buy a home face a 48 percent chance of experiencing discrimination. The chances of encountering discrimination rise to 85 percent for blacks attempting to rent housing. The study said "The research perspective of the report has been that the precise numbers associated with the quantification of racial discrimination are considerably less important than the fact that substantial discrimination was observed."

The authors of the report said it represents "a baseline for future research" rather than an answer to the question of whether the "nature and extent of racial discrimination in housing have changed with time." Approximately 311 whites and 300 blacks took part in the study, shopping for housing advertised in newspapers in 40 metropolitan areas around the Nation.

HUD Publications Available

The following publications may be purchased from the *Superintendent of Documents*, Department 37, Washington, D.C. 20402. Please indicate Stock number. Remittance must be by check, money order, Visa or Master Charge. For additional information contact Mr. J.G. Mills, Chief, Documents Control Branch, (202) 275-3343.

HUD Condominium Cooperative Study: A national overview focusing on the rapid rise of condominium housing, the economics of condominium and cooperative development, and the problems and abuses associated with forms of housing. (023-000-00303-1. \$5.15.)

HUD Condominium Cooperative Study: An in-depth analysis of condominium and cooperative housing in selected major metropolitan housing markets, including case studies of condominium and cooperative conversions. (023-000-00304-4. \$6.60.)

HUD Condominium Cooperative Study: A back-up section to the other volumes of the study; it contains basic data gathered from national surveys conducted for the study and analytical summaries of public hearings. (023-000-00305-8. \$1.75.)

Citizen Action Guide to Energy: Directed to citizen leaders, public officials and others in a position to promote understanding of the need for energy conservation and to encourage its practice on a broad scale by the American people. (040-000-00300-2. \$1.75.)

Renovate An Old House? Many people consider renovating an old house, but is it possible or worthwhile? This bulletin suggests some points to weigh. (001-000-0305-3. \$1.10.)

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Current Trends

A new poll conducted by *Barnhill-Hayes, Inc.*, a Milwaukee based consulting firm, indicates that affirmative action programs may place emphasis on the handicapped in the future. Of some 155 corporate personnel officers polled, 58 percent said that the handicapped should be the focus of affirmative action plans.

A recent nationwide opinion poll conducted by the *Roper Organization* indicates that there is a "widespread" decline in anger over income taxes. The survey also found support for the present private health insurance and Medicare system as opposed to a publicly financed National Health Program, and a constitutional convention to draft an amendment limiting Federal Government spending.

The Harlem Interfaith Housing Council, composed of eight cooperating churches in the area, is sponsoring a \$9.8 million low- and middle-income housing complex. When completed in about two years, the 29-story structure will contain 39 one-bedroom, 77 two-bedroom, 40 three-bedroom and 19 four-bedroom apartments.

A rural housing needs study has been initiated by the *National Institute for Advanced Studies (NIAS)*. The study will seek to determine the housing needs and conditions in nonmetropolitan jurisdictions and the extent of Federal housing coverage in nonmetropolitan jurisdictions. *NIAS* is a minority contractor.

New Building Codes Hamper Rehabilitation

The *National Bureau of Standards* has issued a report which indicates that building codes issued for new buildings hamper the rehabilitation of old buildings. The report, *Impact of Building Regulations on Rehabilitation*, outlined some of the major problems in the field. Among them it noted that:

- Many building officials were slow to accept innovative solutions to code problems because they lack technical knowledge on which to base decisions which impact on building safety.
- Alterations must comply with "new" codes if the costs fall within 25-50 percent of the building's value. The entire building must meet "new" code specifications if the alterations costs exceed 50 percent of total value.
- "New" building codes often do not include older construction methods and materials primarily because they are not usually found in current building catalogues.

The report may be obtained for \$2.30 from the *Superintendent of Documents, Government Printing Office*, Washington, D.C. 20402.

Housing Bias Hits Dark-Skinned Chicanos Hardest

If you're a dark skinned Chicano, trying to rent an apartment in the Dallas, Texas area your chances of encountering discrimination are very high, according to a report released recently by **HUD**. The report, based on audits of rental market practices in the Dallas metropolitan area, is an experimental extension of a nationwide study released by **HUD** earlier. That study revealed a substantial level of discrimination against blacks in both rental and sales markets.

Discriminatory behavior was examined in five areas: availability of apartments, terms and conditions of rental, the manner in which rental agents conveyed information to apartment seekers, the manner in which the rental agency behaved toward apartment seekers and the type of information demanded from would-be renters.

The audit results indicate that both dark-skinned and light-skinned Chicano applicants encountered biased treatment in all given categories more often than white applicants. Dark-skinned Chicanos were discriminated against more frequently than light-skinned Chicanos. The difference is especially evident for treatment on availability where the measured incidence of discrimination was 42.5 percent for dark-skinned Chicanos and 16.0 percent for light-skinned Chicanos.

Program Boosts Role of Minorities

HUD, the **Ford** and **Carnegie** foundations and the **National Institute of Education (NIE)** have announced a program to increase the participation of minorities in applied research in urban development, finance and impact analysis. The program, to be established by the **National Urban Coalition (NUC)** and conducted with the cooperation of **Atlanta University**, will be funded by **NIE** and the two foundations. The **NUC** is widely known for its work in policy analysis in the areas of housing and labor problems. A **HUD** spokesman said "The inclusion of Atlanta University, a black institution, will assist in the training of more minority 'urbanists' and result in a greater number joining the mainstream of policy analysis."

Consortium activities will include policy research, training opportunities for minority policy analysts, seminars and workshops, and publication and dissemination of urban policy analysis. Emphasis will be placed on the exchange of information, upgrading of skills and the provision of internships and assistantships for graduate students.

F.Y.I.

Institute of Real Estate Management. . . Course 501, Long-Range Management Plan for Residential Properties. . . San Diego, California, September 5-8. Details: **IREM**, 430 N. Michigan Avenue, Chicago, Illinois 60611 (312/440-8600).

Institute of Real Estate Management. . . Marketing and Management of Residential Property. . . Orlando, Fla., September 9-15. Details: **IREM**, 430 N. Michigan Avenue, Chicago, Illinois 60611 (312/440-8600).

Housing. . . *Fundamentals of Professional Marketing*. . . Chicago, September 10-11; Costa Mesa, Ca., October 15-16; Miami, December 13-14. Details: Seminar Department, **Housing**, 1221 Avenue of the Americas, New York, N.Y. 10020 (212/997-6691).

Architectural Record. . . Seminar on Marketing Non-residential Interior Design Services. . . Chicago, September 14; New York City, October 12. Details: **McGraw-Hill**, Inc. 1221 Avenue of the Americas, New York, N.Y. 10020. (212/977-3088).

Bank Successful in Aiding Blighted Area

Chicago's **South Shore National Bank** has proved that it is possible to make a profit while investing funds in deteriorating neighborhoods. Five years ago the bank made development loans to arrest blight in the South Shore district, a primarily black area of some 80,000 residents. Today, the bank is planning to follow up its successful venture by embarking on an even larger rehabilitation effort. It also is planning to conduct a series of seminars for bankers in Chicago and other cities who would like to know more about the bank's methods and experiences. In the five-year investment period, the bank granted loans in the South Shore community totaling some \$18 million. In 1977-78 the bank financed the rehabilitation of 625 multifamily housing units at a cost of \$3.7 million. It also granted mortgages for 114 single-family homes, 37 mortgages for multifamily homes, 209 home improvement loans, 125 commercial loans and 293 student loans.

Boston Housing Authority Goes Into Receivership

The **Suffolk Superior Court** has taken over the day-to-day control of the **Boston Housing Authority** after four years of hearings and suits by tenants. The **Authority** has 62 public housing projects serving about one-tenth of the city's residents. The court's move is aimed at improving conditions which are marked by a lack of sanitary and maintenance services, crime and vandalism in many of the housing projects. The **Authority** houses some 50,000 residents in 20,000 apartments. About 28 percent of the apartments are vacant because of vandalism.

Court Strikes Down Plainfield Ordinance

The **New Jersey Supreme Court** has struck down a Plainfield, New Jersey zoning ordinance limiting the number of unrelated persons living in a housing unit. In a 5-to-2 opinion, the court said regulations based on biological or legal relationships of individuals did not "reflect the real world" and violated the due process and the right-of-privacy guarantees of the State Constitution. The Plainfield ordinance prohibited more than four persons who were "not related by blood, marriage or adoption" from occupying a single-family unit. The court pointed out that the ordinance would prevent five widows from living together, but would permit 10 distant cousins to occupy a single unit.

USES Publishes Model Handbook

United South End Settlements (USES) of Boston has completed a four-volume set of handbooks related to housing improvements and community economic development schemes at the local level. **USES** says the handbooks will assist other community organizations in the process of developing neighborhood improvement programs. The set of handbooks may be purchased from **USES**, 48 Rutland Street, Boston, MA 02118 (617-266-5451) for \$25.00. Individual prices are listed below.

- Vol. I. *Housing Improvement Planning Project-Final Demonstration Plan for South End*. \$12.00.
- Vol. II *Rehabilitation/Repair Handbook Selection Criteria, Survey Plans and Costs for Residential Units and Structures*. \$8.00.
- Vol. III *Innovative Housing Improvement Strategies-The State of the Art*. \$6.00.
- Vol. IV *Innovative Housing Improvement Strategies-An Inventory of Funding Sources*. \$5.00.

Publications Available

Practical Real Estate Legal, Tax and Business Strategies. . . parallels the movement of a real estate deal, starting with an overview of the business and tax benefits of real estate investment and an introduction of some of the concepts and jargon used in the business. \$48.00. Available from **United Media International, Inc.**, 306 Dartmouth Street, Boston, Ma. 02116

Investment in Subsidized Housing: Opportunities and Risks. . . deals with Section 8 subsidized multifamily housing and includes data on available subsidies. \$10.00 Available from **Pilot Books**, 347 Fifth Avenue, New York, N.Y. 10016.

Energy Supply and Demand in the Midterm: 1985, 1990 and 1995. . . presents the results of the midterm analysis portion of the Energy Information Administration (EIA) second annual report to Congress. \$9.50. Available from **National Technical Information Service (NTIS)**, U.S. Department of Commerce, Springfield, Virginia 22161.

Remodeling a House - Will it Be Worthwhile. . . tells how to decide if it will be practical to remodel an old house. . . outlines things to be checked before making a decision. Free. Available from the **Consumer Information Center**, Dept. 67OG, Pueblo, Colo., 81009.

Mid-Year Summary of State Legislative Action. . . includes significant changes affecting banks, savings and loans, credit unions and savings banks. \$10 non-members. Available from Emily Kennedy, Office of State Legislative Counsel, **American Bankers Association**, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036 (202/4244).

1979 Retail Banking Credit Report. . . covers critical issues including interbank services, indicators of changes anticipated in loan portfolios, information on second-trust lending and expanded terms of loans. \$14.00 members, \$20.00 non-members. Available from **American Bankers Association**, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036 (Order process number: 207-8000).

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . Charles Sharpe, Editor. . . Subscription rate \$23.00 per year, domestic. . . \$28.75 foreign.*Address all communications regarding the subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

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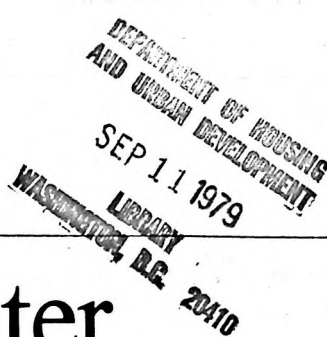
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Hud Newsletter

Current Trends

A *House-Senate Conference Committee* has agreed to the administration's request for \$675 million for the *Urban Development Action Grant* program. The conferees also agreed to drop the *House* proposal mandating a 60-40 mix of new and existing housing under the assisted housing programs, and to appropriate \$830 million for Section 202 housing for the elderly, \$30 million above the administration's request. Final floor action is expected after the August recess.

Donald I. Hovde, president of the 716,000-member *National Association of Realtors (NAR)* has said that the Nation is "on the edge of the most severe housing shortage since World War II." He listed contributing factors as the anti-housing philosophy of no-growth and slow-growth management ordinances, the reaching of adulthood of the post World War II baby boom, the increasing divorce rate and the rise in single-buyer homeowners. "Unless we build at least two million units a year between now and 1985," he said, "we will not begin to keep pace with the demand."

The President has signed an appropriations bill (P.L. 96-38) providing \$13.8 billion in supplemental funds for new programs and programs with insufficient funding during the remainder of FY 1979. Among other funds, it provides \$5 million for HUD's new neighborhood self-help program.

Representatives of more than 30 local and national organizations have laid the groundwork for the *Rural Land Alliance*, a new project of *Rural America*. The *Alliance* will be formally launched this fall with the election of a policy board and the setting of priorities for action. It will advocate an end to increasing concentration in the ownership and control of land and natural resources and will fight for improved access by low-income and minority rural people to land and resources.

Officials of the *U.S. Department of Agriculture (USDA)* say that there are now 270 low-income homes throughout the United States being run on solar energy as part of a federally subsidized program to decrease rural America's utility bills. *USDA* says an additional 6,000 homes, acquired by the Federal Government after tenants were forced to leave because of high utility bills, may be fitted with solar devices.

Ten States Offer Better Housing, Other Benefits

A study by *Chase Econometrics Associates, Inc.* has indicated that the best States in which to retire in the 1980's are located in the South and West. The States were ranked as areas where it was considered pleasant and that were said to offer opportunities for adequate housing, part-time work, low living costs, low taxes, low fuel costs and good recreational facilities. The ten States were Utah, Louisiana, South Carolina, Nevada, Texas, New Mexico, Alabama, Arizona, Florida and Georgia. Texas, the study said, gives a \$15,000 exemption on the assessed value of houses for people over 65.

GNMA Schedules Project Auction

The *Government National Mortgage Association (GNMA)* is tentatively scheduled to offer approximately \$550 million of *FHA*-insured project mortgages for sale by auction on Thursday, October 18, 1979. The mortgages were purchased by *GNMA* under *Special Assistance Programs* 17, 21, 25, 27 and the *Emergency Mortgage Purchase Program* 23. The *FHA*-insured mortgages will not be eligible for inclusion in pools of project mortgages that support issues of *GNMA*-guaranteed mortgage-backed securities.

The *Federal National Mortgage Association (FNMA)* will conduct the sale for *GNMA* under the procedures, terms and conditions described in a bidding invitation to be issued in September. A listing of the mortgages to be sold will be included in the invitation.

Appraiser Sees Less House for Money in Future

Charles L. Osenbaugh, president of the 19,000-member *Society of Real Estate Appraisers*, has predicted that American home buyers will get less and less for their money in the future. He said that housing prices will continue to rise even faster than the general inflation rate, and that soaring labor costs, combined with a fixed amount of land, will keep home prices jumping.

Osenbaugh said that the energy crisis is making energy-efficient homes more valuable and that fuel costs could hurt home values in outlying suburban areas if they don't have their own job centers nearby. He said he sees no end to the price spiral, but added that if an individual buys "in an area that's continuing to go up and people are still moving in, it's hard to make a bad buy in housing."

"The American public still has the dream of the single-family home on an acre of land and that's going to have to change," he said. The Houston-based appraiser predicted that more people will have to live in condominiums, townhouses and other group situations.

Agencies Suggest Lower Water Temperatures

Two Federal agencies, the *Consumer Product Safety Commission* and the *Department of Energy (DOE)* are suggesting that homeowners keep hot water heater temperatures at about 120 degrees to conserve energy and as a safety feature. Hot water heaters are believed to use the energy equivalent of 1.1 million barrels of oil daily and the *DOE* said that lower temperatures could save considerable energy.

FHLBB Broadens Role in Section 8 Programs

The *Federal Home Loan Bank Board*, in cooperation with *HUD*, has proposed regulations that would liberalize authority for federally insured savings and loan associations to invest in *HUD* Section 8 *Housing Assistance Payments*. The program makes long term Federal rent subsidies to low-income persons the primary means of meeting their housing needs.

Under *HUD*'s regulations, a rent subsidy is available to public or private owners of new, existing or rehabilitated units occupied by eligible tenants. The subsidy covers the difference between the rent for the unit and 15-25 percent of the tenant's gross income. This difference is then paid through a *HUD* *Housing Assistance Payment* contract which can be made for up to 30 years.

HUD Okays Three Certifying Groups

HUD has announced the accreditation of three Approved Certifying Organizations. Effective January 1, 1981, all persons employed by local public housing agencies as housing managers or assistant housing managers for projects with 75 or more units must be certified by one of the three organizations. The agency-approved groups are national organizations whose past performance in the field of housing management demonstrates that they have the experience and capacity to deal with low-income housing management processes.

Persons wishing further information about certification requirements, procedures and fees should write directly to the organizations listed below.

Institute of Real Estate Management (IREM)
430 North Michigan Avenue
Chicago, Ill. 60611

***National Association of Housing and Redevelopment
Officials***
2600 Virginia Avenue, N.W.
Washington, D.C. 20037

National Center for Housing Management
1133 Fifteenth Street, N.W.
Washington, D.C. 20005

Significant Decisions

Walter Garvey, et al. v. Worcester Housing Authority and Harris U.S.D.C., D. Mass., C.A. No. 77-979-T

This is a complaint on behalf of a nationwide class of families residing in public housing who receive Social Security children's benefits due to the death or disability or retirement of a parent or guardian, which benefits are included in family income for purposes of determining rent. The Court granted summary judgment in favor of the Secretary and the *PHA*, holding that the inclusion of these benefits in family income pursuant to 24 C.F.R. 860.403(o)(ix), despite the statutory exclusion of the income of minors, is proper and compatible with the purpose of the benefits as set forth in the Social Security regulations. Weighing heavily in the Court's decision was the fact that, in amending the *U.S. Housing Act of 1937*, *Congress* was silent about the agency's interpretation of the statutory definition of income, which included such support payments.

Islin, et al. v. Harris, Joseph and Elizabeth Korda, et al. U.S.D.C., C.D. Calif., C.A. No. 78-1138

Tenants of a Section 221 (d)(3) project claimed that collection of a monthly fee for the use of air conditioners was illegal because the owners had not obtained prior written approval from *HUD* for such a charge. The Court has granted summary judgment for the Government, finding that a *HUD Audit Report* reciting that the owners' explanation of the fee was "acceptable" met the written approval requirement of the regulatory agreement and the *HUD* regulations set forth at 24 C.F.R. §221.530. The Court also held that *HUD's* decision to approve the fee was an action committed entirely to its discretion, and was not subject to further review by the Court. Restitution of amounts paid prior to *HUD* approval of the fee was held to be barred by the statute of limitations.

Nuggets

Valencia Coar has been named Housing Research Analyst with the *Federal Home Loan Bank of Chicago*. A former director of University Relations for *Chicago State University*, Mrs. Coar will be responsible for research efforts in housing and community reinvestment.

The President has nominated Harold Alonza Black of Carrboro, N.C. to a two-year term with the *National Credit Union Administration Board*. Black is an associate professor of finance at the *University of North Carolina's* School of Business Administration and was a 1977 visiting professor in the *National Urban League's Black Executive Exchange Program*.

William A. Clement, Jr. and Graciela Olivarez have been nominated as Government members of the Board of Directors of the *National Consumer Cooperative Bank*. Clement is associate administrator of *SBA for Minority Small Business and Capital Ownership Development*. Olivarez is director of the *Community Services Administration*.

Robert J. Brown has been nominated by the President as a member of the *National Mediation Board*. Brown, currently Under Secretary of Labor, would serve a term expiring July 1, 1982.

David Raphael has been selected executive director of *Rural America*, a nonprofit group set up to give people in rural areas and small towns a stronger voice in Washington. Farm housing is one of Rural America's main concerns. Raphael has been acting director since last February. He served as assistant director of the *Rural Housing Alliance* earlier.

The *Wall Street Journal* reported recently that affirmative action got strong public support in a new survey sponsored by the *American Council of Life Insurance*. Of 3,792 individuals surveyed, 71 percent said it's fair for businesses to set up specialized training programs solely for minorities and women; 69 percent of the whites surveyed approved the concept.

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Hud Newsletter

DEPARTMENT OF HOUSING
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Current Trends

President Carter has signed a proclamation designating September 17 as *Citizenship Day* and the week of September 17 through September 23 as *Constitution Week*.

Housing starts for July fell seven percent, according to the *U.S. Department of Commerce*, to a seasonally adjusted annual rate of 1,799,000 units from a revised June rate of 1,935,000 units. The Department said, however, that work on new homes remains relatively strong despite the decline. The July figure included single-family units at a 1,223,000-unit annual rate, down 5.7 percent from 1,298,000 a month earlier. Multifamily units fell almost 10 percent in July, to a 576,000-unit rate from 637,000 in June. Building permits, an indicator of future building activity, also fell seven percent in July.

Urban renewal project notes totaling \$71,953,000, representing 19 local issuing agencies, were sold in mid-August at an average interest rate of 5.075 percent, *HUD* has reported. Bids ranged from 4.37 percent to 5.33 percent. Average maturity of the notes sold was 10.3 months. The notes will be dated September 11. The average interest rate for the \$55,130,000 of project notes sold a month earlier was 4.607 percent.

HUD's Office of Housing will soon begin testing of its "Rural 1000" proposal which permits the construction of four to eight new Section 8 units in cities of less than 1000 population. The testing will take place in selected areas of the Eastern part of the State of Washington where few towns exceed the 1000-population limit.

The *U.S. Department of Commerce* has reported that personal income for July rose 1.4 percent (\$27.2 billion) to an adjusted \$1.933 trillion annual rate. The June rate was 0.7 percent or an increase of \$13.4 billion. During the same period, farm income declined 0.3 percent. Production of consumer goods dropped an adjusted 1 percent in July, following a 0.9 percent decline in June.

HUD To Establish Section 8 Monitoring Team

HUD's Division of Housing Research staff members are currently working with the *National Association of Housing and Redevelopment Officials (NAHRO)* and the *Office of Housing's Division of Existing Housing* to establish a joint *NAHRO/Tenant/HUD* monitoring team for the Section 8 Existing Housing Program. The team's purpose is to experiment with a different approach to field monitoring by examining various *PHA* administrative issues using a case study approach. Issues to be considered include rent reasonableness, housing quality and administrative operations.

FNMA Starts New Urban Lending Program

The *Federal National Mortgage Association (FNMA)* has announced the successful completion of an experimental urban lending effort that began in St. Louis two-and-a-half years ago. As a result, a number of new residential mortgage purchase programs first tested in 18 St. Louis neighborhoods are now being made available to lenders, homeowners and home buyers in cities nationwide, *FNMA* said.

The nationwide programs are being implemented by *FNMA*'s five regional offices. The agency provides additional funds to the mortgage market by purchasing loans originated by local lenders, thereby enabling them to reuse the mortgage funds for additional lending. *FNMA*'s President Oakley Hunter says the St. Louis effort, demonstrating "that we are willing to buy urban mortgages," may make lenders more inclined and better able to become active in cities around the Nation.

He cited the following factors which grew out of the national urban lending programs based on the St. Louis experiment:

- Two urban commitment programs under which *FNMA* commits up to 12 months in advance to purchase mortgages on urban properties, providing sufficient time to complete rehabilitation, where needed.
- A program for the purchase of conventionally financed two- to four-family home mortgages, allowing as little as five percent down when owners occupy one unit, and 20 percent down for investor owners.
- An urban loan participation program through which *FNMA* purchases interests in pools of conventional urban home mortgages, requiring that the proceeds be used for additional urban mortgage lending.
- A rehabilitation loan program, based on "after rehab" appraisal techniques developed in St. Louis, under which *FNMA* buys the mortgage at the time a home is purchased or refinanced, in an amount reflecting its after-rehabilitation value.

HUD Proposes to Insure Rehab Loans

HUD has published proposed regulations which would permit the *Federal Housing Administration (FHA)* to insure housing renovation loans. Under the proposed Section 203(k) Home Improvement Loan Program, *FHA* would insure 100 percent of loans made to purchase, rehabilitate or refinance residential buildings containing one- to four-family units. The loans would be available to all applicants without regard to economic status.

Under the program, rehabilitation work must be completed within six months. Loan limits will be set at \$60,000 for a single-family home, \$65,000 for a two- to three-unit structure and \$75,000 for four units. Loan amounts may be based on the real value of property as if the renovation were complete. The interest rate would be the same as that for *FHA*'s regular program. The public has until October 9 to submit comments on the proposal.

HUD Releases Task Force Report

Publication of an advisory group's recommendations on participation of tenants in the management of public housing has been announced by *HUD*. The *Final Report of the Task Force on Tenant Participation in the Management of Low-Income Housing* contains recommendations on measures needed to improve public housing. One such recommendation calls for a *HUD* regulation establishing minimum standards for tenant participation in housing management.

The *Task Force on Tenant Participation* included representatives of tenant groups, public housing agency personnel and *HUD* staff. The recommendations are under study by *HUD* officials. Single copies of the report are available from the *Office of Public Housing*, Room 6249, *HUD*, 451-7th Street, S.W., Washington, D.C. 20410.

FEMA Launches Crime Alert Campaign

Community organizations in Chicago, Denver, Miami, Philadelphia and St. Louis have opened information centers to inform residents in inner city neighborhoods that someone is burglarized every 10 seconds and that they can buy burglary and robbery insurance for less than 25 cents a day through the *Federal Crime Insurance Program*.

At walk-in centers in the five cities, residents and business owners can obtain do-it-yourself information on ways to protect their property against robbery and burglary along with information on crime insurance available from the Federal Government. General information on buying any insurance is also available. The centers refer those interested in buying insurance to local insurance agents.

The insurance information centers are part of a demonstration project sponsored by the newly formed *Federal Emergency Management Agency (FEMA)* which now has responsibility for the *Federal Crime Insurance Program*. Under the program, people can insure their homes against burglary and robbery at a cost of less than 25 cents a day for \$10,000 coverage. Policies are available for smaller amounts and cost less. Up to \$15,000 coverage is available to business owners at a cost of a dollar or two a day, depending on the type and volume of the business.

Both residential and business policies carry small deductibles. Policies will not be cancelled if repeated claims are filed.

D.C. Group Seeks to Upset Condo Ban

The *Washington Home Ownership Council*, a group composed of specialists in the condominium development field has filed suit in Federal district court to upset an emergency moratorium on condominium and cooperative conversions.

The *D.C. City Council* earlier passed emergency legislation banning the conversion of most apartment buildings to condominiums or cooperatives during a 90-day period. At the end of the 90 days, new emergency legislation extended the ban to October 31. The *Home Ownership Council* contends the *City Council* actions are illegal. It also says that by adopting and extending emergency legislation, the *City Council* is, in effect, adopting permanent legislation without sending it to *Congress* for approval.

Local Government Taxes Increase

A recent report by the *Bureau of the Census* says that property taxes in FY 1977-78 collected by counties, cities and townships totaled \$34.2 billion or 6.9 percent above 1976-77. Non-property taxes totaled \$15.3 billion, an increase of 11.8 percent. The Bureau says property taxes continue to remain the major source (69 percent) of locally imposed taxes by local governments.

Federal and State aid payments to counties, cities and townships totaled \$46.8 billion, a \$4 billion (9.5 percent) increase over the previous year. The State contribution to general purpose local governments, including Federal funds channeled through the States, has increased substantially in recent years, the report said. Between FY 1973-74 and 1977-78, State payments to counties increased from \$11 billion to \$15.3 billion; to cities from \$10.5 billion to \$14.5 billion; and to townships from \$953 million to \$1.4 billion.

Copies of the report, *Taxes and Intergovernmental Revenue of Counties, Municipalities, and Townships: 1977-78, GF78, No. 9*, are available for 50 cents each from the Subscriber Services Section, *Bureau of the Census*, Washington, D.C. 20233, or from *Commerce* district offices in major U.S. cities.

Publications Available

The following publications may be purchased from the *Superintendent of Documents, Government Printing Office*, Washington, D.C. 20402. Please indicate stock numbers. Remittance must be by check, money order, Visa or Master Charge. For additional information contact Mr. J.G. Mills, Chief, Documents Control Branch (202/275-3343).

Designs for Low Cost Wood Homes S/N 001-001-00019-1 \$1.30

Home Energy Savers Workbook S/N 041-018-00116-6 \$1.00

NAS Tech House S/N 033-000-00704-3 \$1.10

What You Should Know About Smoke Detectors S/N 052-011-00203-8 \$.90

Questions and Answers on Home Insulation S/N 052-011-00193-7 \$1.10

An Inexpensive Solar Heating System S/N 033-000-00632-2 \$1.15

Housing and Planning References \$14.00 per year

Urban Renewal Handbook \$27.00 per year

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Hud Newsletter

DEPARTMENT OF HOUSING
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Current Trends

The *U.S. Forest Service* says timber prices were about 40 percent higher in the first six months of 1979 than they were a year earlier. For example, the *Service* said Douglas fir rose to \$347.50 per thousand board-feet from \$248.80 in 1978. Ponderosa pine was up 42 percent to \$235.90 and Western hemlock increased 59 percent to \$152.00 per thousand board-feet.

A recent study by the *World Bank* predicts that cities of the world's less-developed countries will have to cope with a billion more people in the year 2000 than they had in 1975. The study says that 51.5 percent of the world's population will be living in urban areas by the year 2000, compared to 29 percent in 1950 and 39.3 percent in 1975.

According to the *Joint Economic Committee*, the average American is likely to see his standard of living substantially reduced in the 1980's unless there is a quickening in the Nation's productivity growth. The *Committee*, in a mid-year analysis, said that a gloomy decade ahead could be avoided if the Federal Government moved to raise the economy's productivity growth. It added that greater output per man-hour is the "economic linchpin of the 1980's."

NAHB Survey Sees Moderate Drop in Housing Starts

A metropolitan housing starts survey sponsored by the *National Association of Home Builders (NAHB)* indicates that forecasters in 100 major markets "expect only a moderate downturn in starts in the fourth quarter and for all of this year." The 100 markets accounted for about one-half of all housing starts last year.

The forecasters also predict, according to *Builder*, *NAHB's* official publication:


- * The slowdown will be sharpest in the South.
- * By the fourth quarter, starts – particularly multifamily starts – will begin picking up in many Western metropolitan areas.
- * In one of every four markets surveyed, there will be more multifamily starts this year than last.
- * In about one-half of the 20 most active markets, starts will be up – sometimes they will be up sharply – in the fourth quarter.

The 20 top housing markets include Houston, Chicago, Dallas-Fort Worth, Los Angeles-Long Beach, Phoenix, Riverside-San Bernardino-Ontario, Seattle-Everett, San Diego, Denver, Washington, Detroit, Anaheim-Santa Ana-Garden Grove, Philadelphia, West Palm Beach-Boca Raton, Portland (Ore.), Minneapolis-St. Paul, San Francisco-Oakland, Fort Lauderdale-Hollywood, Atlanta and Tampa-St. Petersburg.

HUD Names New Consumer Affairs Director

Cal J. Wilson has been appointed director of the Office of Consumer Affairs according to Geno C. Baroni, HUD's Assistant Secretary for Neighborhoods, Voluntary Associations and Consumer Protection (NVACP). Wilson will manage the agency's Housing Counseling Program, Consumer Complaints Operations and Consumer Liaison function. He also will be responsible for NVACP's role in the Congregate Housing Program, Public Housing Anti-Crime Program and other community services programs.

A native of Crowley, La., the new appointee formerly directed the Housing and Community Development and the Model Cities programs for the City of Tuskegee.



Self-Help Builders Save Costs

A recent survey by *Rural America* indicates that people who help each other build their homes save more than \$8,000 in construction costs. The survey of the 1978 operations of 57 mutual self-help housing projects shows the average cost of the 773 houses built by the self-help method was \$24,300. The cost of a comparable contractor-built house was \$32,900.

According to the survey, the average family of four members worked 914 hours on their house over an eight-month period. The family provided 56.5 percent of the labor on the house. Women were responsible for nearly half (46 percent) of the family's work contribution. The average adjusted income of the families was \$8,090. The average technical assistance cost was \$4,800 per house.

Bad weather, loan processing delays and difficulty in finding building sites were the three biggest problems faced by the self-help participants. Copies of the *1978 Survey Self-Help Housing Projects* are available from *Rural America*, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036 for \$1.

CAI Releases Collection Guides for Realtors

The fifth in a series of the Guide for Association Practitioners (GAP) has been released by the *Community Associations Institute (CAI)*. The 8-page guide, *Assessment Collection: Legal Remedies*, outlines a basic assessment collection procedure complete with sample delinquency letters and a typical schedule of collections. It gives the basis for authority in the collection of assessments, and suggests that open, continuous, effective communication between the governing body and association members can aid in the collection process.

The booklet also deals with the legal remedies readily available to community associations including legal actions for money (civil suits) and assessment liens (memorandum of liens). The GAP Report 5 is available from CAI for \$10 (non-members), 1832 M Street, N.W., Washington, D.C. 20036.

HUD Announces Secondary Market Yields, Prices

HUD has announced the results of its August 1 opinion survey on conditions in the mortgage market. The survey indicated a further rise in HUD/FHA secondary market prices and a corresponding decrease in mortgage yields from the previous month. Nationally, the secondary market price for immediate delivery of HUD/FHA insured new home mortgages with 30-year terms and minimum downpayment increased two-tenths of 1 point to an average \$97.0 per \$100 of the outstanding loan amount. The equivalent gross yield to investors at this price was 10.46 percent, a slight decrease of 3 basis points from the average yield reported July 1.

HUD Census Report Shows Increase in Housing Values

The rapid increase in the value of housing in the U.S. in recent years is shown in a report issued by **HUD** and the **Bureau of the Census**. The report shows that the median value of owner-occupied, single-family homes jumped 53 percent to \$36,900 between 1973 and 1977. Rising housing costs also affected renters during the period. Gross rent rose 38 percent to a median figure of \$184 a month.

The increase in home values was most apparent in the South and the West. Homeowners in the West saw the median value of their housing rise 76 percent in four years to \$48,000, while homes in the South rose 59 percent to \$31,400.

The report, based on data collected in the *1977 Annual Housing Survey* conducted by **HUD** and the **Bureau**, also shows that the median value of owner-occupied, single-family homes rose faster from 1973 to 1977 than the median income of homeowners, which went up 39 percent. The median income of owners ranged from \$5,800 for one-person households to \$18,500 for husband-wife families. The median income for homeowners whose units were without a mortgage was \$10,800. It was \$19,900 for those whose units were mortgaged.

The median income of renters rose 22 percent, to \$8,800 during 1973-77. Renter households in 1977 paid about 25 percent of their annual income for gross rent.

Copies of the report, Part C, *Financial Characteristics of the Housing Inventory for the United States and Regions: 1977*, Series H-150-77, are available for \$6 each from the **Superintendent of Documents, U.S. Government Printing Office**, Washington, D.C., 20402, or from **Commerce** district offices in major

HUD Proposes Mortgage Financing Changes

HUD has proposed a change to Chapter II, 24 *CFR* Part 203, which would prohibit a mortgagee from disbursing loan funds to financial consultants or other persons or organizations assisting the mortgagor in obtaining financing or in refinancing an existing mortgage.

The agency says there have been several incidents where fees it considers exorbitant were charged by persons or organizations who rendered financial counseling. **HUD** says this type of loan information service is available through its own counseling services, some nonprofit organizations and **HUD**-approved lending institutions with little or no fee charged.

The proposed amendment would prohibit the paying of any charges out of mortgage proceeds except those expressly permitted by regulations for financial counseling services under any of the agency's mortgage insurance programs. The proposed change was published in the August 14 issue of the *Federal Register* at p. 47549. The public has until October 15, 1979 to comment on the proposed changes.

FYI

University of Miami's Law Center. . . *Fourth Institute on Condominium and Cluster Housing.* . . Miami Beach, Fla., October 5-6. Details: U.M.'s **Law Center**, P.O. Box 248087, Coral Gables, Fla.

Institute for Urban Design. . . *International Conference on Urban Design.* . . Philadelphia, Pa., October 17-20. Details: Anne Ferebee, Conference Director, **IUD**, State University of New York, Purchase, N.Y., 10577 (914/253-5527).

American Institute of Architects (AIA). . . *First National Architectural Management Conference.* . . Denver, October 22-23. Details: Robert Class, **AIA**, (202/785-7257).

Significant Decisions

Booker, et al. v. Special School District No. 1, et al. v. Minneapolis Housing and Redevelopment Authority, Harris, et al. U.S.D.C., D. Minn., No. 4071-CIV-382.

The District Court has dismissed this third party action against the Minneapolis Housing and Redevelopment Authority (MHRA) and HUD for prudential, equitable, and practical reasons. The School District sought to absolve itself from further compliance with the Court's school desegregation orders by claiming it was unable to accomplish complete desegregation due to racial housing patterns established by HUD and MHRA through the public housing program.

The Court found that inclusion of the housing issues in a school desegregation action would create an unmanageable case and that it would be inequitable to permit the School District to bring in these new housing issues, five years after it answered the complaint against it by denying that a racial imbalance existed in the housing patterns of Minneapolis.

St. Louis County, Mo. v. HUD, et al. U.S.D.C., E.D., Mo., E.D., C.A. No. 79-0969-C(B)

This is an action for declaratory and injunctive relief brought by St. Louis county against the Department, the Secretary, and the St. Louis Area Manager. The County claims that the condition of approval of its fifth year CDBG application was contrary to law in that the Secretary neither advised the plaintiff that the Housing Assistance Plan goals were "plainly inappropriate" nor did she formally disapprove the application within the statutory 75-day period, thereby rendering the application approved. Plaintiff seeks to enjoin the disbursement of the funds (\$8,994,000) to any other applicant and an order declaring that St. Louis County is entitled to the funds without the performance of the special conditions attached to the approval.

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Current Trends

Private and Government housing experts have predicted that housing starts will reach the two million mark by 1983, according to *Builder*, a publication of the *National Association of Home Builders (NAHB)*. The experts agreed, however, that housing starts will decline this year and that the slowdown will continue through the first half of 1980. Forecasts for 1979 ranged from as low as 1.5 million to as high as 1.8 million.

According to the *Washington Post*, housing assistance payments have become the Nation's fastest-growing subsidy program. Five years ago housing subsidies cost \$2 billion annually, the paper said. Now they cost \$5 billion. The *Post* quotes the *Office of Management and Budget (OMB)* as saying that by "1984 housing subsidies will cost nearly as much as food stamps - and more than Federal Aid to Families with Dependent Children." One out of every 25 U.S. households is aided by some housing program, the *Post* said.

A new study published by the *M.I.T. Press* suggests that seasonal cycles in housing construction are due more to consumer demand and builder response than to the forces of weather. Kenneth T. Rosen, author of the study, says that the housing industry could accommodate a more efficient timetable to alter the traditional patterns of housing construction.

HUD Releases Mortgage Lending Report, 1977-79

HUD has released quarterly gross flow statistics reporting mortgage lending activity during each quarter of 1977, 1978 and the first quarter of 1979. Annual summaries of mortgage lending activity for 1977-78 also are included.

During the first quarter of 1979, a total of \$34.0 billion of home mortgage loans were closed, of which \$2.9 billion or 8 percent, were *FHA*-insured; \$3.0 billion or 9 percent were *VA*-guaranteed, and \$28.2 billion were conventional loans. Loans for new homes originated in the first quarter of 1979 totaled \$11.5 billion or 34 percent, and loans for existing homes came to \$22.5 billion. Of the \$3.6 billion of multifamily loans closed in the first quarter of 1979, \$.8 billion or 21 percent were *FHA*-insured. A total of \$1.5 billion of the multifamily loans or 42 percent were for new properties.

Originations of 1-4 family homes totaled \$176.7 billion in 1978, up 12 percent from the \$157.5 billion in 1977. Multifamily originations totaled \$15.4 billion in 1978, up 6 percent from the \$14.6 billion in 1977.

The statistics were obtained from reports filed by about 1,700 lending institutions and agencies that are compiled under a cooperative agreement by the *FDIC*, *FHLBB*, *Mortgage Bankers Association of America*, *Bureau of the Census*, *American Council of Life Insurance*, *National Association of Real Estate Investment Trusts*, *SEC* and *HUD*.

HUD Publications on Fire Prevention Available

In a recent proclamation, President Carter called "upon American families and other property owners to install smoke detectors, to practice exit drills and to be especially vigilant in guarding against fires." The proclamation designated October 8-14 as Fire Prevention Week.

According to the President, fire causes more loss of life and property in the United States than all other natural disasters combined. It is the second most frequent cause of accidental death in the home, taking some 8,700 lives last year and injuring some 280,000 others. The loss in property alone totaled \$5 billion.

Two HUD publications are available to those who wish more information on the prevention of fire. *People and Fire*, a new booklet, contains information to help keep a family out of danger. It is available for \$1.30 from the *Consumer Information Center*, Dept. 93G, Pueblo, Colo. 81009. *Improving Station Locations and Dispatching Practices in Fire Departments* is a guide for fire chiefs and local government executives and is based on 10 years of research and testing. It is available from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. 20402.

HUD Approves Loan Guarantee Request

Loan Guarantee assistance under Section 108 of the *Housing and Community Development Act of 1974*, as amended, has been approved for Fairfax County, Va., in the amount of \$3,480,000. The money will be used to acquire land in the Woodley-Nightingale Mobile Home Park to be reused to lower mobile home densities, provide greater open space area and allow for a street redesign to facilitate traffic flow. The acquisition activity will principally benefit low- and moderate-income households.

Groups Establish Self-Regulation Organization

A new organization has been established for voluntary self-regulation of the Government-backed mortgage securities market, according to *Capital*, a weekly publication of the *American Bankers Association*.

The new group, *PSA Self-Regulation, Inc.*, was formed by the *Public Securities Association* and the *Mortgage-Backed Securities Association*. It will be responsible for the programs related to mortgage-backed securities and is expected to set rules to govern activities of dealers in these securities.

Update of Tenant Study Program

Field visits to 134 public housing agencies have begun to collect data to update the survey of tenant characteristics conducted in 1976. The *Urban Institute*, which did the first study, will gather socioeconomic and rent information on some 10,000 resident households for comparison with 1976 data. Interviews will be conducted with public housing agency personnel to determine changes in occupancy policies. HUD says the data collected will be helpful in evaluating the impact of the *Housing and Community Development Act of 1974*.

What Will the Next Decade Bring?

Builders from around the world will meet in London October 21-24 for the first International Warranty Conference sponsored by the *National House-Building Council (NHC)* of the United Kingdom. Housing issues of the 1980's will be explored during seminars such as *Law and Consumerism, Should Anyone Be Able to Become a Builder?* and *The Builder's Responsibility to his Customer*. Officials from the *U.S. Home Owners Warranty Corporation (HOW)* are scheduled to attend. Other builders are expected from Australia, New Zealand, Canada, Ireland, Holland and Japan.

Reform Group Seeks Participation in its CDBG Survey

The *Working Group for Community Development Reform (WGCDR)* has invited interested groups in jurisdictions of 50,000 or more to participate in its second National Citizens Monitoring Project. The Project monitors activities in connection with the Community Development Block Grant program. Operating under a grant from the *Community Services Administration (CSA)*, it subcontracts with local groups to improve the targeting of CDBG funds to low- and moderate-income people.

Contracts ranging from \$7,500 to \$12,500 will go to local groups which agree to carry out a simplified data-gathering exercise and to prepare one or more case studies describing a local community development program activity. The contract period will be about six months. The *Working Group* is also offering technical assistance to a selected number of non-contract local groups.

The deadline for submission of proposals to the *WGCDR* is October 1, 1979. Additional information may be obtained from Mary Brooks, project director, *WGCDR*, 1000 Wisconsin Avenue, N.W., Washington, D.C. 20007 (202/338-6382).

Publications Available

The Use of Color in Interiors. . . contains an indepth study of the psychological effects of color which may prove helpful in creating the proper mood for a model home decor. Available (\$24.95) from *McGraw-Hill Book Company*, 1221 Avenue of the Americas, New York, N.Y., 10020.

Builder's Guide to Construction Finance. . . explains what a builder should know about financing his projects; covers lending requirements, buyers' loans, obtaining the best valuation, etc. . . Available for \$9.75 from *Craftsman Book Company*, 542 Stevens Avenue, Solana Beach, CA., 92075.

Insulation Manual: Homes, Apartments. . . a newly revised edition published by the *NAHB Research Foundation* to provide building professionals with a complete source of information on the use, benefits and economics of insulation. Available for \$10 from the *Mineral Insulation Manufacturers Association*, 382 Springfield Avenue, Summit, N.Y., 07901.

The Dimensions of Parking. . . contains guidance for planning and constructing parking facilities. Available for \$16 from the *Urban Land Institute*, 1200-18th Street, N.W., Washington, D.C., 20004.

Planning Livable Cities. . . reports on the shift in perceptions that has occurred in a decade, causing us to see yesterday's "slums" and "ghettoes" as today's neighborhoods. \$10.00. Available from *New Republic Books*, 1220-19th St, N.W., Washington, D.C.

Protecting the Golden Shore: Lessons from the California Coastal Commission. . . examines various aspects of citizen action in the emergence and implementation of the coastal program; shows how citizen concern played a significant role in decisions by the State legislators. \$7.50. Available from *The Conservation Foundation*, Washington, D.C.

Energy Conservation Through Building Design. . . brings together key articles and references that offer the basic concepts and directions necessary for a reasoned approach to energy conservation through building design. \$19.50. Available from *McGraw-Hill, Inc.* 1221 Avenue of the Americas, New York, N.Y. 10020

That's Discrimination. . . Or Is It? A 30-minute videotape using four skits to highlight problem situations that might occur in the loan application interview process. The skits demonstrate credit history problems, confusion over the primary borrower, problems in handling telephone inquiries, etc. Available on free-loan basis from Media Services Coordinator, Communications Office, *FHLBB*, 1700 G Street, N.W., Washington, D.C. 20552.

Significant Decision

Barbara Pelchat v. Jay Janis, et al. U.S.D.C., D. Mass., C.A. No. 79-1560-G

This is a class action for declaratory and injunctive relief brought by a recipient of Section 8 New Construction Housing Assistance Payments to prevent her eviction and termination of benefits without notice and a hearing. She alleges that **HUD's** failure to promulgate regulations as to adequate notice and hearing violates both due process and equal protection safeguards. A temporary restraining order has been issued enjoining the defendant landlord from proceeding with its summary process action in State court. The Regional Counsel has arranged for the landlord to provide plaintiff with the notice and hearing she seeks.

United States General, Inc. v. City of Joliet, et al. v. Harris, et al. U.S.D.C., N.D. Ill., No. 75 C 4002

The District Court has dismissed with prejudice the third party complaint against **HUD** pursuant to stipulation of the City of Joliet and **HUD**. The City has claimed that, contrary to the public housing turnkey developer's allegations in the main action that the proposed public housing would alleviate segregation in Joliet, the public housing would be located in minority areas and that **HUD**, the Joliet Housing Authority and the developer thereby would be increasing racial segregation in Joliet. The City agreed to dismiss **HUD** when **HUD** explained that it would not be taking any punitive action against the City for the City's actions in 1972-1973 concerning that proposed public housing.

International Union of Bricklayers and Allied Craftsmen, et al. v. Harris, et al. U.S.D.C., D.D.C., No. 79-1660

The District Court denied plaintiffs' motion for a preliminary injunction to prevent application of **HUD's** new MPS insulation requirements, 44 Fed. Reg. 22444, to masonry construction. Plaintiffs claimed that a vote by the **House Banking Committee** to invalidate the regulations triggered the 90-day deferral provision of the legislative review process in Section 7(o) of the **HUD** Act. The Court found that the vote itself was insufficient to initiate the deferral and that the Committee had to file its bill with the Clerk of the **House** within the prescribed twenty-day period in order to comply with Section 7(o). The Court also found that plaintiffs failed to establish any imminent and irreparable harm that would require injunctive relief while the Court considers their other arguments that the regulations are in excess of **HUD's** statutory authority and are arbitrary and capricious.

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September 24, 1979
HUD-318-402-ASI



Hud Newsletter

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Current Trends

The *National Center for Health Statistics* reported recently that 1,368,000 babies were born during the first five months of 1979. This was an increase of three percent (39,000 babies) over a similar period in 1978. The birth rate in May (285,000 babies) was 15.3 births per 1,000 persons.

A 316-acre Village Park development in suburban Honolulu features a \$1,000 solar water heating option. It is the largest housing development in the Nation to offer such an option. Of the first 130 families to move in, 90 opted for the alternative energy source which should save them approximately \$250 annually on utility bills and earn them substantial tax benefits.

Allen Sinai, a *Data Resource Inc. (DRI)* expert, says the banking industry is busy and doing well, according to a recent item in the *Wall Street Journal*. For 1979, Sinai projects an industry earnings advance of 15.8 percent, compared with an 18.8 gain in 1978. He estimates that in 1980 the banking industry net will be up 5.9 percent, followed by a 9.7 percent advance in 1981.

Fair Housing Regulation Goes Into Effect

A HUD regulation, Part 108, *Compliance Procedures for Affirmative Fair Housing Marketing*, went into effect September 10. The Title VIII regulation was published in the *Federal Register* on August 9. It establishes procedures for the enforcement of the agency's Affirmative Fair Housing Marketing (AFHM) regulations, and includes procedures for up-front monitoring of AFHM plans and their implementation, compliance reviews and the imposition of sanctions in event of violations.

Mobile Home Loans Ahead of Last Year

HUD has insured more than 14,000 mobile home loans this year compared to 11,883 in 1978, an increase of about 20 percent. Lawrence B. Simons, Assistant Secretary for Housing, reports that the increase in loans insured has not been substantially affected by the recent increase of the interest rate from 12 percent to 12.5 percent. He said that liberalized allowances are to be implemented in early October. The agency expects to insure about 30,000 mobile homes by the end of 1979.

'Consumer Notice' Answers 10 Common Complaints

HUD's Office of Neighborhoods, Voluntary Associations, and Consumer Protection (NVACP) has circulated a *Consumer Notice* which responds to the 10 most common complaints about housing. The publication uses a Q & A format, posing a question and providing a comprehensive answer. Sample questions include: Can anything be done about rent increase? Why are there such long waiting lists for Public Housing? Will housing costs ever go down?

Copies of the *Notice* are available from NVACP representatives at local HUD offices in most major cities.

HUD Encourages Use of Solar Energy in Housing?

HUD has adopted an interim regulation permitting the *Federal Housing Administration (FHA)* to exceed the authorized dollar limitation on mortgages it insures to accommodate solar energy systems. The new rule, which went into effect on September 26, permits an increase of up to 20 percent in the maximum mortgage amount which can be insured for residences with solar energy equipment. The increase will help cover the cost of the solar system.

An eligible solar energy system is defined as any addition, alteration or improvement to a structure designed to utilize wind or solar energy to reduce energy requirements obtained from other sources.

FHA currently is authorized to insure mortgages in keeping with the following maximum amounts: \$60,000 for residences designed for a single family; \$65,000 for two- and three-family residences; and \$75,000 for four-family structures. Under the interim rule, these maximum amounts can be increased by 20 percent.

Interior Issues Study on Old Skyscrapers

Four Landmark Buildings in Chicago's Loop, a new study which focuses on the preservation of 19th century skyscrapers in downtown Chicago, has been issued by the *Interior Department's Heritage Conservation and Recreation Service (HCRS)*. The study discusses modern adaptive uses to preserve the historic integrity of the buildings and allow owners to operate profitably.

The four buildings – the Marquette, the Monadnock, the Old Colony and the Manhattan – were constructed between 1889 and 1894 and are products of the famed Chicago School of Architecture.

An **HCRS** spokesman said: "The study should provide valuable insights for the City of Chicago, and can also serve as a catalyst and model for other cities facing similar challenges in preserving their architectural heritage while revitalizing their central cores." The 217-page study is available from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. 20402, for \$4.50 per copy.

Some Municipalities Face Water Purity Problems

William T. Lorenz & Company, a Boston management consulting firm, reports that some municipalities are finding that their water supplies are contaminated with toxic pollutants. The increased awareness of drinking water quality problems will result in the construction and expansion of more municipal drinking water plants, the firm says.

It predicts that capital costs for such systems could reach \$4 billion a year by 1985, up from an estimated 1979 expenditure of \$2.4 billion. The burden of the increased costs will ultimately fall on water consumers unless the Federal Government takes a more active role, the report says.

McGraw-Hill Publishing Comprehensive Housing Director

McGraw-Hill, publisher of the monthly *Housing* magazine, has issued a directory which it describes as "a comprehensive source of the manufacturers who serve the industry and of the products they manufacture." The publishers say the directory was needed because there has been a marked rise in both the quantity and complexity of products that go into housing units. The result, they say, is that it is very difficult for the builder, the architect and the property manager to know what's on the market and who makes it. The directory lists nearly 1,700 manufacturers in more than 800 product categories and subcategories; 117 home manufacturers; and 85 trade and professional associations.

Agencies Approve Interlocks Act

The agencies supervising federally insured depository institutions have announced joint regulations to carry out the provisions of the new *Depository Institution Management Interlocks Act*. The purpose of the Act, Title II of the *Financial Institutions Regulatory and Interest Rate Control Act of 1978*, is to foster competition among depository institutions, holding companies and their affiliates. The Act, which became effective last month, prohibits certain interlocking relationships of management officials among depository organizations.

NAHB Economist Sees Steady Decline in Rental Units

Michael Sumichrist, chief economist of the *National Association of Home Builders (NAHB)* predicts that the current decline in the number of rental housing units will accelerate through the 1980's, resulting in higher rents and the loss of mobility for renters. Sumichrist says the expected decline will be due, in part, to "shifting population age distribution which favors homeownership instead of renting." Other factors, he said, include the trend toward condominium conversions and cooperatives, economic and market problems and regulatory changes.

Writing in the *Mortgage Guaranty Insurance Corporation's* newsletter, the economist said the country "is losing as much as two percent of its rental stock annually." He cited a loss of nearly 250,000 rental units a year between 1973 and 1976. During the first quarter of 1979, he said, the rental vacancy rate was 4.8 percent nationally — the lowest since World War II.

Edward Edwards, editor of the *MGIC* newsletter said: "The majority of American families cannot afford to rent, not because of insufficient income but rather because homeownership is so much cheaper." Meanwhile, the chairman of the *Greater Boston Real Estate Board's Housing Task Force* has said there is a possibility that rental housing will be eliminated in that city by 1985. George Slye told a "Bay State Forum" audience that without a renewed commitment to subsidy programs for low- and moderate-income housing and an end to rent control the situation could become drastic. He blamed the situation on what he called "the no-growth syndrome" of the community. "It's our conclusion," he said, "that many of the regulators — planning boards and zoning boards — have not been aware of the collective result of their actions which has in effect shut down the home building industry."

State Payments To Local Governments Over \$60 Billion in 1977

State governments paid \$61.1 billion to local governments in fiscal 1977, or \$283 per capita, according to a 1977 *Census of Governments* report issued by the *Census Bureau*.

Such payments to local governments in 1977 rose 65 percent over the total report in the last previous *Census of Governments* in 1972 when the total was \$36.8 billion, or \$177 per capita. These amounts are in current dollars and not adjusted for price trends which occurred during this period.

The report says that 20 years earlier, in the 1957 governments census, the annual amount of State payments to local governments was only \$7.4 billion. However, throughout the 20-year period, such payments made up a fairly consistent proportion of the annual nationwide total of State general expenditure. During the past decade, the proportion of all general revenue of local governments supplied by State payments has shown little variation.

Payments include not only grants-in-aid and State-collected locally shared taxes but amounts paid to local governments. Examples include collection of taxes, care of prisoners, and hospital care for the needy. Since Federal grants are frequently commingled with State funds, this report includes Federal "pass through" payments made by States to local governments.

Copies of the report, *State Payments to Local Governments, 1977 Census of Governments, Topical Studies, Volume 6, No. 3*, are available for \$3.00 each from the *Superintendent of Documents*, Washington, D.C. 20402.

Significant Litigation

Williamson, et al. v. Harris, et al. U.S.D.C., E.D.N.Y., Civil Action 78C 2136

Tenants of three single-family properties in foreclosure in New York City brought a class action challenging the procedures utilized by HUD in administering the occupied conveyance program, 24 C.F.R. 203.381 as modified by Assistant Secretary Simons' telegram of September 6, 1977. They allege that the regulation is vague, unclear and does not satisfy the requirements of due process. They assert that HUD has a duty under the *National Housing Act* to repair or to require that the mortgagee repair each property so as to render it habitable. At the conclusion of eight weeks of trial, Judge Dooling ruled for the Government and stated that he would prepare a written opinion.

Shivers, et al. v. Patricia R. Harris, Garfield Development Corp., et al., U.S.D.C., D.C., C.A. No. 79-816

The U.S. District Court has dismissed a Complaint brought by the remaining tenants of a project initially insured under Section 608, Garfield Hill Apartments. Plaintiffs alleged that HUD failed to meet its obligations under the *National Housing Act* when it ignored plaintiffs' request that HUD exercise its powers as a preferred stockholder to take possession of the property and make repairs necessary to render the project habitable. Instead, HUD permitted prepayment of the mortgage, thereby mooted the issue.

Frances Zumbeck, et al. (formerly Jane Doe, et al.) v. Patricia Harris, et al. No. 78C 2546 (N.D. Ill., E.D. July 24, 1979)

Pursuant to stipulation, Judge McGarr has dismissed with prejudice this action initiated by residents of Cicero who alleged that the Cicero Housing Authority was organized and continues to operate in a manner so as to prevent the construction of public housing for low-income persons. The Complaint against the Secretary was that, by failing to perform the functions of a public housing authority or to contract with a private agency to perform those functions in Cicero, the Secretary abused her discretion under Section 8 of the United States Housing Act of 1937, as amended. Under the terms of the stipulation, the Cicero Housing Authority has agreed to adhere to a strict timetable in establishing and operating a 50-unit Section 8 Existing Housing Program in the Town of Cicero.

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Current Trends

According to the *Bureau of the Census, U.S. Department of Commerce*, the average sales price of new single-family houses actually sold during the first quarter of 1979 was \$68,300, a \$1,900 or 2.9 percent increase over the \$66,400 average price of the previous quarter. The price index of new single-family homes rose to 196.5 from the 1972 index of 100.0, the *Census Bureau* said.

New Jersey has a new transit agency empowered to buy and operate bus lines and passenger railroads. Under the new law, half of the 750,000 daily bus commuters may be paying their fares to the State agency within three to six months. The action is designed to aid the State in coping with the energy crisis. New Jersey has some 7.4 million residents and nearly five million cars.

The *National Association for the Southern Poor* has been awarded a \$480,000 contract by the *Department of Labor* to train about 30 economically disadvantaged youths as community development specialists.

HUD, Justice Sign Memo of Understanding

HUD and the *Department of Justice (DOJ)* have signed a *Memorandum of Understanding* to improve *HUD's* administration of *Title IV of the Civil Rights Act of 1964*. The memorandum grew out of an extensive review of the agency's Title VI program summarized in a *DOJ* report issued in September 1977.

HUD has already taken a number of steps to respond to *DOJ's* findings. The principal remaining steps call for development of a revised tenant selection assignment policy for conventional low-income public housing, improved racial and ethnic data collection for agency programs and a study of the resources necessary to strengthen *HUD's Title VI* program.

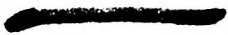
HUD Approves Loan Request for San Juan

Loan guarantee assistance under Section 108 of the *Housing and Community Development Act of 1974*, as amended, has been approved for San Juan, Puerto Rico, in the amount of \$4,650,000. The loan will assist the acquisition of structures located along the banks of the Martin Pena Channel and the acquisition of land for future redevelopment. These activities will primarily benefit low- and moderate-income households.

New York Adopts Program for Better Housing

The State of New York has adopted a series of measures designed to improve housing conditions. They include tenant protection, new powers for the State's *Housing Finance Agency* and an expanded tax-abatement program for New York City.

The tenant-protection bill protects tenants from being evicted in retaliation for complaints about "unsafe, unhealthy or uninhabitable" conditions. The *Housing Finance Agency* can now finance additional residential housing projects that are assisted by Federal mortgage-insurance programs or such programs as the Section 8 housing-subsidy program. New York City's tax-abatement program can now offer tax exemptions and abatements to landlords who make a "moderate rehabilitation" in a substantially occupied building.



Study Encourages Foreign Investment

A HUD-commissioned study reports that "foreign investment in America's distressed areas is needed." The study, *The Impact of Foreign Direct Investment on U.S. Cities and Regions*, was conducted by the Analytic Sciences Corporation of Arlington, Va.

One finding of the study says that: "While much foreign investment in manufacturing is in States or cities with lagging economies, a significant amount of this investment is for acquisitions of healthy companies. Thus, less new employment is created by foreign investment in distressed areas than elsewhere." The study recommends that steps be taken to enhance the bargaining power of distressed areas to increase their attractiveness to foreign investors. It calls for the creation of a national broker service to bring together places seeking new investors with foreign corporations, and greater coordination of existing grants programs, such as HUD's *Urban Development Action Grant Program*, with efforts to attract foreign investment.

Single copies of the study are available from Marshall Kaplan, Deputy Assistant Secretary, Room 7206, HUD, Washington, D.C. 20410.

Single-Persons Households Increase

More than one-fifth of all American households last year consisted of persons living alone, the *Bureau of the Census* reported recently. Sixty-two percent of these single-person households were maintained by women, but the *Census* report said that the proportion of households maintained by men has grown more rapidly since 1970 than that for women.

The increase in single-person households has come during a period of postponement of first marriages and may reflect an increasing desire among young adults to seek advanced education and careers before marriage, the report said.

Copies of the report, *Marital Status and Living Arrangement: March 1978*, Series P-20, No. 338, are available for \$2.40 each from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. or from *Commerce Department* district offices in major U.S. cities.

Rent Control Goes West

Rent control can no longer be regarded as only an East Coast phenomenon, says the *Housing Law Bulletin* published by the *National Housing Law Project*. "It has finally become a stark reality to real estate interests on the West Coast, and most particularly in California" the *Bulletin* said. Noting that 20 or more cities have enacted or are about to enact local rent control laws in the wake of Proposition 13, the Berkeley-based publication gives a comprehensive summary of rent control activity in California and includes a national survey of jurisdictions where rent control flourishes.

Per Capita Growth Rate Greater Than Family Income During 1970's

After adjustment for inflation, per capita income of Americans rose 14 percent during the 1970's. . . compared with a 4 percent gain in median family income, the *Census Bureau* reported in one of two related economic publications. In the second report, important changes in the makeup of the poverty population during the present decade are described.

Per capita income was \$5,740 and median family income was \$16,010 in 1977. The report notes that per capita income is affected less than median family income by changes in family structure, which have been pronounced during the 1970's. Although the *Census Bureau* has stressed median income in the past as a measure of economic well-being, others have favored per capita income, the report says. Per capita income measures the income available per person, including adults and children.

Both measures of real income reflect economic problems in the 1970's but the report cites certain factors that have contributed to sluggish growth in median family income.

During the post-World War II era, one of the major factors behind rising family incomes has been the increase in the number of earners per family. The report cites that during the 1970's the average number of earners ceased to grow, largely because of substantial increases in the number of families maintained by women with no husband present. These families tend to have fewer earners and smaller incomes than families maintained by men. Husband-wife families, on the other hand, continue to show real gains in family income as the number of earners for this segment of the population increased. By 1977, 60 percent of the husband-wife families had two or more earners.

The report on poverty points out that in the 1970's a substantial increase has taken place in the number of poor families with a female householder and no husband present. The total of such families rose to 2.6 million in 1977 from 1.8 million in 1969. Underlying this was an increase in the general population of families with a female householder. The concentration of persons below the poverty line in female householder families was especially evident among blacks, the report says. This group in poverty rose to 1.2 million in 1977 from an estimated 740,000 in 1969. However, the increase was a reflection of the growing number of black families with a female householder rather than an increase in the incidence of poverty among such families. For other types of black families, the percentage below the poverty line actually declined from 18 to 13 percent during 1969-1977.

The report says that in about half of all families below the poverty level, the householder did not work at any time during the year. Of those who did work, about 36 percent worked full time throughout the year. The report also points out that the number of poor families with a working householder had not changed significantly since 1970. This is in marked contrast to the decade of 1959-1969 when the number of families below the poverty line with a working householder declined from 5.6 million to 2.7 million.

The geographical distribution of the poor has been changing, too, the report says. In 1977, only 41 percent of the poverty population lived in the South compared with 46 percent in 1969 and about half were black in 1959. The South's proportion of the poor in metropolitan areas has been rising, however, and by 1977 stood at 60 percent of the total compared with 54 percent in 1969 and only 44 percent in 1959.

Copies of the reports may be obtained from the *Superintendent of Documents*, Washington, D.C. 20402. *Money Income in 1977 of Families and Persons in the United States, P-60, No. 118* may be purchased for \$4.75 each and *Characteristics of the Population Below The Poverty Level: 1977, P-60, No. 119* is available for \$4.25.

Women, Minorities Gain in Banking Industry

Major banks have quadrupled the number of women and minorities in official and managerial positions over the past decade, according to a survey by the *American Bankers Association*. The survey indicates that women increased their representation to 33 percent from 15 percent in 1970. Minority representation increased to 12 percent from five percent a decade ago.

Publications Available

Rental Housing Assistance for the Poor: A Southern Analysis. . . analyzes the impact of Section 8 (Housing Act of 1937 as amended by the Housing and Community Development Act of 1974) in meeting the housing needs of the South. . . describes some problems encountered in its implementation and suggests measures that could be taken to improve its effectiveness. \$4.00 plus \$.75 for postage and handling. Available from the *Southern Regional Council*, 75 Marietta Street, N.W., Atlanta, Ga. 30303 (404/522-8764).

Selling Property. . . helps you decide if you should use a broker or try to sell your home yourself. . . lets you know some costs you can expect to pay and what taxes you might owe. Free Consumer Information Catalog available from the *Consumer Information Center*, Pueblo, Colo. 81009.

The Story of Housing. . . a good book for those who want to know more about the history of housing and the Nation's urban problems. . . contains 15 chapters and an extensive bibliography. Sponsored by the *Federal National Mortgage Association*. \$14.95. Available from *Macmillan Publishing Company*, New York, N.Y.

Characteristics of New Homes Sold. . . covers the structural aspects of new residential units and offers a source for important data on housing characteristics including median and mean sales price, square feet of living space, size and cost of lot, the number of bathrooms and the type of heating systems. \$5.00. Available from *National Association of Homebuilders*, Economics Division, 15th and M Streets, N.W., Washington, D.C. 20005.

Profile of a New Home Buyer. . . an in-depth study giving a comprehensive profile of home buyers in the United States. . . gives customer motivation, their reasons for buying in a particular neighborhood and their economic-demographic characteristics. \$15.00. Available from the *National Association of Homebuilders*, Economic Division, 15th and M Streets, N.W., Washington, D.C. 20005

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Moon Landrieu, Secretary. . . Charles Sharpe, Editor. . . Subscription rate \$23.00 per year, domestic. . . \$28.75 foreign. Address all communications regarding the subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

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October 8, 1979
HUD-318-404-ASI




Hud Newsletter

DEPARTMENT OF HOUSING
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Current Trends

HUD reports that preparations are underway for a Soviet Construction and Urban Affairs conference jointly sponsored by *HUD* and the *Smithsonian's Kennan Institute for Advanced Russian Studies*. The conference is slated for December 19 and will involve American scholars and technical experts in an attempt to broaden the perspective of specialists working in the Soviet construction and urban development fields.

The *Federal Home Loan Bank Board (FHLBB)* has changed its value policy for condominium conversions in order to assist tenants who may otherwise be displaced. Using the appraisals as the base price in determining loan to value ratio, the *FHLBB* now allows discounts offered by developers to existing tenants to be used as credits towards downpayments.

The *Atlantic City Casino Control Commission* has announced that it does not plan to issue any licenses for the building of casinos on property already zoned for residential use. The statement of policy was designed to halt speculation in residential land which the *Commission* says is needed to ease a severe housing shortage in the city.

New York's *Landmarks Preservation Commission* has added a dozen buildings to its list of city landmarks. The action brought to 565 the total number of buildings given special status by the *Commission* since it came into being 14 years ago.

Senate Approves Moon Landrieu as HUD Secretary

Moon Landrieu, former mayor of New Orleans, has been confirmed by the U.S. Senate as Secretary of the *Department of Housing and Urban Development (HUD)*. Nominated by President Carter on July 27, he replaces former Secretary Patricia R. Harris who now serves as head of the *Department of Health, Education, and Welfare (HEW)*. The Senate vote for Landrieu's approval was 97 to 0.

The 49-year-old official was mayor of New Orleans from 1970 until 1978. He served as president of the *United States Conference of Mayors* in 1975. At the time of his nomination, President Carter said, "Mayor Landrieu enjoys a national reputation as a progressive mayor and strong administrator, as well as a respected and effective spokesman for local government. His service at the *Department of Housing and Urban Development* will be a contribution to this administration and to the country."

The Senate also confirmed Jay Janis to be a member and next chairman of the *Federal Home Loan Bank Board (FHLBB)*. The *FHLBB* oversees the Nation's thrift institutions. Mr. Janis served as Under Secretary of *HUD* before being elevated to his new post.

HUD Announces Sale of PHA Project Notes

Project notes totaling \$725,808,000 representing 86 public housing agencies, were sold September 5 at an average interest rate of 5.897 percent. The interest rate in August was 5.254 percent. September bids ranged from 5.4 percent to 6 percent. The average maturity of the notes sold was 9.5 months. Proceeds of the note sale will be used to reimburse the Federal Government for funds advanced to public housing agencies and to refund maturing notes for low-income public projects.

HUD Issues Guide on Revitalizing Neighborhoods

HUD has issued a new guidebook explaining in detail how to collect and analyze data on mortgage lending to be used as a tool for revitalizing neighborhoods.

Called *Home Mortgage Disclosure Act and Reinvestment Strategies*, the guidebook describes how community groups and local officials across the country have negotiated for investments in inner-city neighborhoods and challenged bank mergers by using sales records, title transfer data, population and income information and information made public by banks and savings and loan associations. Complete with case studies of successful efforts in selected cities, the guidebook provides step-by-step instructions on how neighborhoods can reverse decay by negotiating with lenders to develop reinvestment strategies.

"Since 1975," says Donna Shalala, HUD's Assistant Secretary for Policy Development and Research, "the law has required federally regulated lending institutions to make public the precise number of mortgage loans they have made, the amount of these loans, and the location of the properties on which the loans are made. This is immensely useful information, if you know how to use it. Armed with the information supplied by the guide, any neighborhood that has suffered from a shortage of mortgage credit can begin to turn the situation around."

Single free copies of the guidebook are available from HUD USER, P.O. Box 280, Germantown, MD. 20767.

HUD Issues Regulations on Prototype Housing Costs

HUD has issued a schedule of prototype housing costs for 1-4 family dwelling units for each market area of the country. The schedule, published in the August 21 edition of the *Federal Register*, covers a broad range of housing and is intended to provide guidance and assistance to the public pursuant to Section 904 of the *Housing and Community Development Act of 1977*.

Section 904 requires the agency, beginning in 1979, to publish prototype housing costs for a broad variety of 1-4 family housing units in each market area. The prototype figures serve merely as an aid to the general public and are not applicable to prototype determinations required for public housing under the *U.S. Housing Act of 1937*. The 1979 figures include costs for land and site improvements.

The schedule is divided into three cost ranges — low, moderate and high. The typical low range, one-family dwelling unit will contain three bedrooms and a full bath. The medium range one-family unit will contain three or four bedrooms and two full baths. The high range one-family dwellings will contain three to five bedrooms and two or three full baths.

For further information, contact William L. Halpern, director, Single Family Development Division, Office of Single Family Housing, HUD, Washington, D.C., 20410 (202/755-6720).

HUD Releases Mortgage Gross Flow for June

HUD has announced that the dollar volume of long-term mortgages originated in June for 1-4 family homes totaled \$18.6 billion, up slightly by five percent from \$17.7 billion in loans that were closed in June a year ago. The June volume brings total loan originations for homes by all lenders to \$83.4 billion for the first half of the year, a two percent increase over the same period in 1978.

Conference on the Future Slated for Milwaukee

Transformation: New Dimensions of Growth for the 1980's, a major conference to focus on the future, will be held in Milwaukee, Wisconsin, November 7-9. A spokesman said the background of the conference is the increasing evidence that our way of looking at the world during the last 200 years will change drastically in the period ahead.

The focus of the conference is based on the premise that the Nation is faced head on with two important crises: (1) dwindling resources on a finite earth which could mean the end of physical expansion as we have known it, and (2) an enormous gap between those who have experienced economic satisfaction and the poor people whose driving motivation in life is still to achieve a higher level of living.

The conference will explore new meanings of growth as we enter the 1980's and the years beyond. Crucial issues will be examined from three interrelated perspectives:

- * Real or potential value conflicts rising out of changing assumptions and goals facing our culture.
- * Technologies that are appropriate to the resources available and to what is most essential for individual and community growth.
- * Action strategies for communities and policymakers that are responsive to changing conditions as they are envisaged in the years ahead.

Conference details may be obtained from the *Center for Urban Community Development, University of Wisconsin-Extension*, 929 North 6th Street, Milwaukee, Wisconsin 53203 (414/224-4143).

HUD Authorizes Soul City Foreclosure

HUD's New Community Development Corporation (NCDC) has authorized steps to be taken to foreclose on *Soul City*, the HUD-assisted new community in North Carolina. No foreclosure date has been set. The NCDC is charged with policy responsibility for the new communities program. The NCDC action came in the wake of a Federal court ruling denying the petition of *Soul City's* developer for a preliminary injunction to stop the agency from acquiring the financially troubled new community.

Bryant L. Young, acting general manager of the Corporation, said: "It has been made clear that we hope for a negotiated settlement of the problems involving *Soul City*. We wish to minimize as far as possible the adverse impact on all of the interests in the *Soul City* Area."

Nuggets

Heating oil is used in more than 16 million American homes according to a recent report from the *Department of Energy (DOE)*. That is about 23 percent of all residences in the country, down from 26 percent in 1970. The DOE study said, however, that only about nine percent of all new houses being built use heating oil. The DOE has said that it expects the cost of heating oil to be about 50 percent higher than last year. Between 60-70 percent of all heating oil users live in the Northeast region of the Nation.

Some 3,000 would-be home buyers waited for up to six days in lines outside 61 New Orleans loan offices for an opportunity to purchase one of 1,700 low-interest mortgages. The loans were to be made at 7.6 percent interest, compared to about 11 percent interest for conventional financing. They were financed by \$86 million raised through a public trust issue of tax-free bonds.

Notice H-79-24, Implementation of the Public Housing Urban Initiatives Program (PHUIP) Targeted Rehabilitation/Management Assistance Component has been issued by HUD. The notice provides instruction for the implementation of the Component and also summarizes and clarifies, in one document, information and instructions previously disseminated to public housing authorities and field offices.

The *National Bureau of Standards (NBS)* and the *National Conference of States on Building Codes and Standards (NCSBCS), Inc.* have issued a call for papers for presentation at a conference on the rehabilitation of existing buildings, to be held in San Francisco, California, December 10-11. The meeting will provide an opportunity for participants to share technical expertise and identified research needs related to the rehabilitation of existing buildings.

Homeowners Sue Builder in Washington Suburb

Twelve homeowners in a suburban Washington subdivision have filed a \$25 million, 72-count law suit against the subdivision's builder charging it with fraudulent construction and misrepresentation. The builder had earlier been cited for more than 1,700 building code violations by local government inspectors. The homeowners claim the builder failed to tell them they would have to pay for sewer line construction when they purchased the homes. Their mortgage payments subsequently were raised by up to \$70 a month to pay for the line.

Chicago Provides Some \$83 Million for Home Mortgages

Some 2,160 families have received home mortgages under a low-interest mortgage program known as the *Chicago Plan*. The \$100 million, city-sponsored mortgage revenue bond program was one of the first of its kind when it got underway last year. The concept has spread across the Nation since then. The program offers an inducement for people to move into the city. According to *First Federal Savings and Loan*, the program's sponsoring agency, the average loan amount granted was \$38,679. The average income of applicants was \$20,167. Loans were made in virtually every zip code area in the city.

FYI

Center for Community Development and Preservation (CCDP). . . *Seminar on Innovations in Housing Renovations*. . . New York City, October 15. Details: Rosemarie Noonan, CCDP, 180 South Broadway, White Plains, N.Y., 10605 (914/761-5591).

The Community Associations Institute (CAI). . . *8th National Conference on Community Associations*. . . Hollywood, Florida, October 20-24. Details: CAI, 1832 M Street, N.W., Washington, D.C. 20036 (202/223-6770).

International City Management Association (ICMA). . . *65th Annual Conference*. . . Phoenix, Arizona, October 21-25. Details: Veda Engel, 1140 Connecticut Avenue, N.W., Washington, D.C. 20036 (202/828-3600).

Institute for Safe Schools (ISS). . . *Safe Schools Conference*. . . Fort Lauderdale, Florida, October 22-24. Details: ISS, 800 East Broward Boulevard, Fort Lauderdale, Fla. 33301 (303/463-1776).

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Current Trends

A Washington, D.C. Superior Court judge has ruled that the owner of a rental apartment building who wants to sell it does not have to give his tenants the first chance at buying it. The decision reversed a popular interpretation of a city law that was intended to help apartment dwellers stem the current tide of conversions to condominiums and cooperatives. The judge said the city law "does not confer upon an organization of tenants a right of first refusal."

Housing starts for August were 0.4 percent lower than in July according to the *U.S. Department of Commerce*. The *Department* said work was started on new homes in August at a seasonally adjusted annual rate of 1,783,000 units. The figure was 1,799,000 units a month earlier. Construction of single-family units declined one percent; starts of multifamily units rose slightly to a 574,000-unit rate. The number of building permits issued in August rose six percent over those issued in July. A *Commerce* spokesperson noted that an increase in the number of building permits issued in August "could suggest that housing starts may continue to do well next month."

A recent spot survey of real estate markets conducted by the *Wall Street Journal* indicates that "some areas have seen a definite downtrend in demand for used homes while in other locations demand far exceeds supply and prices continue to surge." The survey revealed that the used home market appears to be slowing in many areas of the Midwest, in New York State and parts of New Jersey and in some of the Great Lakes areas. In contrast, New England, much of the South and Far West haven't noticed a slump. In general, the survey points to a current mixed trend in the market for existing homes.

The *Federal Home Loan Mortgage Corporation (FHLMC)* has completed plans for its proposed home improvement loan purchase program. Under the program the *FHLMC* would (1) define the characteristics of eligible loans, (2) set forth the required documentation lenders must submit and (3) outline the general procedures it will use to buy home improvement loans. The program is expected to get underway next year.

Secretary of *Labor Ray Marshall* has predicted that the national unemployment rate could reach 6.5 percent in 1980 because of the increased price of oil. The unemployment rate has hovered between 5.6 and 5.7 percent in 1979.

The *U.S. House of Representatives* has voted to continue allowing commercial banks and credit union to offer interest on checking accounts. The bill had some 250 cosponsors and overwhelming support from the finance industry. It would reverse a Federal court ruling prohibiting such interest-bearing accounts in the absence of specific legal authorization for them. The court order would go into effect December 31 unless the bill becomes law. It now goes to the Senate for action.

The *Bechtel Corporation*, one of the Nation's largest construction and engineering companies, has agreed to pay \$1.375 million in backpay to current and former female employees in settlement of two class action lawsuits alleging sex discrimination in promotion opportunities and initial job assignments. This is the largest monetary settlement made by a construction company for alleged sex bias, according to the *Equal Employment Opportunity Commission (EEOC)*.

Homeowners Challenge Escrow Practices in Federal Court

Homeowners across the Nation are awaiting the outcome of a court suit in Richmond, Va., challenging the right of lending institutions to collect escrow funds without paying interest on them. The suit involves millions of dollars paid into escrow by a group of Eastern Virginia homeowners.

In most places, lending institutions require payments for taxes and insurance from homeowners who take out mortgages without paying any interest on the escrow funds. There has been a scattering of other Federal cases, but they have been settled out of court. In most of these cases, homeowners were given minimal interest or the right to pay tax and insurance bills outright.

Many homeowners complain that they are not given the option of paying the tax and insurance on their own. In response, lending institutions say they have a right to protect their loans against default on taxes and a subsequent lien on the mortgaged property.

At least 10 States, responding to court decisions, now require lending institutions to pay interest or other concessions on escrow funds. The Virginia case, however, would mark the first major decision in a Federal court.

HUD to Protect Sites From Hazardous Situations

HUD has proposed a new regulation establishing standard requirements and guidelines for locating agency projects at acceptable distances from stationary hazardous operations. The new rule would amend Subpart C, Part 51, Title 27 of the *Code of Federal Regulations*. Interested persons have until November 9 to comment on the proposal.

The issue of locating HUD projects in safe places was first raised in 1975 when a local housing authority proposed construction of a public housing unit within 120 feet of a public utility facility containing forty 60,000 gallon tanks of liquid propane. An engineering analysis determined that an explosion of just one of the tanks would destroy 60 percent of the project. The proposed regulation will establish explosion and thermal radiation standards which will be applied as a basis for determining the acceptable separation distances a HUD-supported project must maintain from a potential hazard.

A HUD-supported project is defined as any project that requests or requires agency subsidy, grant assistance or mortgage insurance. The proposed rule appeared in the *Federal Register*, Vol. 44, No. 176, Monday, September 10, 1979 at page 52695.

HUD Clarifies Impact of Price Controls on Rent Hikes

HUD has determined that projects with HUD-insured and HUD-held mortgages involve uncontrollable cost increases which could seriously erode profits or operating surpluses for nonprofit landlords who qualify for the profit margin or operating surplus limitation exception.

In a Notice to the field (H 79-78) the Agency said that the *Council on Wage and Price Stability* has determined that rents are considered to be price increases, and that landlords should adhere to the Council's price deceleration standard in establishing new rates for rental units. The Notice says that the administration's anti-inflation program objectives are fully consistent with HUD's responsibility to assure that the financial stability of insured rental projects is not jeopardized.

The Agency, according to the Notice, will recognize only actual or anticipated increases in expenses which can be supported or documented by firm contracts, increases in real estate taxes or by utility charge increases. It will allow only dollar for dollar pass-through cost increases so that profits or operating surpluses remain constant. The document encouraged project owners to hold increases to a minimum by utilizing innovative and efficient management procedures while maintaining service and amenities consistent with HUD standards and required rent levels.

Credit Unions May Act as Agents for Lenders

The *National Credit Union Administration (NCUA)* has issued a proposal which would permit Federal credit unions to act as agents for other mortgage lenders. This would enable credit union members to obtain long-term mortgage loans on terms and conditions that would apply if the credit union itself were granting the credit.

Credit unions would act as agents for State housing authority mortgage loan programs and other lenders who apply to the *NCUA* for an "approved" designation. Lenders would have to submit to certain specified standards including "limited examination" and payment of interest on escrow accounts. The public has until November 7 to comment on the proposal.

ULI Publishes Issue on 'Growth Management'

The *Urban Land Institute (ULI)* has devoted the pages of its June issue of *Environment Comment* to a comprehensive discussion of growth management. The issue is a comparative review of the presentations made during a Dallas workshop last May. That workshop was entitled Growth Management Programs: Will the 1980's be the Decade of Limitations? A Case Study of Lessons Learned.

The purposes of the Dallas workshop were (1) to provide wider dissemination of the key proceedings and (2) to facilitate evaluation by all readers of the accounts and views presented. It consisted of sequential presentations about growth management activities in six different communities by 111 speakers, each with a unique perspective on a given program.

The *Institute* is located at 1200-18th Street, N.W., Washington, D.C., 20036.

Nuggets

The *Urban Design Newsletter (UDN)* has announced its 4th Urban Design Awards Program for the best in urban design, preservation and conservation. A jury of professionals will evaluate submissions on the basis of aesthetic quality, responsiveness to community needs, innovative financing and special legislative or zoning incentives. Persons interested in entering the contest should contact the *UDN*, 355 Lexington Avenue, New York, N.Y. 10017 (212/682-0830).

A recent study by *Lopez Assessment Services*, Port Washington, N.Y., indicates that women generally tend to stay on the job longer than men, and that men are more likely to get fired. Blacks, the study said, experience a higher rate of involuntary separation than expected.

The *Housing Specialists Institute* and the *Caribbean American Realty Investment Brokers (CARIB)* are sponsoring a *Caribbean Housing Study Tour* and conference in the Barbados, Grenada, and Trinidad early next year. The tour will be open to any professional interested in or specializing in housing. The cost is \$850 for transportation and hotel or \$1,150 for transportation, hotel and meals. For details, contact the *National Association of Housing Specialists*, 3212 Georgia Avenue, N.W., Washington, D.C. 20010 (202/882-6887).

President Carter has nominated Gloria Cusmano Jimenez to be associate director of the *Federal Emergency Management Agency (FEMA)*. Ms. Jimenez, of Durham, N.C., has been acting *FEMA* associate director since last April. The 49-year-old attorney will be responsible for insurance and hazard mitigation.

Anthony B. Gliedman has been appointed New York City's Commissioner of the *Department of Housing Preservation and Development*. Gliedman, 37, was formerly the city's Commissioner of Ports and Terminals. The housing agency is responsible for enforcement of the city's building code, rent programs, management of housing taken over by the city for failure to pay real estate taxes and the spending of nearly \$300 million annually in Federal community development funds for rehabilitation and construction of housing.

F.Y.I.

Association of Computer Programmers and Analysts (ACPA). . . Ninth Annual Conference on "Preparing Today for Tomorrow's Technologies: New Challenges for the Systems Professional," Washington, D.C. October 22-24. Details: ACPA, 12611 Davan Drive, Silver Spring, Md. 20904 (301/622-0066).

American Land Development Association (ALDA). . . 10th National Conference on Recreation, Resort and Community Development. . . San Francisco, California, Oct. 24-27. Details: ALDA, 1000 16th Street, N.W., Suite 604, Washington, D.C., 20036 (202/659-4582).

Association of Energy Engineers (AEE). . . World Energy Engineering Congress. . . Atlanta, Georgia, October 29-31. Details: AEE, 464 Armour Circle, N.E., Atlanta 30324.

Publications Available

The following publications may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Please indicate stock numbers. Remittance must be by check, money order, Visa or Master Charge. For additional information contact Mr. J.G. Mills, Chief, Documents Control Branch (202/275-3343).

1978 Yearbook of Agriculture: Living on a Small Acre, S/N 001-000-03809-5, \$7.

Simple Home Repairs-Inside, S/N 001-000-02815-4, \$1.50.

Guidelines for Urban Renewal Lands Disposition, S/N 023-000-00288-4, \$5.80.

Residential Energy Consumption. . . identifies the components of residential energy consumption and evaluates technologies that could lead to energy conservation, S/N 023-000-00282-5, \$2.50.

Economic Evaluation of Total Energy. . . indicates the relative economic feasibility of total energy systems for residential development, S/N 023-000-0027-4, \$1.15.

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Current Trends

The *Bureau of Economic Analysis (BEA)*, *Department of Commerce*, reports that personal income in the United States rose substantially faster than prices over the decade of the 1970's. The *BEA* said that between 1969 and 1978 personal income in this country rose by 113.7 percent, reaching a per capita figure of \$7,836 in 1978. Consumer prices rose only 70 percent during this same period. This means that in real terms, the report said, income grew a little more than four percent per year.

James Rouse, chairman of *Rouse Company*, says there has been a substantial boom in inner-city housing in several metropolitan areas including Boston, Brooklyn, Philadelphia, Baltimore and Washington. Rouse concludes that people are moving back to the city, buying old houses and restoring them. The problem for the cities, he says, is rekindling the spirit of retailing, an essential ingredient of inner-city revival.

Solar Thermal Systems, a division of *Exxon Enterprises, Inc.*, has opened a solar-heated model home in the Washington area. The home, described as energy-efficient, has solar-collecting panels which work in tandem with a special heat pump to provide backup interior heating and air conditioning. The designer said the model house should save enough energy to pay for the special features within seven years.

The president of the *National Apartment Association (NAA)* says the rental housing industry has reached near-crisis conditions. He cited as examples of these conditions the decline in multifamily housing starts since the early 1970's; the loss of nearly 250,000 existing rental units annually through abandonment or demolition with an additional 100,000 lost through conversions to condominiums; and the lowest vacancy rate on record since World War II.

The median monthly mortgage payment during 1979 has been about \$488 or some 33 percent of the national median income of \$1,486 per month according to *Data Resources, Inc.* This means that a middle-income home buyer spends about a third of his income on monthly mortgage payments — nearly double the figure seven years ago. In 1972, mortgage payments equaled about 16 percent of income.

Is the national quest for energy conservation moving the Nation closer to an EPA-type rating for houses sold in the future? Ratings similar to those for automobiles actually may be in the making. At least one Government chartered corporation has issued guidelines defining what it considers an energy-efficient structure. Lending institutions are not required to follow the guidelines, but many of them do.

The *Federal Home Loan Mortgage Corporation (FHLMC)* reports that interest rates on home mortgages continue to rise. The *FHLMC* said the average yield on the \$64.9 million of mortgage purchased in mid-September climbed to a record 11.574 percent from 11.485 percent a week earlier.

NAA Underscores Threats to Rental Housing Industry

Timothy Schaefer, president of the *National Apartment Association (NAA)*, recently pinpointed what he sees as the source of growing threats to the private rental industry. He outlined three categories of industry problems – economic, marketing and regulatory.

Schaefer said the economic problem was manifested in high interest rates, high taxes and competition from Government housing. He said the Government will be directly or indirectly involved in about 66 percent of the 500,000 multifamily housing units to be built this year. In the mid-1960's, he said, the Government was involved in about 13 percent of all rental housing.

Population changes, the NAA president said, have reduced the size of the young adult group usually attracted to rental housing. These same changes, he said, have increased the 30 to 44 year-old group which traditionally represents home buyers.

Claiming that housing regulations have resulted in a deterioration of owners' rights, Schaefer said this was evidenced by a loss in rent collection discipline, the loss of resident selection controls and such factors as environmental, safety and zoning restrictions.

HUD Earmarks Funds to House Elderly, Handicapped

HUD has announced the reservation of more than \$726 million to be used in financing some 20,000 housing units for the elderly and handicapped. The funds will be used either to finance new construction or for substantial rehabilitation of existing structures in 44 States and Puerto Rico. Plans call for 18,227 units for the elderly at a cost of approximately \$651.7 million and 2,217 units for the handicapped at a cost of about \$74.2 million.

Funding, in the form of direct loans, will go to 347 private, nonprofit sponsoring organizations. The reservations are authorized under Section 202 of the *Housing Act of 1959*, as amended. That Section offers direct, long-term Federal loans to eligible private, nonprofit groups to finance rental housing and related facilities for the elderly or the handicapped.

Occupants of the units are expected to have a wide range of incomes, although the program is designed primarily for those with low and moderate income. Section 8 Rental Assistance Program subsidies will be available for those who need help in paying rent. Under Section 8, HUD pays a rent subsidy for lower-income families, enabling them to live in decent, safe and sanitary housing they otherwise could not afford. Families whose incomes do not exceed 80 percent of the median incomes in their areas are eligible for such rental assistance.

Eligible Section 202 applicants may borrow up to 100 percent of total development costs direct from HUD. Loans may be repaid over a 40-year period at an interest rate based on the average rate paid by the Treasury in its borrowing activities.

Churches Sponsor Northern Virginia Housing Complex

A group of 99 United Methodist churches in Northern Virginia, concerned about the lack of adequate housing for low- and moderate-income families, have pooled their resources to construct a 128-unit complex in Fairfax County. Opened in mid-September, the Strawbridge Square complex consists of 86 townhouses and 42 garden apartments in seven buildings on a 20.4-acre site.

Residents pay 25 percent of their adjusted gross income as rent with the balance of economic rent required to support a unit being provided by housing assistance payments under the Section 8 Rental Assistance Program. A community room, open to the total community, was financed with a \$47,000 Community Development Block Grant.

The churches operated through the Wesley Housing Development Corporation of Northern Virginia in planning and constructing the housing units. The National Housing Partnership (NHP) provided frontend capital and development expertise for the \$4.5 million endeavor.

DOT, HUD Sign Interagency Agreement

Housing, community development and transportation – the major elements of the urban mix – will receive more attention under an interagency agreement signed by the **Department of Transportation (DOT) and HUD**. The agreement will establish mutual review and comment procedures for actions, rules and regulations, and program guidelines with actual or potential effect on either agency's efforts and on cities. Closer field office cooperation also will be established and joint training sessions for field staffs will be held to share data, build interagency awareness and streamline processes for joint development projects.

An outgrowth of President Carter's national urban policy, the agreement was sparked by requests for assistance from mayors dealing with projects containing both complementary and conflicting **HUD-DOT** elements. The agreement will apply, within statutory limitations, to the following programs:

- * Community Development Block Grants (**HUD**)
- * Urban Development Action Grants (**HUD**)
- * Federal Housing Assistance (**HUD**)
- * Comprehensive Planning Assistance (**HUD**)
- * Federal Highway Aid (**DOT**)
- * Federal Mass Transit Assistance (**DOT**)
- * Airport Assistance (**DOT**)

Assistant Secretary Robert C. Embry said, "Strengthening and expanding the cooperation between **HUD** and **DOT** will help all urban areas by improving our ability to coordinate local efforts, assess potential impact and discourage inconsistent investments in a metropolitan area."

Nuggets

According to oil industry statistics, the Nation's supplies of home-heating oil for next winter continue to improve. Inventories of distillates, which include home heating fuels, totaled 202.7 million barrels in late September. The Government has a goal of 240 million barrels by the end of October. The **American Petroleum Institute (API)**, which tabulates the industry statistics, says that the Nation's petroleum refiners are producing oil on a par with the production schedule a year ago.

President Carter has nominated John Sawhill to be Deputy Energy Secretary, replacing John O'Leary, who resigned. Mr. Sawhill served in the Ford administration as head of the **Federal Energy Administration**. He served as associate director of the **Office of Management and Budget** from 1973 to 1974, and became president of **New York University** in 1975. The President also nominated Hazel Reid Rollins to be administrator of the **Department of Energy's** Economic Regulatory Administration. Currently, she is employed by the accounting firm of **Coopers and Lybrand** of Washington, D.C.

Thomas G. Webster has been named director of a new regional marketing office in Boston by the **National Housing Partnership (NHP)**. His jurisdiction includes New England, North New Jersey and New York City. The **NHP** is the Nation's largest private producer of low- and moderate-income housing for families and the elderly.

Publications Available

Ways to Beat the Energy Crisis in the Home. . . explains how to conserve energy and save money; provides a progress checklist on energy conservation and a chart of yearly energy requirements for many household appliances. Available for 50 cents from Caryn Lester, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.

How to Find, Evaluate, Select, Negotiate With an Architect. . . gives an overview of the selection process, architects' compensation and arguments against competitive bidding; intended for governmental and private clients. Available free from the Publications Division, American Institute of Architects, 1735 New York Avenue, N.W., Washington, D.C. 20006.

Glossary of Construction Industry Terms. . . includes definitions of terms with special meaning or connotation in the construction industry. Available for \$1.50 from the Publications Division, American Institute of Architects, 1735 New York Avenue, N.W., Washington, D.C. 20006.

FYI

The American Institute of Architects (AIA). . . Conference on the Architect in the Public Sector. . . Tallahassee, Florida, November 7-9. Details: Architects in Government Committee, *AIA*, 1735 New York Avenue, N.W., Washington, D.C. 20036.

National Associations of Realtors (NAR). . . 72nd Annual Convention. . . New Orleans, November 8-14. Details: *NAR*, Convention Department, 430 North Michigan Avenue, Chicago, Illinois, 60611.

American Bankers Association (ABA). . . Executive Seminar on Retail Banking. . . Vero Beach, Florida, November 11-17. Details: Ann Siegel, *ABA*, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036 (202/467-4864).

The University of Detroit (UD). . . A Systems Approach to Grantsmanship: How to Get More Grants. . . Fort Lauderdale, Florida, November 19-20. Details: *UD*, Division of Continuing Education, 4001 W. McNichols Road, Detroit, Michigan 48221 (313/927-1025).

National Savings and Loan League (NSLL). . . Equal Employment Seminar. . . Los Angeles. November 29-30. Details: *NSLL*, 1101 15th Street, N.W., Washington, D.C. 20005 (202/331-0270).

Significant Decision

Federal Property Management Corp. et al. v. Harris, et al.
Nos. 78-3275 and 3346, U.S.C.A. (6th Cir., August 1, 1979)

The Sixth Circuit, reversing the decision of the District Court, has held that the Secretary's decision to retain rent supplement payments as an offset to the project-owners' delinquent obligations on Section 221(d)(3) and Section 236 mortgages that had been assigned to HUD was not an abuse of her discretion. The Court stated that the Secretary's decision to elect a rent supplement set-off rather than terminate the rent supplement payments and institute foreclosure proceedings was a logical one and consistent with Congressional statements of National Housing Policy. The Court of Appeals concluded that the District Court erred in substituting its judgment for that of the Secretary on a matter that was within her discretion.

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Hud Newsletter

Current Trends

According to figures released by the *Federal Home Loan Bank Board (FHLBB)*, a person buying a \$40,000 home today would pay roughly \$112,816 when the interest has been compounded. The figure is based on the current average home mortgage rate of 11 percent interest over a 30-year period and assumes a 25 percent downpayment.

The *Chicago Title Insurance Company* predicts that more and more American families will turn to mobile home living as the median sales price of new single-family homes rises above \$60,000. One industry source predicts that one out of every five new single-family housing units sold in 1985 will be a mobile home. Mobile homes accounted for about 80 percent of all new homes priced below \$35,000 in 1978.

Homeowners are protecting their housing investments as never before, says a spokesperson for the *U.S. League of Savings Associations (LSA)*. Noting that such investments have become increasingly important because of the high rate of inflation, the *LSA* spokesperson said that mortgage loan delinquencies, at a ratio of 0.63 percent, are the lowest since the organization started keeping records in 1953. A loan is considered delinquent if payment has not been made within 60 days of the due date.

According to a recent survey by the *U.S. Department of Agriculture*, wages of hired farm workers continue to rise on the average, and so do their fringe benefits. The survey found that hired workers were paid an average of \$3.23 an hour, a 9.9 percent increase over the \$2.94 paid a year earlier. About 45 percent of the 1.81 million hired farm workers receive some type of benefit in addition to wages, compared to 43 percent a year ago. Housing was the most common fringe benefit, going to 15 percent of the workers.

The *Federal Home Loan Mortgage Corporation (FHLMC)* reports that interest rates on home mortgages continue to rise. The *FHLMC* said the average yield on the \$64.9 million of mortgages it purchased in mid-September climbed to a record 11.574 percent from 11.485 percent a week earlier. Meanwhile, the *Federal Home Loan Bank Board (FHLBB)* predicts that mortgage interest rates could go as high as 14 percent as a result of the *Federal Reserve System's* credit-tightening move. The *U.S. League of Savings Associations*, the primary source of the Nation's mortgage loans, has predicted that mortgage interest rates could top 12 percent by early 1980.

"The Nation's 26,000 private foundations aren't any longer the philanthropic cornucopias they were just a few years ago," according to the *Wall Street Journal*. "Though they have managed to maintain a level of grants averaging slightly more than \$2 billion annually in recent years, foundations have seen the value of their largess badly eroded by the decline in the worth of the dollar," the paper said. This means, the *Journal* said, harder times for those seeking foundation help as other sources of funds disappear.

HUD Acts to Protect Section 8 Costs

HUD has announced revisions in the regulations of the Section 8 New Construction program in a concerted effort to contain the rising cost of the program. Assistant Secretary Lawrence B. Simons said the regulations were revised to accomplish the objective of cost containment, but not to the detriment of the people served by the program. He said that HUD "is committed to provide housing for people without access to decent housing." He said that HUD currently commits an estimated \$4.5 billion each year for all assisted housing to support more than three million units serving about nine million low-income people.

Noting that this represents slightly less than one percent of the annual Federal outlay, Simon said, "No one can, therefore, claim that housing absorbs a disproportionately large share of Federal resources. Still we are concerned with the cost. The changes will give the Department better cost controls."

Under the revised regulations, there will be a limit on development costs as well as the traditional Fair Market Rent limitation. Proposed amenities will be limited to those generally provided in unassisted housing of modest design in the market area. Other changes in the regulations include: improvement in processing procedures to improve efficiency and quality; a 10 percent limitation on the leasing of assisted units to ineligible families, without prior HUD approval; and changes in the contract provisions.

Landrieu Backs Move by Federal Reserve Board

Actions by the *Federal Reserve Board (FRB)* to tighten fiscal and monetary policy in order to wring out inflation were "bold, necessary and proper," HUD Secretary Moon Landrieu told members of the *Mortgage Bankers Association of America (MBA)*.

Speaking at the annual *MBA* convention in Chicago, Landrieu said the Federal Government's tightening actions "will have some serious effects throughout the economy." If we are to fight inflation, we must have some shrinkage of economic activity within this country, he added.

Promising that housing will not be asked to shoulder an undue burden in the battle against inflation, the HUD Secretary said: "We are continuing to make available funds for the secondary market resources to support single-family and multifamily housing to the maximum extent possible."

Landrieu lauded President Carter's effort to date in revitalizing America's communities and said: "The challenge that faced this administration nearly three years ago was to revitalize, rebuild and rejuvenate our communities, to help make them, once again, flourishing centers of commerce, industry, culture and employment. . . to help make them attractive centers in which people could live and work with pride."

HUD to Assist Local Government Financial Management

HUD has selected five organizations to show local governments how to better manage their finances under its Financial Management Capacity Sharing Program (FMCSF). Grant awards of \$40,000 each will go to the *League of California Cities*, the *Pennsylvania Department of Community Affairs*, the *Virginia Municipal League*, the *Southeast Georgia Area Planning and Development Commission* and the *Consortium for Public Administration Field Services* (Carnegie-Mellon University, the University of West Virginia and the University of Pittsburgh).

Designed as an "intrastate network" effort to demonstrate that a public sector organization can help improve local government financial management skills through direct technical assistance with a State, the program attracted 57 applicants representing statewide and sub-state organizations.

The FMCSF, geared to meet the needs of local government decisionmakers, makes available technical assistance and materials through conferences, workshops, newsletters, publications, a resource center and consultations.

DAP Announces Design Arts Recognition Program

The Design Arts Program (DAP) of the *National Endowment for the Arts* will sponsor an annual recognition program to capitalize on a \$23 million investment in small seed grants that it has awarded since 1966. The Design Arts Program was formerly known as the Architecture, Planning and Design Program.

The 1979 program will consider any grant awarded by the DAP between 1966 and 1978 in architecture, landscape architecture, urban planning and design, interior, industrial, graphic or fashion design. Winners will be announced in the Spring of 1980. Entries must be received by December 3. For additional information contact Dori Jacobson, *National Endowment for the Arts*, 2401 E Street, N.W., Washington, D.C. 20506 (202/223-5767).

Landrieu Vows Strong Support for Labor Standards

HUD Secretary Moon Landrieu, speaking at the 60th Annual Convention of the Building and Construction Trades in San Diego, has said that the *Davis-Bacon Act* must not be weakened. The Act provides that employers must pay prevailing local wages to workers on Government assisted construction projects.

Secretary Landrieu said that "**HUD** has returned \$4 million to more than 4,000 underpaid workers on its projects in the last two years." He said that "more contractors have been debarred by **HUD** for willful violations of labor standards than in any previous period of time." He promised to continue the support of labor standards during his tenure at the agency.

Citing findings of a *HUD Task Force on Housing Costs* that direct labor costs of housing have substantially decreased in the last four decades, Secretary Landrieu rebutted charges that the *Davis-Bacon Act* has forced the cost of labor unjustifiably high in communities. "Today, the labor share of direct construction costs is only 16 percent, roughly half of what it was 40 years ago," he said. "because of increased productivity and greater use of industrialized methods."

FHA Hikes Interest Rates on Mobile Homes

Secretary Moon Landrieu has announced that the maximum allowable interest rates on *Federal Housing Administration* (FHA) insured loans for mobile homes and for home improvements went into effect in mid-October.

The new interest rate ceilings are:

- Property improvement loans, from 12 percent to 13 percent;
- Mobile home loans, from 12.5 percent to 13.5 percent; and
- Combination (both mobile home and lot) and mobile home lot loans, from 11.5 percent to 12 percent.

Landrieu said the increases were necessary to keep the market for federally insured loans competitive with the private market cost of money. "It is an inescapable reality that when the general cost of borrowing increases, the cost of federally insured borrowing must also increase," he said. "Our action helps assure that federally insured borrowing will remain available to the public," he added.

Most Americans Like Their Homes

Eighty-two percent of Americans approve of the quality of their residences, according to a 1977 national survey by **HUD** and the *Bureau of the Census*. Three-fourths of all households, however, reported one or more bothersome neighborhood conditions. Only five percent wanted to move because of the conditions such as noise, traffic, poor street lighting and crime.

FYI

National Savings and Loan League (NSLL). . . Equal Employment Seminar. . . Los Angeles, CA., November 29-30, 1979. Details: *NSLL*, 1101-15th Street, N.W., Washington, D.C. 20005 (202/331-0270).

Architectural Record Seminars. . . Building Re-Use: Managing Costs, Codes and Design. . . San Antonio, Texas, November 12-13, 1979. Details: *Architectural Record*, McGraw-Hill, Inc., 1221 Avenue of the Americas, New York, N.Y., 10020 (212/997-3088).

National Corporation for Housing Partnerships (NCHP). . . Seminars on How to Improve Your Sales Management and Operational Sales Techniques in the Marketing of New Homes. . . Tampa, Fla., November 13, 1979. Details: Edwin Stoll, *NCHP*, 1133-15th Street, N.W., Washington, D.C. 20005 (202/857-5700).

National Leased Housing Association (NLHA). . . Seminar on the New Section 8 Regulations. . . New York City, November 2; Chicago, November 7; Los Angeles, November 9. Details: Janet S. Charlton, *NLHA*, 1800 M Street, N.W., Washington, D.C. 20036 (202/785-8888).

Publications Available

A Mutual Concern: Older Americans and the Criminal Justice System. . . contains facts about crime and the elderly; examines older Americans' interaction with the criminal justice system from various perspectives. Available (single copies free) from the *National Criminal Justice Reference Service*, GIP Program, Box 6000, Rockville, Md., 20850.

Center for Building Technology: A Perspective-1979. . . presents an overview of the Center's research accomplishments and ongoing projects; outlines the three-fold mission of the Center. Available for \$1.40 from *Superintendent of Documents, Government Printing Office*, Washington, D.C. 20402.

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Hud Newsletter

Current Trends

A superior court judge has ruled that the *Washington, D.C. City Council* does not have the authority to create a moratorium on condominium conversions via emergency legislation. The *City Council* passed an emergency bill banning conversions for 90 days and extended the ban for another 90 days. The practice was challenged in court by the *Washington Home Ownership Council*, a group composed of specialists in the condominium development field. The court ruled that "successive enactment of substantially the same substantive provision of law through the emergency power. . . is unlawful."

The *National Association of Home Builders (NAHB)* reports that the price of farmland continues to rise. According to the *NAHB*, the price of farmland sold for potential urban subdivision use during the 12 months ending in February 1979 averaged \$1,798 per acre. The previous peak was \$1,110 in 1975.

The number of city government workers in the United States remained at 2.5 million in October 1978, the same number reported a year earlier in the 1977 *Census of Governments*, according to a report released by the *Bureau of the Census*. While municipal employment remained unchanged, payrolls increased 5.1 percent (\$122 million) over the previous year to a total of \$2.5 billion.

A new report by the *Housing Assistance Council (HAC)* concludes that the *Farmers Home Administration (FmHA)* falls short in servicing minorities in terms of employment, loan production and loan targeting. HAC recommends the development of a comprehensive minority recruitment plan aimed at increasing minority employment within the agency, especially at the county office level.

The *American Institute of Architects (AIA)* and the *National Science Foundation* have joined forces in an effort to design earthquake-resistant buildings that also provide protection against the hazards of fire, flooding and high winds. The research project will survey the design standards and practices used to protect buildings and their occupants from disasters and to conserve energy.

Four percent of the Nation's population 14 years old and over (7.2 million persons) were receiving or had recently completed vocational training at the post-high school level in 1976, according to a report on a nationwide survey issued by the *Bureau of the Census*. About four million persons had attended vocational school in the preceding year and about three million were attending in October 1976. Persons with a college background were more likely to have had recent vocational school experience than persons with four years of high school education or less.

VA Sets Regulations for Condominium Loan Guaranty

The *Veterans Administration (VA)* has released its final regulations for the approval of condominiums and condominium conversions under its Mortgage Loan Guaranty Program. The new regulations explain the basic types of ownership arrangements and set insurance, appraisal and conversion presale requirements.

NAA Sees Uneasy Future for Multifamily Housing

Rik Fulscher, the new president of the *National Apartment Association (NAA)*, has predicted what he terms "an uneasy future" for the multifamily housing industry.

Fulscher said two factors have combined to place the multifamily industry in a "double squeeze." First, he said, there was a dramatic shift in the construction of new units toward single family housing. The other critical aspect of the rental housing market is that its occupants are, on the average, less affluent than those of owner-occupied units and their incomes have been rising more slowly, the *NAA* head added.

"These factors, along with the rising costs of building new apartments, are responsible for the 'double squeeze' effect that is injuring both tenant and owners simultaneously," Fulscher noted. "During inflationary periods such as the Nation is experiencing now, there is much political pressure for rent control. This problem discourages long-term lenders from making apartment loans or makes them require large equity from developers," he said. "Thus, fewer units are built and the cycle repeats itself."

Agency Selects Stegman as New Director of Research

Dr. Michael A. Stegman, a professor on leave from the *University of North Carolina* at Chapel Hill, has been appointed Deputy Assistant Secretary for Research. He will direct all *HUD* housing and community conservation research and demonstration efforts. Current research in this area involves housing assistance, safety, community conservation, equal opportunity and energy conservation.

Activities planned for Fiscal Year 1980 will focus on the use of loans for the rehabilitation of multifamily housing and on Neighborhood Strategy Area Programs. The Office of Research will initiate a major reevaluation of a nationwide demonstration aimed at combatting crime in public housing projects.

Dr. Stegman, 38, has been on the faculty of the *University of North Carolina* since 1966. He has been a consultant to State and local governments on housing problems and is the author of several books and articles on housing economics and investment. In 1975-78 he served as a consultant to *HUD* on neighborhood revitalization.

New York City Participates in Co-Op Conversion Program

HUD Secretary Moon Landrieu and New York City Mayor Edward I. Koch have announced an experimental program in which 500 city-owned apartments will be rehabilitated and either rented or sold as cooperatives to low- and moderate-income residents in three city neighborhoods. The neighborhoods are Morris Heights in the South Bronx, Clinton on Manhattan's West Side and Prospect Heights in Brooklyn.

Secretary Landrieu and Mayor Koch said in a joint statement that more than \$16 million in additional federally insured mortgage investments and up to \$2 million in City Community Development Block Grant funds will be channeled to the three neighborhoods. The program, called Co-Ops for Neighborhoods, will transform tax foreclosed buildings, many of which are vacant, into bright modern co-op and rental apartments for residents of the areas. One hundred and fifty units will be converted to co-ops and sold at reduced cost to low- and moderate-income families and the remaining 350 will be rental units subsidized under Section 8 of the *U.S. Housing Act*.

FYI

Government Information Services (GIS). . . How to Recover Thousands of Dollars Through an Indirect Cost Recovery Program. . . Chicago, November 19; Los Angeles, November 30, 1979. Details: *GIS*, 752 National Press Building, Washington, D.C. 20045 (202/638-5095).

HUD USER Provides Access to Research Results

Donna E. Shalala, Assistant Secretary for Policy Development and Research, has announced the establishment of the **HUD USER**, a research information service, designed to get research results to the public. The USER is a computer-based information service which offers a variety of products and services related to **HUD** research in a timely manner.

The components of the new research service include: personalized literature search to answer the public's questions; special products including topical bibliographies, brochures and announcements of important future research; and a document distribution service to provide copies of research results.

The USER data base collection includes such topics as building technology, community development, conserving communities, economic development and public finance, the elderly and the handicapped, energy and utilities, environmental research, financial management, housing finance, housing management and housing programs.

Three Recent Decisions Protect Tenants Against Evictions

In three recent court actions, tenants have been protected against arbitrary eviction. In a per curiam opinion, the *New Jersey Appellate Court* has held that attorneys' fees cannot be characterized as rent for the purpose of eviction unless the lease so specifies. The implication is that any charge or fee such as late fees, parking charges, key deposits, etc. cannot form the basis for a nonpayment-of-rent eviction action.

The *U.S. District Court for the Western District of Pennsylvania* has enjoined all evictions by the *Housing Authority of Pittsburgh* until the Authority complies with State and Federal requirements for a two-notice eviction system. A New Hampshire State District Court recently held that good cause is required before a tenant may be evicted from a *Farmers Home Administration (FmHA)* rental housing project. The Court held that the plaintiff and *FmHA* have insinuated themselves into a position of interdependence so as to make plaintiff's action subject to constitutional limitation; that the eviction deprives the defendant of statutorily created benefits, namely reduced rents, and that the defendant has a property interest in his tenancy beyond the terms of the lease of which he cannot be deprived without due process of law.

Publications Available

The following publications may be purchased from the *Superintendent of Documents, Government Printing Office*, Washington, D.C. 20402. Please indicate stock numbers. Remittance must be by check, money order, Visa or Master Charge. For additional information, contact J.G. Mills, Chief, Documents Control Branch (202/275-3343).

The Future of Local Urban Redevelopment: A Guide for Community Policymakers. . . . describes the purposes, aims and goals of urban renewal; tells how perpetual cost-benefit analysis can be utilized for renewal programs and can benefit urban areas. 023-000-00287-6, \$1.10.

Guidelines for Urban Renewal Land Disposition. . . . provides local urban planning agencies with suggestions and recommendations that can help in the disposition of urban land; discusses problems that have been known to impede the progress of projects. 023-000-00288-4, \$5.80.

Evaluating Local Urban Renewal Projects: A Simplified Manual. . . . provides uncomplicated directions for evaluating local renewal activities; intended for use by local elected and appointed officials, concerned citizens and those responsible for evaluation. 023-000-00289-2, \$1.50.

Barrier Free Site Design. . . . illustrates new design techniques that make public facilities more accessible to the handicapped; deals with the architectural and landscaping facets of the environment. 023-000-00291-4, \$2.75.

Technology Assessment of Residential Energy Conservation Innovations: Final Report. . . . examines the desirability of selected technical innovations intended to reduce residential energy consumption; innovations include storm windows and doors, a furnace energy recovery device, open air cycle air conditioning, ventilation energy recovery and double glazed windows. 023-000-00309-1, \$3.10.

Handbook on Natural Gas Pipeline Safety in Residential Areas Served by Master Meters. . . . provides technical guidance to reduce occurrences of gas leaks and incidents in residential areas. 023-000-00315-5, \$2.30.

Women and Housing: A Report on Sex Discrimination in Five American Cities. . . . reviews testimony taken at hearings in Atlanta, St. Louis, San Antonio, San Francisco and New York City; draws several conclusions and makes a variety of suggestions. 023-000-00316-3, \$3.40.

A Design Guide for Home Safety. . . . presents a clear and readily usable guide identifying areas of home design that should be influenced by safety considerations; makes recommendations for reducing hazards. 023-000-00201, \$4.75.

Condominiums: Their Development and Management. . . . discusses the development and management of a condominium, condominiums for low-income households and development of a homeowners' association; contains a model deed, by-laws and sample management and purchase agreements. 023-000-00202-7, \$3.50.

A Design Guide for Improving Residential Security. . . . intended for builders, apartment residents and homeowners; offers practical advice on various aspects of residential security. 023-000-00251-4, \$3.75.

Designing Kitchens for Safety. . . . outlines principles of home kitchen design that promote accessibility, utility and safety. 023-000-00266-3, \$.35.

How to Build a House: Using Self-Help Housing Techniques. . . . describes the basic things you need to know to construct a simple house; contains illustrations with English and Spanish instructions. 023-000-00276-1, \$1.40.

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . . Moon Landrieu, Secretary. . . Charles Sharpe, Editor. . . Subscription rate \$23.00 per year, domestic. . . \$28.75 foreign. Address all communications regarding the subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

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HUD NEWSLETTER
November 12, 1979
HUD-318-409-ASI



Hud Newsletter

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Current Trends

The *House Labor Standards Subcommittee* has opened hearings on a proposal to shorten the federally recognized workweek from 40 hours to 35 hours, eliminate forced overtime and raise overtime rates to double time. Rep. John Conyers (D-Mich.), the bill's sponsor, told *Subcommittee* members that "for each one-hour reduction in the standard workweek, an additional one and a half million jobs could be created if overtime was eliminated."

Ethan Kapstein, a visiting scholar with the *Department of Energy*, says the current trend toward solar energy is not entirely new. The first major solar energy boom occurred in the early 20th century with more than 100,000 solar water heaters in use in California and Florida, he said. That boom gave way to the use of natural gas, a new fuel that was cheaper and easier to use.

The president of the *National Association of Home Builders (NAHB)* says recent actions of the Federal Reserve Board in raising borrowing rates could stifle new housing production and cost as many as 1.5 million jobs. Vondal S. Gravlee said if the current monetary policy is not reversed or moderated, "it could lead to a major housing collapse, causing as much as a 50 percent decline in housing production."

An 18-month study by a *Committee on Future Horizons* predicts that the Nation's cities face a decade of fiscal scarcity, political skepticism and reduced services. The *Committee* was formed by the *International City Management Association* composed of professional city managers. The panel of urban experts said the next decade would be one of "unavoidable adjustment" for cities reflecting energy shortages, efforts to control inflation, and important changes in the population of the country. It said population shifts will mean smaller households in the future, giving rise to more multifamily dwellings and a greater demand on recreation and transportation facilities.

The *Conference Board*, a business research organization, reports that its index of consumer confidence "turned upward" in September for the first time this year. It said, however, that the gain may be short-lived. The index rose to 76.5 in September, up about 12 points from a month earlier. The index of buying plans stood at 117.9 in September, up about 20 points from the previous month. The *Board* said the gains were due primarily to an easing of the gas shortage and improvements in the employment situation. Recent actions of the *Federal Reserve Board* "will most likely quiet the economy and dampen the consumer's spirit in the months ahead," the *Conference Board* said.

The value of nonresidential rehabilitation will double in the next few years according to the *Architectural Record*. The *Record*, a *McGraw-Hill* publication, said soaring construction costs and Federal incentives are creating a positive environment for rehabilitation of existing structures. Expenditures for nonresidential additions, alterations and major replacements are expected to increase from an estimated \$15 billion in 1978 to as much as \$30 billion annually by the mid-1980's, the report said.

NAR Head Predicts Strong Pace for Home Sales

Dr. Jack Carlson, executive vice president and chief economist of the *National Association of Realtors* (NAR), says the sales pace of existing homes remains brisk and will be second only to 1978 in total units, and predicted a moderate decline in existing home sales during the next six months.

The NAR spokesman added that "preliminary estimates show that existing home sales increased from 3.85 million units at a seasonally adjusted annual rate in August to 3.95 million in September, with the new figure matching the sales level of a year earlier." Noting that these home sales may decline to 3.5 million in the next six months, he said that this is still a high level compared with the average of the last five years.

"There are several reasons for expecting a decline in sales in the face of strong consumer demand," Carlson said. "Usury ceilings in 23 States that prevent many Americans from obtaining mortgage financing is one problem; economic policies which fight inflation by encouraging high interest rates and restraints on the cutting of timber for housing are also factors," he said. *

Congressman Proposes National Ban on Condo Conversions

Rep. Benjamin Rosenthal (D-N.Y.) has proposed legislation that would prohibit the conversion of rental apartments into condominiums for three years. During the three-year ban a national commission would study the conversion issue. Rep. Rosenthal said condominium and cooperative conversions have become a serious national housing problem, comprising nearly 50 percent of house sales in some cities including Chicago, San Francisco and Washington, D.C.

"Conversion," he said, "forces the displacement of thousands upon thousands of elderly, low- and moderate-income families from their apartments and it severely reduces the availability of rental housing in metropolitan areas, pushing rents in existing buildings to record highs." He said the "spiraling rush toward conversion could well mean the virtual disappearance of private rental housing in the United States."

The condominium moratorium proposal would:

- require developers to provide up to \$400 in relocation aid to displaced tenants;
- forbid the awarding of Federal community development block grant funds to localities that do not restrict conversions or otherwise provide adequate rental housing; and
- alter the tax laws so that profits from conversions would be treated as ordinary income instead of capital gains.

One member of *Congress* estimates that there are some two million condominium units in the Nation, housing more than four million people. *Citicorp Real Estate Inc.*, New York City, estimates that 10,000 units were converted in 1978 and an additional 130,000 may be converted by the end of this year. The problem, which barely existed a decade ago, has grown at what Sen. Harrison Williams (D-N.J.) calls a "galloping pace." The 1979 conversions are expected to match or exceed the number of rental units converted in the first five years of this decade.

Many localities are taking steps to control the condo fever. Washington, D.C. has enacted conversion moratoriums twice via emergency legislation, but that action is on court appeal. Meanwhile, a *Condominium and Cooperative Conversion Commission* has recommended the revocation of permits allowing owners of rental units to convert their property. New York has approved a regulation requiring the consent of 35 percent of rental tenants to evict non-purchasers from converted property. Another New York law protects some elderly tenants from eviction. In New Jersey, developers must give tenants a three-year notice of their intention to convert rental property. Philadelphia has invoked an 18-month conversion moratorium – the longest in the Nation – and requires a 12-month notice to tenants. In Los Angeles, the city has authority to reject conversion applications when the rental vacancy rate falls below five percent. The housing industry regards a five to six percent vacancy rate as healthy.

FFIEC Issues Policy Statement on Discrimination

The *Federal Financial Institutions Examination Council (FFIEC)* has issued a joint policy statement on discrimination on behalf of its five constituent agencies. The agencies include the *Board of Governors of the Federal Reserve System*, the *Comptroller of the Currency*, the *Federal Deposit Insurance Corporation*, the *Federal Home Loan Bank Board* and the *National Credit Union Administration*.

The agencies, responsible for the regulation and supervision of depository institutions, say they are "committed to identifying and eliminating illegal discrimination and to encouraging nondiscriminatory practices in the operations" of their institutions. Over the years, they say, the attention of the Federal financial regulatory agencies has focused especially on such matters as discrimination on the basis of race, religion, national origin, sex and marital status in lending and other financial services.

The statement called for equal employment opportunity, rejected the discriminatory aspect of mortgage and other lending practices which may have a disparate impact on various groups and discouraged the payment of fees or dues for membership in discriminatory private clubs where business is commonly conducted.

It concluded that "illegal discrimination is contrary to the best interest of not only the people discriminated against but also the financial institutions themselves."

White to Join CSHA as Executive Vice President

Thomas W. White, director of HUD's Office of State Agency and Bond Financed Programs, has been named executive vice president of the *Council of State Housing Agencies (CSHA)*. He is the first person to be appointed to that position and was selected from among some 80 applicants during a nationwide search. White served in the *Michigan State Legislature* from 1965 to 1969 and was instrumental in developing the legislation which established the *Michigan State Housing Development Authority (MSHDA)*. He subsequently held several positions at the *MSHDA*. The *CSHA* is an association representing the common interest of more than 40 State housing finance agencies which provide financing for decent, safe and sanitary housing for low- and moderate-income people.

Value of Property in U.S. Totals \$1.5 Trillion

The gross assessed value of property subject to local property taxes in the United States totals \$1.5 trillion, according to the *Bureau of the Census*. The figure is for 1978 and is an increase of \$413.4 billion over the 1975 valuation.

In 1978, \$174.9 billion of property value was totally exempt for various reasons, leaving a net assessed value after deduction of partial and total exemptions of \$1.4 trillion available for taxation. Excluded from the property tax base were: (1) property owned by nonprofit and otherwise qualifying groups, (2) new industrial plants exempt for stated periods of time in specific States as an inducement to new industry, and (3) other property exempted by specific legislative action such as property constructed for such activities as pollution control and abatement.

Property tax revenue in 1978 amounted to \$62.8 billion compared with \$57.6 billion in 1976, more than 79 percent of local Government tax revenue from all sources. Property tax revenue for State and local governments together totaled \$65 billion in 1978, or 33 percent of all tax revenue.

Copies of *State and Local Government Special Studies No. 92, Property Values Subject to Local General Property Taxation in the United States: 1978*, are available for \$3.50 from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. 20402 or from Commerce district offices in major U.S. cities.

Publications Available

The following publications may be purchased from the *Superintendent of Documents, Government Printing Office*, Washington, D.C., 20402. Remittance must be by check, money order, **VISA** or **Master Charge**. Please indicate stock numbers. For additional information, contact J.G. Mills, Chief, Documents Control Branch (202/275-3343).

Solar Dwelling Design Concepts. . . provides background information; contains a concise report on existing solar dwellings and systems; lists design considerations, and numerous dwelling and site design concepts which are responsive to factors such as regional housing preferences, solar energy system differences and local climates and terrains. 023-000-00334-1, \$2.30.

Settlement Costs. . . itemizes and explains every point of the standard form used to record actual settlement charges to buyers and sellers in mortgage transactions; includes explanations of a broker's commission, prepaid insurance premiums, title charges and title insurance, attorney and notary fees, and adjustments of certain costs. 023-000-00337-6, \$1.00.

Solar Heating and Cooling Demonstration Program. . . describes 53 projects that incorporate solar energy systems for heating, cooling, or domestic hot water. Identifies the grantee, location and size of the project; contains a drawing of the unit and describes the solar energy system. 023-000-00338-4, \$1.15.

All-Weather Home Building Manual. . . discusses building in cold weather, hot and dry weather and wet weather; provides information that will enable production to continue during periods of bad weather. 023-000-00339-2, \$4.75.

Manual on Business Opportunities for Small and Minority Businesses. . . tells how to effectively participate in housing development activities; intended for housing professionals who want to become more familiar with administrative requirements and operating processes affecting business opportunities. 023-000-00336-8, \$2.15.

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Current Trends

A survey of local businesses conducted by the *Washington Post* has concluded that Washington area banks are raising their interest rates on personal loans, demanding larger downpayments from car buyers and screening credit applications with "unprecedented severity" in response to the tight money policy of the *Federal Reserve Board*. Another *Post* study indicated that the booming real estate market that has characterized the Nation's Capital for the past several years has begun to subside. The paper said the gap between asking prices and sales prices has widened from 6.4 percent at this time last year to 14.4 percent and noted that the number of housing sales is dropping.

The *California Appeals Court* has ruled that there is nothing illegal or unconstitutional about evicting couples with children from adults-only apartment buildings. Judge James Hastings ruled that refusing to rent to couple with children or canceling the lease of couples who bear children "is a purely private and unregulated act of discrimination for which the law offers no redress." The decision is expected to be appealed to the *California State Supreme Court*.

The concept of commercial condominiums is catching on in many cities across the Nation. David Clurman, author of a book on the subject, says there are as many as 600 commercial condominium buildings in the country, twice as many as there were five years ago. He says that small businesses prefer to own rather than rent. Advantages include a buildup of equity in the property, income-tax deductions from depreciation and mortgage interest, and the possibility of a profit if the property is sold.

Homeowners with fireplaces will find the cost of firewood higher this winter, according to a survey conducted by the *Wall Street Journal*. The paper said that demand for wood, which more and more homeowners are using as a substitute fuel, has pushed prices as high as \$150 a cord in some parts of the Northeast. That is 50 percent higher than a year ago. Meanwhile, the wood-stove industry is expanding and an industry spokesperson says: "We can't get them to the stores fast enough." The *Department of Energy* says that \$1 billion worth of stoves and accessories were sold in 1978.

The *Federal Home Loan Bank Board (FHLBB)* has given its 12 Federal Home Loan Banks permission to pay larger dividends to their savings and loan association members. *FHLBB* Chairman Jay Janis said the action was taken because high interest rates have depressed earnings at member associations and most district banks expect record high earnings in 1979. The move is expected to add approximately \$124 million to the \$356 million already available for the payment of 1979 dividends.

Net new savings, savings inflows less interest credited, dropped to an estimated level of minus \$800 million for October according to the *U.S. League of Savings Associations (USL)*. The estimate was based on preliminary reports from 853 associations holding 40.6 percent of the assets of the business. Net savings, which include interest credited, totaled \$4.5 billion.

Landrieu Appoints Deputy Inspector General, Press Aide

HUD Secretary Moon Landrieu has announced the appointment of a Deputy Inspector General and an Assistant to the Secretary for Public Affairs. John C. Yazurlo, 46, of Lorton, Virginia, will serve as **HUD's** Deputy Inspector General and Gene Russell will serve as the Secretary's press aide.

Yazurlo, who began his Federal career in 1961 as an auditor with the *General Accounting Office*, will serve as the principal assistant to Charles L. Dempsey, the **HUD** Inspector General. A graduate of Pennsylvania State University, he joined **HUD** in 1967 and served in audit roles in all facets of **HUD** programs. He was Assistant Inspector General for Audit in 1975.

Russell formerly worked as a press officer for the *U.S. Conference of Mayors*. Prior to joining that organization in 1972 as Director of Public Affairs, he served for two years as Assistant News Director for the *U.S. Chamber of Commerce*. He has been a Ford Foundation Fellow at the *Northwestern University Urban Journalism Center* in Chicago and has worked as a reporter for the *Congressional Quarterly* and several daily newspapers.

HUD Study Shows Housing Experiment is Working

A special Federal effort to deconcentrate public housing families in the Chicago metropolitan area shows some clear signs of success despite major obstacles, according to a preliminary study of the **HUD** housing experiment.

The Gautreaux Housing Demonstration stems from a series of court actions initiated by Dorothy Gautreaux and other public housing tenants. The suits charged that public housing tenants in Chicago were forced to live in segregated areas because of tenant assignment and site selection criteria adhered to by the *Chicago Housing Authority (CHA)*. As part of the demonstration, **HUD** has been making rent subsidy payments under the Section 8 Housing Assistance Payments program to enable eligible, participating families to live in neighborhoods throughout the metropolitan area.

The study showed that:

- * Eighty-four percent of the families who moved to the Chicago suburbs with rental assistance were satisfied with their moves, their new neighborhoods, their housing and public services, their schools, and felt the quality of their lives had been improved.
- * The typical family moved from a neighborhood of 60 percent minority concentration to a neighborhood of only five percent minority residents.

One goal of the demonstration was to place minority families in non-minority areas, according to Assistant Secretary Donna Shalala. This was accomplished, she said, despite limitations imposed by inadequate public transportation, the declining vacancy rate in the Chicago housing market, and the shortage of three- and four-bedroom units needed by larger families. The Chicago-based *Leadership Council for Metropolitan Open Communities*, which administers the program, had placed 455 families in scattered housing under the demonstration as of March 1979. Most of the households were headed by low-income black females between the ages of 25 and 34, with children.

HUD Increases FHA Mortgage Interest Rates

HUD Secretary Moon Landrieu has announced increases in the maximum allowable rates on *Federal Housing Administration (FHA)* insured mortgages for both single-family and multifamily housing. The new interest ceilings are 11½ percent for single-family mortgages and 11 percent for multifamily mortgages insured by the *FHA*. The single-family rate increase is the third announced this year. A 10½ percent rate was announced on September 26. The new multifamily ceiling is the second for 1979. The previous 10 percent rate was set on October 1. The newest rates went into effect on October 26.

Both rate increases are "absolutely essential," Landrieu said, "to help assure that federally-insured mortgage money remains available to the public and to housing producers." The *Veterans Administration* also announced an 11½ percent maximum rate for *VA*-guaranteed home mortgage loans.

HUD Announces Neighborhood Self-Help Guidelines

HUD is seeking public comment on interim regulations for a new self-help program under which neighborhood organizations will be funded to revitalize their communities. The interim guidelines, published in the October 23 edition of the *Federal Register*, set procedures for the Neighborhood Self-Help Development Program (NSDP). The program is a part of the President's National Urban Policy authorized by *Congress* last year in the *Housing and Community Development Amendments of 1978*.

Under the program eligible neighborhood organizations will compete for grants and other assistance for specific housing, community and economic revitalization projects in low- and moderate-income neighborhoods. The budget for the program totals \$15 million through 1980. The regulations serve two purposes, **HUD** officials say. First, they set interim guidelines to enable the agency to start the program and make grants. They also offer the Department the opportunity to collect comments from the public so that the final regulations will incorporate appropriate recommendations.

Eligible projects are outlined in the interim regulations and groups are encouraged to exercise their own creativity in meeting their neighborhood's revitalization needs, including housing, community and economic development. The public will have 75 days from the publication date to offer comments on the guidelines before final regulations are adopted.

Homeowners Have Strong Community Ties

Homeowners voted at twice the rate of renters in the November 1978 election, according to a report by the *Bureau of the Census*. The report is the first comparing homeownership and voting. It notes that in November 1978, 59 percent of the owners said they voted compared with only 28 percent of renters. The difference occurred regardless of age or race and apparently reflects owners' stronger community ties and interest in government decisions.

Voting was also higher among longtime residents. Sixty percent of the people who had lived in the same house for at least six years voted compared with 26 percent of those who had been residents for less than a year. Voting was particularly low among new residents aged 18 to 24, the report said. Only 15 percent of them reported voting last November.

Copies of the report, *Voting and Registration in the Election of November 1978*, P-20, No. 344, may be purchased for \$4 each from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. 20402.

Nuggets

Vernon E. Jordan, president of the *National Urban League*, has called for an agenda for the 1980's that will bring about a greater measure of equality for all Americans — black and white. He says: "The coming decade should mark achievement of the longstanding goal of decent housing for all. That elusive goal is nowhere in sight, and it should be a major part of an agenda for the 1980's." Other items on the agenda which Jordan says "touch on the lives of all our people and are central to the future of the Nation" include full employment, affirmative action, education and training, and health.

President Carter has nominated Judge Shirley Hufstедler to become the head of the newly established *Department of Education*. Hufstедler, 54, is on the *Ninth Circuit Court of Appeals* and serves as chairman of the Board of Trustees of the *University of Southern California Law Center*. She is also a trustee of the *California Institute of Technology* and *Occidental College*.

Sara Elisabeth Lister is the new general counsel for the *Department of the Army*, the second woman to serve as that agency's top civilian lawyer. She held a series of legal and administrative jobs in the *Defense Department* before being appointed to her present position.

Ronald P. Laurent has been nominated to be president of the *Government National Mortgage Association (GNMA)*. Laurent, a Chicago mortgage banker, would succeed John Dalton who resigned. The *GNMA*, known as Ginnie Mae, is under the direction of **HUD** and operates a secondary market for guaranteed home mortgages.

Significant Litigation

840 Powell Street Homeowners Association v. HUD and Moon Landrieu
No. 79-2867 (D.C., filed October 24, 1979)

This is an action for declaratory and injunctive relief brought by residents of an apartment building on San Francisco's Nob Hill who claim that the construction of a 13-story Section 236 project on an adjacent site in Chinatown will result in irreparable aesthetic and economic injury by blocking their view of San Francisco Bay. The complaint alleges that the failure by HUD to do a supplement to the Environmental Impact Statement prepared in 1976 violates NEPA and HUD regulations. A temporary restraining order enjoining further advances of funds to the project was granted on October 25, 1979. The Government's motion to transfer the case to San Francisco was granted on October 30, 1979 and the TRO was extended to expire on November 14, 1979.

Flora Alexander, et al. v. Landrieu, Housing Authority of New Orleans, et al.,
No. 79-4040-C-H (E.D. La., filed October 15, 1979)

Residents of the Desire Housing Development bring this class action, alleging that the Housing Authority of New Orleans and HUD have violated Federal, State and local housing laws by allowing the 1,852 unit project to deteriorate and become a serious health and safety problem to its residents. They also claim that defendants violated their civil rights because the project is occupied mainly by blacks. Plaintiffs seek appointment of a Special Master to oversee development of a plan for rehabilitation of the project; escrow of rents with the Court until the litigation is concluded; the return of rents to tenants who have lived in apartments with serious health and safety problems; and an end to evictions until the project is rehabilitated.

Gautreaux v. Romney and Chicago Housing Authority
Nos. 66 C 1459 and 1460 (N.D. Ill.)

The District Court has granted plaintiffs' motion for reconsideration of its prior order denying a motion to require HUD to condition disbursement of the city's 4th year entitlement grant. Plaintiffs and HUD have been ordered to develop a joint proposal that would condition a portion of the grant upon the city's performance in providing remedial housing for the *Gautreaux* class.

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Hud Newsletter

Current Trends

The head of the *Federal Home Loan Bank Board (FHLBB)* has predicted that the fixed-rate mortgage will soon be replaced by the so-called rollover mortgage on which the rate is renegotiated every few years. *FHLBB* Chairman Jay Janis said the disappearance of the fixed-rate mortgage is likely to be one price of maintaining the savings and loan industry. He said that mortgage rates have just about peaked and noted that even if inflation were to drop eight to nine percent, it barely would be profitable for thrift institutions to continue lending on a long-term basis.

According to the *U.S. Department of Commerce*, mobile home shipments through 1983 may outpace conventional housing. The *Commerce Department* said rapidly increasing small households and the rapid population growth in the Sun Belt have fostered the acceptance of mobile homes as permanent housing. A shortage of rental housing in non-metropolitan areas coupled with initial costs, and the willingness of local governments to accept mobile homes, have combined to help the growth of the mobile home market.

Home improvement loans are "the hottest form of consumer credit today, next to the ever-present credit card," according to the *New York Times*. The paper said a growing number of people simply cannot afford the high cost of houses, high moving expenses, high interest rates and high downpayments. As an alternative, they decide to stay where they are and fix up their homes. Others are buying inexpensive, rundown houses and using home improvement loans to make the houses livable.

The *House Banking Committee* has approved a proposal that should establish a solar bank and provide new subsidies for moderate-income families who weatherproof their homes. The solar bank would encourage the use of solar energy in private residences and commercial buildings. A similar, but more extensive proposal was approved by the *Senate Banking Committee* earlier this year.

George H. Weyerhaeuser, chief executive officer of the *Weyerhaeuser Company*, said the company expects a significant decline in housing starts during 1980, but he said he didn't think the decline would be as drastic as that which took place in 1974 and 1975. He estimated that housing starts for next year might be down as much as 25 percent from the average of the past two years. The next four or five years, beginning in 1981, could bring a significant increase in housing starts, he said. *Weyerhaeuser* has the Nation's largest timber holdings and is a leading supplier of building products.

The director of the *President's Council on Wage and Price Stability* has predicted that consumer prices could increase by as much as 10 percent in 1980 after a 12 to 13 percent climb this year. Earlier, the chairman of the *Council of Economic Advisors* suggested that the underlying rate of inflation could climb as high as nine percent next year. The "underlying rate" does not include price increases for fuel, food, housing and used cars.

Marrero Nominated to be HUD Under Secretary

Victor Marrero has been nominated by the President to be Under Secretary of *HUD*. He would replace Jay Janis who has been appointed chairman of the *Federal Home Loan Bank Board*. Marrero has been a commissioner of the *New York State Division of Housing and Community Renewal* and vice chairman of the *New York State Housing Finance Agency* since 1978.

A native of Puerto Rico, the nominee received a B.A. degree from *New York University* in 1964 and a J.D. degree from *Yale Law School* in 1968. Immediately afterward, Marrero served as assistant to then New York Mayor John V. Lindsay. He later served as assistant administrator and neighborhood director with the *South Bronx Model Cities Office*.

In 1973 he was executive director of the *New York City Department of Planning* and a year later was special counsel to Harrison J. Goldin, the city's comptroller. He served as first assistant counsel to Governor Hugh L. Carey in 1975 and was chairman of the *New York City Planning Commission* in 1976-1977.

He is a founder and first chairman of the *Puerto Rican Legal Defense and Education Fund* and of the *South Bronx Community Housing Corporation*. He currently is a public member of the *Federal Home Loan Bank Board* (FHLBB) Savings and Loan Advisory Committee.

FHLBB Cautions Against Discriminatory S&L Practices

The *Federal Home Loan Bank Board* (FHLBB) has cautioned savings and loan associations to employ the "least discriminatory" methods possible in giving credit to home buyers. Many of the savings and loan lenders have tightened their standards in the face of a tight-money economy. Some of the methods employed include raising interest rates, lending money for shorter periods, setting maximum loan amounts and limiting loans to certain types of customers. "Applied evenhandedly," the *FHLBB* said in a policy statement, "none of these techniques may seem discriminatory. However, under a specific set of facts and circumstances, each one might be." The associations were urged to adopt written policies and be prepared to show that the policies are "necessary, economically sound and the least discriminatory alternative under the circumstances."

HCRS Study Finds Poor Not Displaced by Renovations

A study released by the *Heritage Conservation and Recreation Service* (HCRS), *U.S. Department of Interior*, has concluded that Federal tax incentives for historic preservation do not contribute to the displacement of the urban poor. The report, on the contrary, contained "strong signs" that tax incentives have a positive impact on community revitalization. There have been widespread charges that the renovation of historic structures has caused significant amounts of displacement. Some advocates of the poor have opposed renewal of Section 2124 of the *Tax Reform Act of 1976* for that reason.

In the *HCRS* survey, 91 percent of some 450 respondents were unable to cite specific cases of displacement caused by implementation of Section 2124. The survey indicated that tax breaks have actually resulted in a net increase in the Nation's housing stock of 3,302 new housing units as of May 1979. About 35 percent of these units, the study said, have been designated as low- and moderate-income housing.

Copies of the study, *Federal Tax Provisions to Encourage Rehabilitation of Historic Buildings: An Assessment of Their Effect*, may be obtained free from the *HCRS*, Technical Preservation Services Division, Washington, D.C.

HUD Launches Information Network for Neighborhoods

HUD has launched an information exchange network to support the self-help efforts of community groups in revitalizing their neighborhoods. **HUD** Secretary Moon Landrieu called the *Neighborhood Information Sharing Exchange (NISE)* "a breakthrough in the Department's support of its neighborhood constituency." The *NISE* will enable group leaders, city officials, and other concerned citizens to match their community-based solutions to neighborhood problems. It will function as an independent center, with its own staff, to collect, organize and disseminate information on successful neighborhood programs.

Calling the *NISE* a major component of **HUD's** technical assistance program directed toward local neighborhood development, Secretary Landrieu said: "It demonstrates our strong commitment to neighborhood groups and recognizes them as equal partners in President Carter's National Urban Policy — a partnership which calls on government at all levels, the private sector and neighborhood groups to work together in keeping our Nation's cities and towns healthy."

Groups and individuals throughout the country will have access to the *NISE* by calling a toll-free telephone number: 800/424-2852. In Washington, D.C. the telephone number is 293-2813.

Nuggets

Amelie Wogan has been appointed special assistant to **HUD** Secretary Moon Landrieu. Ms. Wogan, a former assistant executive director of the *U.S. Conference of Mayors (USCOM)*, will perform a variety of assignments related to the operation of housing and community development. Prior to joining the *USCOM*, she served as the housing coordinator for the City of New Orleans. In that capacity she developed and evaluated the city's housing assistance plan and served as liaison between the mayor and the *New Orleans Public Housing Authority*.

Anita Miller, a member of the *Federal Home Loan Bank Board (FHLBB)* since May 1978, has resigned effective November 20. Ms. Miller, who served as chairman of the *FHLBB* for three months, was formerly a senior program officer in the *Ford Foundation's* Department of Urban and Metropolitan Development. The first woman to serve on the Bank Board, she was considered a strong advocate of increased powers for savings and loan urban lending activities.

Livingston Biddle, Jr., chairman of the *National Endowment for the Arts (NEA)*, has announced 120 Challenge grants for FY 1980 totaling nearly \$26 million for arts groups nationwide. The grants require a private match of \$3 or more in new money over a three-year period for each Federal dollar awarded. Some 161 cultural groups have received grants totaling \$57 million in Federal funds since 1977. The 1980 grants will require an \$80 million match for nearly \$26 million to be allocated. They will go to groups in 33 States, the District of Columbia and the Virgin Islands. Grant applications and guidelines are available from Elizabeth Weil, *NEA*, 2401 E Street, N.W., Washington, D.C. 20506.

ACTION, the volunteer agency, and the *Law Enforcement Assistance Administration (LEAA)*, have announced a new program to prevent urban crime through the use of citizen volunteers. The program, an outgrowth of the President's National Urban Policy, will make awards up to \$500,000 to as many as 15 private, nonprofit groups in cities of 250,000 or more to develop crime prevention projects. The projects will use volunteers from low- and moderate-income neighborhoods. The \$5.5 million Urban Crime Prevention Program (UCPP) is designed to draw together the resources of communities and make them safer, better places to live. Proposed guidelines for the UCPP were published in the October 16 issue of the *Federal Register*.

A new administration and research building of the *Cary Arboretum* in Millbrook, N.Y. is using energy from the sun to provide nearly all its heating. Energy costs for heat, cooling, and light in the two-story, 30,000-square-foot building average about \$760 a month. The estimated cost for a conventional building of similar size would be more than \$2,000. The building's solar system — shuttered skylights, windows and seven rows of solar collectors — cost \$260,000 with Federal and State grants paying much of it.

FYI

American Society for Public Administration (ASPA), National Capital Area Chapter (NCAC). . . **1979 Annual Conference**. . . Washington, D.C., December 6-7. Ruth Prokop, chairman, **Merit Systems Protection Board** and former **HUD** general counsel, will be a featured speaker. Details: George Bickerton, **NCAC**, (301) 436-8051.

Council of State Housing Agencies (CSHA). . . **9th Annual Conference on the Challenge of the 1980's**. . . San Diego, Ca., December 9-12, 1979. Details: **CSHA**, 1800 M Street, N.W., Washington, D.C. 20036, (202) 466-8990.

National Savings and Loan League (NSLL). . . **Lawyers' Seminar**. . . Vail, Colo., December 9-12, 1979. Details: **NSLL**, 1101-15th Street, N.W., Washington, D.C. 20005 (202) 331-0270.

Architectural Record Seminars. . . **Building Re-Use: Managing Costs, Codes and Design**. . . Miami, Fla., December 10-11, 1979. Details: Architectural Record, **McGraw-Hill, Inc.**, 1221 Avenue of the Americas, New York, N.Y. 10020 (202) 977-3088.

National Bureau of Standards (NBS) and the **National Conference of States on Building Codes and Standards (NCSBCS)**. . . **Joint Conference on Building Rehabilitation and Technology for the 1980's**. . . San Francisco, Ca., December 10-11, 1979. Details: **NCSBCS**, Robert Wible, 1970 Chain Bridge Road, McLean, Va., 22102 (703) 790-5750.

Executive Enterprises, Inc. . . **Environmental Regulation Course**. . . Houston, Texas, December 10-12, 1979. Details: **Executive Enterprises**, 10 Columbus Circle, New York, N.Y. 10010 (212) 489-2680.

National Corporation for Housing Partnerships (NCHP). . . **Seminar on How to Improve Your Sales Management and Operational Sales Techniques in the Marketing of New Homes**. . . Phoenix, Ariz., December 12, 1979. Details: Edwin L. Stoll, **NCHP**, 1133-15th Street, N.W., Washington, D.C. 20005 (202) 857-5700.

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Hud Newsletter

DEPARTMENT OF HOUSING
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DEC 17 1979
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Current Trends

Timothy Schaefer, president of the *National Apartment Association (NAA)* has given his support to current proposals to extend the provisions of the *Energy Tax Act of 1978* to include the owners of rental housing among those eligible for a tax credit for the installation of energy saving improvements. Commenting that more and more families will seek rental housing in the future because of rising costs, Schaefer said: "It is of vital importance to make certain that the most effective energy conservation measures be employed in the rental housing sector."

The *National Association of Realtors (NAR)* says that housing prices have peaked in parts of the upper Midwest and Northeast. The *NAR* survey of 14 major markets shows that the rate of price increases has slowed even in the fast-growing Southern and Western cities since the *Federal Reserve Board's* clampdown on credit. Real estate experts have predicted that the value of existing homes will not rise faster than inflation over the next year. Jack Carlson, *NAR's* chief economist, said: "Our projection is that prices will keep pace with inflation, but we won't have the premium that there has been."

The *Bureau of the Census* reports that college attendance has grown by one-third during an eight-year period which started in 1970. The *Census* report noted that a surge in the number of women seeking undergraduate and advanced degrees is largely responsible for the attendance increase. At the end of 1978, the report said, there were 9.8 million people enrolled in college, up 33 percent from 1970. The number of men in college rose by 723,000 – or 15 percent – for a total of 5.1 million during the survey period.

Architecture Schools in North America, a book edited by Roger Schluntz and Sarah Weaver, reports that there are some 52,000 licensed architects in the Nation although all of them do not work at the profession. There are about 36,000 students currently enrolled in schools of architecture, some 19,000 of them in degree programs. The typical starting salary for architectural graduates is between \$7,000 and \$14,000 per year.

The *Federal Home Loan Bank Board (FHLBB)* has announced that interest rates for home mortgages rose to a record level in early October. It said that the average effective interest rates on conventional mortgages for new home loans closed in early October was 11.18 percent, up from 11.02 percent a month earlier. Rates on such loans averaged 9.83 percent a year ago.

After two years of higher net income, farmers can expect a substantial reduction in their earning in 1980, according to the *Department of Agriculture (DOA)*. The *Department* has predicted "a very significant drop" next year compared with the approximately \$30 billion that farmers will earn by the end of 1979. Net farm income is figured by subtracting production expenses from gross income, which includes cash receipts as well as changes in the value of farm inventories. The rising cost of fuel and fertilizer is the primary factor in the expected decline in income.

D.C. Proposes Strict Condominium Conversion Law

The Washington, D.C. City Council has proposed legislation that would impose strict limitations on future condominium conversions and require a majority vote of tenants before the conversion could take place. The proposal, backed by nine of the 13 members of the *City Council*, would give lifetime rental rights to low-income elderly occupants of converted apartment buildings. It also would impose a tax of up to 4 percent on the value of condominium sales.

The city has had a moratorium on condominium conversions for the past six months under the provisions of emergency legislation. A *Superior Court* judge ruled in October that the moratorium was illegal and the issue is on appeal to the *D.C. Court of Appeals*.

The proposed condominium law has been opposed by the real estate industry locally and by the *National Association of Realtors (NAR)*. One provision would require a favorable vote by 50 percent of the tenants before an owner could convert a building to a condominium. The vote would be conducted by a tenant group established in each apartment building. If a proposed conversion is voted down by the tenants, a developer would be forced to wait 12 months before trying again.

Supporters of the controversial measure said that some 4,000 units have been converted into condominiums, certificates have been issued for the conversion of 14,000 others and another 20,000 units could qualify for conversion under existing law. The city has about 150,000 rental units.

UDAG Grants Given to 28 Small Communities

HUD has announced Urban Development Action Grants (UDAG) totaling \$32.5 million to fund 28 joint public/private development projects, create additional jobs, build local tax bases and help revitalize neighborhoods. Secretary Moon Landrieu said the awards will attract more than \$154.5 million in new private investments. He said the grants will save 649 existing jobs, begin 4,557 construction jobs and create 7,050 new permanent jobs in the private sector when the projects are completed.

Noting that President Carter recently called the UDAG program "The centerpiece of what we proposed in our urban policy," Landrieu said that American cities were built by the private sector, and it will be the private sector which will rebuild them, employ their citizens and expand their tax base. "It is HUD's role to encourage and develop public/private partnerships to make these things happen," he said.

UDAG selections are based on the merits of the projects proposed by localities that meet objective criteria for economic and physical distress and have good records for equal housing and employment. The law provides that 25 percent of the UDAG funds be set aside for small cities with populations under 50,000.

'House Doctor' Program Draws National Attention

A two-year-old Rhode Island program to evaluate the energy conservation quality of homes has been called highly successful. The program, built around a nonprofit corporation known as *Rhode Islanders Saving Energy (RISE)*, has attracted the attention and interest of some members of Congress who want to devise a national counterpart to the program. *RISE* auditors, known as "house doctors," give free inspections to homeowners. The inspection or audit takes about two and one-half hours and produces a detailed, written analysis of problems and recommendations for specific conservation steps complete with brand names and installers. More than 50 percent of the audited homeowners have spent an average of \$1,500 on weatherization and solar installation. *RISE* has the highest compliance rate of any "house doctor" program in the Nation.

FYI

Transportation Research Board (TRB). . . Registration for Workshop on Human Factors in Transportation, Washington, D.C., December 14, 1979. Details: *TRB*, 2101 Constitution Avenue, Washington, D.C. 20418, (202/393-8100).

Comptroller to Enforce Fair Housing, Equal Credit Laws

The *Office of the Comptroller of the Currency, U.S. Department of the Treasury*, has adopted new regulations to monitor compliance with fair housing and equal credit laws by all national banks. Comptroller John G. Heimann said the regulations will rely on sampling records maintained by the banks. Earlier in the year, the *Department of the Treasury* proposed a stricter set of measures to force compliance with equal opportunity laws. Heimann called the new procedures "significantly less" than the earlier proposals.

One significant change is seen in the new definition of a "home loan." That term now excludes home improvement loans, mobile home loans and loans for undeveloped land; it includes only loans for the purchase, construction or refinancing of a dwelling.

The basic elements of the new monitoring system require each national bank to:

- maintain monthly information on its home loan activity showing applications received, withdrawn, denied and closed;
- obtain and maintain data on each application for a home loan, including the *FHLMC-FNMA* form;
- submit information to the *Comptroller* prior to an on-site examination;
- submit selected data to the *Comptroller* to identify specific cases where further inquiry may be needed (if the bank received more than 75 home loan applications in a year); and
- maintain an inquiry/application log where there is reason to believe the institution is violating fair housing or equal credit regulations.

Landrieu Seeks Cooperation in Ending Housing Ills

HUD Secretary Moon Landrieu has called on the Nation "to face up to the fact that the speculative and inflationary psychology in the housing market cannot go on forever." He said the recent steps taken by the Government are a strong dose of medicine, but are necessary under the present circumstances. Noting that the prime objective is to end the "boom and bust" cycles in the housing industry, Landrieu recounted steps already taken to insure a dependable flow of funds for housing production. "We should take encouragement," he said, "from such moves as the *Federal Home Loan Bank Board's (FHLBB)* decision to lessen liquidity requirements and expand borrowing power for their member banks. During this period of credit stringency we will continue to keep ample obligational authority available to Fannie Mae. Also, Ginnie Mae's mortgaged-backed securities program will be kept viable, as will the *FHA* interest rate."

Acknowledging that the fight against inflation will result in some shrinkage of economic activity, the *HUD* Secretary said that the housing industry will not be asked to take the brunt of the burden. "The fight against inflation," he said, "must be shared equally by the entire economy, and not just housing as in the past." He called for a cooperative effort in not only the fight against inflation but in resolving the other problems that face the Nation. "The cornerstone of the President's philosophy about urban revitalization has been that the public and private sectors must work in concert toward such goals as better housing and improved environments," he said.

Nuggets

A new nonprofit organization has been established to provide American homeowners and builders with adequate information about different solar home designs and other energy efficient products. Additional information may be obtained from the *Solar Homes Foundation*, P.O. Box 5442, Hamden, Conn. 06518.

The *Committee for a National Museum of the Building Arts (CNMBA)* has launched a new publication entitled *Blueprints*. The publication is designed to inform the public about the Museum's programs and plans and to share its insights into the building arts. Address inquiries to Susan D. Bradford, editor, at the Committee, 440 G Street, N.W., Washington, D.C. 20001.

President Carter has nominated Iraline Barnes, an administrative law judge with the *Department of the Interior*, to be an associate judge of the *D.C. Superior Court*. If confirmed by the *Senate*, she would join six other women currently sitting on the 44-member bench. A graduate of *Howard University* and the *University of Michigan Law School*, Barnes has been a trial attorney with the *Department of Justice* Civil Division. She would replace Judge W. Byron Sorrell who retired last August.

Publications Available

Encyclopedia of Architectural Technology: An Encyclopedic Survey of Changing Forms, Materials and Concepts. . . covers the stylistic periods of architecture, building types, structure, mechanical and environmental systems, materials and tools and techniques; includes more than 800 illustrations. Available for \$25.95 from *McGraw-Hill*, 1221 Avenue of the Americas, New York, N.Y. 10020.

Building Technology Publications Supplement 3, 1978. . . contains a list of publications authored by the *Center for Building Technology (CBT)* during 1978. . . includes an abstract of each publication along with key word and author indexes. Available for \$4 from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. 20402 (003-003-02096-6).

The National Register of Historic Places, Volume II. . . contains an official list of 5,000 properties of historic and cultural value added to the National Register during 1975-1976. Available for \$14 from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. 20402.

The Practice of Local Government Planning. . . provides comprehensive coverage for the planning student, the practicing planner and the urban administrator who must work with the total scope of planning in local government. Available for \$31.50 (\$30.50 prepaid) from the *International City Management Association*, 1140 Connecticut Avenue, N.W., Washington, D.C. 20036.

How Small Grants Make A Difference - Examples From the Design Arts Program. . . a 67-page, illustrated book which discusses the Livable Cities Act and tells how small Federal grants can help make cities and neighborhoods attractive places to live and work. Available free from *Partners for Livable Places*, 2120 P Street, N.W., Washington, D.C. 20037 (202/223-5867).

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December 10, 1979
HUD-318-413-ASI

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December 17, 1979 Volume 10 Number 51

Hud Newsletter

SEASONS GREETINGS,

from all of us at HUD

Current Trends

The *U.S. Department of Commerce* reported that housing starts for October declined 8 percent to an annual rate of 1,760,000 units. The decline took place in the North Central and Western regions of the country. Housing starts actually increased in the South and Northeast. Forecasters now say that housing starts will fall below a 1.5 million-unit rate in the first six months of 1980, primarily because of the recent hike in interest rates. At the same time, the *Department of Commerce* reported that personal income increased in October to an adjusted \$1.98 trillion annual rate, following a \$2.7 billion increase a month earlier.

The Nation's inflation-adjusted Gross National Product (GNP) increased by a 3.5 percent annual rate in the third quarter, according to the *Department of Commerce*. The *Department* also reported that after-tax profits of American corporations increased by a 6.2 percent annual rate in the quarter ending in September. The GNP measures the total value of the Nation's goods and services.

According to the *New York Times*, a shortage of residential living quarters is forcing students back to campus dormitories across the Nation. The trend is reversing the student culture of the 1960's when students left the campus in droves in search of rooms and apartments in the city. While a shortage of space and high rents may be major factors, other forces also account for the massive return to the campus. These include meals, utilities, security, recreational facilities and other services at a more reasonable cost, the *Times* said.

A study conducted by *Merrill Lynch Relocation Management, Inc.* shows that 30 percent of the companies surveyed help working spouses continue their careers when employees are moved from one job site to another. The survey of 603 major corporations also shows that 13 percent of employees who turn down relocation offers do so because of concern for the careers of their spouses. Housing also plays a major role in decisions to relocate for job purposes. According to the annual survey, about 28 percent of the companies studied this year reported that their employees encountered difficulty in selling their homes because of tight money markets and a restricted buyers' market. Only 16 percent of employees reported such difficulty in 1978.

A recent report of the *World Energy Conference* predicts a tight energy-supply situation in the decades ahead. The *Conference* estimates a reduction of one-third in conventional oil production through the 1980's. It also foresees a 50 percent decline in the predicted contributions of nuclear energy for the rest of this century. Negative public attitudes will be a major factor in the slower development of nuclear power. The *Conference* is a nonpolitical advisory body represented by most of the countries of the World.

The *Department of Energy (DOE)* has proposed regulations which would require all new residential and commercial builders to devise an "energy budget" showing energy consumption for each structure. Under the proposed rules, builders could use innovations such as "nondepletable energy sources" in designing energy-efficient buildings. If the rules are made final, new homes and apartment buildings would use from 22 to 51 percent less energy.

NUL to Aid Distressed Homeowners Under HUD Contract

The **National Urban League (NUL)** has won a \$746,834 contract from **HUD** to provide assistance to **HUD**-approved housing counseling agencies which work with financially distressed homeowners. The contract is designed to bolster **HUD**'s Single Family Assignment Program established in 1976 to assist **HUD/FHA**-insured homeowners who are having difficulty meeting mortgage payments. The **NUL** will make sure that defaulting homeowners have access to trained housing counseling under the assignment program.

Borrowers generally must have been delinquent in their payments due to circumstances beyond their control to be eligible for the assignment program. This includes situations such as loss of jobs or illness in the family. The homeowner also must have a reasonable prospect of resuming full payments in the future. Under the program, **HUD** pays the lenders the insurance claim and takes over the mortgage. The agency then has the option either to suspend or reduce the mortgage payments until the homeowner can begin paying them in full.

In carrying out the contract, the **NUL** will:

- develop, implement and evaluate training for housing counselors in some 300 agencies covering the assignment program and related activities;
- evaluate the counseling performed prior to and after the training program; and
- make recommendations to simplify and streamline the assignment program and to accelerate program processing.

Bank Board Changes Policy for Housing Units

The **Federal Home Loan Bank Board (FHLBB)** has adopted regulatory amendments which would permit its member savings and loan associations to liberalize home loans for three- and four-family properties. The Federal associations will now be able to make loans in amounts up to 90 percent of value on the security of three- and four-family dwellings provided one unit is occupied as the borrower's principal dwelling. The amendments also will authorize loans on two-, three- and four-family dwellings up to amounts indexed by **HUD** pursuant to section 207(c)(3) of the **National Housing Act**. The amount, however, cannot exceed \$60,000 per dwelling and no such loan may exceed 90 percent of the appraised value or purchase price, whichever is less.

The **FHLBB** says these changes will increase opportunities for homeownership in urban areas where such dwellings are concentrated and, by encouraging owner occupancy, help alleviate problems associated with absentee ownership. The **Board** estimates that there are some 5.4 million units in three- and four-family structures in the Nation today. About 13 percent of them are owner-occupied. This leaves about 4.7 million units that could become owner-occupied if the 90 percent financing policy were fully utilized, the Board said. The new amendments become effective 30 days after publication in the **Federal Register**.

Experts Say Farmland Still a Good Investment

Farmland is still viewed as a good investment for real estate investors in spite of higher interest rates and a prediction by the **Agriculture Department** that net farm income will decline next year. Experts say that investors continue to purchase farm acreage. They say the farmland market will probably remain brisk because farm mortgage funds are expected to be available at rates below those charged in urban areas. An **Agriculture Department** spokesperson said the agency expects to find quotes 16 percent higher than a year ago when it makes its annual survey of farmland prices on February 1, 1980. The national average was \$559 an acre when the survey was taken earlier this year.

Retired people are finding it increasingly difficult to obtain satisfactory and affordable housing according to a report by the **Federal National Mortgage Association (FNMA)**. Chairman Oakley Hunter said the report, the result of a conference conducted by the agency last winter, indicates that moderate- and middle-income retirees are concerned about the rising cost of shelter and the lack of suitable dwelling units.

Based on discussions at the conference and comments made by participants in letters to the **FNMA**, the agency hired a noted architect to develop new housing design guidelines keyed to the retirees' preferences. The result was an "options house" with possible application to varying structure types and space uses. Hunter said the agency plans to address retirees' home finance concerns and their request that the **FNMA** take a leading role in studying reverse equity financing plans. The **FNMA** plans to appoint a study group comprised of industry experts with a mandate "to examine alternative mortgage instruments which would better fit the circumstances of retired persons, thus enabling them to better meet their housing needs."

Single copies of the report, *Housing for the Retired*, are available free from the Office of Urban Activities, **FNMA**, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016.

HUD Awards 21 Solar Construction Grants

Eight neighborhood and community groups and 13 single-family builders have won **HUD** grant awards totaling \$500,000 for construction of residential solar heating and cooling projects. The awards complete the second step of a grant competition held last spring. In the first phase, 139 awards were made for solar systems and energy conserving designs. **HUD's** Residential Solar Heating and Cooling Demonstration Program is part of the National Solar Heating and Cooling of Buildings Program managed by the **Department of Energy**.

HUD Secretary Moon Landrieu said the projects "greatly reduce reliance on nonrenewable energy at a minimum cost." He said the newly funded projects and the 12,688 solar demonstration units previously funded by **HUD** demonstrate the important contribution solar energy can make in meeting the daily energy needs of the country.

Nuggets

President Carter has signed **Public Law 96-103**, the appropriations bill for **HUD** and the **Independent Agencies** (H.R. 4394). The President also signed **Public Law 96-108**, completing appropriations for the **Department of Agriculture** (H.R. 4387).

The **Senate** has voted to repeal a provision that would raise taxes on heirs who sell inherited property. The provision was part of the 1976 tax reform legislation enacted by **Congress**, but enforcement was later suspended until 1980. Under the proposed reform provision, proceeds from the sale of inherited assets would be subject to much higher capital gains taxes. The higher taxes would pour nearly \$1 billion into the Federal treasury by 1990, members say.

A new publication, the *Journal of Solar Energy Engineering*, is scheduled to come off the presses in early 1980. Published by the **American Society of Mechanical Engineers (ASME)**, the publication is described as a quarterly journal and is said to be the first of its kind established by a professional society in this country. Additional information is available from the **ASME** Order Department, 345 East 47th Street, New York, N.Y. 10017.

The **D.C. City Council** again has passed emergency legislation extending its moratorium on condominium conversions for another 90 days. It was the third such emergency ban on the conversion of rental apartments by the 13-member **Council**. The legality of emergency bans has been challenged by the real estate industry and awaits resolution by the **D.C. Court of Appeals**. The practice of using 90-day laws in lieu of permanent legislation was ruled illegal by the **D.C. Superior Court**, but the ban was allowed to stand until the appeals court acts.

FYI

SRI International. . . Mid-Peninsula Community Forum on Community Options and Trade-offs. . . Menlo Park, CA, January 23, 1980. Details: Susan E. Atkins, **SRI**, 333 Ravenswood Avenue, Menlo Park, CA., 94025 (415/326-6200).

Publications Available

Directory of the Federal Regional Structure. . . contains information about the regional offices of the Federal departments and agencies; includes a map showing the 10 standard Federal regions, complete with key personnel, addresses and telephone numbers. Available for \$3.50 from the **Superintendent of Documents, U.S. Government Printing Office**, Washington, D.C. 20402.

Factbook and Directory of Homeownership: Bridging the Affordability Gap. . . contains facts and statistics which indicate that the private mortgage insurance industry is helping to close the home affordability gap. Available free from the **Mortgage Insurance Companies of America**, 1825 K Street, N.W., Washington, D.C. 20006. (Send stamped, self-addressed envelope not less than six by nine inches in size.)

Indian Housing Improvement Program. . . a 32-page analysis of the Housing Improvement Program (HIP) operated by the Bureau of Indian Affairs; discusses the HIP as a potential prototype for a nationwide rural housing program. Available for \$1 from Linda Rule, **Rural America**, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036 (202/659-2800).

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Current Trends

The quarterly metropolitan forecast prepared by the *National Association of Home Builders (NAHB)* predicts a 13.2 percent drop in housing starts for 1979. The forecast covers 99 metro areas across the country. The *NAHB* said mortgage rates are expected to increase sharply during the remainder of this year and in 1980. *HUD* Secretary Moon Landrieu also has predicted "a substantial reduction in housing starts" by mid-1980 as a result of the *Federal Reserve Board's* tight-money policies. He said that very little rental housing property will be built because of the "chilling effect" of the high cost of money.

The *Wall Street Journal* reports that a growing number of people with homes to sell are beginning to supply at least part of the financing themselves. Some real estate experts estimate that about 25 percent of individual sellers now consider taking back a mortgage, the *Journal* said. In many cases, the seller becomes the mortgage lender or takes a second mortgage to cover that part of the purchase price that a bank or other lender won't handle.

A Houston builder has attempted to beef up declining sales by offering 51 new houses with an 8 percent mortgage for the first five years. The going rate in the Houston area is about 11 percent and buyers of the *Playa Home, Inc.* houses will begin to pay about 11 percent interest after five years. The builder pays the difference for the first 60 months in order to sell the houses as fast as possible. A company spokesman estimates that it would cost more to maintain empty homes than to pay part of the mortgage, about \$142 per home.

Educational Communications Inc., publishers of *Who's Who Among American High School Students*, says the 10th annual poll of some 23,000 young people tends to indicate a leaning toward traditional values regarding "home" and "marriage." For example, the publishers note, only 8 percent of those surveyed said they favored couples living together before marriage. About 47 percent favored premarital cohabitation in the 1971 student study.

Landrieu Swears-In Two Top HUD Officials

HUD Secretary Moon Landrieu has sworn-in two top agency officials recently confirmed by the *U.S. Senate*. They are Jane McGrew, the new general counsel, and Ronald P. Laurent, president of the *Government National Mortgage Association (GNMA)*.

As legal adviser to the Secretary, McGrew will be involved in the development and execution of *HUD* policies and programs and will direct all litigation affecting the agency. She came to *HUD* from the Washington, D.C. law firm of *Steptoe and Johnson* where her practice centered on employment discrimination and the regulation of drugs.

Laurent, a native of Chicago, has almost 15 years of experience in finance, housing and urban affairs. former member of the Board of Governors of the *Mortgage Bankers Association of America*, he has worked for several Chicago financial firms.

GAO Urges Action to Increase Rental Housing Stock

The *General Accounting Office (GAO)* has issued a report which indicates that the Nation faces a shortage of moderately priced rental housing. The report urged immediate action by *Congress* and the administration. It said the crisis is due to the fact that builders are not providing enough low-income rental housing and many existing units are being abandoned or converted to condominiums. At the same time, more and more people are seeking rental housing because of the high cost of homeownership and, the report said, "rental housing will continue to be the sole source of shelter for millions of American households."

Calling the situation "particularly gloomy" for an estimated 15 million renters with annual incomes of \$10,000 or less, the *GAO* said rapidly escalating operating costs and the increasing age of existing units are also contributing to the rental housing crisis. It said that there are an estimated 11.9 million renters who pay 25 percent or more of their income for rent alone. Recommending the creation of a commission of Federal, State and private groups to devise new strategies, the *GAO* said alternatives are needed to minimize the impact of the current crisis and to propose a new national rental policy.

The report emphasized the following points:

- * Abandonment is becoming a serious problem across the Nation with 113 of the 149 cities that responded to a *GAO* questionnaire reporting housing abandonment problems to some degree.
- * About 100,000 rental units were converted to condominiums in 1978 and another 130,000 are expected to be converted by the end of this year.
- * Condominium conversions are increasing because of the rising demand for homeownership.
- * Rent increases have not been able to keep pace with costs of operation even in markets with very high occupancy.
- * Many rental units are designed for condominium conversion as soon as their tax shelters have been used up because condominiums generally are worth twice as much as rental apartments.

Government to Fund Housing for Mentally Ill

First Lady Rosalynn Carter has told members of the *Mental Health Association* that the Carter Administration will continue to fund development of adequate community housing and support services for thousands of institutionalized Americans with chronic mental illness. Mrs. Carter said: "We are finally turning a spotlight on the problems of people who are chronically mentally ill. This program has enjoyed two years of successful operation in its quest to provide a model for delivery of housing and support services for those who can live independently in the community with this kind of assistance."

HUD, along with the *Department of Health, Education and Welfare*, administers the program. Secretary Moon Landrieu has allocated \$25 million in direct loans for the development of community-based residences for persons with a chronic mental illness. Residents will pay 15 to 25 percent of their income for rent. The agency estimates that more than 200 sponsors will receive funds to develop some 2,000 living units in almost every State in the country by the end of 1980. State governors will soon be invited to compete for 1980 demonstration funds by describing the progress made in taking the mentally ill out of institutions and placing them in adequate community residences. Priority for funds will go to States which demonstrate a need for assistance and the availability of resources to insure successful programs.

USRC Publishes Calendar of Federal Regulations

Persons wishing to keep track of Federal regulations in housing and other fields may be interested in the second edition of the *Calendar of Federal Regulations* published by the **United States Regulatory Council (USRC)**. The *Calendar* provides, in a single place, a concise summary of rules with special indices and appendices to help readers determine which entries might be of special interest to them and how they can participate in the rulemaking process.

It is divided into six major functional areas: energy, environment and natural resources; finance, banking and insurance; health and safety; human resources; trade and commerce; and transportation and communications. It was published in Volume 44, No. 230, Part IV of the *Federal Register* for Wednesday, November 28, 1979. Copies are available for 75 cents each from the *Superintendent of Documents, Government Printing Office*, Washington, D.C. 20402, Stock No. 022-003-01044-1.

The **USRC**, composed of **HUD** and 25 other Federal Departments and agencies, was created by President Carter in October 1978. Its mandate is to seek ways to improve the management of the regulatory process.

Experts Say Mortgage Rates May Go Higher

Jay Janis, chairman of the **Federal Home Loan Bank Board (FHLBB)** has told Congress that escalating costs mean that only a "privileged few" — about 15 percent of the Nation's adult population — can afford to buy a house. He said that young adults who want to buy their first house are harmed most by rising housing costs. He added that monthly house notes have increased by as much as \$200 as a result of boosts in interest rates. The **Labor Department** recently reported that housing costs rose in October at the steepest rate since 1947, and many financial experts are predicting record-high mortgage rates have not peaked yet. Mortgage rates have risen from 11 percent to 14 percent in many parts of the country and many builders say that interest rates they pay are exceeding 16 percent in some instances.

Nuggets

President Carter has launched a new program designed to create some 80,000 permanent jobs for the hard-core unemployed in private business. Under the program, poor, unskilled and jobless workers would be trained to take a set percentage of newly created jobs in the private sector with the help of about \$5 billion in Federal funds. There are an estimated four million hard-core unemployed workers in the Nation. A majority of them are poor, urban, minority youth. The hard-core unemployed are defined as those in the labor market who have been jobless for 15 weeks or longer.

Congress has approved a \$547.6 billion budget for Fiscal Year 1980. The spending plan does not require the signature of the President. Mr. Carter recommended a budget of \$531.6 billion in January 1979. The new budget assumes a deficit of \$29.8 billion.

A New York City association of apartment owners has decided to police itself by punishing landlords who violate the city's rent hike laws. The unusual action was prompted by a rash of complaints from tenants claiming rent overcharges. Owners could be fined up to \$500 for each apartment found in violation of the rent limits and face the risk of suspension or expulsion from the owners' **Rent Stabilization Association**. There are some 850,000 rent-stabilized apartments in the city. Another 400,000 rent-controlled units are supervised by the city.

Publications Available

Having Problems Paying Your Mortgage. . . outlines timely steps to be taken with your lender to help avoid foreclosure. Available free from the Consumer Information Center, Department 683G, Pueblo, Colorado 81009.

The American Labor Sourcebook. . . compiles essential information on labor-management negotiations in a handy resource for quick, easy reference. . . contains 928 pages. Available for \$39.95 from McGraw-Hill Book Company, 1221 Avenue of the Americas, New York, N.Y. 10020.

Significant Litigation

Bluefield Housing Authority and Harris v. E.T. Bogges, et al. Circuit Court, Mercer County, W. Va.

The Bluefield, West Virginia Housing Authority's claims against the architect of a public housing project have been dismissed pursuant to a settlement whereby the architect's insurance company paid to HUD the funds remaining in the architect's insurance coverage. The Housing Authority had alleged that faulty design work by the architect had resulted in structural defects in the project.

Greater Northwest Huntsville Civic Assn. v. Harris U.S.D.C., N.D. Ala., N.E. Div., C.A. No. 79 W 5118 NE

A civic association in the Northwest section of Huntsville, Alabama, filed this action challenging the site of a Section 8 project, No. AL-09-0018-007, in its neighborhood on the grounds that its location there would violate the rights of the area residents under the Fifth and Fourteenth Amendments to the U.S. Constitution, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968 and HUD regulations. The residents claim that the project would add to minority, low-income and subsidized housing impaction in the area, that the site is environmentally unsound, and that the Huntsville Housing Assistance Plan was amended after the fact to include the project. Plaintiffs seek a declaratory judgment that the Housing Assistance Plan is invalid and a writ of mandamus directing the Secretary to withdraw approval of the project.

Linda Thurman, et al. v. Thomas S. Boone, Manager Americana Apartments, Harris, et al. U.S.D.C., W.D. Ky. at Louisville, C.A. No. 79-0283-LLB

This is a suit for declaratory and injunctive relief brought by a Section 221(d)(4) tenant who is also a recipient of Section 8 assistance under the Additional Assistance Program for Projects With HUD-Insured and HUD-Held Mortgages. Plaintiff claims she is threatened with an eviction in violation of HUD regulations at 24 C.F.R. 450 and 24 C.F.R. 886.122, since she has not been served with proper notice, and the owners and managers are attempting to evict her without good cause. Plaintiff also claims that her lease does not contain HUD tenant eviction procedures in violation of 24 C.F.R. 450.7 and 24 C.F.R. 886.122(c). The Department has been joined as a party defendant because allegedly HUD has failed to ensure compliance with its regulations.

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Current Trends

Median family income in 1978 increased by 2.4 percent over 1977 after adjustment for inflation, according to a report by the *Bureau of the Census*. The incomes of individuals not living in families rose 5.5 percent in constant dollars, the *Bureau* said. The 1978 median family income was \$17,640, compared with \$16,010 for 1977. The figure was \$10,880 for black families, 6 percent higher than a year earlier. For Hispanic families, the \$12,570 in 1978 was not significantly different from their 1977 median in real terms. There was virtually no change in the number of persons living below the poverty line in 1978.

New York State, whose mortgage-rate ceiling is among the lowest in the Nation, is considering a plan to raise the interest ceiling on new home-mortgage loans to at least 12 percent. The current rate is 10 1/4 percent. Approval of the plan would allow the *State of New York Mortgage Agency* to use up to \$550 million in State-borrowed money to spur new mortgage lending. During the past 12 months at least 20 States have raised their usury ceilings to 12 percent or more.

The president of *Deltona Corporation*, a company which develops planned communities in central Florida, says that he plans to build between 13 to 22 percent more houses in 1980 than he did in 1979. Generally, builders are projecting a downturn in national housing starts. The *Deltona* spokesman said that the demand for houses will increase primarily because the population continues to swell. Single-family housing accounts for about one-fourth of the company's earnings.

The *Christian Science Monitor* reports that high mortgage interest rates and related economic factors have combined to revive interest in housing cooperatives. Cooperative living, the paper says, "may be one significant way to tackle the Nation's housing crisis, particularly for low- and moderate-income Americans who long since have been squeezed out of the ownership market and now find it increasingly difficult to rent decent housing." The *Monitor* estimates that about a half-million families own co-ops today and predicts that the trend will continue as private lenders and government agencies make it easier for people to own their homes cooperatively.

Computer graphics has become a major technological tool translating complex structural, engineering and environmental data into pictures according to the *New York Times*. The paper says the new technology promises to restore the balance between art and science in architecture. Computer graphics permits the architect and the client to communicate via a computer display terminal or television screen. The architect traces a preliminary design on an electronic drawing device and the computer automatically analyzes the surfaces and translates them into mathematical statements. The process can display a building from any angle, inside or out, or position it in a given, predetermined setting. It also may evaluate the building's energy needs and tell the architect how to maintain a comfortable environment for it.

21 Percent of Households Moved in 1977, Report Says

About 21 percent — 15.8 million of the Nation's 75 million households — moved during the 12 months ending October 1977 according to a report released by *HUD* and the *Bureau of the Census*. This represents an increase of 1.2 million over the previous year. The report on the housing characteristics of recent movers is based on data collected in the *Census — HUD Annual Housing Survey*.

The joint agency survey also revealed:

- Renters moved at four times the rate of owners.
- Movers lived in newer and more expensive housing. About 31 percent lived in units built since 1970 compared with 18 percent of all households.
- The median value of homes moved to was \$41,600 compared with \$36,900 for all owners. The median gross rent (including utilities) was also higher for movers, \$197 per month compared with \$184 for all renter households.
- The median family income of black owner recent movers was \$14,900 and the median income of black renter recent movers was \$6,300.
- For Spanish-origin recent movers, the median family income of owners was \$15,700 and the median income of renters was \$8,000.
- Housing needs were cited by 39 percent as the main reason for moving by households whose heads remained the same in their present and previous units.
- Other main reasons cited for moving were: 27 percent, family status; 22 percent, job related; and 13 percent, other reasons.

Copies of the report: *Part D, Housing Characteristics of Recent Movers for the United States and Regions: 1977, Series H-150-77D*, are available for \$4.75 from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. 20402 or from *Commerce* district offices in major U.S. cities.

FNMA to Eliminate Early Repayment Penalty Provision

The *Federal National Mortgage Association (FNMA)* has announced that it plans to eliminate from its one- to four-family mortgage forms a provision used by some lenders to charge a penalty to borrowers for early repayment of a loan. The *FNMA*, the largest single purchaser of residential mortgages in the United States, does not have a policy of collecting a penalty if a mortgage is paid off early.

The change will be reflected on the standard conventional one- to four-family mortgage loan forms jointly developed by the *FNMA* and the *Federal Home Loan Mortgage Corporation (FHLMC)* in 1975 and widely used by lenders across the country. Some lenders have enforced the penalty provision on loans not sold to the *FNMA*. Use of the new form will be required on all conventional mortgages originated on or after January 1, 1980 that are offered for sale to the *FNMA* or the *FHLMC*.

Arizona Monitors Unlicensed Builders

Arizona's new *Registrar of Contractors* is cracking down on unlicensed builders with the help of more severe penalties and more cooperative courts. The number of prosecutions of unlicensed contractors more than doubled last year. The penalty for operating as a contractor without a license is up to six months in jail. The campaign to weed out unlicensed contractors is being conducted with the assistance of other State agencies, the *Better Business Bureau* and private groups.

Carter Asks Support for White House Conference on Families

President Carter has called on Department and agency heads to cooperate fully with the staff of the *White House Conference on Families (WHCF)*. The *Conference* is scheduled for June and July of 1980. The National Advisory Committee on the *WHCF* held its first meeting in July and adopted a plan of action which includes hearings, State activities, and official conferences at several sites across the Nation.

The President said a major goal of the *WHCF* "is to identify public policies which strengthen and support families as well as those which harm or neglect family life and to recommend appropriate changes." He called on Federal Departments and agencies to:

- identify and catalog programs, policies and research studies which impact on family life;
- analyze the impact of selected policies and programs;
- publish studies, reports, and other informational materials relating to families;
- provide personnel, logistical assistance, meeting facilities and other resources for conference activities;
- earmark discretionary funds for projects which support the goals of the *WHCF*; and
- inform employees and constituent groups about conference activities.

Commission Urges Expanded Job Programs for Youth

The *National Commission for Employment Policy* has urged the President to expand job programs for the Nation's disadvantaged youth to combat high unemployment levels. The *Commission* also urged State and local governments, business, labor and community organizations to "make a new commitment to work together on ameliorating the problem."

The group, established by the *Congress* to advise the President and *Congress* on national employment and training goals, said there is a need to:

- sustain high levels of employment in the economy to improve job prospects for poor youth;
- provide youth with basic literary skills;
- renew a commitment to end racial discrimination in employment;
- improve the quality of job training programs; and
- place more emphasis on involving the private sector in creating jobs for disadvantaged youth.

New York Lease Must Inform Tenants of Rights

A new law passed by the *New York City Council* requires that landlords of the 850,000 rent-stabilized apartments in that city must inform residents of their rights under the *Rent Stabilization Law*. Tenants must now be provided with a rider to their leases setting forth an explanation of the maximum allowable rent increase, telephone numbers of agencies which handle tenant complaints, and other vital information. The rider must be written in plain language and printed in type larger than that of the lease text. The new law is expected to help reduce landlord-tenant disputes.

Study Group Urges Tighter D.C. Condominium Law

A special citizen's group, the *Condominium and Cooperative Conversion Commission*, has recommended that the District of Columbia Government tighten its condominium guidelines. The present guidelines, the group said, are ineffective and needlessly fuel the fears of many renters that their apartments may be converted to high-priced condominiums.

The Commission did not recommend a moratorium on such conversions, but it did suggest that the City revoke many of the permits allowing owners of some 16,000 rental apartment units to convert their property. It said the permits have given rise to a "speculative market" because they increase the value of property and can be transferred when the property is sold. Owners with current conversion permits could convert if they meet the new guidelines or can pass an "investment test." The test is designed to determine if conversion would displace many of the current residents.

Among the recommendations made by the study group:

- A substantial hike in the high rent "floor" for unchallenged conversions so that fewer units could be converted without tenant approval.
- A rule giving tenants 180 days to submit an acceptable offer to owners to purchase their buildings. This is twice as long as the current law allows.
- A limitation on the number of conversions that could take place in a given geographic area during a single calendar year. This limit could not exceed five percent of the total apartment units in the area.

Meanwhile, Montgomery County, a D.C. suburb, has passed a new law controlling condominium conversions.

The new law gives tenants or a group designated by the County Government an opportunity to purchase an apartment building before it is sold to another purchaser for conversion purposes. The Government contends that tenants often can get a lower price on individual units by buying the building themselves.

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