

DEPARTMENT OF HOUSING
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Hud Newsletter

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Current Trends

According to the *F. W. Dodge Division of McGraw-Hill*, construction of new housing declined 13 percent in the third quarter of 1979 from the same 12 months earlier. *Dodge* said, however, that the drop was "moderate" and indicates "how much people want homeownership as a hedge against inflation." Meanwhile, the *National Association of Home Builders* predicts that housing starts will decline in the first half of the 1980's but will recover slightly later in the year. The *NAHB* forecast of starts ranges from 1,260,000 to 1,400,000 for this year.

Conde Nast Publications, Inc., publishers of *House and Garden*, predicts that the home will remain the number one priority of the Nation and "the biggest boon to industry throughout the eighties." This will happen, the company said, because there will be a greater demand for housing than ever before - 14.9 million new households by 1990. As the world becomes more complex, *Conde Nast* says, "people will be investing their money where it will count the most - in homes that will provide them with the greatest emotional surety and financial security."

Edwin Brooks, president of the *U.S. League of Savings Associations (LSA)*, has predicted that the 1980's will be a boom decade for the housing industry after a slow start this year. He said that his organization foresees 1.4 million housing starts in 1980, down from an estimated 1.75 million last year. By 1981, housing starts will begin to increase, he said. He estimated that American home buyers will need more than \$1.5 trillion in mortgage money during the decade of the 1980's and said that his primary purpose is to make certain that mortgage money is available.

State Ruling Bars Short-Term Loan Fees

A growing, national practice of charging a special commission for arranging temporary, short-term loans for home buyers has been ruled illegal by Maryland's attorney general. The practice, known as finding a "bridge loan," is implemented for consumers who want to buy a new home before they can sell their current one. In such cases, some real estate firms will help the homeowner purchase the new home while the old one is up for sale by arranging a short-term loan. The real estate firm usually charges a 1 percent commission for this service. The attorney general ruled that the practice violates a State law enacted in 1978 which prohibits a real estate operative from charging "finder's fees." He also ruled that firms which make the loans from their personal resources are in violation of another State law governing second mortgages.

HUD to Adopt New Performance Standards

Lawrence B. Simons, Assistant Secretary for Housing, has announced that the *Federal Housing Administration (FHA)* will adopt *Home Owners Warranty (HOW) Corporation* performance standards into its warranty for new construction. Simons said the move could "reinforce the private sector at a time which may be critical in *HOW's* development." He said the program would encourage *FHA*-insured new home buyers to use the program.

Oklahoma Debates Right of Foreign Interests to Real Estate

A Federal district court in Oklahoma has issued a temporary restraining order to ~~keep~~ the State's attorney general from enforcing a law that bars foreign businesses from owning real estate in the State. That ruling was issued by Attorney General Jan Cartwright who held that the State's constitution and statutes prohibit the ownership of real property by foreign firms even if they are entitled to do business in Oklahoma. The *U.S. Chamber of Commerce* had asked the court to overturn the State's ruling.

About five other States have laws prohibiting foreign firms from owning real estate, according to the director of the *National Chamber Litigation Center*. The *Chamber* suit charges that ~~the State's ruling~~ violates the *U.S. Constitution* and infringes on Presidential and congressional powers to regulate trade. It also alleges that the ruling unlawfully restricts interstate commerce and denies equal protection under the law.

Meanwhile, the *National Association of Realtors (NAR)* reports that "Foreign investment in this country's real property has been growing during the last several years, but U.S. investment abroad is four times greater." *NAR's* Executive Vice President Jack Carlson added that "The stock of foreign direct investment in the U.S. increased by 10.7 percent in 1977 and by 19.8 percent in 1978." He says there is "no reason for alarm" at the increase in foreign investment.

In the Nation's Capital, businessmen recently sponsored a seminar on international business to focus on the growing involvement of the foreign business community with financial institutions, local governments and other commercial ventures. Foreign investors now own at least 32 major downtown properties, according to estimates by D.C. real estate executives. The seminar was held to find ways to expedite the process for bringing more foreign businesses to Washington.

In late December the *Senate Finance Committee* approved a measure designed to recapture capital gains from foreign individuals selling real property in this country. Under the proposed law, buyers would be required to hold back the Federal tax due or the seller's gain, whichever is less. Prompted by complaints that foreign sellers often do not pay the capital gains tax on commercial real estate, the law would not apply to the sale of private homes unless the price is more than \$150,000.

Last year a study prepared for *HUD* urged new incentives, including possible tax breaks, to entice foreign investors to older, economically lagging regions. The study, by *Analytic Sciences Corp.*, said "Most newly constructed foreign-owned plants are being located in the Southeast and Far West. It noted that "States with economic problems have had less success in attracting foreign investments in recent years than in earlier years."

The study also made these points:

- * Foreign banks doing business in this country account for 14 percent of all commercial and industrial loans in the Nation.
- * Foreign investments generally have been concentrated in highly developed locations and have done little to revitalize distressed localities.
- * About two percent of the American work force is employed by foreign firms – nearly 20 percent of them in the petroleum industry.

Nuggets

The *Mortgage Insurance Companies of America (MICA)* has labeled State usury laws in more than 20 States as representing a major roadblock in the national effort to provide homeownership for American families of moderate income. It called on *Congress* to approve legislation to preempt all State usury limits on home financing. A *MICA* spokesperson said: "These State usury limits impede the flow of commerce among the several States – an impediment which the *Constitution* was designed to prevent."

Families earning less than \$20,000 a year would be able to obtain Government-assisted loans for energy-saving projects under a proposal approved recently by the *House Commerce Committee*. Families would be eligible for subsidies – in the form of lower interest rates – of up to \$1,000 for such projects as weather-stripping and insulation of homes.

President Carter has named Sadie Alexander, an 81-year-old Philadelphian, to head the 1981 White House Conference on Aging. Mrs. Alexander, an active attorney until recently, was the first black woman to earn a doctorate degree in law. She has practiced law for more than half a century. The President also named Arthur S. Flemming, 74, as chairman emeritus of the 1981 Conference and Rep. Jerome R. Waldie (D-Calif.), as executive director.

HUD Announces Section 202 Services Program Awards

More than 16,000 elderly and handicapped residents of federally-assisted housing projects across the country will benefit from funds to be awarded to 38 public housing agencies (PHA's) under the Congregate Housing Services Program. The program, authorized under Section 202 of the *Housing Act of 1959 (P.L. 86-372)*, will make approximately \$10 million available to provide elderly and handicapped residents with two daily meals and other supportive services such as personal assistance, housekeeping and transportation. The funds will be disbursed at a rate of about \$3 million each year over the next three years. The remaining \$1 million will be set aside for adjustments which may be necessary over the life of the grant due to inflation or other factors.

HUD Secretary Moon Landrieu said of the program: "It is a proven cost effective means of enabling handicapped or temporarily disabled individuals to remain in their homes, thus maintaining their dignity and independence and avoiding costly and unnecessary institutionalization."

Nonfamily Households Increase by Two-Thirds Since 1970

In the past decade, nonfamily households have increased by 66 percent compared with only a 12 percent growth in family households according to the *Bureau of the Census*. The rapid growth in nonfamily households – 87 percent of which are maintained by a person living alone – is a major reason for a sharp decline in the average U.S. household size since 1970: from 3.14 to 2.78 persons. The falling birth rate also has been cited as contributing to smaller households. A nonfamily household consists of one person or two or more unrelated persons.

The total number of households in March 1979 was estimated at 77.3 million, an increase of 22 percent over 1970. Of that total, 57.5 million contained families and 19.8 million did not. This means that one out of every four households was maintained by a person or persons who did not share their quarters with any relatives compared with about one in five in 1970. The report said that between 1978 and 1979 the number of households grew by 1.3 million, a somewhat lower gain than had been anticipated by the *Bureau of the Census*. The annual average increase in this decade has been 1.5 million.

The growth of white, black and Hispanic households since 1970 has varied substantially with respective gains of 20, 30 and 43 percent. Nonfamily growth rates have been 66 percent for whites, 63 percent for blacks and 91 percent for Hispanics.

Copies of the advance report, *Households and Families by Type: March 1979*, Series P-20, No. 345, may be obtained for 75 cents each from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. 20402.

FYI

National Association of Home Builders (NAHB). . . *Annual Convention/Exposition*. . . Las Vegas, Nevada, January 18-21, 1980. Details: **NAHB**, Convention and Meetings Division, 15th & M Streets, N.W., Washington, D.C. 20005 (202/452-0420).

National Savings and Loan League (NSLL). . . *Governmental Affairs Conference* with Senator William Proxmire (D-Wis.) as the keynote speaker. . . Washington, D.C., January 20-22, 1980. Details: **NSLL**, 1101 Fifteenth Street, N.W., Washington, D.C. 20005 (202/331-0270).

Transportation Research Board (TRB). . . *59th Annual Meeting*. . . Washington, D.C., January 21-25, 1980. Details: Marilou Damon, **TRB**, National Research Council, 2101 Constitution Avenue, N.W., Washington, D.C. 20418 (202/393-8100).

National Housing Rehabilitation Association (NHRA). . . . *Packaging Successful Rehabilitation Projects*. . . San Diego, Ca., January 24-25, 1980. Details: **NHRA**, 1300-19th Street, N.W., Suite 310, Washington, D.C. 20036 (202/466-8760).

Significant Litigation

Laura Alley, et al. v. Landrieu, HUD, Oxford Housing Authority, et al.
No. WC 79-139-K-0 (N.D. Miss., filed Nov. 1, 1979)

This is a class action for injunctive relief brought by residents of Oxford, Mississippi alleging that HUD violated its own regulations by approval of a site for the construction of a low-income housing project that did not comply with project selection criteria and that would significantly increase the concentration of minority residents in the area. They also claim that HUD violated regulations of the National Environmental Protection Agency by failing to prepare an Environmental Impact Statement, and violated its statutory obligation to notify the local governing body and solicit comments concerning the proposed project. A hearing on plaintiff's motion for a Preliminary Injunction is set for November 30, 1979.

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Hud Newsletter

Current Trends

A survey by the *National Association of Purchasing Management (NAPM)* predicts that prices will continue to rise moderately in 1980. An association spokesperson said, however, that "managers expect a mild economic downturn this year, possibly ending by midyear." About 37 percent of the purchasing managers surveyed said they are optimistic about the future; 50 percent said they were concerned and 9 percent were pessimistic.

Kenneth Rosen, professor of economic analysis at the *University of California* at Berkeley, predicts a "moderate decline" in mortgage lending in 1980 . . . to about \$175 billion from about \$184 billion in 1979. He said the actual number of housing units financed will be less, however, because it will take more money to buy a house or apartment. Financial analysts generally agree that "As months go by things will look a little better than they have," according to a survey the *Wall Street Journal*.

A savings and loan association in Toledo, Ohio is offering consumers a "one-year mortgage"! Actually, the home buyer has one year to decide what type of mortgage he will select: a fixed-rate mortgage or a five-year "rollover" arrangement where the interest is recalculated every five years. According to the *Wall Street Journal*, the decision can be made whenever the borrower thinks the rates are as low as they will go. During the one-year period, the borrower will pay a 13 percent interest rate on the mortgage.

The results of the Nation's first opinion survey of blacks by a black national research and polling group is expected to be released sometime this month. The poll was conducted by *Data Black, Inc.*, a new organization focusing exclusively on the opinions of black Americans. The New York-based group said it would poll blacks in cities, the suburbs and rural areas via telephone interviews. The first survey deals with the 1980 presidential election, black attitudes toward other ethnic groups, abortion, busing and international affairs.

County government employment (1,768,000) rose only 0.2 percent from October 1977 to October 1978 according to a report released by the *Bureau of the Census*. There was a 6 percent increase in 1976-1977. The 1978 figures followed trends shown in State government employment, which rose only 1.4 percent in FY 1978, and total local government employment, which rose only 0.9 percent.

Vincent Barabba, director of the *Bureau of the Census*, says that the population trends of the past decade will have an important impact on the decade of the 1980's. The *Census* director said changes in families, in regional migration and in the age structure of society will all have an effect on the future lifestyles of Americans. He estimated that the U.S. population will increase by some 21 million persons over the next 10 years.

HUD Reaches 'Settlement' to Take Over Soul City

HUD soon will take over the new community development in Warren County, N.C. known as "Soul City," following a \$10 million settlement with the management of the troubled project. The settlement represents Federal payment of loans that *HUD* had guaranteed. An additional \$167,000 will be paid to Soul City for other debts of the project. In all, Soul City received some \$29 million in Federal, State and local grants loans.

The mostly black development was created and approved by *HUD* in 1972. Last February then *HUD* Secretary Patricia Roberts Harris appointed a task force to review the current and future conditions affecting the viability and success of the project. The task force concluded that Soul City was not financially feasible. *HUD* foreclosed on the project in July 1979 after the Board of Directors of the *New Community Development Corporation (NCDC)* voted to acquire the assets of Soul City. The agency said at the time 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." At the time of the foreclosure, only 40 lots had been sold and 31 new homes constructed.

HUD Schedules Seminars to Promote Handicapped Housing

HUD has slated seminars in 10 cities to promote increased housing opportunities for handicapped persons. The seminar program, sponsored by the Office of Independent Living for the Disabled, is part of a new technical assistance program known as Handi-Tap.

Verna Landrieu, wife of the *HUD* secretary, serves as honorary chairperson of the Handi-Tap Advisory Panel. She said that the project will provide the means to bring together housing professionals, service providers, State and local officials, members of *HUD*'s field staff and disabled consumers and their representatives in an effort to identify, develop and exhibit community needs for housing the Nation's disabled persons.

The seminars will concentrate on methods of surveying the number of handicapped individuals in communities, procedures used to assess the local housing needs, identification of available resources and the development of services that are related to housing needs. At the conclusion of the seminars, six States will receive demonstration funding "to guide and coordinate" statewide housing networks for handicapped persons. The third phase, focused on communications, will include the publication of materials summarizing the findings of the seminars and demonstration projects.

The dates and places for the seminars are:

Charleston, W. Va., January 7-9

Ft. Worth, Texas, January 20-23

Birmingham, Ala., February 4-6

Portland, Ore., February 11-13

Salt Lake City, Utah, February 25-28

Hartford, Conn., March 3-5

Kansas City, Mo., March 17-19

Milwaukee, Wisc., March 31 - April 2

Newark, N.J., April 14-16

San Diego, Calif., April 21-23

NAHB Studies Housing for the Handicapped

When members of the *National Association of Home Builders (NAHB)* meet in Las Vegas for their first meeting of 1980, they will have an opportunity to inspect a three-bedroom, 1,100-square-foot house designed to be accessible to the handicapped. The project is sponsored by the *NAHB Research Foundation* under a *HUD* contract. The project seeks to show that housing for the physically handicapped need not be substantially different from other housing. "In fact, if the home is designed correctly, many people probably would be unaware of most of the special features for the handicapped," said Lee Fisher, director of industrial engineering for the foundation.

The Las Vegas home is one of six being built for demonstration purposes. Two are single-family houses and four are multifamily units. They are designed so that an handicapped owner can resell it to a non-handicapped buyer with little or no modifications. Fisher said some of the houses' features might even be preferable to the non-handicapped. These include wider than normal hallways and interior doors and a larger than normal bathroom.

'Adults-Only' Laws Being Challenged in Court

A Washington, D.C. suburban family has filed suit in a *U.S. District Court* seeking to overturn a law which permits landlords to refuse to rent to families with children. A Baltimore real estate firm and Prince Georges County (Maryland) are respondents in the case filed by Thomas Langley. Langley contends that the landlord wrongfully evicted his family because their children were under 18 years of age. He further contends that the section of the county code which permitted the eviction is "arbitrary and unreasonable as it bears no substantial relation to the public health, safety and general welfare of the citizens of Prince George's County." The suit asks the court to declare the law unconstitutional and to award \$300,000 in damages.

Langley's case is one of many across the Nation. Most are still in some phase of litigation, however. In a recent, similar case on the West Coast, the *California Appeals Court* ruled that there is nothing illegal or unconstitutional about "adult-only" apartment buildings. The judge in that case ruled that refusing to rent to couples 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." That decision is on appeal to the *California State Supreme Court*.

New York Commission Seeks Help in Bias Fight

Isaiah E. Robinson, Jr., chairman of the *New York City Commission on Human Rights (CCHR)*, has written to major publications across the Nation seeking assistance in combating housing discrimination. The *CCHR* asked publishers carrying real estate advertisements to include a "fair housing notice" on a continuing basis. The notice informs readers and advertisers that the publication is subject to Federal, State and local laws prohibiting discrimination in the sale, rental or leasing of housing accommodations. Robinson said it also would indicate that the publisher does not knowingly accept advertising that violates antidiscrimination laws.

The *CCHR* director noted that the appearance of the notice across the country would help create a self-monitoring systems which could screen out those who discriminate. It would encourage realtors and brokers to place their ads in publications that "conscientiously accept only those advertisements that comply with the law."

The letter to publishers said: "In the course of processing complaints of discrimination, the *Commission* establishes agreements with various real estate firms which require them either to advertise in a newspaper that carries a fair housing notice or to include in their own ad their intention not to discriminate. Many agents prefer to advertise only in complying papers because they feel a fair housing statement in their own ads subjects them to a 'stigma' in the public's eye."

Nuggets

Keith B. Romney has been elected to a one-year term as chairman of the *American Land Development Association's (ALDA)* Resort Timesharing Council. A member of the Utah bar, Romney has been called the "Father of Condominiums." He served as counsel on the first condominium project in Utah in 1960 and has served as a condo consultant in numerous projects across the Nation.

James Lester, Two Rivers, Wisconsin, was elected president of the *Hardwood Plywood Manufacturers Association (HPMA)* for 1980. Robert Renfrom, Chesapeake, Va., was named vice president. The Spring convention of the *HPMA* will be held April 16-18 at the Mills House in Charleston, S.C.

Walter J. Kelliher has been appointed a new member and chairman of the *Massachusetts Housing Finance Agency (MHFA)* by Governor Edward J. King. Kelliher is a former eight-term mayor of the City of Malden. He has demonstrated commitment to providing housing for all income groups, according to John Eller, *MHFA* executive director. He replaces Roger Foster, former vice chairman of the agency.

E. Robert Miller, San Mateo, Ca., has been elected president of the *Institute of Real Estate Management (IREM)* for 1980. He earlier was named to head the Certified Property Managers for the same period. Miller graduated from the *University of Wisconsin* and later served as an instructor of real estate management in the university's School of Commerce. Other *IREM* officers for 1980 include: Eugene J. Burger, Sausalito, Ca., president-elect, and Tan Tek Lum, Honolulu, Hawaii, secretary-treasurer.

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Current Trends

Tenant groups across the country, spurred by rising rents and condo conversions, are attempting to form a national renters' organization to lobby on their behalf. The success of local tenant groups in fighting for rent control laws and anti-conversion regulations may be the greatest impetus to the effort to form a national group. Participants say they hope the organization can get underway in time to campaign in the 1980 elections on behalf of candidates who are sympathetic to their cause.

The Federal Government has approved a new two-and one-half year Money Market Certificate (MMC) which officials say may ease the expected decline in housing activity this year. Housing starts for 1980 are expected to dip to about 1.4 million from about 1.7 million in 1979. The new MMC's will have an interest-rate ceiling keyed to U.S. Treasury securities — currently about 11.02 percent. Jay Janis, chairman of the *Federal Home Loan Bank Board*, said the MMC's should "make mortgage money more readily available for prospective home buyers."

Two recent studies of the college job market suggest that the outlook for college graduates in June 1980 is better than it was in 1979, according to the *New York Times*. One of the studies was conducted by the placement service of *Michigan State University*. Another was made by the *College Placement Council* in Bethlehem, Pa. The Council survey predicted a 13 percent increase in hiring of college graduates this year.

The *Wall Street Final*, a tabloid newspaper employing the newest technology, is scheduled to hit the sidewalks of New York City in the spring. Ranging in size from 12 to 20 pages, the paper will cover stock market prices, business, sports and general news. Publisher Michael Goldstein said some 45,000 copies of the newspaper will be printed each day in two editions. It will rely heavily on stories transmitted by the wire services.

The *Federal Reserve Board (FRB)* reports that the Nation's factories operated at 84.4 percent of capacity in November 1979, the lowest level of the year. Much of the decline was attributed to the drop in the production of automobile and auto parts, the *FRB* said. Meanwhile, the *Commerce Department* reports that construction spending fell 1.3 percent in November 1979 to an annual rate of \$235.3 billion. Both private and public construction showed declines in November.

F.W. Dodge, a division of *McGraw-Hill*, reports that building products manufacturers made solid earnings in the third quarter of 1979 despite a sharp drop in housing starts. The *Dodge* report said the manufacturing component of the building industry was "remarkably buoyant for an industry whose backbone of housing starts has plunged more than 20 percent since last winter." The 16 percent gain reflects many contracts that were awarded earlier in 1979 and in late 1978, the report said.

Landrieu Announces Three New HUD Appointments

Secretary Moon Landrieu has announced three recent appointments to *HUD*. Philip Morrow, a former Connecticut developer, will serve as director of a new Public-Private Partnerships Office. Lawrence S. Kullman, a New Orleans attorney, will serve as the Secretary's executive assistant, and Larry H. Dale, an agency official, has been named deputy assistant secretary for Multifamily Housing programs.

The new Public-Private Partnerships Office is designed to increase the involvement of the private sector in Federal programs. It is an arm of the Office of Neighborhoods, Voluntary Associations and Consumer Protection (NVACP). Secretary Landrieu called the new office another example of the agency's commitment to President Carter's National Urban Policy and the concept of a new partnership between government, the private sector, citizens and neighborhood groups. He said Morrow "will be expected to help the private sector enter into creative partnerships at the local level with government and community-based development organizations seeking assistance in developing public-private partnerships."

Kullman, 31, served on Landrieu's staff during his tenure as mayor of New Orleans. As executive assistant he will perform a variety of assignments including providing advice and assistance in the development of policies for existing programs and the development of future, long-term program initiatives. The Secretary said that with Kullman's background in city and State government and his working knowledge of urban programs, "he will be a valued addition to my staff."

Dale joined HUD in 1971 as an urban management intern. Since then he has held various managerial positions which gave him in-depth exposure to the Department's programs as they are implemented at the local level. Prior to his new appointment, he served as deputy director, Multifamily Housing Development. A *Cornell University* engineering graduate, he has received several awards in recognition of his outstanding contributions to HUD's housing efforts.

Marrero Confirmed as HUD Under Secretary

The U.S. Senate has confirmed Victor Marrero to be Under Secretary of the *Department of Housing and Urban Development (HUD)*. He comes to the agency from New York where he was 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. *HUD* Secretary Moon Landrieu said Marrero "brings to *HUD* a valuable background in State and local government as well as extensive experience in housing and community development that will enhance our efforts at *HUD* to do our job better."

A native of Santurce, Puerto Rico, Marrero was a Fulbright Scholar and received a law degree from the *Yale University Law School* where he was editor of the *Yale Law School Journal*.

Sixty-Three Percent of Homeowners Made Alterations

Sixty-three percent of the Nation's 38.7 million owner-occupied single-family housing units reported making alterations and repairs in the 12 months prior to October 1977, according to a survey report by *HUD* and the *Bureau of the Census*. Another 43 percent of the owners in single-family units predicted they would make further alterations or repairs during the following year.

The survey showed that there was a total of 82.4 million housing units in the United States. Of these, 80.7 million units were available for year-round use and the remaining 1.7 million were vacant units for seasonal use. Of the 75.3 million occupied units, 64.8 percent were occupied by owners. Of year-round units, 67 percent were single-family units, 28 percent were multifamily units and 5 percent were mobile homes or trailers.

Copies of the report, Part A, *General Housing Characteristics, 1977 Annual Housing Survey*, Series H-150-77A, 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 U.S. cities.

GNMA Releases Additional Funds Under Tandem Programs

The *Government National Mortgage Association (GNMA)* has made an additional \$1.75 billion in mortgage purchase authority available under its Tandem programs. Ronald P. Laurent, president of the *GNMA*, said the funds will finance production of some 53,000 new and substantially rehabilitated units, most for low- and moderate-income families in federally insured, multifamily projects.

A total of \$1.5 billion was made available under the Section 8 Tandem program in which the *GNMA* makes a commitment to purchase mortgages covering projects with Section 8 Housing Assistance Payments. The balance came under the Targeted Tandem program in which commitments are made to purchase mortgages on projects located in cities meeting the physical and economic distress criteria of the Urban Development Action Grant (UDAG) program.

Laurent said the below-market funds "are particularly needed in today's market and, consistent with the Administration's housing goals, will assure the continued production of much needed multifamily housing." The *GNMA* issues commitments to purchase mortgages at favorable prices and later sells the mortgages at the going market price to private investors. It absorbs the difference as a subsidy.

HUD Observes First Anniversary of NSA Program

Summing up the achievements of the first year of the Neighborhood Strategy Areas (NSA) program, Assistant Secretary Lawrence B. Simons said "America's cities have responded with remarkable enthusiasm to the first of a five-year plan to put life into the Nation's troubled neighborhoods." He said the NSA program was the first to fully involve local officials and organizations in combining the production of housing for low-income people with the correction of neighborhood deficiencies. *HUD* has involved 116 local governments in the NSA program and they have developed "comprehensive and innovative approaches to neighborhood redevelopment," Simons added.

The program, started in September 1978, combines rental subsidies with local government and private sector funds to help meet the housing and community development needs of designated neighborhoods. The rental subsidies are provided from Section 8 substantial rehabilitation funds set aside for that purpose.

Of the original FY 1979 goal of 21,000 Section 8 housing units, about 18,000 units have been reserved. This means that funds have been set aside for the subsidies and the rehabilitation process started. Another 10,500 units are scheduled to be reserved.

Simons said future plans and schedules call for continuing rehabilitation activities in 152 neighborhoods.

Nuggets

The *National Association of Realtors (NAR)* has established a goal for 1980 which would see 80 percent of its membership under a commitment to avoid discrimination in the selling of houses. About 60 percent of the membership is currently under such a pledge. Local boards of the *NAR* voluntarily adopt the association's promise to uphold antidiscrimination laws but the boards cannot bind individual brokers to the pledge against their will. A *NAR* spokesperson says that the group has named Ralph Pritchard of Chicago to head a new Office of Community Programs to oversee the campaign to get more brokers into the equal access to housing program.

The New York State *Urban Development Corporation (UDC)* has unveiled plans for a \$375 million exposition and convention center to be completed by 1984. It will be the largest public structure built in New York City in recent years and its 750,000 square feet of exhibit area will constitute the largest such space on a single floor of any convention complex in the Nation. The center will be constructed of reflective glass and its "great hall" will be higher and wider than the main concourse of New York's Grand Central Station.

Kenneth R. Harney, editor of *Housing and Development Reporter*, said that the average sales price of a house in the District of Columbia rose to \$101,556 in the third quarter of 1978, a 30 percent increase over the same period in 1978. Harney said the average prices in the city have been rising by more than 20 percent annually for more than two years.

The *National Association of Real Estate Brokers (NAREB)* has extended support for the nomination of Philip M. Klutznick to be Secretary of the *U.S. Department of Commerce*. William Morris, executive director of the *NAREB*, said "The President has made a tremendous selection. From his past record, I know Klutznick will perform an outstanding service to the Nation and the American people." The President nominated Klutznick to succeed Juanita Kreps who resigned in October. Klutznick is chairman of the governing board of the *World Jewish Congress* and is a member of the *National Bureau for Economic Research*.

The *NAREB*, a mostly black group known as "realists," is a national, nonprofit trade organization founded in 1947. It has 14 regions and 59 local boards.

HUD has suspended sales at a Texas land development site because the developer did not inform purchasers of the home sites that local laws prohibit the construction of homes on individual lots of the size they brought. The action involves the 700-lot *Cameron Park Second Installment* subdivision in Cameron County, north of Brownsville, Texas. County officials will not issue permits for the construction of homes or individual septic systems on lots smaller than 20,000 square feet. Most purchasers, unaware of the county regulation, brought lots considerably smaller and are not able to build on the land.

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January 24, 1980 Volume 11 Number 4

Hud Newsletter

DEPARTMENT OF HOUSING
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Current Trends

The National Association of Realtors (NAR) reports that the prices of houses are on a decline which may continue for a while. The NAR said that the median price of an existing single-family home fell about \$700 in November 1979. This marks the first time in more than a decade that the cost of housing has not been on the increase. According to the NAR, the median price of single-family houses rose 185 percent between 1968 and 1979. The median price of a single-family home last October was \$56,300.

Real estate agents in the same geographic area who charge identical fees in the buying and selling of homes may be sued under the Federal antitrust laws. That was the unanimous ruling of the U.S. *Supreme Court* in *McLain vs. the Real Estate Board of Greater New Orleans*. Rejecting the argument that real estate sales are local transactions and exempt from antitrust laws, the Court said that such sales are so interwoven with other functions subject to interstate commerce that they must be subject to Federal regulation.

The Canada Mortgage and Housing Corporation reports that housing starts in Canada rose 6.7 percent to a seasonally adjusted annual rate of 216,700 in December 1979. This represented a 14 percent climb in housing starts over December 1978. Total 1979 starts were about 200,000, the lowest level since 1970. The housing agency blamed the decline on demographic factors such as decreasing immigration and family formations.

The Nation began the decade of the 1980's with an estimated population of some 211,895 million inhabitants. This represents an increase of two million from a year earlier and 17.5 million over the last 10 years. The latest one-year gain includes about 3.5 million births, 1.9 million deaths and about 453,000 in new immigration.

A new Louisiana law makes wives an equal financial partner with their husbands. Prior to enactment of the law in 1979, husbands enjoyed a unique status as "head and master" of the household. Beginning this month, joint approval of both husband and wife is needed to sell, mortgage or lease a house, home furnishings, or community property such as a business.

The beginning of 1980 ushered in a new Federal minimum wage for covered workers. The minimum wage went from \$2.90 to \$3.10 an hour and will benefit an estimated five million workers. Employers in retail and service industries with sales of less than \$275,000 are exempt from the minimum wage requirement. The cutoff figure will rise to \$325,000 on July 1, 1980 and to \$362,500 on January 1, 1982.

The Federal Home Loan Bank Board (FHLBB) reports that home mortgage rates increased to record levels in December. The average effective interest rate on conventional mortgages for new home loans was 11.65 percent, a 0.28 percentage point jump from a month earlier. Rates for previously owned homes rose 0.36 percentage point to 11.88 percent, also a record level.

HUD Awards Funds for Fair Housing Demonstration Project

HUD has awarded \$360,000 to nine local fair housing groups for a demonstration project designed to enhance fair housing law enforcement efforts at the local level. Secretary Moon Landrieu said the cooperative agreement would assist the agency in "identifying and rectifying" instances of housing discrimination through such activities as assistance in training, information and education campaigns. He said HUD hopes to show "that a partnership between the Federal, State and regional levels is possible."

Sterling Tucker, Assistant Secretary for Fair Housing and Equal Opportunity, noted that the agency needs more effective means of enforcing fair housing laws. "In forming this partnership with local private fair housing groups," he said, "we employ another tool in our continuing efforts to make freedom of choice in housing a reality for all Americans. The Federal Government alone cannot battle the persistence of housing discrimination. We desperately need this kind of help on the local level."

The nine groups will provide assistance to individuals in filing complaints under Title VIII of the *Civil Rights Act of 1968*, plan and design fair housing studies, provide general fair housing information and conduct education campaigns. The *National Committee Against Discrimination in Housing (NCDH)* will provide training for the groups and monitor the program.

The groups selected for the two-year demonstration are:

- The Leadership Council for Metropolitan Open Communities, Chicago, Ill.;
- Housing Opportunities Made Equal, Richmond, Va.;
- The Greater Dallas Housing Opportunity Center, Inc., Dallas, Tx.;
- The Fair Housing Council of Bergen County, Hackensack, N.J.;
- The Fair Housing Congress of Southern California, Los Angeles, Ca.;
- The Fair Housing Center, Detroit, Mi.;
- Education/Instruction, Inc., Roxbury, Ma.;
- The Open Housing Center, Inc., New York, N.Y., and
- Metro Fair Housing Services, Decatur, Ga.

HUD Seeks Authority to Aid Housing in Recessionary Slump

HUD Secretary Moon Landrieu has asked *Congress* to amend standby emergency authority to assist the housing market during recessionary periods. Secretary Landrieu said: "We want to be ready if help is needed. I am not suggesting that there is going to be a recession but I do want updated authority to act should a substantial downturn occur in the housing market."

The administration's legislative proposal will be sponsored in the *Senate* by Sen. Harrison Williams (D-N.J.), chairman of the *Subcommittee on Housing and Urban Affairs* and Sen. Alan Cranston (D-Cal.).

Current standby authority under the *Emergency Home Purchase Assistance Act of 1974* permits HUD to declare an emergency in the housing market. The declaration allows the *Government National Mortgage Association (GNMA)* to purchase housing mortgages at a below market interest rate. This makes more money available for new mortgages and reduces new mortgage payments for potential buyers. The proposed amendments would replace the current interest rate limit with a provision permitting HUD to establish an interest rate at an appropriate level not to exceed the interest rate ceiling

of the *Federal Housing Administration (FHA)*. It would also change dollar limitations on mortgage amounts, now fixed at \$42,000. The new purchase limit would be tied to *FHA* maximum mortgage amounts. Sales price limits for principal residences – now set between \$48,000 and \$52,000 – would be set at 105 percent of the mortgage amount maximum under the *FHA* mortgage insurance program.

Landrieu said the requested changes would enable the *GNMA* or “*Ginnie Mae*” to be “effective under any prevailing market conditions.”

12 Areas given Funds to Aid Regional Housing Choices

Twelve groups in 11 States have been given funds to be used in aiding low- and moderate-income households in finding housing in suburban areas. The awards, made under *HUD's* Regional Housing Mobility Program, went to regional metropolitan areas selected to reduce the isolation of lower income and minority groups. *HUD* made \$1.3 million available for this phase of the program. Secretary Moon Landrieu, in announcing the selections, said: “While much has been said about higher income people moving back to cities, more needs to be done about poor families who could improve their quality of life by gaining access to jobs and housing in the surrounding suburban areas.” He said the awards will support fair housing opportunity, crossing government lines within metropolitan areas.

Program proposals came from areas with the largest populations, concentrations of poor and minorities, and disparities between central city and regional populations. Generally, the program will promote the exchange of Section 8 (rental assistance) existing housing certificates between local housing authorities in the regions to permit free movement of households on an interjurisdictional basis. Awards went to the following jurisdictions:

- The Association of Bay Areas Governments, San Francisco, Ca., \$150,000;
- The Metropolitan Dade County Planning Department, Miami, Fl., \$100,000;
- The Tampa Bay Regional Planning Council, Tampa Fl., \$100,000;
- The Atlanta Regional Planning Commission, Atlanta, Ga., \$100,000;
- The Kentuckiana Regional Planning and Development Commission, Louisville, Ky., \$75,000;
- The Regional Planning Commission for Jefferson, Orleans, St. Bernard and St. Tammy parishes, New Orleans, La., \$100,000;
- The Metropolitan Area Planning Council, Boston, Ma., \$100,000;
- The Southeast Michigan Council of Governments, Detroit, Mi., \$150,000;
- The Tri-State Regional Planning Commission, New York, N. Y., \$150,000;
- The Delaware Valley Regional Planning Commission, Philadelphia, Pa., \$134,000;
- The Houston-Galveston Area Council, Houston, Tx., \$100,000; and
- The Southeastern Virginia Planning District Commission, Norfolk, Va., \$75,000.

HUD is still reviewing applications from Chicago, Dallas, El Paso, St. Louis, Cleveland and Cincinnati. The review is expected to be completed by late February and awards are likely to be made shortly thereafter. The Regional Housing Mobility Program was developed in response to the Secretary's *Section 8 Mobility Task Force*. It is funded under the provisions of Section 107(a), the *Housing and Community Development Act of 1974*, as amended.

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).

A Playground for All Children, Book 1, User Groups and Site Selection. . . prepared by HUD's Office of Policy Development and Research. . . describes the special play needs of children, ages three to 11, who use the playground, along with their abilities and disabilities. . . also describes the comprehensive research studies that underlay the project, including site analysis and criteria. \$2.50. 023-000-00461-5.

A Playground for All Children, Book 2, Design Competition Program. . . deals with the design competition devised by the City of New York to encourage the widest variety of approaches and solution to a challenging assignment. \$1.60. 023-000-00462-3.

A Playground for All Children, Book 3, Resource Book. . . documents the playground's development and deals with both process and product. . . includes a survey of existing playgrounds made in preparation for the design competition described in book 2. . . also includes the four winning entries and a description of other innovative concepts, designs and play components. \$3.50. 023-000-00463-1.

The *U.S. Department of Commerce* reports that the sale of new, single-family homes decreased in November at the fastest pace in about 10 years. New home sales were put at an annual rate of 604,000, 13.5 percent below the rate a month earlier. It marked the lowest number of sales since June 1976. Experts blamed the decline on the tight money policy of the Federal Reserve Board and the resulting hike in mortgage interest rates.

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Current Trends

The *Federal National Mortgage Association (FNMA)* reports that the increased costs of borrowing money caused its profits to decline in the last quarter and all of 1979. The *FNMA*, known as *Fannie Mae*, says its fourth-quarter profits dipped \$37 million. For the 12 months of 1979, earnings declined to \$161.7 million from \$209 million the previous year. The *FNMA* supports a secondary market for home mortgages by purchasing them from other companies in order to make more money available for lending. It is the Nation's largest single owner of mortgages.

The director of the *Congressional Budget Office* predicts that the Nation's economy will remain substantially unchanged this year, but says that the economy should improve in 1981 and the rest of the new decade. Alice Rivlin, whose office prepares economic forecasts for *Congress*, said: "We expect a mild recession continuing through the middle of the year with unemployment rising to about 8 percent and inflation not coming down very much." She added, however, that "The American economy has proved itself a strong and resilient machine and will continue to do so. With luck and effort, I think it's possible we can have a reasonable level of prosperity in the 1980's."

The *U.S. Chamber of Commerce* has released a new survey which indicates that businessmen and women are more pessimistic about inflation than they were a year ago. According to the *Washington Post*, the *Chamber of Commerce* said that 71 percent of those who responded to the survey expect inflation to continue at a 10 percent or higher rate in 1980. In a study last year, only 51 percent of those surveyed had similar expectations.

The *National Commission on Social Security* has opposed any rollback in Social Security tax increases slated to go into effect next year. In an interim report to the President, the *Commission* made seven recommendations designed to keep the program solvent. They included reallocation of some Social Security taxes to the retirement fund, permitting the retirement fund to borrow from the disability fund, and allowing the retirement fund to borrow from general tax revenues. Created in 1977, the *Commission's* final report is due in early 1981.

A Great Neck, L.I. advertising man has been granted a patent for a new device known as a "hydroswitch." The invention is a finger-tip valve for turning a household sink on and off rapidly. The inventor says the device will conserve water and fuel. He estimates that it can be manufactured to retail for about \$10 and adds that it should save the average household nearly \$100 per year.

A pilot project underway in Las Alamos, N.M. hopes to prove that there is more "untapped energy" in hot, underground rocks than in all currently known U.S. coal reserves, according to the *Washington Post*. The plan, designed by an engineer, pumps surface water 10,000 feet into the earth where it is circulated through hot, broken rocks and then returned to the surface where it heats a fluid whose vapors are supposed to turn a turbine to produce electricity.

Landrieu Announces First Quarter Action Grants for 1980

Thirty distressed metropolitan cities will mark the beginning of the new decade with more than a half-billion dollars in new private investments and \$122.9 million in *Urban Development Action Grants (UDAG)*, according to HUD Secretary Moon Landrieu. The *UDAG* funds are targeted for selected public-private development projects designed to revitalize neighborhoods, create jobs and erect or save city commercial centers. When the projects are completed in the next two to three years, more than 13,700 new private sector jobs will have been created, 6,300 existing jobs saved and employment provided for some 8,000 construction workers.

Secretary Landrieu said: "The awards mean a new beginning in the 1980's for these 30 cities and the newly amended *UDAG* program means new hope for still more American cities." The *Housing and Community Development Amendments of 1979* increased funding for the *UDAG* program from \$400 million to \$675 million for FY 1980, and extended eligibility to otherwise healthy cities with "pockets of poverty."

Robert C. Embry, Jr., Assistant Secretary for Community Planning and Development, said "The partnership between the Government and the private sector that President Carter calls for in our *National Urban Policy* could not be better expressed than through the *Urban Development Action Grant* program. These awards will help cities work closely with business and industry and take advantage of opportunities to strengthen the local economic base, eliminate blight, and build a brighter economic future for all their citizens." He said the "pockets of poverty" amendment expands the program and symbolizes the need for communities to create partnerships with their neighborhoods, especially those with the greatest need.

The grants constitute preliminary application approval, the first step in a process leading to commitments between the private sector and the city, and a contract between the city and HUD. Delivery of funds to a locality is contingent upon completing the entire process. Funds earmarked for a locality which is not able to obtain the necessary legal commitments or is otherwise unable to sign a contract with HUD are awarded to other projects in future rounds.

Company Offers Energy Savings Loans to Customers

The *Standard Oil Company (Sohio)* has announced plans to start a special consumer program designed to help its customers conserve energy. The company markets heating oil to some 160,000 customers in 11 States and the District of Columbia. According to *Sohio*, the program will include a free computer analysis of the savings a customer could expect by making some basic energy-conserving improvements at an estimated cost of \$1,500 per household. Customers would be given an opportunity to purchase a new, fuel-efficient oil burner and, in some cases, attic insulation. *Sohio* would make loans available at 6 percent interest to be repaid on a monthly installment plan over a two and one-half year period.

The *Standard Oil Company of California* has announced that it plans to develop commercial prototypes of an advanced home solar water heater that should be available to consumers by 1981. The new heater uses plastic solar panels known as "thermic diodes." The company says the panels are extremely efficient and do not contain any mechanical moving parts. They are freezeproof and do not require the use of electricity for operation.

Nuggets

Tenants of some *New York City Housing Authority* projects recently staged a demonstration demanding improved police protection. A spokesperson for the tenants says the *Housing Authority* police force has declined in strength from about 2,000 in 1975 to less than 1,500 today.

A Northern Virginia developer is promoting his newest apartment complex by guaranteeing that the rent in the reconditioned, one-bedroom units will not go up within the first 24 months. The apartments are just 10 minutes from downtown Washington, D.C. and less than a mile from the *Metro* subway line. Shopping, restaurants and theaters are within easy walking distance. The apartments contain new air conditioners, new kitchens and new insulated windows to conserve energy. The guarantee is limited to the first 100 people to lease apartments.

Mayor Marion Barry has announced that some \$550,000 inherited from unclaimed District of Columbia estates will be spent to improve group housing for low-income and elderly persons. The money is in the form of cash and real estate that was transferred to the city after owners died intestate. A 10-year-old court ruling requires that the money be used to benefit the poor.

The mayor of White Plains, N.Y., has opposed a proposed fair housing ordinance which he says will give the city's *Human Rights Commission* too much power and which calls for penalties that could preempt State law. The proposal, in the making for the past 12 months, would make it illegal to refuse to sell or rent any "housing accommodation. . . by reasons of race, creed, color, national origin, sex, handicap or marital status." It also would prohibit discrimination in making loans by lending institutions and attempts to influence a housing transaction by suggesting that "a change has occurred or will or may occur in the composition of the area." Violators would be subject to fines of \$100 to \$500. The *Human Rights Commission* would have authority to make, amend and rescind such rules and regulations as may be necessary to carry out the ordinance.

Elderly and handicapped tenants in Prince George's County, Maryland, would have an additional 360 days in which to find new homes after an apartment complex has been converted to condominiums under proposed legislation introduced recently. County tenants now have 180 days to move after condo conversions.

In a move toward modernization, the *NAACP* has announced plans to institute a national research and monitoring system to determine the views of black Americans. A spokesperson said the proposed polling system would make the half-million member organization independent of the major research groups for planning purposes. The *National Urban League* already has a monitoring system. Recently, a group of New York businessmen announced the establishment of *Data Black*, a commercial polling organization to study the views of blacks.

New HUD Program Aims at Better Housing Values

HUD will award \$10,000 grants to approximately 20 applicants for promising concepts of single-family home construction that stimulate innovative construction techniques and materials. The Building Value into Housing Program (BVHP) is designed to shorten the time it usually takes from the inception of an innovation to its accepted use in housing construction. Assistant Secretary Donna E. Shalala says that the time span is about 18 years. Secretary Shalala, director of the Office of Policy Development and Research, said the goal of the new program "is to foster the use of innovative construction techniques and materials that will lead to low-maintenance, energy conserving, marketable houses."

In the first phase of the program, applicants must submit preliminary plans and sketches of their concepts along with an explanation of their innovative and value-increasing features. In the second phase, *HUD* will evaluate final designs and cost estimates. Those selected will receive an additional \$5,000 to \$20,000 to assist in the construction and demonstration of their designs. Applications, due by May 30, 1980, will be accepted from builders, developers, architects, engineers, universities, nonprofit firms and other interested parties. Forms may be obtained by calling 202/755-0640.

Poor, Minorities Object of Special Census Effort

The *Bureau of the Census* and the *Community Services Administration (CSA)* have announced a joint effort to improve the count of the Nation's poor and minority populations in the 1980 census. A *Memo of Understanding* between the two agencies commits them to a nationwide 1980 Census Awareness Campaign which will:

- * help reduce the undercount of the poor and minorities;
- * improve the validity of information collected; and
- * make use of census results in *CSA* local activities.

Under the *Economic Opportunity Act of 1964*, the *CSA* is an advocate for the poor. In this role it identifies low-income families and individuals and helps them become self-sufficient. The agency funds some 900 Community Action Programs (CAP), 51 State Economic Opportunity Offices, 40 Community Development Organizations and a number of community-based and public interest groups. The *CSA* will encourage this vast network to cooperate with the *Bureau of the Census* during the 1980 nationwide population count. The *Bureau* will invite the *CSA* and local organizations to take part in workshops on using census data and will provide technical assistance to them.

FYI

The Association of Part-Time Professionals (APTP). . . a Conference of Federal part-time employees on prospects and problems. . . Washington, D.C., February 13, 1980. Details: Shelia Richardson, APTP, P.O. B 3632, Alexandria, Va., 22302 (804/370-6206).

Significant Litigation

Islin, et al. v. Harris, Joseph and Elizabeth Korda, et al.
No. 79-3560 (9th Cir., 12/12/79)

By stipulation, the Ninth Circuit has entered an order dismissing defendants' appeal from a decision granting summary judgment in favor of the Government and the owners of a Section 221(d)(3) project located in California. Tenants of the 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. The Court concluded 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 24 C.F.R. §221.530. The Court held that HUD's decision to approve the fee was an action committed entirely to its discretion and was not subject to judicial review. Restitution of amounts paid prior to HUD approval of the fee was held to be barred by the statute of limitations.

Secretary of HUD, et al. v. Roland N. Karlen, et al.
No. 79-184 (U.S. Supreme Ct., decided Jan. 7, 1980)

In a *per curiam* decision the Supreme Court held that the Department's consideration of the environmental consequences resulting from the construction of 160 units of low-rent housing in the West Side Urban Renewal Area of New York City was adequate to meet the procedural requirements of the National Environmental Policy Act (NEPA). The Supreme Court reversed an earlier decision of the Court of Appeals for the Second Circuit which held that HUD had not considered adequately the alternatives to the proposed project and, instead, had given undue weight to potential delay resulting from transferring the project to another site. The Supreme Court restated its view that once an agency has met NEPA's procedural requirements, a Court cannot interject itself within the agency's discretion as to which action should be taken.

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Hud Newsletter

Current Trends

According to an opinion survey of some 3,000 homeowners, Americans expect annual heating and cooling costs to increase to an average of \$1,225 by next fall. This is about 53 percent more than the cost for heating and cooling homes two years ago. The survey, conducted by the *Opinion Research Corp.*, also revealed that 79 percent of American homeowners have lowered their thermostats to save heating costs this winter.

The *U.S. Commission on Civil Rights* has issued a review of civil rights progress in 1979, calling it a year of "drift" interspersed with occasional "positive initiatives." The *Commission* said that "housing discrimination remains widespread throughout the United States" with a "grim pattern indicating that minority families and those headed by women pay disproportionately for deteriorating and overcrowded housing." While it cited administration support for strengthening Federal antidiscrimination laws in housing, it was critical of the Federal Government for failing to provide adequate funds for new subsidized rental housing for the poor. The report concluded that widespread discrimination in housing will continue into the 1980's unless enforcement efforts are strengthened considerably.

The *Atlantic Richfield Company (Arco)* has agreed to pay \$25 million to speed up development of a solar program that could convert sunlight into electricity. The agreement was reached with *Energy Conversion Devices, Inc.* of Troy, Mich., where a solar-cell pilot plant will be built. An Arco spokesperson said the project, if successful, could lead to commercial solar electric cells at a cost competitive with conventional methods of generating electric power. *Energy Conversion's* success seems to depend on an "amorphous semiconductor material" which the company predicts will eventually "transform the electronics industry much as the transistor did 20 years ago."

HUD Publishes Proceedings on Housing Costs Conference

HUD has published a comprehensive discussion of the issues and opportunities relating to land development costs entitled *Reducing the Development Cost of Housing: Actions for State and Local Governments*. The report is an outgrowth of the *National Housing Costs Conference* held last February which brought together some 400 elected and non-elected public officials and land use and housing experts.

Secretary Moon Landrieu said: "The Conference itself was a first and the publication of the proceedings provides State and local government leaders, concerned citizens and housing developers with a veritable encyclopedia of information on containing or reducing housing and land costs. President Carter has underscored our need to reduce the inflationary pressures in our economy and this book presents many excellent actions which can be taken to stem inflationary increases in development costs."

The publication contains an executive summary, five commissioned papers by experts dealing with various aspects of land costs, texts of speeches presented at the Conference, major recommendations, an annotated bibliography and charts and tables analyzing conference issues.

President Unveils Comprehensive Rural Development Policy

President Carter has unveiled a comprehensive *Small Community and Rural Development* policy which advocates better human services and opportunities for all residents of rural America. The policy, announced after more than two years of consultation with representatives of rural areas, is intended to serve as a counterpart to Mr. Carter's *National Urban Policy*. It would bring the resources of selected Federal agencies to bear in improving housing, health, water and sewer systems, education, employment, economic development, transportation, communications, energy availability and the environment for rural residents. A key part of the policy is a mandate that housing for the elderly have social services on the premises. Each Federal Department and agency has been ordered to appoint a senior official to serve as a rural advocate responsible for implementing the policy.

Rural leaders have responded favorably to the administration's program. The *Housing Assistance Council (HAC)* describes the policy as a "first step in recognizing the needs of rural Americans, particularly the poor and disadvantaged." Harold O. Wilson, executive director of the *HAC*, a Washington-based group comprised of national and regional rural interest groups, said his organization would "expect resources to match the excellence of the administration's policy, so that the needs so accurately expressed in outlining the policy can be effectively met." He said a significant number of rural residents are forced to live in substandard housing and added that "the initiatives announced by the White House . . . must be substantive enough to have a positive impact on the severe housing need in rural America."

David Raphael, executive director of *Rural America*, said the rural policy pronouncement "is something we have been waiting for, for a long, long time." He said "There appears to be a basic contradiction between many of the stated goals in the policy and the measures that are to be undertaken to reach those goals. A sound rural policy requires not only just and equitable principles but a process for developing details, spelling out programmatic implications and monitoring results." He added, however, that the proposed rural reforms are "a start, a beginning; for this the administration is to be commended."

Study Reveals Cost Differences for Home Heating

A recently released study by a *Coalition of Northeastern Governors* indicates that residents of the Northeast pay more to heat their homes, according to the *New York Times*. The study also said that Federal conservation programs favor other parts of the Nation where housing tends to be newer and the proportion of owner-occupied, single-family homes is higher. It also predicted that high interest rates would heighten the lack of housing in the Northeast by putting a damper on the housing construction industry. Based on statistics compiled by other Federal agencies, the study estimated the monthly average home energy expenditure in October 1979 at \$126 in the Northeast, \$100 in the north-central States, \$83 in the South and \$58 in the West.

Households in the Northeast, the study said, depend heavily on imported oil while other regions use more of the less expensive natural gas. The report estimates that about a million homes switched from oil to gas between 1970 and 1977, except in the Northeast where an estimated half-million homes converted to oil. Only 59.3 percent of the housing units in the Northeast are owner-occupied, the study said, compared to 64.8 percent nationwide.

The *Times* quoted the study as saying: "While much attention is paid to the plight of the single-family homeowner who may be unable to pay fuel bills, the multifamily problem may be just as severe and may in fact be affecting a larger percentage of poor people in cities. Unfortunately, Federal energy conservation efforts have often ignored the renter-occupied, multifamily housing problem because it is particularly difficult to design a good approach."

PHA's Assisting With Targeted Jobs Tax Credit Program

Local public housing agencies (PHA) across the Nation are assisting the *U.S. Department of Labor* by informing eligible residents of public housing projects of opportunities for obtaining employment under the Targeted Jobs Tax Credit Program. A jobs tax credit was first proposed by the President in March 1978 in his *National Urban Policy* message. It is designed to encourage business to hire disadvantaged young workers and the handicapped. Congress enacted the tax credit in November 1978 and it became effective at the beginning of this year. PHA's are displaying posters which tell eligible job seekers about employment opportunities and directing job applicants to the offices where they can get vouchers to show they qualify as members of the targeted group.

In a related action, the President announced "a new initiative on Youth Education and Employment Programs" on January 10, 1980. He said the program would "involve a new Federal commitment of \$2 billion in expenditures by fiscal year 1982. This will bring to more than \$6 billion, in all, the Federal investment in this unprecedented public and private effort."

HUD Issues Final Rule on New Mortgage Rates

HUD has issued a final rule implementing the 1979 *Housing and Community Development Amendments* to the *National Housing Act*. The newest amendments, signed into law on December 21, 1979 (P.L. 96-143), permit increased mortgage amounts under the agency's single-family mortgage insurance program and the reduction of the minimum lot size and road access requirements for farm housing. The significant changes occurred in Chapter II, Title 24 of the *Code of Federal Regulations*. For a one-unit dwelling, the new mortgage amount is \$67,500; for a two-unit dwelling the amount is \$76,000; a three-unit dwelling is limited to \$92,000 and a four-unit structure is \$107,000.

In view of the current economic situation, Secretary Moon Landrieu decided to bypass the usual 30-day period for proposed rulemaking in order to avoid a substantial delay in making the benefits of the changes available. The rule was final upon publication in the *Federal Register* on Monday, January 21, 1980. Additional information may be obtained by contacting William L. Halpern, director, Single Family Development Division, Room 9270, 451 Seventh Street, S.W. Washington, D.C. 20410.

NAR Releases Film on Equal Housing Opportunity

Securing the American Dream, a new film designed to help educate Americans on their rights under the *Fair Housing Act of 1968*, has been produced by the *National Association of Realtors (NAR)*. Donald I. Hovde, former NAR president, said the film will be shown on some 60 television stations across the Nation as part of their public service programming.

"Our association is proud of its achievements in support of equal housing for all Americans," Hovde said, "but we are not satisfied." He said that more than 60 percent of the NAR membership subscribed to the group's affirmative marketing commitment last year and that the number should increase to more than 60 percent in 1980. "We are committed not only to the letter of the law, but to the spirit as well," he added.

Ralph W. Pritchard, the current NAR head, said one of his major goals is further strengthening of the affirmative marketing program. "Equal access to housing is not something that this association is simply willing to talk about, but rather, it is something that we intend to devote much time and energy to achieving," Pritchard said. "As a Nation we are the epitome of freedom, but to deny housing to any segment of our population is not consistent with our democratic way of life," he concluded.

The NAR, which represents some 745,000 individuals involved in all phases of the real estate industry, recently created an Office of Community Programs and appointed Tom Sprewer to head it. Sprewer, a licensed realtor, is a former director of community relations for the *Milwaukee Board of Realtors*.

FYI

The following courses have been announced by the *Institute of Real Estate Management (IREM)*, 430 North Michigan Avenue, Chicago, IL, 60611. For additional information, contact Mark Lindley, *IREM*, 312/440-8600.

Principles of Condominium and Cooperative Association Management. . . Chicago, IL, March 2-8, 1980, Course 304, Tuition, \$425.

Long-Range Management Planning for Residential Properties. . . King of Prussia, PA, March 12-15, 1980, Course 501, Tuition, \$399.

Managing Real Estate as an Investment. . . Orlando, FL, March 16-22, 1980, Course 401, Tuition, \$425.

Marketing and Management of Residential Property. . . Denver, CO, March 16-22, 1980, Course 301, Tuition, \$425.

Leasing and Management of Office Buildings. . . Houston, TX, March 23-29, 1980, Course 302, Tuition, \$425.

The Management of Condominiums. . . Phoenix, AZ, March 29-30, 1980, Course 601, Tuition, \$175.

Publications Available

The following publications are available from the *Consumer Information Center*, Pueblo, CO, 81009. When ordering cost items, please send to the attention of R. Woods. Be sure to indicate stock numbers for all requests.

Questions and Answers on Condominiums. . . contains the questions you should ask before buying. 602G. Free, 48pp. 1978.

Remodeling a House-Will it Be Worthwhile?. . . tells what to consider when deciding whether a wood-frame house is worth restoring. 670G. Free. 9pp. 1978.

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
February 11, 1980
HUD-318-422-ASI



Hud Newsletter

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HUD Seeks Major Increase in FY 1981 Budget

HUD has announced a proposed budget for Fiscal Year 1981 which Secretary Moon Landrieu says "contains substantial new dollars to assist families who need decent housing" and which "expands the administration's commitment to rebuild our Nation's communities." The new budget, to cover a 12-month period which begins October 1, calls for spending some \$11.8 billion, compared to an estimated \$11.6 billion for the current fiscal year. Budget authority requested for 1981 is \$40.4 billion, compared with \$35.7 billion this year.

HUD FY 1981 Budget Totals

	Actual 1979	Estimate 1980 (Dollars in Millions)	Estimate 1981
Budget Authority	\$ 31,134.6	\$ 35,687.2	\$ 40,408.0
Outlays	9,213.0	11,636.2	11,776.1
Section 8 and Public Housing:			
Contract Authority-Enacted or			
Proposed	1,322.3	1,140.7	1,553.7
Unit Reservations	325,075	240,392	300,000
Unit Starts	175,119	180,000	176,000
Guarantees and Insurance			
Outstanding:			
FHA Insurance Outstanding	105,132.0	114,933.0	125,362.0
Mortgage-Backed Securities	70,558.4	85,475.8	104,375.8
Employment:			
Permanent Full-Time Employees, Headquarters and Field	16,067	15,956	15,986

Secretary Landrieu said the major increase in the 1981 budget authority is \$5.2 billion to be used in funding 300,000 subsidized housing units, 60,000 more than the 1980 estimate. The 300,000 units include 258,000 for Section 8 (rental subsidy) and 42,000 public housing units (4,000 units for Indian housing). "The 300,000 subsidized housing-unit figure is a realistic one," he said. "We have taken into account the inflation factor and its impact on housing costs." The 1981 budget projects 193,500 housing starts including rental subsidy (Section 8), homeownership assistance (Section 235) and public housing. Landrieu said that public housing starts alone are expected to reach some 55,000 units in 1981.

Concerned about the condition of some public housing projects, Secretary Landrieu unveiled a new Comprehensive Modernization Initiative (CMI) that would give communities broad leeway in choosing between repair of existing units and the construction of new ones. Beginning in this fiscal year, the budget proposes the implementation of the CMI program which would give PHA's the option of diverting up to 50 percent of the contract authority and budget authority made available to them for use in the modernization and rehabilitation of existing public housing projects. The budget includes a proposed supplemental to amend the existing *1980 Appropriation Act* language to allow for the implementation of the program.

Major Elements of HUD Budget Authority

	Actual 1979	Estimate 1980	Estimate 1981
(Dollars in Millions)			
Housing:			
Annual Contributions	\$24,434.0	\$26,719.7	\$31,941.8
Add-on for Taxable Financing	1,287.3
Operating Subsidies (Pub Hsg)	727.0	794.1	862.0
Congregate Services	10.0	10.0
Flexible Subsidy	74.0	79.5	41.1
FHA Fund	391.0	286.0	262.8
Elderly and Handicapped	786.0	803.2	780.1
Recissions	-604.3	-80.0	-1,050.0
GNMA:			
Section 7 and Targeted Tandem	500.0	1,822.3	662.1
Community Planning and Development:			
Community Development Grants	3,650.0	3,800.0	3,950.0
Financial Settlement Fund	100.0	100.0
Urban Dev. Action Grants	400.0	675.0	675.0
Comprehensive Planning Grants	53.0	42.5	40.0
Rehabilitation Loans	231.8	135.0	188.0
All Other:			
Housing Counseling Assistance	9.0	9.0	10.0
Neighborhood Self-Help Dev.	5.0	10.0	15.0
Research and Technology	57.2	49.6	54.0
Fair Housing Assistance Program	3.7	5.7
Other	310.9	427.6	683.1
Total Budget Authority	31,134.6	35,687.2	40,408.0

The Comprehensive Modernization Initiative proposal is in addition to the existing Modernization of Public Housing program which seeks the use of \$50 million of contract authority and \$1,000 million of budget authority for modernization activity in Fiscal Year 1981. This funding level will finance approximately \$545.5 million of capital costs at currently anticipated interest rates. The current program enables PHA's to upgrade living conditions in older PHA-owned projects to present-day standards, correcting serious physical deficiencies and achieving operating efficiency and economy. "There is a crying need to fix up existing public housing through major rehabilitation. Many of our cities would rather fix up what they have than build new units - but present restrictions do not allow them to do that," Secretary Landrieu said.

For public housing operating subsidies, the budget proposes \$862 million. In addition, a supplemental appropriation of \$52.6 million is requested for 1980 to provide additional payments to a limited number of PHA's where tenant income and current operating subsidies have been inadequate. The Flexible Subsidy program to assist troubled multifamily projects would receive \$109 million in the proposed budget, including a \$55.9 million carryover and a \$12 million transfer from the Rental Housing Assistance fund. Housing for the elderly or handicapped (Section 202) is budgeted for \$830 million in 1981, providing assistance for an estimated 18,800 units.

HUD has requested a \$150 million increase – to \$3.95 billion – for the Community Development Block Grant (CDBG) program in Fiscal Year 1981, along with additional \$150 million increases for 1982 and 1983. “The CDBG program,” Secretary Landrieu said, “is providing assistance to almost 2,200 small cities in addition to 662 large cities under the formula entitlement grants alone.” The CDBG grants also help about 2,400 communities in urban counties. Under the program, about \$16.5 billion will have been disbursed by the end of Fiscal Year 1981 to help communities with a wide range of physical, economic and social development activities.

The agency also requested reauthorization of the Urban Development Action Grant (UDAG) program for 1981. Under the program, \$2.1 billion of grant approvals will have been made to more than 500 participating cities by the end of 1981. “The \$675 million in the UDAG program for 1980 and an equal amount proposed for 1981 will leverage more than \$8 billion in private funds, creating new jobs and reviving our distressed cities,” the *HUD* Secretary said.

Under the Section 312 program, *HUD* requested a \$240 million level for rehabilitation loans to further aid cities in their revitalization efforts. The requested amount is an increase of \$25 million over 1980. Section 312 (the *Housing Act of 1964*) authorizes the Secretary to make loans for the rehabilitation of single-family and multifamily residential properties and nonresidential properties. The 1981 program will work in conjunction with other Federal neighborhood revitalization programs such as the CDBG and the Urban Homestead programs. It is estimated that 13,200 single-family and 6,000 multifamily units will be funded in 1981 for a total of 19,200 rehabilitated units.

Secretary Landrieu said the agency is opening its “homeownership mortgage interest subsidy program (Section 235) to existing housing to help persons threatened with eviction because of condominium conversions.” The new budget recommends mortgage interest subsidies for 25,000 units, including 5,000 units marked for low-income families and 7,000 for persons in neighborhoods undergoing significant revitalization.

The budget proposes an appropriation of \$40 million for Fiscal Year 1981 for comprehensive planning assistance under Section 701 of the *Housing Act of 1954*, as amended. The *Act* authorizes grants to support State, areawide and local comprehensive planning and management programs concerned with urban and rural development. Grants may cover up to two-thirds of project costs. *HUD* is proposing legislation to improve the Comprehensive Planning Grants program. The revised program will require recipients to develop strategies that address community conservation, increase housing and employment opportunities for the disadvantaged and promote orderly growth, taking into account the need for energy conservation.

Secretary Landrieu said the agency is requesting \$5.7 million to implement its Fair Housing Assistance program. Under Title VIII of the *Civil Rights Act of 1968*, as amended, the Office of Fair Housing and Equal Opportunity (FHEO) prohibits discrimination in housing on the basis of race, sex, color, religion, or national origin in the sale, rental, provision of brokerage services or financing of housing. The office has four major areas of program responsibility: fair housing; equal opportunity in *HUD*-assisted programs; training, employment and business opportunities for residents of *HUD* project areas; and affirmative action in agency employment. The 1981 budget seeks a substantial increase in the number of permanent fair housing staff positions – from 560 to 682. Secretary Landrieu said the 122 new positions are necessary to handle an increased workload relating to Title VIII enforcement. He said the new budget would provide the agency with the resources to begin nationwide implementation of a new, comprehensive strategy to battle housing discrimination and provide fair housing and equal opportunity.

Other budget requests included:

* **Housing Counseling:** \$10 million to provide comprehensive counseling services to about 220,000 families.

* **Neighborhood Self-Help Development:** \$15 million, an increase of \$5 million above 1980. An outgrowth of the President's *National Urban Policy*, the program will assist about 120 neighborhood organizations to undertake specific housing, economic and community development projects. "This program will increase the capacity of neighborhood organizations to use and coordinate public and private sector resources and to build partnerships with local government and private businesses," Secretary Landrieu said.

* **Research and Technology:** \$54 million, an increase of \$4.3 million over 1980. The HUD Secretary said the new funding level "will permit the Department to carry on a number of high priority studies and evaluations."

* **Government National Mortgage Association (GNMA):** the budget continues the Tandem Program assistance for the rental housing subsidy program (Section 8) and for the Targeted Tandem program which provides multifamily project purchase assistance in distressed cities and counties that meet the physical and economic criteria for UDAG grants. The agency is also requesting a new mortgage assistance grant demonstration program to test a possible alternative to tandem financing by providing upfront grants to compensate lenders for the difference in yield between below-market rate and market-rate loans.

* The budget requests 15,986 positions by the end of Fiscal Year 1981, an increase of 30 jobs over 1980.

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Current Trends

The *California Public Utilities Commission* has directed the State's four largest publicly owned utilities to submit plans to finance installation of solar water heaters in approximately 175,000 homes between now and 1983. The companies must submit the plans within the next 60 days. The plans must include a variety of suggestions for making non-interest and low-interest loans to owners of solar homes. The estimated cost of the solar water heating units is about \$2,500.

The *Bureau of the Census* has reported a sharp decline in the number of children in America in the 1970's. The *Bureau* said that between 1970 and 1979 the number of children younger than five years dipped 9 percent to 15.6 million. Those between 5 and 13 years of age declined by 16.4 percent, a loss of about 6 million. Young adults between 18 and 32 and the elderly were the fastest growing age groups during the decade of the 1970's.

The *White House* has reported that the solar water heating system installed on the roof of the Executive Mansion last June is working well although it is not yet providing the expected 75 percent of the hot water used in the portion of the White House it supplies. A spokesperson said the unit is still expected to pay for itself in seven to 10 years. The unit cost about \$28,000.

The *National Association of Home Builders (NAHB)* predicts the general trend for housing activity "will be downward" in 1980. In an overview contained in the January issue of *Economic News Notes*, the *NAHB* said that inflation and interest rates may have peaked, assuming no further disruptions from international situations. "They will not, however, drop significantly throughout most of the year," the *NAHB* said. It said that the economy "should experience the long heralded recession during at least the first half of 1980." Housing starts for 1979 totaled 1.743 million units, down 14 percent from the 2.020 million of 1978, the *NAHB* said.

Florida High Court Decides Issue of Child Residency

The *Florida Supreme Court* has ruled that restrictive covenants which bar residency by children in apartment and condominium complexes are constitutional unless they are "unreasonably or arbitrarily applied." A Florida Court of Appeals had ruled earlier that the covenant was unconstitutional. The issue in the lower court was the parents' right to bear children and to enjoy a right of family privacy.

In the higher court the issue was defined as being: "Whether a condominium agreement containing a restriction against residency by children under the age of 12 violates a condominium purchaser's constitutional rights to marriage, procreation, and association, and his right to equal protection of the laws." The court found the covenant "not constitutionally prohibited unless unreasonably or arbitrarily applied." It also found that the condominium association had "arbitrarily and selectively applied" the provisions of the covenant. The decision was handed down in the case of *White Egret Condominium, Inc. v. Franklin C.A.* No 54, 519 (Supreme Court of Florida, December 13, 1979).

Leeds Named Special Assistant for Elderly Housing Programs

HUD Secretary Moon Landrieu has named Dr. Morton H. Leeds to be Special Assistant for Elderly Housing and Special Programs. The newly created position is in the Office of the Assistant Secretary for Housing. Dr. Leeds, a career Government employee, is considered an expert on the problems of the elderly.

"The expertise Dr. Leeds brings to this position makes him uniquely qualified to coordinate the elderly housing programs of this Department," the Secretary said. "His career, which spans nearly 30 years, combines a working knowledge of the needs of the elderly with the management ability necessary for HUD to serve effectively this important segment of our population." He said that Dr. Leeds will work on a wide range of housing programs and issues affecting the elderly. He will examine the effects of HUD's rapidly expanding subsidized programs and their impact on the elderly.

Recently, Dr. Leeds directed a HUD task force created to implement the Congregate Housing Services Program for the elderly. The program helps functionally disabled persons avoid life in an institution by combining housing and social services under a single roof. A native of New York City, Dr. Leeds received a Ph.D. degree in political science from the New School for Social Research there.

HUD Rule Permits Increases in Mobile Home Loans

HUD has issued a final rule which permits an increase in loan amounts for the purchase of mobile homes. The increased amounts were authorized by Section 313 of the Housing and Community Development Amendments of 1979. The new rule permits the following increases: (1) on a single-wide mobile home, the maximum loan amount is increased from \$16,000 to \$18,000 and the maximum maturity period remains the same; (2) on a double-wide mobile home, the maximum loan amount is increased from \$24,000 to \$27,000 and the maximum maturity period remains the same. The change was published January 25, 1980, in the *Federal Register*, Vol. 45, No. 18, p. 6088. It amended Title 24, *Code of Federal Regulations*, Part 201. Additional information may be obtained by contacting John L. Brady, director, Title I Insured and 312 Loan Servicing Division, Room 9172, 451-7th Street, S.W., Washington, D.C. 20410 (202/755-6880).

Nuggets

David M. Tatel, a former director of the Office of Civil Rights, *HEW*, has called for the formation of "a civil rights agenda for the 1980's." The agenda would broaden the concept of enforcement to include provisions of adequate housing, employment, education and other social services. It would also devise new and improved tools to deal with the increasingly complex and serious problems of urban residential segregation. Meanwhile, members of the *Black Leadership Forum* (BLF) have called for a four-day session to discuss problems of minorities. The *Forum* is scheduled for February 29 in Richmond, Va. The *BLF* is composed of 17 independent organizations dedicated to the advancement of social-welfare issues.

HUD has issued an interim rule which modifies requirements governing Urban Development Action Grants (UDAG) available to assist communities in revitalizing the economic base of their "pockets of poverty." The rule extends program eligibility to a group of cities and urban counties previously found to be ineligible. The "pockets of poverty" rule implements the amendments to Section 119 of the *Housing and Community Development Act of 1974* as amended by Section 104(a) of the *Housing and Community Development Amendments of 1979*. The rule (24 *Code of Federal Regulations*, Part 570) appeared in the January 29, 1980 edition of the *Federal Register*, Vol. 43, No. 20, at p. 6632.

FYI

Real Estate Investment Letter (REIL). . . Two-day Seminar on How to Maximize Your Leverage and Minimize Your Income Taxes in Real Estate. . . San Francisco, March 1-2, 1980. Details: Joan Gardner, REIL, 757 Third Avenue, New York, N.Y. 10007.

Hill Report Shows Pattern of Bias in Mortgage Lending

Sen. William Proxmire (D-Wis.), chairman of the *Senate Banking Committee*, has released a report which shows a widespread pattern of discrimination against minorities seeking mortgage loans in Chicago, Il. Buffalo, N.Y. and San Diego, Ca. The study was prepared for Senator Proxmire by the *Federal Home Loan Bank Board (FHLBB)* and the *Federal Deposit Insurance Corporation (FDIC)* and covers loans by banks and savings and loan associations in the three cities in 1977.

“The data strongly suggest a consistent pattern of discrimination against minority neighborhoods even after taking into account the age of housing stock and the income level of the neighborhood,” Senator Proxmire said. “For example, lower-income, older, minority neighborhoods in Chicago received only one loan per 100 homes, whereas white neighborhoods with the same characteristics received 15.5 mortgage loans per 100 homes,” he said. Saying that the disparity was even greater when the value of the mortgage was taken into account, the lawmaker noted that lower-income, older minority neighborhoods in Chicago received roughly \$100 per housing unit from financial institutions, while white neighborhoods with the same general characteristics received \$2,813 per unit. A structure housing from one to four families was regarded as a home. Neighborhoods in which more than 75 percent of the households were headed by blacks or Hispanics were considered as minority neighborhoods. Those in which less than 10 percent of the households were headed by blacks or Hispanics were considered as white.

Senator Proxmire said the study showed “significant racial disparities” in Buffalo and San Diego, although these cities were not as severe as Chicago. He said five mortgage loans were made for every 100 homes in lower-income, older, minority neighborhoods in Buffalo. In similar white neighborhoods, there were nine loans per 100 homes. In San Diego, the ratio was two loans per 100 homes for minorities compared to 3.6 loans per 100 for whites similarly situated.

Dip in Insurance Activity Affects Lower-Income Homeseekers

The *Mortgage Insurance Companies of America (MICA)* reports that the number of single-family home mortgages insured during 1979 by private mortgage insurance companies (MIC's) declined 16.9 percent to 578,111 from the 695,620 reported a year earlier. The *MICA* is the trade association for 13 private mortgage insurance companies which insure mortgage lenders against possible default by home buyers.

John C. Williamson, *MICA's* executive vice president, said “Record high interest rates are lowering demand for new and existing homes.” He added that this contributes to a decline in private mortgage insurance activity. “As in the past,” he said, “low- and moderate-income home buyers are bearing a disproportionate burden as a consequence of Federal monetary policy.” Private mortgage insurance is designed to help make homeownership available to moderate-income families that could not otherwise afford it. By insuring the top 20 or 25 percent of a conventional mortgage, mortgage insurance companies enable lenders to make loans to homeseekers with as little as 5 percent downpayment.

Landrieu Appoints Leggett to Regional Post

W. Oliver Leggett, Jr., has been appointed as deputy regional administrator of *HUD's* New York Regional Office. The region encompasses area and service offices in New York City, Buffalo and Albany, N.Y. and in Newark and Camden in New Jersey as well as the Caribbean area. Joining HUD in March 1979 in its Executive Identification and Development Program (EIDP), Leggett was exposed to a variety of agency housing and community development efforts. Secretary Moon Landrieu says Leggett “demonstrated the quality of managerial and leadership abilities required for successful performance in the deputy position. His earlier experience was gained with State government and private institutions concerned with community and urban affairs. He is a graduate of *Lincoln University*, Oxford, Pa., and has done graduate work in public administration at *Princeton University*, Princeton, N.J.

HUD-Census Survey Shows Nonfarm Housing Newer Than Urban Units

The median age of occupied housing units in rural nonfarm areas is considerably less than that of urban units, according to a report recently released by *HUD* and the *Bureau of the Census*. The *1977 Annual Housing Survey* shows a median age of 16 years for occupied nonfarm housing units in rural areas compared with 25 years for occupied urban housing units. Units built before 1940 comprised more than half (54 percent) of the occupied farm housing units in rural areas. Occupied farm housing units, however, represented only 10 percent of all rural housing.

Totals of housing units for urban and rural areas, with a breakdown for the rural nonfarm and farm totals appear below:

	Total Housing Units	Percent
United States	82.4 million	100
Urban	57.4 million	70
Rural	25.1 million	30
Nonfarm	22.5 million	27
Farm	2.6 million	3

Nationally, the survey indicated a 1977 total of 82.4 million housing units, 70 percent of them in urban areas. The urban total was 57.4 million units, of which 53.7 million were occupied – 59.4 percent by owners. In rural areas, 21.6 million of the 25.1 million units were occupied – 78.2 percent by owners. All of the 2.6 million rural farm units were occupied – 82.6 percent of them by their owners.

The report said that units built since April 1970 represented 15 percent of housing units in urban areas and 26 percent of rural housing. The median value of single-family, owner-occupied units built since 1970 was \$51,500 in urban areas and \$44,900 in rural areas; for units built before 1970, the comparable values were \$36,400 and \$30,100, respectively.

Copies of the report, Part E, *Urban and Rural Housing Characteristics for the United States and Regions: 1977*, Series H-150-77, are available for \$5.50 each from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

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Hud Newsletter

Current Trends

According to the *National Association of Realtors (NAR)*, the sale of existing homes declined 14 percent during the last two months of 1979, the sharpest two-month reduction in the last 12 years in which it has kept records. The *NAR* reported that, despite declining sales, the median price of existing homes rose \$911 in December to \$56,500, 11 percent higher than a year earlier. The median price of newly built homes fell slightly during that same period, from \$63,400 to \$62,900.

The *Tiger Investors Mortgage Insurance Company* of Boston has released a list of 10 cities which it predicts will be the "hottest housing markets in 1980." The survey was based on the issuance of building permits and interviews with lenders, builders and realtors. The cities include Terre Haute, Ind., up 30 percent; Anaheim, Calif., up 22 percent; Wheeling, W. Va., up 18 percent; the Davenport, Iowa metropolitan area, up 16 percent; Greensboro-Winston Salem, N.C., up 15 percent; Boise, Idaho, up 15 percent; San Diego, up 14 percent; and Duluth, Minn., Philadelphia, Pa., and St. Louis, Mo., all up 10 percent.

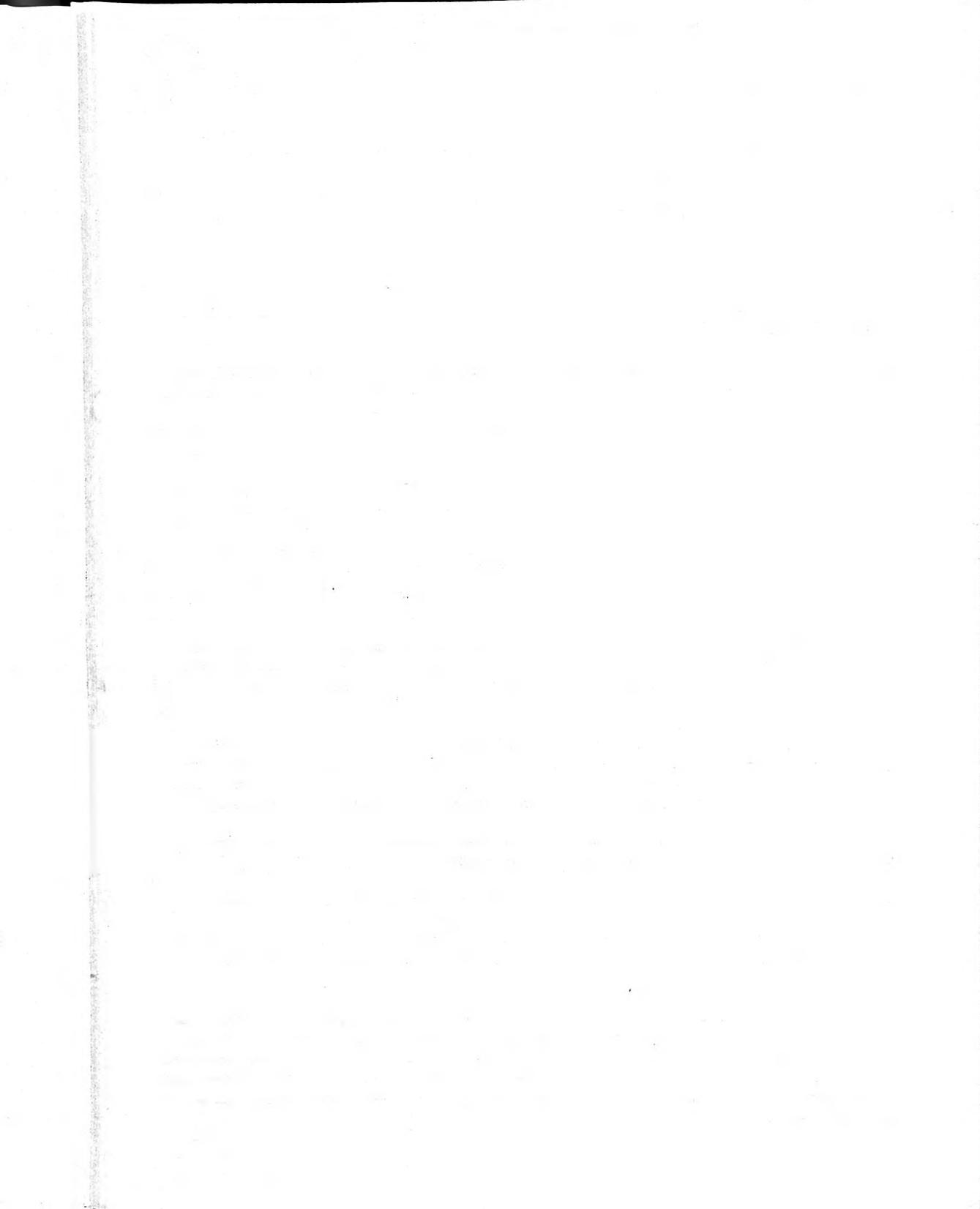
The *Federal Home Loan Bank Board (FHLBB)* recently reported that mortgage interest rates climbed above 13 percent nationwide in January for the first time ever. The *FHLBB* said the average commitment rate quoted by lenders to would-be purchasers of new, single-family homes was 13.07 percent. The rate was 10.51 percent in January 1979.

A survey by the *Western Wood Products Association* of some 225 lumber mills in 12 Western States showed that nearly 4,450 mill workers were "temporarily idled" last December. The decline apparently started in October when the *Federal Reserve Board* permitted higher interest rates in an effort to curtail inflation. In some States like Idaho, about 60 percent of the jobs are related to the lumber industry.

British Plan Would Offer Public Housing a Huge Discount

According to the *New York Times*, Britain's Conservative government has initiated a plan under which all six million municipally owned houses and apartments will be offered for sale to tenants at discounts up to 50 percent of their market value. One aim is to broaden property ownership in a Nation where 30 percent of the households rent from public landlords. The plan would also improve economic performance by making it easier for workers to move.

The plan would give those who have lived in public housing for three years the right to buy the property at a 33 percent discount. The discount would rise by one percentage point for each additional year up to a maximum of 50 percent after 20 years of occupancy. The *Times* reported that buyers also would be entitled to a 100 percent State-supplied mortgage. Those who need time to save money to meet the payments can put down a returnable deposit of \$225 and an option to buy their units at today's prices at any time within the next two years.



HUD Increases FHA Interest Rates

HUD Secretary Moon Landrieu has announced increases in the maximum allowable rates on FHA-insured mortgages for single-family and multifamily housing, mobile homes and for property improvement loans. The new interest ceilings are:

Program	New Ceiling	Old Ceiling
Single-family mortgages	12 percent	11.5 percent
Multifamily mortgages	12 percent	11 percent
Mobile home loans	14.5 percent	13.5 percent
Mobile home and lot	14 percent	12 percent
Property improvement	14 percent	13 percent

Secretary Landrieu said the new single-family rate was determined after consultation with Max Cleland, Administrator of the *Veterans Administration (VA)*. The VA announced a similar change in the maximum rate for its home mortgage loans at the same time. Landrieu said the changes were necessary to "bring FHA ceiling rates closer into line with prevailing rates in the residential mortgage market and in the consumer loan market." The changes mean that a buyer with a \$50,000 mortgage will now pay about \$19 more on a monthly basis. Commenting on the single-family and mobile home increases, Secretary Landrieu said: "At the present rates, many lower-income buyers are denied the more favorable terms available under FHA-insured loans which many need to achieve homeownership."

Carter Nominates New HUD Assistant Secretary

President Carter has nominated Horace Dicken Cherry, of Forest Heights, Md., to be an Assistant Secretary for Legislation and Intergovernmental Relations at HUD. He would replace William B. Welsh, who resigned. Cherry has been director of the National Center for Municipal Development since 1969, and has represented the cities of New Orleans, Birmingham and Columbia, S.C. as their liaison with Congress and Federal agencies. A native of Dallas, Tex., he earned a B.A. from *Wabash College* in 1949 and an M.A. from the *University of Chicago* three years later. For 10 years Cherry was an assistant professor of education at *Baylor University* and he served for five years as director of the Center for Foreign Service Studies at that school. He also served in the *Texas State Legislature* (1962-1967) and was a congressional service officer at HUD between 1967 and 1969.

Meanwhile, HUD Secretary Moon Landrieu has announced three new appointments to the agency. Dr. Elizabeth A. Roistacher of New York City has been appointed Deputy Assistant Secretary for Economic Affairs; Lawrence O. Houstoun, Jr., has been appointed Assistant to the Secretary for Growth Issues; and Shelly S. Friedman has been named Administrator of the Boston Regional Office.

Dr. Roistacher, on leave from *Queens College of the City University of New York*, is an associate professor of economics. She will serve as the agency's chief economist and will be responsible for research and policy analysis in the areas of urban economic development and market analysis. She presently is directing a HUD research project on families for the upcoming White House Conference on Families. She was a Brookings Economic Policy Fellow at HUD in 1977-1978.

In partnership with the private development community and selected State and local governments, Houstoun will assess the housing and community development requirements of the next two decades and assist in the formulation of policies on economic, demographic and resource trends. A former assistant to the Secretary of Commerce, Houstoun also served in various HUD positions. He is an elected member of the *American Institute of Certified Planners* and has published several papers on urban development and historic preservation. He attended *Catholic University*, Washington, D.C. where he earned degrees in government and regional planning.

Friedman, 29, most recently served as the executive assistant to the Assistant Secretary for Housing-the Federal Housing Commissioner. He has been a member of the HUD central office staff since January 1976, working in multifamily programs and policy analysis. Secretary Landrieu said Friedman has displayed unusual administrative talent as an executive officer. A graduate of the *State University of New York*, Friedman was an editor of the school's law review and a teaching assistant there. He also served on the legal staff of the *Mayor's Task Force on Urban Blight* while in Buffalo.

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Second main paragraph of text, continuing the narrative or report.

Third main paragraph of text, providing further details.

Fourth main paragraph of text, possibly a transition or a new section.

Fifth main paragraph of text, continuing the main body of the document.

Sixth main paragraph of text, providing additional information.

Seventh main paragraph of text, possibly a concluding thought or summary.

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29 Named to Commission for a National Agenda for the Eighties

President Carter recently announced the appointment of an additional 29 persons as members of his *Commission for a National Agenda for the Eighties*. The President established the *Commission* in October 1979 to examine inflation, energy, demographic shifts and other domestic issues. He gave the *Commission* a mandate to make broad recommendations to deal with the social and economic issues of the new decade. Its report is due by December 31, 1980.

At the time of the group's establishment, Chairman William J. McGill said the *Commission* would "produce a written document that people will read." He said, however, that the group would not develop specific legislative recommendations. Consultative groups from the *Congress* and from State and local officials will be asked to exchange ideas regularly with the *Commission*. "Both in the makeup of the *Commission* itself and through its inputs from various organizations," the President said, "the *Commission* is expected to have access to the broadest possible spectrum of our national views and thinking." He pledged the cooperation of all Federal agencies in the furthering of the group's work.

Created by *Executive Order 12168*, the *Commission* now has 50 members, all private citizens. As it defines and organizes its work, the President may select, at the request of the *Commission*, up to an additional 50 members. The *Commission* will have a budget of \$3-5 million and a full-time staff of up to 30 persons.

Nuggets

President Carter has established an *Advisory Committee on Small and Minority Business Ownership* composed of high level officers from five United States businesses and five representatives of minority small businesses. The President will appoint the members and designate a chairman, giving due consideration to the particular skills needed to accomplish the purpose and function of the *Committee*. The basic purpose of the *Committee* will be to monitor and encourage the placement of subcontracts with eligible small businesses in the private sector and to propose incentives needed for the training, development and upgrading of such businesses. Administrative support will be furnished by the *Small Business Administration*.

The *Federal Trade Commission* has reissued a warning to homeowners regarding possible fire hazard from using wood-burning stoves which are improperly installed. The rising cost of oil and natural gas has forced many homeowners to turn to wood as an alternative in heating their homes. The FTC says that too many homeowners do not follow instructions when installing the heating devices, and in at least one notable case, the manufacturer's instructions caused some stoves to be installed too close to walls and other surfaces.

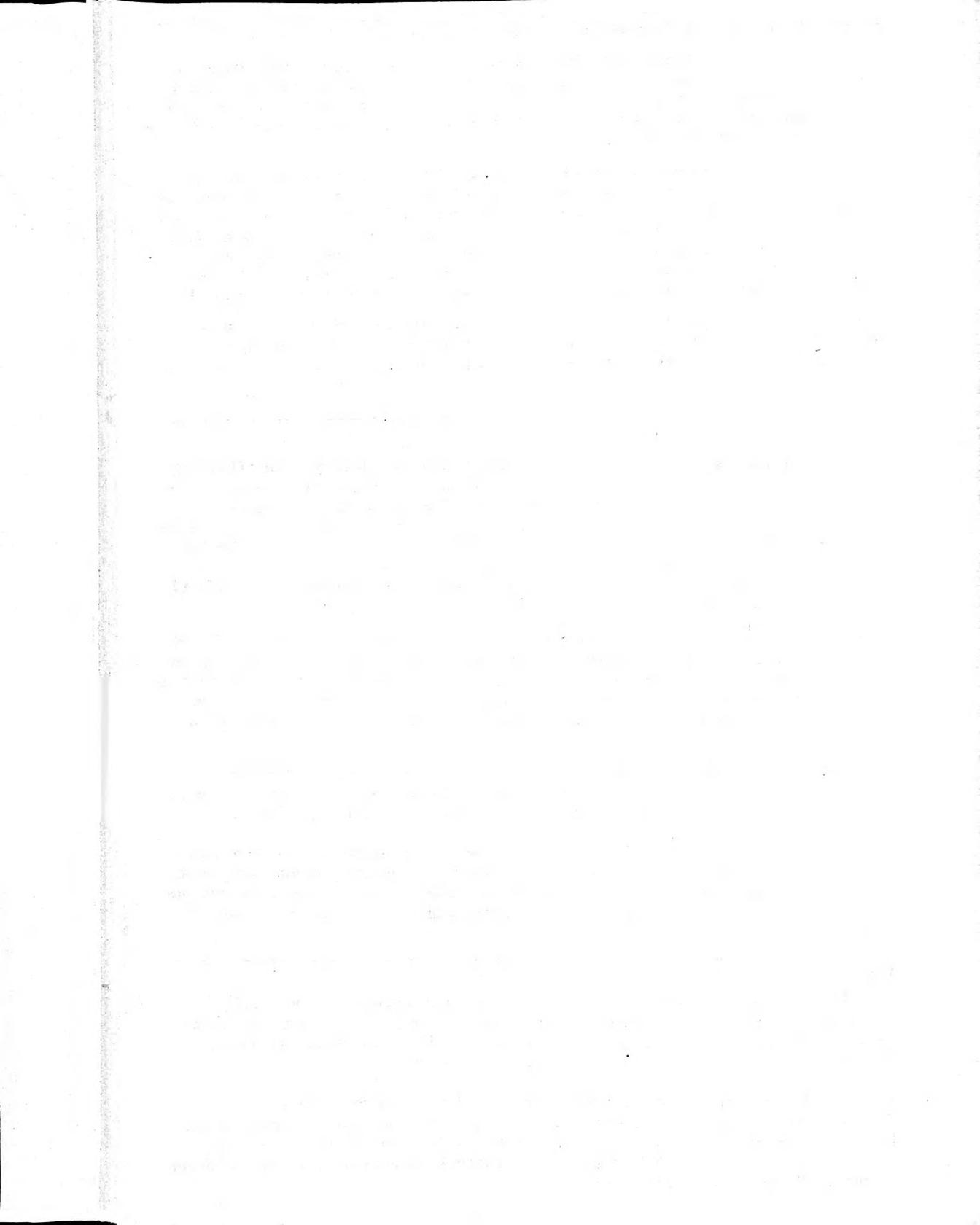
The *Bureau of the Census* reports that 79,912 State and local governments in the United States in 1977 were headed by 490,265 popularly elected officials, or about 23 for every 10,000 persons in the Nation. The governmental census showed that 10 States have 47 percent of the Nation's elected officials.

HUD has announced that the sale of short-term project notes in the private market to finance projects under construction and rehabilitation will continue. The sale of new, short-term notes also will be used to refinance a substantial portion of the notes outstanding on completed projects. The agency estimates that about \$10.5 billion of such notes will be sold during calendar year 1980. There have been no sales of long-term public housing bonds since 1974.

FYI

12th Annual Multi-Housing World Conference. . . identifies the construction, planning and specifications pitfalls that most frequently hamper housing professionals from obtaining construction financing approval quickly. . . St. Louis, Mo., March 17-19, 1980. Details: Jill Jacobson, *Gralla Conference*, 1515 Broadway, New York, N.Y. 10036 (212/869-1300).

Center for Community Development and Preservation. . . Code Programming and Housing Rehabilitation: Fitting the Pieces together. . . a seminar exploring the integration of the programs and techniques of code agencies with community development activities in revitalizing properties and neighborhoods. . . New York, N.Y., March 21, 1980. Details: Rosemarie Noonan, *CCDP*, 180 South Broadway, White Plains, N.Y. 10605 (914/761-5991).



Janis Predicts Decline in Housing Starts

Jay Janis, chairman of the *Federal Home Loan Bank Board (FHLBB)* has predicted a "more precipitous decline" in 1980 housing starts than had been forecast. He projected a figure of 1.37 million starts. Although he said that he expected the eventual rebound in housing starts to be "quite strong," he said that builders are being cautious. Buyers, he said, are uncertain at this time in spite of the availability of home loans. Janis said that he did not expect mortgage interest rates to drop too rapidly, but added that it is possible for the rate to reach about 11 percent by the end of the year.

Budget Outlays

	Actual 1979	Estimate 1980	Estimate 1981
(Dollars in Thousands)			
Major Elements of Budget Outlays			
Housing Payments	\$3,559,120	\$4,372,000	\$5,494,000
Community Development Grants	3,161,229	3,500,000	3,805,000
Urban Development Action Grants	73,167	180,000	365,000
Public Housing Operating Subsidies	653,584	720,000	811,000
Housing for the Elderly or Handicapped	459,382	700,000	700,000
Special Assistance Functions	57,532	658,532	179,661
Urban Renewal Programs	281,099	241,875	170,000
Emergency Mortgage Purchase	270,733	489,850	-423,800
Rehabilitation Loans	100,322	170,000	190,000
Troubled Projects (Flexible Subsidy)	-11,972	42,200	103,200
Comprehensive Planning Grants	61,613	56,000	45,000
Research and Technology	63,555	54,690	53,570
New Communities	31,155	39,008	40,611
Mortgage Insurance Programs	192,848	148,094	-70,500
All Other Outlays (net)	259,615	263,957	313,390
Net Budget Outlays	9,212,982	11,636,206	11,776,132

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Current Trends

The February issue of the *Morgan Guaranty Survey* said that the economy has refused to "slide into the recession that analysts have been warning about for more than a year." Moreover, said the *Survey*, there is a distinct possibility that the overall growth of the economy may be sustained in the coming months. "The main reason for the economy's staying power," the magazine said, "has been the American consumer. Even though battered by inflation, consumers provided a powerful sustaining force by increasing their outlays at an impressive 4.5 percent annual rate during the second half of last year."

Sam Phillips, the vice president of a Phoenix architectural and engineering firm, has recommended to the *Arizona State Legislature* that the State give homeowners authority to write off the expense of "maintaining a roof over their heads" from their State income tax. Phillips said he believes people should be encouraged to fix up their homes and that more jobs would be a byproduct of the effort. Ultimately, he said, the writeoff could result in more revenue for the State in the form of sales and excise taxes.

The *U.S. Department of Agriculture* reports that the price of farm land in this country rose to an average \$609 an acre in the 12-month period which ended last November. That's an increase of 16 percent over the \$525 an acre quoted for the year-earlier period. In at least 13 States, the Department said, acreage prices went up by 20 percent or more.

New Newsletter to Focus on Purchase of Farm Land

Landowner, a new, biweekly newsletter which promises to provide its readers "with a steady diet of facts and trends that influence what could be your most important asset - a farm," has been started in Cedar Falls, Iowa. Merrill J. Oster, president of the new publication, says it will help users "take advantage of the inevitable inflation" and serve as a "pipeline to the financial experts who know the money-wise techniques of buying, building or preserving wealth in farm land."

Oster predicts that farm land prices will triple in 20 years. At the current rate of 10 percent inflation per year, it could triple in just 12 years, he said. He says that there are already early signs of a "land rush" that will dwarf the gold rush of the 1850's. Additional information may be obtained from Oster at 219 Parkade, Cedar Falls, Iowa, 50613.

HUD Increases FHA Interest Rates Again

The maximum allowable rates on *FHA*-insured mortgages for single and multifamily housing, mobile homes and for property improvement loans have been increased for the second time in three weeks. The new rates are 13 percent for single-family and multifamily mortgages; 15.5 percent for mobile home loans; 15 percent for the combination of a mobile home and lot; and 15.5 percent for property improvement loans. The March 3 *HUD Newsletter* reported the rates which were effective as of February 11, 1980. The new rates became effective on February 28, 1980.

Janis Predicts Record Demand for Housing in the 1980's

Jay Janis, chairman of the *Federal Home Loan Bank Board (FHLBB)* has predicted that the Nation will need about 2.4 million housing units every year for the next decade. "Conservatively speaking," he said, "that is about 22 million units for the decade of the 1980's as compared with the 17.5 million units built in the 10 years just past." The former *HUD* Under Secretary said that "a task of this magnitude demands a greater sense of national commitment than has been evidenced in recent years."

Janis said "There are far-reaching demographic changes underway in the Nation — changes that will require the forging of a national consensus on housing to meet the demands that will be made on us." He said that there is a tendency to view housing in purely physical terms as "rows of boxes" that provide shelter and a convenient place for families to gather. "Housing," he added, "is more than an amalgam of land and financing and housing. It is a dynamic part of the social, physical, and economic fabric of our Nation. It is the bond that holds neighborhoods together; it is the all-important capital investment that makes communities viable; and it is the foundation on which our democracy rests."

The *FHLBB* chairman noted that the "affordability factor" is rapidly assuming crisis proportions for many would-be home buyers. "It is one thing," he said, "to have large numbers of people who need and want housing, and quite another to have that number of people be able to afford it. He said that only about 15 percent of potential buyers can afford the median priced new house with a 25-year mortgage. Ten years ago, 30 percent could afford to buy a house under similar terms. "Equally significant," he said, "has been the rise in housing prices in comparison with other indices. For example, from 1969 through 1979 the median price of a new house has risen from \$25,600 to \$63,200 or about 147 percent. The median price of existing homes has risen 155 percent. During that same period, the *Consumer Price Index (CPI)* has risen by just over 100 percent and family income over that period has gone up by 102 percent."

Calling for development of a national housing policy to help meet the challenge of the next decade, Janis said: "The era we are entering is uncharted, and it will require a consensus on national housing needs and goals, consensus on building a national housing policy that complements rather than competes with other national priorities and creation of a coalition for advocacy for housing."

IUD Sponsors World Cities Study Tour to Helsinki

Ann Ferebee, director of the *Institute for Urban Design*, has announced a study tour to Helsinki on May 12-16. Registration deadline for the tour is April 11, 1980. The tour is the second in the group's World Cities Program. Under the theme, Rediscovery of Tradition and Communication Through Space, the five-day tour will include meetings with professionals in Helsinki and will culminate in a two-day seminar. Following the tour the *Institute* will hold its Second International Conference on Urban Design at *Harvard University*, September 22-23, 1980. It will take place at the same time that the City of Boston will host mayors from some 40 cities around the world at the Great Cities of the World Conference. The two events will be part of Boston's 350th anniversary jubilee. For additional information, contact Jared Freeman, *IUD, State University of New York*, Main P.O. Box 105, Purchase, N.Y. 10577 (914/253-5527).

Brady Named CEO for Housing Partnerships

George M. Brady, president of the *National Corporation for Housing Partnerships (NCHP)* has been appointed to the additional post of chief executive officer effective May 1, 1980. George W. DeFranceaux, current CEO and board chairman, will continue as chairman until May 1983. Prior to joining the *NCHP*, Brady held various executive positions with the Rouse Company, a leading developer of shopping centers. The *NCHP* is the ninth largest builder in the Nation. In 1979 it started \$312 million of construction in 24 States and managed 33,000 multifamily housing units.

MIT Publishes 'Predictions for the End of the Century'

Some of the Nation's leading urban experts have assessed the impact of major economic, demographic, political and technological trends through the end of the century and concluded that our cities are entering a "critical period." Their views are contained in a book just published by the *Massachusetts Institute of Technology (MIT) Press*. The book, *The Prospective City*, predicts that shortages of energy, changing household composition and lifestyles and environmental and resource limitations will have far-reaching effects on our future cities and suburbs.

Seventeen urban specialists attempt to provide guidance in the book on likely questions and tell how to anticipate and adjust to the predicted changes. Some of the questions *The Prospective City* addresses are:

- To what extent will energy shortages and higher fuel costs threaten the single-family, station wagon oriented suburban way of life?
- To what extent will a return to the city by young professionals dislocate low-income elderly and blacks and other minorities?
- How will changes in population and employment, challenges to the traditional growth ethic, and Proposition 13 attitudes influence the shape of our future cities?
- What does the post-industrial shift from manufacturing to service and government employment imply for the revival of central business districts or the plight of unemployed minorities?

A chapter on The Emerging Metropolis was written by Dr. Arthur P. Solomon, director of the *Harvard-MIT Joint Center for Urban Studies*. He says that the "American dream of homeownership will not soon leave us, but the idea may have to be altered where people will more readily accept ownership in multifamily dwellings such as condominium complexes and cooperative apartment buildings." He says that the "American dream" is not dead, but "a lot of small adjustments are going to have to be made."

The publication, edited by Dr. Solomon, is available for \$27.50 from the *MIT Press, 28 Carleton Street, Cambridge, Mass. 02142 (617-253-5643)*.

Nuggets

The *Government National Mortgage Association (GNMA)* has announced its intention to auction approximately \$650 to \$700 million of *FHA*-insured project mortgages on Tuesday, April 22, 1980. The mortgages will not be eligible for inclusion in pools of project mortgages that support issues of *GNMA*-guaranteed, mortgage-backed securities. A bidding invitation will be issued by the *Federal National Mortgage Association (FNMA)* in mid-March. The *FNMA* will conduct the sale for the *GNMA*.

HUD has announced its sponsorship of a training program for local community development officials to make housing rehabilitation programs more effective and efficient. Consisting of five courses, the program will be offered in 12 locations throughout the Nation and will deal with the most significant and common problems experienced by local program managers and housing coordinators.

HUD has given preliminary approval for *Urban Development Action Grants (UDAG)* to 35 small cities totaling \$32.6 million. The grants are backed by \$180.2 million in private financial commitments and are directly responsible for the creation of 6,777 new permanent jobs. Applications for the *UDAG* grants were received from 127 cities.

The city of Dunkirk, N. Y. has been charged with using zoning and building codes to bar low-income housing from an all-white neighborhood. The civil suit, brought by the *U.S. Department of Justice*, is part of a larger effort by the agency to end housing discrimination, especially in suburban areas. Dunkirk is about 50 miles west of Buffalo. Its population is estimated at about 16,000 persons.

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*. When ordering, please indicate stock numbers. For additional information, contact J.G. Mills, chief, Documents Control Branch (202/275-3343).

Design Guide for Home Safety. . . points out areas of home design that should be influenced by safety considerations; enumerates potential dangers of poor design and makes specific recommendations for reducing safety hazards. \$4.75. 023-000-00201-9.

Condominiums: Their Development and Management. . . discusses the development and management of condominiums, including those for low-income households; outlines development of a homeowners' association, a model deed, purchase agreements, etc. \$3.50. 023-000-00202-7.

Design Guide for Improving Residential Security. . . offers practical advice for builders, apartment residents and homeowners on various aspects of residential security. \$1.65. 023-000-00251-5.

Baseline Analysis of the Urban Homesteading Demonstration. . . analyzes the success of the Urban Homesteading Demonstration which brings together abandoned housing and lower income families in need of decent homes. \$3.00. 023-000-00494-1.

Housing for the Elderly and Handicapped: The Experience of the Section 202 Program from 1959-1977. . . gives an objective review of the Section 202 program, including its shortcomings as well as its accomplishments. \$3.25. 023-000-00499-2.

Nationwide Evaluation of the Existing Housing Program. . . deals with the existing housing component of the Section 8 program and presents the results of a study to monitor the implementation of the program in its first full year of operation. \$3.00. 023-000-00488-7. Technical Supplement, \$4.50. 023-000-00489-5.

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Current Trends

The *U.S. Department of Commerce* reported that privately owned housing starts fell 6.4 percent in January to an annual rate of 1,420,000. The housing starts were down 17.8 percent from the same period a year earlier. The January 1980 level was the lowest since 1976. The *Commerce* report said that much of the January decline occurred in multifamily structures. Structures with five or more units dropped from a 371,000-unit rate in December to a 287,000 rate in January. Single-family houses were estimated at a 988,000-unit rate in January, down about 20 percent from last June. Most observers agree that rising mortgage interest rates have had a substantial impact on homebuilders and home buyers.

At the same time, the *Commerce Department* reported that the personal income of Americans rose \$11.4 billion in January. The report said that American consumers are losing some ground to inflation because prices have been going up about 1 percent a month. Personal income also had risen 1 percent or more in each of the last three months of 1979. According to the study, the January figure indicated a drop from the \$20.2 billion growth in December 1979 despite increases in the minimum wage and special energy allowances for the elderly.

The *Council on Environmental Quality (CEQ)* has predicted that water shortages and pollution will rival energy as an international issue in the 1980's. In its annual report to *Congress*, the *CEQ* said: "We can no longer expect an endless supply of cheap, clean water at the twist of a faucet. The *Council* estimates that pollutants floating in the air were reduced by about 20 percent between 1970 and 1978. It said that pollution controls cost each American about \$120 in 1978. The report concluded that ground water used for drinking by about half of the national population is becoming increasingly contaminated from a decade in which chemicals and other waste have been buried.

The number of homeowners in the *Federal Republic of Germany* is considerably lower than in other western industrial countries, according to *The Week in Germany*, a weekly newsletter of the *German Information Center*. The newsletter quoted a recent study by the *Federal Ministry for Regional Planning, Building, and Urban Development* in Bonn which indicated that "only about 38 percent of the citizens of the Federal Republic owned their homes as of August 1978." The report blamed the lag on the high costs of new construction, strict building regulations, and financing difficulties. By comparison, Bill Ellingsworth, a spokesman for the *National Association of Realtors*, estimates that about 64.8 percent of all Americans are homeowners.

An *Oklahoma State University* home management specialist says that accidents in the home kill more people 65 years of age and older than any other cause and urges that homes be made as safe as possible. She said that people in that age group are prone to accidents.

FNMA Specialist Offers 1980 Economic Forecast

Dr. Peter Treadway, vice president and chief economist of the *Federal National Mortgage Association (FNMA)*, predicts that 1980 should produce only a mild recession in the U.S. economy. He predicts that "the recession will bring only moderate and temporary relief from the current high levels of interest rates and little easing in the rate of inflation." Nonetheless, he says, housing and home buyers should fare better than many are forecasting.

The *FNMA* economist adds that "most of the decline in real economic activity will be concentrated in the first part of the year. The real *Gross National Product*," he says, "should slip .2 percent in 1980 from its sluggish 1979 pace, unemployment should peak at 7.3 percent by year-end, and inflation, measured by the *Consumer Price Index (CPI)*, should ease slightly from 1979's 13.3 percent to 11 percent."

According to Dr. Treadway, the economic slowdown will produce a moderate, short-lived decline in interest rates. At the low point next fall, he says, the Federal funds rate will be in the 11 percent range, the bank prime rate at 12 percent, and the prime conventional mortgage rate (loans with 20 percent downpayment) in the area of 12 percent. He says all of these rates should be rising again by the following year.

"The anticipated mildness of the recession and easing of interest rates, coupled with strong demographic demand," Dr. Treadway says, "should produce housing starts at an annual rate of 1.5 million units in 1980 and nearly two million units the following year. Sales of existing homes should exceed 3.5 million units during both years," he says. Taking issue with predictions of a major collapse in housing prices, the economist says: "While the next few months may see a pause in the upward climb in house prices, that situation is not likely to continue. House prices are likely to outpace the *CPI* throughout the early 1980's due to the baby-boom demand and housing's historical investment value in an inflationary environment." He adds that increases in housing prices should be especially marked for units designed for the energy-aware, smaller American family.

Noting that funds to finance home purchases should also remain in fairly strong supply throughout the early 1980's, he cautions that the economy as a whole looks less optimistic. "Stagflation will characterize the economy through 1984," he says. "It is probable that underlying inflation will be higher in 1984 than in 1980."

Dr. Treadway's housing outlook is contained in the *FNMA*'s just-published report, *The Economic Environment for Housing: 1980 and Beyond*.

LEAA/Action Launch Urban Crime Prevention Program

The final guidelines of a \$5.5 million program to use neighborhood volunteers in fighting urban crime have been signed by Sam Brown, director of *ACTION*, and Homer F. Broome, acting administrator of the *Law Enforcement Assistance Administration (LEAA)*. The two agencies will administer the Urban Crime Prevention Program (UCPP), an outgrowth of President Carter's 1978 *National Urban Policy*. The UCPP will award grants of up to \$500,000 to as many as 15 private, nonprofit organizations in cities of 150,000 or more to develop crime prevention projects for low- and moderate-income neighborhoods.

A major feature of the program will be its reliance on volunteers and most of the funds will go to groups with projects focusing on community dispute settlement, arson, property crime victimization and victim/witness assistance. The remaining funds can be used for locally initiated projects emphasizing crime prevention. The grants will be awarded to groups with a demonstrated ability to administer large funds, pull together urban area elements, attract potential project organizations, assess specific crime problems and carry out the UCPP mandate. Grantees will organize advisory councils made up of representatives from all segments of the community including business and labor, local volunteer citizen groups and criminal justice agencies. The councils will help the grantees set policy and analyze crime-related problems in the cities.

HUD Publishes 'New Horizons' Guidebook

HUD's Office of Fair Housing and Equal Opportunity (FH&EO) has published a guidebook to be used by those participating in the agency's New Horizons Fair Housing Assistance Project (NHFHAP). The Project was developed to help communities plan and carry out comprehensive fair housing strategies in four key areas: education, assistance to minority families, local compliance, and special programs. The FH&EO Office defines fair housing as "a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion, sex or national origin."

In practical operation, an eligible governmental unit or regional agency contacts *HUD* and indicates an interest in obtaining fair housing assistance. After the formal commitment is made, community resources are marshalled in an effort to develop and implement a coordinated equal housing opportunity strategy. A local task force is established, composed of representatives of builders, real estate agencies, lenders, landlords and civil rights advocates. The task force, with technical assistance from *HUD* to facilitate compliance with various Federal requirements, assesses housing patterns and implements a program to foster equal housing opportunity.

The guidebook explains the Project in detail. It also gives the legal authority for fair housing activity, contains the basic FH&EO law and a copy of the agreement New Horizons participants must sign with *HUD*. Copies of the publication are available, free of charge, from the FH&EO Publication Division, Room 5237, 451 Seventh Street, S. W. Washington, D. C. 20410.

31 States to Develop Housing for the Mentally Ill

HUD Secretary Moon Landrieu has announced that 31 States have been selected to participate in a demonstration program which permits persons with chronic mental illness to lead more normal lives. The Demonstration Program for Deinstitutionalization of the Chronically Mentally Ill was developed by *HUD* and the *Department of Health, Education and Welfare (HEW)*. It targets Federal funds to supply the housing and support services needed by mentally ill persons if they are to live independently in the community.

HUD is making \$25 million available in direct loans for construction of substantial rehabilitation of group homes or small apartment buildings this year. It is also making rental subsidies available so that residents will not pay more than 25 percent of their income for rent. Under the program, States will be permitted to use Medicaid and other *Social Security Act* program funds for support services in the residential facilities. These services include training in cooking, shopping and personal relations, and assistance in obtaining education and vocational opportunities.

Secretary Moon Landrieu said: "This program, now beginning its third year, shows that chronically mentally ill individuals can leave the sometimes imprisoning conditions of an institution for more fulfilling lives in the community. This program has become a national model for coordinating the delivery of housing and support services to the chronically mentally ill."

FYI

Center for Community Development and Preservation (CCDP). . . seminar on *Code Programming and Housing Rehabilitation*. . . New York City, March 21, 1980. Details: Rose Noonan, *CCDP*, 180 South Broadway, White Plains, N. Y. 10605 (914/761-5991).

National Savings and Loan League (NSLL). . . a seminar on the issues confronting the savings and loan industry. . . Washington, D. C. March 23-26, 1980. Details: Sandy Grimes, *NSLL*, 1101-15th Street, N. W. Washington, D. C. 20005 (202/331-0270).

Government Information Services (GIS). . . a one-day seminar on *Protecting Your General Revenue Sharing Dollars in 1980 and Beyond*. . . Washington, D. C. March 25, 1980. Details: *GIS*, 752 National Press Building, Washington, D. C. 20045 (202/638-5095).

HUD to Announce Urban Design Winners in April

HUD Secretary Moon Landrieu has appointed a seven-member panel to select winners in the 1980 National Awards for Urban Environmental Design. The awards will be given for superior design and development in *HUD*-assisted projects. More than 350 entries have been received from States, cities, developers and environmental design firms in three categories: project design, urban design concepts and urban design administration. The awards ceremony will take place during the Urban Environmental Design Project Cities Conference scheduled for New Orleans. It will be hosted by the *National League of Cities*.

Nuggets

The *National Corporation for Housing Partnerships (NCHP)* has elected Robert A. Georgine and Paul J. O'Brien to the board of directors to fill the unexpired terms of two members who recently resigned. Georgine is president of the Building and Construction Trades Department, *AFL-CIO*, Washington, D.C., and O'Brien is senior vice president, the *Security Pacific National Bank*, Los Angeles, CA.

General sales and individual income taxes continued to be the major sources of State taxes in 1979 according to a report by the *Bureau of the Census*. The report said the yield from these two taxes accounted for nearly 58 percent of the more than \$125 billion total taxes collected in all 50 States. Overall, taxes collected by State Governments in FY 1979 were up 10.5 percent over the \$113.3 billion collected a year earlier.

According to budget estimates by the *U.S. Department of Agriculture*, the number of housing units financed by the *Farmers Home Administration (FmHA)* will drop from 158,185 in 1980 to 137,640 in 1981. That represents a decline of 13 percent. The drop is expected to have an impact on loans to moderate-income and above moderate-income borrowers.

A \$1 billion proposal to provide emergency loans to wheat and corn farmers has been approved by the *Senate Agriculture Committee*. The loans are designed to ease the impact of the Federal Government's decision to curtail grain sales to the Soviet Union. Sen. Rudy Boschwitz (R-Minn.), who introduced the bill, said the cost to taxpayers would be minimal when the loans are repaid.

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Hud Newsletter

Current Trends

The *Federal Energy Regulatory Commission* has adopted rules designed to encourage small industrial plants to make their own electricity. Public utilities would be required to purchase the power generated by small producers who would be exempted from regulation as electric utilities. The *Commission* acted under the provisions of the *National Energy Act of 1978* which directed it to adopt regulations leading to the small-scale production of electricity by such devices as windmills and solar cells.

Builder, the official organ of the *National Association of Home Builders (NAHB)*, reports that half the houses built in 1979 had one or more fireplaces; 98 percent were the wall type and the rest were freestanding. More than half the wall type fireplaces were masonry, 41 percent were fabricated metal and 1 percent precast concrete. Of all the fireplaces installed in 1979, 97 percent were wood burning.

Certified Energy Systems of California has introduced an "energy rod" designed to keep homes warm at night. The device, a rod from one to six feet tall made of polyethylene and filled with a salt that melts at 81 degrees Fahrenheit, is technically known as a "phase-change thermal energy storage unit." It absorbs heat during the day and radiates it at night. During the day, the rod can store as much as 2,600 BTU's of latent heat. A six-foot rod would cost about \$30 and a combination of them could shave as much as 60 percent from some fuel bills.

20th Census of Population and Housing to Begin Next Month

By the end of this week residents in every nook and cranny of America will begin receiving census forms in the mail in preparation for the *Twentieth Decennial Census of Population and Housing* which officially begins Monday, April 1, 1980. The census questionnaire is expected to launch what has been called "the biggest participatory event in peacetime U.S. history." Vincent Barabba, director of the *Bureau of the Census*, says that Americans have gone through dramatic changes since the last census in 1970. The 1980 census, he says, will begin to assess those changes in housing, energy use, occupations, income, etc., by gathering information on the American people and their institutions in both the public and private sectors.

Last November, President Carter issued *Proclamation 4701* on the 1980 census in which he said: "It is vitally important to everyone that this census be a complete and accurate report of the Nation's population and resources. Its results determine the representation of the States in the *House of Representatives*, the redrawing of congressional boundaries, and State and local redistricting. They also provide the basis for distributing large amounts of funds under various Federal programs among the States and communities." The President called on all citizens to participate in the census by answering all applicable questions about the family and the home being occupied.

Most householders will be asked to answer 19 questions on a short form; about one in every five households, chosen randomly, will receive the long form with 46 questions. About 90 percent of the households will simply be required to fill in the questionnaire and mail it back. The other 10 percent will be instructed to hold the questionnaires until a trained census taker visits the home. By Federal law (*Title 13, U.S. Code of Federal Regulations*) all citizens are required to answer the census questions with the assurance that their personal responses will be kept strictly confidential.

What Will Be Accomplished by the Census?

The Constitutional purpose of the census, as the President indicated, is to provide a basis for fair apportionment of the seats in the *House of Representatives*. Beyond that, census data are used to guide the distribution of billion of dollars in Federal funds to State and local governments and the distribution of additional billions in State funds. The census will count residents – citizens and non-citizens – in the continental United States, Puerto Rico, the Virgin Islands, Guam, American Samoa and the Trust Territories of the Pacific Islands. It is expected to tally some 222 million people and about 86 million housing units. Data will be compiled for 3,200 counties, 20,000 incorporated villages, towns and cities, 37,000 enumeration districts and block groups, and some 2.5 million city blocks. The cumulative information collected by the census is expected to provide some 300,000 pages of statistics when finally processed by *Census Bureau* computers.

While most of the questions on the 1970 census forms will be repeated, the 1980 census will provide more statistical information about more geographic areas than any prior undertaking. The findings will be used to address the needs of Americans, and in the planning and management of government at all levels. More than half the questions asked will focus on the Nation's 86 million housing units – their condition, their value, their home energy usage, and other subjects of statistical importance for the decisionmaking processes so necessary for our governmental and private enterprise systems.

While questions about housing have been asked in the census since 1850, it was not until 1930 that the Nation began to awaken to the poor state of the housing in which many Americans lived. Resulting legislation has increased the number and scope of housing-related questions leading up to our current concern about the quality and characteristics of housing. Information on housing is crucial to decisions about urban renewal, water and sewerage availability, new school openings or closings, mortgage assistance programs, mass transportation, and the control of local residential growth. The current estimate of housing units is 17 million more than were counted 10 years ago. The estimate includes units ranging from thatched huts in the Trust Territories to high-rise condominiums in this country, including some six million vacant units. By the time the 1980 census is over, the figure is expected to increase to about 79 million households, 15 million more than in 1970.

Who Uses Census Housing Data?

Federal, State and local government agencies need and use census data to guide their housing programs. The detailed information from the census reveals such data as the age and quality of a given community's housing units, the income level, the patterns of growth or decline, the location of vacant housing and the needs for mass transportation. Private users range from builders seeking new markets to lenders who use the data to establish mortgage money criteria. While the personal information about an individual or a family is confidential, general census statistics are public information, available to all. In addition to governmental units and businesses, users also include special interest groups, lobbyists, social planners, students and a variety of others for such pursuits as fund-raising campaigns and the writing of grant proposals.

Information from the new census will be more important than ever because it will be the first complete census since inflation has caused the price of housing to skyrocket. From mid-1977 to mid-1978, the average sale price of a new home jumped from \$54,200 to \$62,500, more than 15 percent. In 1976, the average owner of a mortgaged home spent about 18 percent of his or her income for the mortgage, real estate taxes, property insurance, utilities, fuel, and trash collection; renters spent an average of 24 percent for housing. Both of these figures are likely to be much higher in 1980.

The current energy crisis will also make the 1980 census results more important than ever. Between 1950 and 1975, the number of U.S. households using coal and wood diminished to less than one percent for each fuel. At the same time natural gas usage increased from 23 percent to 57 percent of all households. The home energy picture in 1980 may show wood and coal soaring in popularity since

residential solar energy use is still too limited to affect nationwide statistics this year. Transportation planners will also learn whether Americans are choosing to live and work in places with ready access to public transportation. Commuters will be asked their work locations, time spent getting to work, means of work transportation, and similar questions.

What is Already Known About Housing?

Recent surveys by the *Bureau of the Census* have already given us a great deal of knowledge about the state of the Nation's housing. Summarized below are some of the things already known which are likely to change after the 1980 census has been compiled.

- Nearly seven out of 10 American homes are single-family units. More than 75 percent of these homes are in suburbs, rural areas, or other areas outside city centers.
- Owner-occupied housing increased at a considerably faster rate during the 1970's than renter-occupied housing; the increase was fastest in suburbs and other areas outlying cities. Neither owned nor rented housing increased significantly in central city areas.
- People are living in larger houses. Between 1970 and 1976, the number of five-room units rose from 16.9 million units to 19.2 million. The number of homes with seven or more rooms increased from 11.9 million to 15.9 million over the same period.
- About 30 percent of all owner-occupied homes have two or more complete bathrooms. Almost all owner-occupied homes and 63 percent of rental units have two or more bedrooms.
- About one-third of America's 79 million year-round housing units were built before 1940. About 12.5 million units have been built since 1970. The average age of housing units in the U.S. is about 20 years.
- In 1976, 3.4 million black households lived in their own homes, an increase of more than 2 million since 1950. Blacks, however, are still only two-thirds as likely as whites to be homeowners.
- Homeowners in central cities are less likely to rate their homes as "good" or "excellent" than are central city renters or suburban homeowners. Of central city residents, more than 75 percent do rate their housing structures as "good" or "excellent."
- In 1976, 229,000 homes and rental units in metropolitan areas relied on chemical toilets or privies rather than a hookup with a public sewage system. This type of waste disposal is much more common in rural areas.
- Americans air-conditioned 30 million housing units between 1960 and 1975, an average of 6,000 units per day. In 1975, 23 million U.S. households kept cool with central air-conditioning units.
- Nearly 40 percent of housing units built since 1970 are heated with electricity, compared to only 2 percent of those built before 1940. The number of occupied housing units with central heating more than quadrupled between 1940 and 1975.
- U.S. households are getting smaller and there are 12 million more of them than there were in 1970. Rapid growth in the number of one-person households and a trend toward smaller families play a large part in these changes.
- The \$4 billion spent by U.S. homeowners to maintain and improve their residences in 1978 account for nearly 80 percent of all expenditures for upkeep and improvement of residential housing during that year.
- Renters in central cities are more likely to be bothered by cracks and holes, broken plaster, and peeling paint than suburban renters. However, fewer central city homeowners report being troubled by these conditions.
- The number of households grew three times faster than the population between 1970 and 1978, reflecting a continuing decline in the average size of households. The number of one-person households is on the rise.

- In 1978, 75 percent of blacks lived in metropolitan areas, with 55 percent living in cities. Only one in five blacks lived in the suburbs.

Emphasis also will be placed on rural housing during the census. The *Bureau of the Census* recently announced that more houses have been built in rural America than in urban areas since April 1970. The survey showed a median age of 16 years for occupied nonfarm homes in rural areas as against 25 years for occupied urban homes. Houses built before 1940 made up 54 percent of the occupied farm residences, the report said. Farm housing, however, represents only about 10 percent of all rural housing. Of the estimated 86 million housing units, about 30 percent are in rural areas.

Of the 25.1 million rural housing units, about 78.2 percent are owner-occupied. The median value of single-family, owner-occupied homes built since 1970 was \$51,500 in urban areas and \$44,900 in rural areas. Before 1970, the figures were \$36,400 and \$30,100 respectively. Census Director Barabba indicates that rural statistics are likely to be substantially altered by the 1980 count.

Census Statistics Will Be Available

The *Bureau of the Census* has already developed a new program designed to give cities a chance to request 1980 census statistics for neighborhoods. More and more neighborhoods have become officially recognized areas in recent years and the program was started in response to that development. It will provide a wealth of data useful to neighborhood leaders, city planners and others. Municipalities can participate in the Neighborhood Statistics Program (NSP) by meeting three criteria and notifying the *Bureau* by December 31, 1980, that they want to take part. The criteria are:

- Recognition of the neighborhood by law or similar administrative action;
- Clearly defined, non-overlapping neighborhood boundaries; and
- A mechanism such as a neighborhood council or liaison to the city government through which neighborhood residents can present their views on municipal matters to city officials.

Information on census housing data may be obtained from Bill Downs, *Bureau of the Census, U.S. Department of Commerce*, Washington, D.C. 20230 (301/763-2873). General census information may be obtained from the *Bureau's* Office of Information, 301/568-1200.

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Hud Newsletter

Current Trends

The *National Association of Realtors (NAR)* reports that the sale of existing houses across the Nation continued to slump in January as record high interest rates drove potential home buyers out of the market. The *NAR* said that existing house sales ran at an annual rate of 3.21 million, down 4 percent from the previous month's 3.35 million level. Jack Carlson, chief economic spokesman for the realtors, said the median price of an existing house in January rose \$1,400 to \$57,900, an increase of 11.3 percent from a year earlier. He added that the sales of existing homes have decreased by about 17 percent since last October 6 when the *Federal Reserve Board* began its tight credit policies.

The *Consumer Product Safety Commission (CPSC)* is urging the Federal Government to discourage the use of urea formaldehyde foam insulation until more can be learned about its potential health hazards. The foam insulation is gaining popularity among many builders and service companies which use it in new and existing homes. Some experts, however, believe that the insulation tends to give off dangerous gases.

The *Pennsylvania State Public Utility Commission* has given its approval to a proposal by the *Pennsylvania Power and Light Company* to refuse to serve new homes or commercial buildings unless they are adequately insulated. The new rule would take effect in 12 months. The utility company says it is pressed with a growing need to generate more power. It estimates that it would cost about \$1,700 to insulate a new home to meet utility standards.

Lewis Homes of California has announced plans to construct a model home designed to meet the changing housing needs of the 1980's. Known as the 'style setter,' the unusual house will be built this summer in Upland, near Los Angeles. Designed by Barry A. Berkus of *Berkus Group Architects*, the pioneer home will be sponsored by the *Asphalt Roofing Manufacturers Association*. The house will make liberal use of attractive, fire-resistant building materials, will utilize passive solar heating principles, and will be designed to accommodate two or more unrelated adult heads of households living under a single roof. It will be constructed on a half-acre of land and will sell for about \$250,000.

House Committee Approves Stronger Fair Housing Bill

The *House Committee on the Judiciary* has given its approval to *H.R. 5200*, an administration-backed bill containing enforcement provisions for the 1968 *Fair Housing Act*. A major provision of the bill would permit hearing officers to consider cases of alleged housing discrimination. The officers could impose penalties up to \$10,000, but their decisions would be subject to review by Federal district courts if appealed within 30 days. Under the current law, *HUD* is limited to voluntary conciliation in its attempt to end housing discrimination and complainants have the right to take alleged discrimination cases to Federal district court.

Meanwhile, *HUD* Secretary Moon Landrieu has transmitted to Congress the *Housing and Community Development Act of 1980*. The bill includes reauthorization of the agency's housing programs and the three-year reauthorization of the Community Development Block Grant (CDBG) and the Urban Development Action Grant (UDAG) programs.

Landrieu Sees Dim Picture for Rental Housing in the 1980's

The prospects for meeting the multifamily rental housing needs of Americans in the 1980's is not promising, according to *HUD* Secretary Moon Landrieu. Secretary Landrieu has told the *Senate Subcommittee on Housing and Urban Affairs* that this is so because the production and availability of rental housing has suffered a major decline. "The outlines of the problem," he said, "are familiar to all of us: record low nationwide rental vacancy rates, with reasonably priced rental units simply unavailable in major cities; the very low level of unsubsidized rental construction, and the increasing dependence of multifamily rental construction upon *HUD* aid or other Federal assistance."

Landrieu also listed the spread of rental control, the increasing pace of condominiums and cooperative conversions, and rents growing at rates too low for operating costs and too high for tenants as other reasons for the dismal outlook of multifamily rental housing. At the same time he listed three factors which he said could help offset his predictions:

- The declining dependence of Americans generally on rental housing;
- The expectation of increased investment in existing stock as a result of conversions and tightness in the rental market; and
- The fact that rents in older buildings have tended to lag inflation.

Expressing concern about the effect condominium conversions have on low-income families, Landrieu said *HUD* can help prevent displacement by making Section 235 subsidies available for moderate-income tenants who want to buy their units upon conversion. He promised to implement such a program. In its FY 1981 budget, *HUD* seeks an increase of some \$5 billion in budget authority for assisted rental housing. "With these funds," the Secretary said, "we will be able to provide 300,000 assisted units for low- and moderate-income families, including 180,000 newly constructed or substantially rehabilitated units."

Rural Life Tied to Post Office According to Study

A study recently released by the *U.S. Postal Rate Commission* indicates that the rural post office plays a special role in the life of those living in rural communities. The study addresses the rural post office as a community institution, examines the diverse functions performed by small, rural post offices and describes the effects that small post office closings have on the communities they serve. The study's conclusions focus on the viability of the community whose post office may be closed. It said that if the community showed signs of being a strong one, the closing would cause significant harm; otherwise, it would have little adverse effect. The 55-page inquiry, *At the Crossroads*, includes 21 "vital signs" which the *Commission* says would be helpful in determining community viability, principally through tests of the vigor of a community's relationship with its post office. Copies of the study are available, free of charge, from the *Public Information Office, U.S. Postal Rate Commission*, Washington, D.C., 20268 (202/254-5614).

Groups Schedule Seminars on 'Moderate Rehabilitation'

The National Leased Housing Association (NLHA) and the *Center for Community Development and Preservation (CCDP)* have scheduled two one-day workshops on *Moderate Rehabilitation: The Housing Program for the 1980's*. The workshops will be held in Boston on April 11 and in Chicago on April 18, 1980. The *NLHA* said the seminars are designed to assist practitioners in developing and refining small property and multifamily rehabilitation programs. Workshop subjects will include defining objectives, selecting buildings and neighborhoods, and developing a work plan for staffing, budgeting, contracting and financing. Additional information on the workshops may be obtained from Janet S. Charlton, *NLHA*, 1800 M Street, N.W., Suite 400 South, Washington, D.c. 20035 (202/785-8888).

New York State Acts to Aid Homeowners, Renters

At least three recent legislative proposals in New York State are aimed at helping to solve problems generally encountered by homeowners and renters. The State Senate has passed a bill that would give home buyers the option of making lower payments at the beginning of their mortgages and increasing them toward the end. The measure is supported by the real estate industry, and is expected to get final approval from the State Assembly. Under a variable payment mortgage, a home buyer would have the option of starting off with a lower payment which would gradually increase for up to the first 10 years of a 25 or 30 year mortgage.

Another proposal would make it more difficult for landlords to convert their apartment buildings to cooperatives. It would require that a majority of tenants in a building agree to purchase their apartments before a building could become a co-op. Only 35 percent of the tenants is necessary for conversion now. The bill would also require that an owner own the building for at least two years before converting to a co-op. This provision is expected to end much of the speculation related to co-op conversions.

Still another bill would make it a felony for apartment referral agents to collect an advance fee, charge more than a month's rent, or fail to use a form contract. The bill's author said the ban on advance fees was proposed because "we found in investigations and in public hearings that paying a fine for failure to return unearned fees and for other violations has become almost incidental to the cost of doing business." The bill would prohibit the collecting of a referral fee before the customer obtains an apartment through the service and would limit the fee to one month's rent. Records indicate that real estate referral agencies in New York take in an estimated \$8 to \$10 million a year in fees.

NAA Seeks Federal Assistance of Rental Housing Industry

Rik Fulscher, president of the *National Apartment Association (NAA)* has urged *Congress* to provide immediate Federal assistance to "overcome growing shortages in rental housing." Testifying in support of reactivating the Brooke-Cranston program, Fulscher said: "The implementation of this program is essential because the rental housing industry is in a deplorable state. The imperative of growing crises in energy, availability of land and its soaring costs, transportation, municipal services, and the urban community dictate a substantial increase in rental housing construction, substantially above current levels." The Brooke-Cranston program would provide Federal funds for the purchase of multifamily rental housing mortgages and home mortgages at interest rates below the market rate.

The *NAA* head outlined a seven-point program to revive the rental housing industry, pointing out that a 1978 study for the *Joint Economic Committee* estimated that during the 1980's, the Nation will need an additional 9,356,000 rental housing units. "Compared to present production levels, this estimate is staggering," Fulscher said. Citing estimates that only about 300,000 multifamily rental units will be constructed this year, he said that about half of that number will be federally subsidized. He also estimated that some 145,000 rental housing units will be converted to condominiums during 1980. "By cranking in the normal 2.5 percent attrition through abandonment and demolition, we end up with a net reduction in the rental housing inventory in 1980, a rather bleak prospect in the light of the lowest vacancy rate in 20 years," he said.

HUD Declares Co-op Housing Dividends

HUD has announced dividends of \$4 million for distribution to management-type cooperatives with mortgages insured under Section 213 of the *National Housing Act*. The dividends are based on the record set by cooperatives in maintaining mortgage payments. They are authorized by a 1965 amendment to the *National Housing Act* in recognition of a low loss ratio. The current payment will bring to \$45.9 million the total amount of dividends declared in the program to date. Insurance premiums are paid to *HUD's Federal Housing Administration (FHA)* for the account of insured mortgages of the *Cooperative Management Insurance Fund*. Under the law, a dividend may be paid to eligible co-ops when funds build to a safe amount over foreseeable losses.

Major Growth Seen in Young Adults, Elderly

The *Bureau of the Census* reports that the young adult and elderly populations grew in every State during the decade of the 1970's. The report said that nearly every State showed gains of at least 10 percent in those aged 18 to 44 and those 65 and older during the last decade. Nationally, the *Bureau* said, both groups increased by nearly 25 percent; young adults grew from 72 to 89 million, and the elderly from 20 to 25 million. The age 45 to 64 population grew by only 5 percent, from 42 to 44 million, while those under 18 declined 10 percent, from about 70 to 63 million. The report, *Estimates of the Population of States, by Age: July 1, 1971 to July 1, 1979*, Series P-25, No. 875, is available for \$1.00 from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.c. 20402.

Nuggets

Robert L. Goldman, Plantation, Fla., has joined the *Housing Capital Corporation (HCC)* as director of Construction. Mr. Goldman will assist the *Corporation* in the building of housing developments in 21 States. The *HCC*, a subsidiary of the *National Housing Partnership*, is the Nation's largest joint venture company in single-family sales housing development. Goldman was formerly project manager with *Sadkin Associates*, Plantation, where he was responsible for single-family housing, condominiums and commercial development.

The *United States Judicial Conference* has ordered all Federal courts to adopt affirmative action plans to provide equality in job opportunities to women and racial minorities. The affirmative action order, which is to begin immediately, is the first such mandate for the Federal court system which employs some 12,000 persons. Each court will be required to submit an annual report on its affirmative action activities to the *Conference*.

A Greenwich, Conn. real estate broker, B. Alex Jones, says that his town reached a record in property value last year when the average sale price of a home increased 19 percent to about \$220,000. Mr. Jones said Greenwich has long been known for its real-estate wealth and noted that one 22-acre estate sold last year for just under \$2 million.

The *U.S. Department of Justice* has filed a housing discrimination suit in U.S. District Court in Detroit charging the City of Birmingham, Mich. with preventing development of racially integrated low-income housing. Birmingham, with a population of about 26,000, is seven miles from Detroit. Its population is 99 percent white while the Detroit metropolitan area is about 15 percent black.

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DEPARTMENT OF HOUSING
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Hud Newsletter

Current Trends

HUD statistics on the volume of mortgage lending activity during the fourth quarter of 1979 indicate that a total of \$46.6 billion home mortgage loans were closed. Of that amount, \$5.9 billion or 13 percent were *FHA*-insured; \$5.1 billion or 11 percent were *VA*-guaranteed; and \$35.5 billion were conventional. For the year as a whole, \$187.1 billion of mortgage loans for one-to-two family homes were closed. Of these, \$20.8 billion or 11 percent were *FHA*-insured loans; \$18.8 billion or 10 percent were *VA*-guaranteed loans; and \$147.5 billion were conventional loans.

The *Federal Home Loan Bank Board (FHLBB)* reports that the average cost of funds for federally insured savings and loan associations rose to an annualized rate of 7.71 percent during the last six months of 1979. This was up 48 basis points from the 7.23 percent cost of funds index for the first six months of the year. This index will determine whether interest rates on variable rate mortgages (*VRM*'s) will increase, decrease or remain the same for those who obtained *VRM* mortgages from savings and loan institutions last summer. The interest rate on the variable rent mortgage is adjusted once every 12 months based on this index which is computed semiannually by the *FHLBB*.

The high cost of housing in Southern California has helped the *Covington Brothers Technologies Corporation* to introduce and market a new type of house – one with walls constructed of polystyrene. Polystyrene is the material used to make hot coffee cups and liners for picnic coolers. The walls are sprayed on both sides with a Portland cement, however, and the builder says this surface bonding makes them five times stronger than conventional walls. The houses are built from a "core module" and placed on a concrete slab foundation. They have from 1,200 to 1,350 square feet of space encompassing a fully equipped kitchen, two bathrooms, furnace, laundry room, plumbing and electrical fixtures. The company built more than 1,100 of the houses last year and plans to put up some 2,000 this year in addition to others constructed in joint ventures with other builders. The houses sell for about \$50,000.

Court Rules Against Brokers in 'Land Contract' Case

A recent Prince William County (Virginia) decision could alter the use of the popular "land contract" agreements between home sellers and buyers, if allowed to stand. A Prince William circuit judge ruled that such agreements may violate the terms contained in most standard mortgage documents. Under land contracts, property title does not change hands immediately although the buyer occupies the home, pays the mortgage and agrees to pay the seller the difference between the sales price and the mortgage balance in installments. Title is transferred at a later date specified in the contract.

The basic purpose of this type of arrangement is to avoid the assumption of higher interest rates on the part of the buyer. The controversy revolves around "due-on-sale" clauses which are found in most deeds of trust and mortgages written in the last 10 years or so. The clause allows the mortgage holder to demand full payment when the borrower transfers interest to anyone else. Proponents of the land contracts contend that the clause does not apply since a legal title to the property does not change hands. The case is expected to be appealed with the support of real estate brokers in the Washington metropolitan area.

FHLBB Says Mortgage Rates Continue Upward

Jay Janis, chairman of the *Federal Home Loan Bank Board (FHLBB)*, has reported that conventional home mortgage rates increased to record levels in early February 1980. Janis said: "The continued rise in home mortgage interest rates reflects earlier increases in commitment rates. The latest increase in commitment rates was the smallest in six months," he said.

In early February, the average effective commitment rate cited by major mortgage lenders for fixed-rate conventional loans for purchase of newly built, single-family homes with a 75 percent loan-to-price ratio and a 25-year term to maturity was 13.13 percent, Janis said. Effective interest rates for conventional purchase loans closed on single-family homes rose sharply from early January to early February reflecting the earlier increases in commitment rates. The average was 12.35 percent in early February. This was up 33 basis points from a month earlier, 110 basis points since the *Federal Reserve's* action in October 1979. The figures were collected prior to the *Federal Reserve's* February 15 action tightening credit still further, a move that has driven mortgage interest rates as high as 17 percent in some localities.

Landrieu Names Four to HUD Field Offices

HUD Secretary Moon Landrieu has named four employees to new positions in the agency's field structure. Gordon N. Johnston, a former mayor of Tacoma, Washington, will serve as administrator of the Seattle Regional Office; John G. Duffy of Brooklyn, N.Y. will serve as manager of the Anchorage, Alaska, Area Office; Joseph G. Hart of Concord, Tenn., will join the Memphis Service Office as its supervisor; and Michael P. Kulick of Scranton, Pa., will become supervisor of the Sacramento, Calif., Service Office.

Johnston, 61, served as deputy regional administrator and acting administrator of the Seattle office after his term as mayor ended in January 1978. He has served as president of the *Puget Sound Council of Governments* and was primarily responsible for the adoption of a "fair share" distribution of low- and moderate-income housing in some 37 cities in the *Council's* jurisdiction. A native of Tacoma, he has also worked as an architect. Secretary Landrieu said "Johnston played a key role in matters relating to housing and community development, both within the city and the area encompassed by the *Puget Sound Council of Governments*. His efforts in both the model cities and urban renewal programs resulted in the successful development of downtown Tacoma, a city of 156,000.

Duffy, 49, came to *HUD* in 1968 and has served in a variety of positions. He was appointed acting manager of the Anchorage Office in 1978. A recipient of the agency's *Certificate of Special Achievement* in 1976 and the *Federal Women's Program Award* in 1979, he is a graduate of *Colorado State University* at Fort Collins and a veteran of the *U.S. Navy*. Prior to joining *HUD*, he worked as a park ranger in Colorado and the State of Washington. He has also worked as a housing inspector for the City of Seattle.

Hart, 40, is a graduate of *St. Vincent College*, Latrobe, Pa., and has been assistant to the area manager since August 1975 with responsibility for coordinating all program activities in Tennessee. Before that, he served for 18 months as director of the Housing Programs Management Branch in the Knoxville Area Office. A native of Jeannette Pa., he has also served in agency positions in Washington, D.C., Philadelphia, Pittsburgh and Cleveland. He joined *HUD* in June 1962 as an accounting technician.

Kulick, 44, is a graduate of the *University of Scranton* and served in the *U.S. Army* before joining *HUD* in 1959. He has worked in the Atlanta Regional Office and the Greensboro, N.C. Area Office as director of housing management and special assistant to the director. A participant in *HUD's* Education for Public Management program, he later was selected *Supervisor of the Year* by the Sacramento *Federal Women's Program Council*.

Survey Reveals Characteristics of Some Home Buyers

The Family Housing Bureau, a public information service of the *Chicago Title Insurance Company*, has released the results of a survey it made to determine the characteristics of the typical home buyer. The Bureau found that the typical first-time home buyer in 1979 was 28 years old, lived with a family of 2.5 persons, spent 3.9 months looking for a suitable house, paid a median price of \$64,600 and made an average downpayment of 29 percent of the purchase price.

The survey was conducted in 11 representative markets nationwide and involved 400 completed interviews. The fourth in an annual series, the survey also revealed the following:

- about 82 percent of the home buyers surveyed were married;
- about 82 percent of the purchases were of existing or previously lived-in homes;
- the typical buyer looked at 12 homes and made a buying decision in 3.7 months;
- the typical buyer paid a median price of \$50,800 for their homes and made a downpayment averaging 17.6 percent of the purchase price;
- first-time buyers shopped for an average of 3.9 months compared to 3.5 months for repeat buyers;
- single-family houses accounted for 87.5 percent of the purchases; multifamily houses accounted for 5.3 percent and condominiums for 6.8 percent; and
- the average age of first-time buyers was 28.4 years compared to 34.7 years for repeat buyers.

HUD Issues Notice of Debenture Interest Rate Change

Lawrence B. Simons, Assistant Secretary for Housing-Federal Housing Commissioner, has issued notice to all approved mortgagees that its regulations have been amended to provide for a change of the debenture interest rate from 8.25 percent to 9.5 percent. The new rate applies to all home and project mortgages and loans under the *National Housing Act*, as amended, except for those loans or mortgages insured under the *Act's* Section 221(g)(4) provisions, committed or endorsed on or after January 1, 1980. In a *Mortgagee Letter 80-11*, Secretary Simons explained that debentures bear interest at the rate in effect at the date of commitment or endorsement for insurance, whichever is the higher. Claims for insurance benefits that are settled in cash in lieu of debentures will include an interest allowance, comparable to the interest at the debenture rate, on the amount of the settlement.

HUD Hikes Rates for Mobile Home Loans

Effective March 13, *HUD* has increased the maximum allowable finance charges for Title I mobile home and property improvement loans. The new interest ceilings are:

- 17 percent for mobile home loans;
- 16.5 percent for the combination of mobile home and lot; and
- 17 percent for property improvement loans.

HUD Secretary Moon Landrieu said: "This action is necessary to bring the maximum finance charge in line with other competitive market rates and to help assure an adequate supply of financing for mobile homes and property improvement loans." The interest ceiling on *FHA*-insured mortgages for single- and multifamily housing remains at 13 percent. Commenting on the third rate increase for mobile homes in recent weeks, Federal Housing Commissioner Larry Simons said: "Commercial banks' prime loan rates are rapidly rising to high levels and the escalating cost of funds has put a particularly hard strain on consumer-related lending."

Nuggets

The *Government National Mortgage Association* has announced that its project loan auction scheduled for April 22 has been cancelled due to unsettled conditions in the money and capital markets. No date has been set to reschedule the April auction.

Thomas Still has been appointed executive director of the *National Association of Housing Cooperatives (NAHC)*. NAHC President Robert Wilcox said, "Still's years of experience with co-op housing, his knowledge of the *National Consumer Co-Op Bank* and his experience as an administrator will allow the NAHC to continue its steady growth." The group works to promote the interests of cooperative housing communities. It also provides training and support services to community groups, Government agencies and individuals interested in developing cooperative housing.

The fourth annual *Virginia Slims study of American Women*, conducted by the *Roper Organization, Inc.*, has concluded that "women believe that they have made major steps toward equalizing their status with that of men." Men, according to the poll, not only agree, but, in the main, support the move for change. At the beginning of the decade only a minority of women - 40 percent - approved of most of the efforts to strengthen and change the status of women in society. That minority, according to *Roper*, has grown over the decade into a majority of 64 percent today. The survey indicated that twice as many women are working today on fulltime jobs as were in 1970, and the trend is likely to continue into the future.

Senator Sees Possible Collapse of Housing Industry

Senator Lloyd Bentsen (D-Tex.) has predicted that the housing industry could collapse later this year as a result of a nosedive in the bond market. Bond values have fallen by more than \$500 billion since October because of growing inflation and high interest rates. More than \$600 million in bonds and notes have been cancelled or withdrawn by governments and companies in the first two months of this year, Senator Bentson said. He warned that in many State subsidized housing financed through the sale of bonds will not be built because of high interest expenses. Bentsen, chairman of the *Joint Economic Committee*, said: "Before the bond market calamity, it was predicted that 1980 would be a poor year for the housing industry, with only 1.1 to 1.2 million starts. Now it seems that those grim predictions may have been optimistic."

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Hud Newsletter

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Current Trends

The *U.S. Department of Commerce* reports that housing starts for February 1980 declined 6 percent to an annual rate of 1.3 million units, compared with a rate of 1.4 million units in January and 1.5 million a year earlier. Housing starts totaled 1.7 million units in 1979 and slightly more than 2 million units in 1978. Actual starts for the first two months of 1980 totaled 153,500 units, down 11 percent from 172,700 units for the first two months of 1979. Starts of single-unit dwellings fell even more sharply, down 23 percent, to 774,000, from the January annual rate of a million units.

Allen Cymrot, president of the *Robert A. McNeil Corp.*, told a Senate Subcommittee that the 1980's will be the Nation's "decade of the housing crisis" and that shortages are likely to cause social protest beyond any brought on by energy problems. Cymrot told the congressional panel looking into expected shortages of rental housing that "We are going to see social protest the like of which we've never seen except briefly in the inner cities," unless a far-reaching action is taken to encourage the building of apartments for low- and middle-income Americans. He said that ways must be found to make construction of apartments financially attractive to private builders, including the possibility of Government tax incentives.

The *U.S. Department of Commerce* reports that personal income rose 0.3 percent or \$6.9 billion in February to a seasonally adjusted \$2.05 trillion annual rate. This, the *Department* said, was the slowest rate of growth since July 1975. Consumer spending slowed also, *Commerce* said, and savings declined, possibly indicating that consumers may be reaching the limit of their purchasing power during these times of high interest rates and high inflation. Spending, *Commerce* said, increased \$7.7 billion to an annual rate of \$1.6 trillion, a gain of .05 percent.

Landrieu Names Woman to Head New York Regional Office

HUD Secretary Moon Landrieu has named Diane M. Porter to head the agency's New York Regional Office. Ms. Porter, former executive vice president of the New York State *Mortgage Loan Enforcement and Administration Corporation*, will be responsible for the management and coordination of *HUD* activities in New York, New Jersey and the Commonwealth of Puerto Rico. In her earlier job, she was responsible for a \$1.2 billion residential and commercial loan portfolio held by the New York State *Urban Development Corporation (UDC)*. She also has served as vice president for external affairs at the *UDC* and as project director and chief planner for the *Roosevelt Island Development Corporation*. A graduate of *Purdue University*, she earned a Master of Urban Planning degree from the *University of Illinois* at Champaign. She began her career as an urban renewal specialist in Mishawaka, Ind., in 1965, and became a senior city planner in Norwalk, Conn., a year later. A native of Kansas City, Mo., she was raised in East Chicago, Ind.

At about the same time, Secretary Landrieu named Patrick L. LaCrosse, 38, to head the Portland, Ore., Area Office. LaCrosse is a former deputy director of the *Portland Development Commission*. The *HUD* Area Office oversees agency programs in Oregon and Idaho. A native of Waterloo, Iowa, LaCrosse has been a project manager with an Ohio consulting firm. From June 1968 to April 1972, he served alternately as urban renewal representative and community development representative for *HUD's* Portland Area Office. During this period he carried out assignments in Fort Wayne, Ind., Cincinnati and Dayton, Ohio, Boise and Twin Falls, Idaho, and Salem, Oregon. He is a graduate of *Blackhawk Junior College*, *St. Ambrose College*, Davenport, Iowa, and *Loyola University*, Chicago, Ill.

Supreme Court Rules Against California Anti-Bias Law

Upholding a September 1979 decision by the *9th U.S. Circuit Court of Appeals*, the *U.S. Supreme Court* has ruled that States may not impose their own regulations to prevent racial bias in lending by Federal savings and loan associations. The case involved the State of California and the *California Conference of Federal Savings and Loan Associations (CFSLA)*.

In 1977, the State of California passed a law enacted to prevent discrimination in housing loans based on neighborhoods and on race, sex, national origin or marital status. The State acted after its legislature determined that certain lenders were denying financial assistance in neighborhoods that were predominantly black or that were undergoing racial change. Challenging the State law, the *CFSLA* sued the State, contending that the law was preempted by the *Federal Home Owners' Loan Act of 1933*. The Act is enforced by the *Federal Home Loan Bank Board (FHLBB)*, an independent agency which charters, examines and regulates the savings and loan industry. The *Conference* won the suits in both the Federal district and appeals courts with the backing of the *FHLBB*. The State then appealed the case to the *Supreme Court*.

The decision, made without the issuance of an opinion, is binding in Alaska, Arizona, Hawaii, Idaho, Montana, Nevada, Oregon and the State of Washington as well as in California. In the future, it could be cited as a precedent by the industry in other States where savings and loan associations seek to avoid similar regulatory attempts. The industry, however, must continue to comply with Federal regulations that prohibit "redlining" or neighborhood discrimination. A spokesman for the State pointed out that nothing in the lower court rulings prevents enforcement of the State law where State-chartered lenders are concerned.

Intergovernmental Management Program Will be Continued

A *HUD* program to produce community development and housing managers at the Federal, State and local levels will be continued in 1980. The Intergovernmental Management Program (IMP), initiated last year, was started to establish a network of persons capable of managing an intergovernmental system for delivering housing and community programs to urban areas. Secretary Moon Landrieu, in announcing continuation of the program, said: "Its innovative mix of participants and experiences will have long-term benefits for the delivery of housing and community development programs. This differs from previous *HUD* training programs in that it recognizes that housing and community development activities operate in a governmental environment that is integrated rather than separated."

The program combines graduate study at the *University of Southern California's* Public Affairs Center in Washington, D.C. with full-time professional work at *HUD* headquarters. Those who complete the requirements will receive a masters degree in public administration. The IMP is open to all *HUD* and State and local government employees with a minimum of three years experience in housing and community development. Applicants must be at the GS-11 to GS-13 level or at the non-Federal equivalent, have an undergraduate degree with a 3.0 grade average for the final two years, and must pass an admissions test for graduate or law school.

HUD will pay the cost of training, travel and relocation. Participants will continue to receive their regular salaries while in the program which begins in October. The deadline for filing is June 2, 1980. Selection of participants will be based, in part, on the following factors:

- * evidence of superior work performance, initiative, and leadership potential;
- * demonstrated knowledge of housing and/or community development programs;
- * supervisory appraisals and recommendations; and
- * management's plans for utilizing applicant's enhanced abilities within the employing organization.

Additional information about the IMP may be obtained from training officers in *HUD's* regional offices or from Don M. Blandin, director, *HUD's* Intergovernmental Management Program, Room 10110, Washington, D.C. 20410.

HUD Earmarks Funds for Public Housing Modernization

HUD has announced a major effort to target a portion of Fiscal Year 1980 public housing modernization funds for the substantial rehabilitation of larger rental public housing projects with severe physical deficiencies. Lawrence B. Simons, Assistant Secretary for Housing-Federal Housing Commissioner, said the agency has set aside \$20 million in FY 1980 contract authority to finance approximately \$218.2 million of capital improvements. He said the effort is an integral part of the overall Comprehensive Modernization Program (CMP). The CMP is contingent upon the issuance of regulations providing for a number of special requirements.

A limited number of projects will be selected for the CMP through a national competition. Selection factors will include the urgency of the project's needs, the extent of substandard vacant units, and the *Public Housing Agency's (PHA's)* capability for completing the work within a three-year period after approval. Emphasis also will be placed on the prospects for the long-term viability of a project after completion of physical improvements and on the *PHA's* capability to carry out any needed management improvements.

PHA's with unexpended CMP funds approved in FY 1975 or earlier will not be eligible for 1980 funds unless the agency determines that failure to expend the funds was beyond their control. Subject to this requirement, eligibility will be limited to *PHA*-owned, rental projects with 100 or more dwellings units and unfunded modernization needs averaging \$5,000 or more per dwelling unit. Section 8, Section 27 and homeownership projects (Turnkey II and Mutual Help) will not be eligible for the CMP.

Eligibility will be limited to one project per *PHA*, but a *PHA* may seek the completion of rehabilitation already underway for one project previously funded for Targeted Rehabilitation under the Public Housing Urban Initiatives Program which needs incremental additions for completion. Final selection decisions will be made no later than September 30, 1980. Simon said the agency plans to continue the CMP in the future so that, over a five-year period, the modernization needs of all severely deteriorated projects will be funded. The CMP notice appeared in the March 19 *Federal Register*, Volume 45, Number 55, at page 17640.

Free Hand Sought for Cities in Shaping Urban Programs

HUD Secretary Moon Landrieu has told a House Subcommittee holding hearings on the agency's FY 1981 legislative program that local communities must be given the "widest possible latitude" in shaping programs to meet their needs. "As we look to the future," he told the *Subcommittee on Housing and Community Development*, "we must recognize that a healthy private sector is the key to an effective urban policy. The Federal Government did not build the cities and towns of this country. They were built by the private sector, often in partnership with the local governments, but the buildings themselves – the homes and stores and factories – came from the private sector."

Landrieu said the administration's concern about orderly growth and development now extends beyond the large cities and their metropolitan areas to the small towns and rural areas. He said: "Our rural policy complements the President's *National Urban Policy* and we are bent on assuring that our housing and community development programs reach into the small communities and rural places in this country." President Carter announced his *Small Community and Rural Development Policy* on December 20, 1979. The *HUD* Secretary said that both the agency's Section 8 housing subsidy program and the Urban Development Action Grants (UDAG) are tailored to the concept of partnerships and noted that the efforts have been received readily by the private sector.

Telling the House panel that the Nation faces grave housing problems in the 1980's, he said that low- and moderate-income people are experiencing the most severe problems. Although he could not say that all unmet housing needs would be met in FY 1981, he told the *Subcommittee* that significant progress would be made through *HUD's* request for sufficient budget authority to provide 300,000 low- and moderate-housing units next year. He reported that the agency is launching a new effort to upgrade the existing stock of public housing, some of which is almost 40 years old, through a Comprehensive Modernization Program. Under the program, *HUD* plans, in concert with local officials, to use up to 50 percent of its contract authority for upgrading and modernizing public housing.

Significant Litigation

Langham, et al. v. Landrieu, Lake Park Assoc., et al.

No. C-79-783-WS (M.D. N.C. 2-20-80) (preliminary injunction entered)

The *District Court* has preliminarily enjoined *HUD* from proceeding with Section 8 assistance and Section 221(d)(4) mortgage insurance on the Lake Park housing project in Winston-Salem, North Carolina, finding that *HUD* abused its discretion in approving the site under its Site and Neighborhood Standards, 24 C.F.R. §880.112(b) and (c). Plaintiffs, both black and white residents of the area surrounding the site, claimed that the project occupants would be all black, thereby causing further concentration of blacks in the area. The Court agreed that the site was in an area of minority concentration and found that *HUD* had made an inadequate evaluation of the site. *HUD* has moved to alter or amend the Court's Order, requesting that the site decision be remanded to *HUD* for consideration of whether the exceptions to 24 C.F.R. §880.112(c) apply, i.e., comparable housing opportunities exist elsewhere or the need for low-income housing overrides site consideration.

Greater Northwest Huntsville Civic Assn., et al. v. Landrieu

No. 79-W-5118-NE (N.D. Ala., Feb. 25, 1980), (denial of preliminary injunction)

The *District Court* has denied plaintiffs' application for a preliminary injunction to prevent Section 8 assistance for a project under construction in Huntsville, Alabama. The Court heard evidence on *HUD's* site review at the hearing and found that *HUD* considered all relevant equal opportunity and environmental factors and that there had been no abuse of discretion by *HUD* in approving the site. Plaintiffs were residents of Greater Northwest Huntsville who contended that the site was environmentally unsound and that the project occupants would unduly impact the area with blacks and low-income persons.

FYI

Corporate Constitutional Convention. . . sponsored by a broad coalition of trade, consumer and grassroots organizations. . . Washington, D.C., April 17, Details: Big Business Day, 1346 Connecticut Avenue, N.W., Suite 411, Washington, D.C. 20036 (202/861-0456).

National Council on the Aging (NCA). . . 30th Anniversary Conference. . . Washington, D.C., April 20-23. Details: NCA, 1828 L Street, N.W., Washington, D.C., 20036 (202/223-6350).

National Low-Income Housing Coalition and Rural America. . . Low-Income Housing Conference. . . Washington, D.C., April 24-27. Details: Kate Crawford, NLHC, 215-8th Street, N.E., Washington, D.C. 20002 (202/544-2544).

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Current Trends

Vista Development Corp., El Cajon, Ca., has come up with a unique promotional idea for selling houses. The company is offering a \$22,000 automobile with each purchase of a home ranging in price from \$163,000 to \$193,000. A spokesperson said about two dozen of the Vista homes have gone unsold for the past four months, costing the developer more than \$1.2 million in interest on an annual basis. "The whole idea is to move inventory," said Charles Knickerbocker, the company's president.

Census estimates since the early 1970's have shown a spreading out of the American population from the cities and suburbs to the countryside, says the *New York Times*. The paper says the trend is so widespread that authorities now view it as a major national phenomenon with broad economic, social and political implications. The exact number will not be known, the *Times* said, until the 1980 census has been taken, but it seems clear that the Nation's population, industry and commerce, once clumped together in the cities, are being broadcast far and wide in a movement that has called for the commitment of vast new resources and has made the Nation more dependent on automobiles as energy becomes scarce and costly.

The *Federal Home Loan Bank Board (FHLBB)* reports that the net return on assets of federally insured savings and loan associations has declined for the second consecutive six-month period, according to Jay Janis, chairman of the *FHLBB*. The net return, a key indicator of S&L profitability, dropped 0.04 percent from an annualized rate of 0.69 percent in the first half of 1979 to 0.65 percent in the last half of the year. Janis said the decline was due to a record increase in the average rate paid by associations for funds. The rate paid during July-December 1979 was 7.71 percent, a record increase of 0.48 percent in the first half of last year.

FYI

Community Associations Institute (CAI). . . Professional Management Development Program. . . Chicago, Ill., May 9-11, 1980. Details: *CAI*, 1832 M Street, N.W., Washington, D.C. 20036 (202/223-6770).

The National Savings and Loan League (NSLL). . . National League Management Conference, Boca Raton, Fla., May 11-14, 1980. *HUD* Secretary Landrieu is scheduled to be one of the featured speakers, along with John Dalton, the newest member of the *Federal Home Loan Bank Board*. Details: *NSLL*, 1101 Fifteenth Street, N.W., Washington, D.C. 20005 (202/331-0270).

American Land Development Association (ALDA). . . Fifth National Resort Timesharing Conference. . . Denver, Co., April 30-May 3, 1980. Details: *ALDA*, 100 Sixteenth Street, N.W., Washington, D.C. 20036 (202/659-4582).

HUD has provided funding for a 35-member council to determine the kind of communities the Nation will need in the 1980's and the changes that will be required to meet those needs. In announcing the new *Council on Developmental Choices for the 'Eighties*, *HUD* Secretary Moon Landrieu said the group "will seek a common understanding of the forces that will affect development in the 1980's and will form an action agenda having the broadest support." He added that the *Council* will work with the *President's Commission for a National Agenda for the Eighties* on issues affecting the built environment.

The formal study will be conducted by the *Urban Land Institute (ULI)* under a *HUD* grant. The *ULI* has formed what it calls a "blue ribbon panel" of leaders from the public and private sectors representing a cross section of the Nation and reflecting a wide range of experience. It is co-chaired by Arizona State Governor Bruce Babbitt and Harold S. Jensen, a partner in *Metropolitan Structures*, a Chicago community development firm. Michael F. Kelly, *ULI's* president, said the *Council* represents "an excellent opportunity for the public-private partnership to examine issues facing us in the 1980's and beyond with respect to our urban areas."

In a November 1979 speech before the *National League of Cities*, Landrieu said: ". . . I am more than a bit intrigued by the circumstances which confront each of us as Americans. I believe we have arrived at a significant moment in our Nation's history. Granted, we are closing out a decade often marked by turmoil and crisis; and we are embarking on a new decade in which every area of human endeavor will be tested to its limits. But I believe that we are not simply ending a decade, I think we also are closing out an entire era."

He told the *League* that the 1980's signal the coming of a new era for cities, for urban administrators, for representatives of government at all levels and for citizens. "At the present time," he said, "we are between the old era and the new. Ours is a time of transition and testing. None of us can say with accuracy what the new era will be like because in large measure we will determine its shape and content by our actions during this transition period." Saying that the Nation is beginning to confront some of the realities which will have to be met and managed through the transition period and beyond, he raised the major questions he said we must face:

- What will our communities look like in 20 years?
- What new factors are affecting them? and
- How can we shape future development to cope with the changing times and to help conserve our cities?

Landrieu cautioned that the Nation will have to adopt a bolder, broader approach that is based on the interdependence of cities, suburbs and rural areas. He said that we "must take a fresh look at the current condition and future direction of our urban areas" in terms of:

- energy costs and supply;
- inflation and slow gains in real income;
- slower economic growth and reduced productivity;
- inevitable growth (282 million by the year 2000);
- slower growth in metropolitan areas and more rapid growth in smaller areas; and
- continued dispersion of blue collar jobs.

The *HUD* Secretary said the *Council* plans to complete its work by January 1981. During the interim, it will:

- consider desirable forms of development that will best respond to anticipated economic, demographic and resource changes of the next two decades;
- identify opportunities for, and obstacles to, implementation;
- formulate recommendations for action by Federal, State and local governments, and the private sector, including strategies for public-private cooperation; and
- define development options that support selected national objectives.

For additional information on the *Council*, contact Lawrence O. Houston, Jr., assistant to the Secretary, Room 10232, 451-7th Street, S.W., Washington, D.C. 20410 (202-755-3636).

HUD Increases FHA-Allowable Interest Rates

Saying that a combination of factors left him no alternative, *HUD* Secretary Moon Landrieu has announced increases in the maximum allowable rates for *FHA*-insured mortgages for single-family homes, mobile homes and property improvement loans. The rate for multifamily mortgages remains unchanged at 13 percent. The new rates, which became effective on April 3, 1980, are:

Program	New Ceiling	Old Ceiling
Single-family mortgages	14 percent	13 percent
Mobile home loans	18 percent	17 percent
Mobile home and lot	17.5 percent	16.5 percent
Property improvement	18 percent	17 percent

Landrieu said the new single-family rate was determined after consultation with Max Cleland, administrator of the *Veterans Administration*, who announced a similar change in the maximum rate for *VA*-guaranteed home mortgage loans. The *HUD* Secretary said the new rates were needed to offer some relief to home buyers and home sellers alike. "Under the present rates," he noted, "many lower-income home buyers are denied the more favorable terms of *FHA*-insured loans that they need to achieve homeownership. Landrieu said that the high number of discount points caused a serious hardship for home sellers because many of them "did not anticipate having to pay the additional money when they arranged to sell their homes with *FHA* or *VA* financing."

Kiner to Serve As Deputy General Counsel

HUD Secretary Moon Landrieu has announced the appointment of Marlaina Kiner as deputy general counsel for the agency. She has been *HUD's* regional counsel in Seattle (*Region X*) since August 1978. Prior to that assignment, she directed the Office of Civil Rights in the *Department of Health, Education and Welfare's* Seattle Regional Office for eight years. Earlier she held HEW positions in Atlanta and in Washington, D.C. For the past two years, she also has served as chairperson of the *Seattle Human Rights Commission*. A summa cum laude graduate of *Fisk University*, Nashville, Tenn., she holds a J.D. degree from *Howard University* (Washington, D.C.) School of Law.

Currency Comptroller Calls for Review of Housing Programs

John G. Heimann, comptroller of the currency, has called for a review of Government housing programs, saying that it should be part of a broader study of "how the American people spend their money." He said the review could be done by the *President's Commission for a National Agenda for the Eighties* or by a special commission appointed by *Congress*. The *Presidential Commission* was established in October 1979 to examine inflation, energy, demographic shifts and other domestic issues.

Heimann said the subjects to be covered include who should receive Federal subsidies and how large the subsidies should be; the effectiveness of programs targeted to selected segments of the population; and the amount the Government should spend to support housing.

Publications Available

The following publications were published by *HUD* and, unless otherwise indicated, are available from the Publications Branch, *HUD*, Room B-258, Division of Publications and Information, 451-7th Street, S. W., Washington, D.C. 20410. Single copies are free (202/755-6420).

Fixing Up Your Home and How to Finance It. . . a pamphlet containing hints on what to look for if you do your own home improvement work, how to apply for *HUD*-insured loans, how to select a contractor, and how to avoid fraud and other pitfalls. *HUD-52-H(9)*, January 1980.

Termites. . . tells how to check your house for termites; lists the most common types of termites and other common pests; and lists suggestions for termite control. *HUD-323-H(6)*, January 1980.

The Building Value into Housing Program. . . describes *HUD*'s grant program designed to stimulate the use of innovative construction techniques to increase the value of homes. Contains *Request for Grant Application Form* which must be submitted by May 30, 1980. *HUD-563-PDR(2)*, February 1980.

Evaluation of the Urban Homesteading Demonstration Program. . . the third annual report of the Office of Policy Development and Research; this publication examines the program in *HUD*'s 23 demonstration sites. *HUD-PDR-273-3(2)*, January 1980.

Solar Bibliography. . . contains a reading list on solar energy in seven categories: non-technical, technical, architectural, general energy, directories, periodicals and Government publications. *HUD-PDR-493-4*, February 1980.

Solar Hot Water and Your Home. . . helps you to understand the basic facts about solar hot water heating; points out some of the technical details you should know; discusses design and choice of solar hot water systems; indicates possible pitfalls to avoid and provides a list of references for further information. Available from the *National Solar Heating and Cooling Information Center*, P.O. Box 1607, Rockville, MD. 20850.

Commercial Revitalization-Neighborhood Focus. . . a follow-up to *HUD*'s Partnership Forum on Neighborhood Commercial Revitalization held in December 1978. . . Discusses the urban economy, *HUD*'s response to help communities stimulate their urban economics and gives a review of revitalization projects that have been implemented successfully. *HUD-562-NVACP*, January 1980.

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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DEPARTMENT OF HOUSING
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Hud Newsletter

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Current Trends

Bank One Corporation, a multibank holding company, is making plans to test the Nation's first home banking service in Columbus, Ohio, next October. The service is a computer-based information system which will convert a television and telephone into a home bank, an encyclopedia, a library catalog and a community information source. Participants in the test project will be able to pay bills, check the status of their checking or savings account, or learn the latest interest on a variable-rate certificate of deposit. Full implementation of the system is not expected for several years.

Two California utilities, *Pacific Gas and Electric* and *Southern California Gas*, are seeking permission from the *State Public Utilities Commission (PUC)* to install solar-assisted water heaters in some 170,000 housing units in their combined service areas. The project, planned for completion in about three years, would be the largest residential solar energy project in the Nation. The utilities are offering to finance installation of the water heaters through no-interest or low-interest loans repayable over a 20-year period. The plans are in response to a January 1980 order from the *PUC* for four public utilities to propose plans for financing home solar devices.

Union leaders and construction workers in Southern California are considering a plan to divert pension fund reserves to funds for building loans. If the plan is finally approved, it would have a substantial impact on the sagging industry. The plan would meld 10 pension funds to make long-term loan commitments for the construction of homes and commercial buildings in the area. The loans would be made on the condition that the work be performed by organized labor. Interest rates would be lower than current commercial rates which range from 15 to 25 percent in the Los Angeles Area.

The *Federal Home Loan Bank Board (FHLBB)* has approved a reduction in the minimum liquidity requirement for member savings and loan associations and mutual savings banks from 5.5 percent to 5 percent. It also approved a reduction in the short-term liquidity requirement from 1.5 percent to 1 percent. The liquidity requirement is the amount of savings and investments with short-term maturity dates which an institution must keep on hand to meet withdrawal demands. Jay Janis, chairman of the *FHLBB*, estimates that the action "frees up a potential of \$2.3 billion to thrift institutions for investment purposes," but doubts that the additional funds would be used for mortgage lending.

Builders, building suppliers and related businesses are anxiously awaiting the first wave of information from the *Twentieth Decennial Census*. While the primary purpose of the census is to help with the reapportionment of Congress and allocation of Federal funds, the information collected has many uses in the business world. Prudent businessmen will use information gleaned from the census to sell, market and promote virtually every product imaginable.

President Signs Bill Providing for Financial Reforms

President Carter has signed the *Depository Institutions Deregulation and Monetary Control Act* (H.R. 4986) which he says will "help control inflation, strengthen our financial institutions and help small savers." Praised as a landmark banking bill, the reform legislation has been called "the most far-reaching financial legislation in decades." Most experts agree that the *Act* will change many of the ways that customers now save, borrow and repay mortgage loans. Passed at a time when savings across the Nation have dipped to a 28-year low, the *Act* will:

- eliminate — after six years — limitations on interest rates paid on savings deposits (including passbook accounts) which now are limited to 5.5 percent;
- lift the ceiling on State usury laws so that savings and loan associations can let mortgages at higher interest rates in an effort to make more money available for home loans;
- permit States to replace the new usury law limits any time during the next three years;
- remove, for three years, interest rate limits on business and agriculture loans in excess of \$25,000;
- permit (beginning December 31) the use of negotiated orders of withdrawal (NOW accounts) so that institutions may offer interest-bearing checking accounts with check-drafting privileges;
- require, over a phase-in period of eight years, banks and most thrift institutions to place a fixed percentage of funds in a non-interest bearing reserve established by the *Federal Reserve Board*;
- increase from \$40,000 to \$100,000 the amount of Federal insurance on bank savings;
- increase from 12 percent to 15 percent the maximum interest rate on credit union loans, with even higher rates possible for periods of up to 18 months; and
- permit savings and loan associations to use part of their assets for loans other than home mortgages.

New Technology Will Change Offices of the Future

The *Office Technology Research Group (OTRG)* predicts that bank offices of the future might soon be as portable as a transistor radio. The *OTRG*, according to the *Practical Banker*, is an international organization of executives concerned with planning and implementing the office of the future. The publication said today's familiar office settings may be on the brink of becoming obsolete. "The concept of the office as we know it is eroding with the advent of new telecommunication devices," said Hank Koehn, vice president of Futures Research Division, *Security Pacific National Bank*. He added that many of the innovative changes are likely to take place in the office of the 1980's and into the 1990's.

He said that the "comsole," a coined expression for communications console, is an example of the new devices. The comsole is a hand-held device which connects to a telephone and ordinary television set, providing on-line visual access to information stored in a company computing telecommunications network. He suggested that in the future, such devices may replace office meetings and thus some workers may never get to meet their coworkers because their only interaction will be through inventions such as the comsole.

Taking the prediction a bit further, Robert Russell, senior advisor to the Secretary of State for the Canadian Government, foresees the day — in the 1990's — when executives won't go to the office. "They'll take it with them in an electronic briefcase," he said. The electronic briefcase will consist of a cathode-ray screen, a touch-sensitive keyboard painted on plastic, a control unit, and one or more chip storage units holding whatever information is needed to complete a job, said Russell. "The briefcase could also receive information from a central information bank via telecommunications at specified intervals," he added.

According to the *Banker*, "Smoke removal equipment will eliminate no-smoking areas, augmented white sound will be used to vary moods of office workers, and the environment might be charged with ions to offset the adverse physical effects of electronic devices on humans." The *Practical Banker* is a publication of Warren, Gorham and Lamont, Boston, Mass.

NRHRP Helps Low-Income Families With Home Repairs

The *National Rural Home Repair Program (NRHRP)* reports that it completed more than 1,100 housing repairs for low-income families in 1979. The repairs were made on owner-occupied homes. The program, started in 1977, is a demonstration project of the *Community Services Administration (CSA)*. It is funded for some \$2.25 million a year for three years. Since its inception, it has made more than 2,600 repairs or weatherizations on homes in rural areas with a population of 20,000 or less. The *CSA* says that 21 nonprofit community-based groups in 21 States were given program funds for such repairs last year. The average *NRHRP* participant has an income of about \$3,077. The maximum amount of program funds that may be spent on a single home is \$3,500. Additional information on the program may be obtained from James J. Hearn, *CSA* Housing Programs director, 1200-19th Street, N.W., Washington, D.C. 20506.

President Signs Agricultural Adjustment Act of 1980

President Carter has signed into law the **Agricultural Adjustment Act of 1980**, a measure that he says will "help maintain the economic viability of our farm economy without contributing to food price inflation." The President said long-term risk of the collapse of farm prices falls on consumers through production interruptions and price increases. He said the *Act* increases protection against such interruptions. It extends the disaster payment program which covers a portion of the losses associated with crop failure, and imposes a new limitation on the amount of such payments. It also amends the landmark *Food and Agriculture Act of 1977* by adjusting the level of income protection made available to those farmers who participate in the commodity programs authorized by the *1977 Act*.

January Housing Completed at Annual Rate of 1,763,000

Privately owned housing units were completed in January 1980 at a seasonally adjusted annual rate of 1,763,000 according to estimates released jointly by *HUD* and the *Bureau of the Census*. The new rate is 6 percent below the revised December rate of 1,875,000 and 4 percent below the revised January 1979 rate of 1,846,000 units. The January 1980 seasonally adjusted annual rate for single-family housing completions was 1,249,000, compared with the revised December single-family rate of 1,323,000 units. The rate in January for units in apartment buildings with five or more units was 393,000 compared with the revised December rate of 408,000. The rate for units in buildings with two to four units was 121,000. The seasonally adjusted estimate of housing under construction at the end of January 1980 was 1,171,000 units compared with the revised December estimate of 1,161,000. Of those units, 676,000 were single-family structures, 416,000 were in buildings with five or more units, and 79,000 were in buildings with two to four units.

FHLBB Authorizes Flexible-Rate Mortgages for S&L Industry

The *Federal Home Loan Bank Board (FHLBB)* proposes to give the Nation's savings and loan associations the go-ahead on flexible-rate mortgages on which the interest rate can change every three, four or five years. Known variously as variable rate, rollover and renegotiated mortgages, the new method means that interest rates will reflect the cost of money to lenders. There is also the likelihood that the current fixed-rate mortgages used over the past 40 years will become a thing of the past in the S&L industry. Flexible-rate mortgages have been in use for some time, but lenders in States where they are legal also offer the borrower the option of a fixed-rate mortgage when money is available. The *FHLBB's* action removes that option for future home buyers.

The new proposal covers some 2,000 federally chartered savings and loan institutions. Rates on 30-year mortgages could rise or fall by no more than five percentage points over the life of the loan. Interest rates also could not vary by more than half a percentage point during any given year. At the maximum, assuming the worst, a lender could hike the mortgage interest rate by as much as 1.5 percent at the end of a three-year period or by 2.5 percent at the end of a five-year period.

Lenders will not be permitted to charge renewal fees and they will be required to renew the mortgage at the end of each period even if the homeowner has been late in making some payments. The homeowner may pay off the total mortgage at any time after the first renewal period without a penalty. Borrowers must be given a 90-day notice before a renewal period and will be free to obtain financing elsewhere at a lower rate. Formal foreclosure proceedings will be required if the lender decides to end the mortgage agreement.

FYI

AIA Research Corporation. . . a series of two-day workshops on the principles of passive solar design techniques for heating, cooling, and day lighting. . . Seattle, Wash., May 2-3 (Los Angeles, May 9-10; Washington, D.C., May 16-17; Boston, Mass., May 22-23; Denver, Colo., May 30-31). Details: **AIA/RC**, 1735 New York Avenue, N.W., Washington, D.C. 20006 (202/785-7800).

Government Information Services (GIS). . . Seminar on Federal Funding for the 1980's. . . Washington, D.C., May 12-14, 1980. Details: **GIS**, 752 National Press Building, Washington, D.C. 20045 (202/638-5095).

Nuggets

The **House** has rejected a proposal to create a new energy committee, choosing instead to expand the powers of and to rename the long-standing **Commerce Committee**. By a 300 to 111 vote, the **House** gave additional powers to the committee and named it the **Energy and Commerce Committee**. The action was aimed at resolving internal problems. A 1979 study revealed that more than 80 House committees and subcommittees have some responsibility for implementation of energy policy.

This month marks the 12th anniversary of the passage of the **Civil Rights Act of 1968** (P.L. 90-284). That landmark legislation established fair housing as a national policy and (Title VIII) prohibits discrimination in the sale, rental or financing of housing and in the provision of brokerage services. **Congress** is currently seeking to amend the law (H.R. 5200) to provide for hearing officers to consider cases of alleged housing discrimination.

A recent report issued by the **Sloan Commission on Government and Higher Education** suggests that colleges and universities should not face the same scrutiny as banks, businesses and other hierarchies where antidiscrimination laws and regulations are concerned. The **Commission** said the Government is becoming more the policeman than the patron of the academic world. All but two of the 22-member panel recommended the creation of a **Council for Equal Opportunity in Higher Education**. The **Council** would take over the work of investigators and compliance personnel from some eight Federal agencies which now enforce 17 equal opportunity laws and rules.

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Current Trends

Plans are underway for the introduction of a new "Solwin Device" to the national commercial market. The device reportedly is capable of taking energy from the sun and wind to produce electricity and hot water in a single operation. Most solar devices already on the market produce either hot water or electricity. Charles Hope, president of *Solwin Industries*, said his solar system is designed to provide 100 percent of the energy needed to heat a four-person private dwelling. The device is not expected to be available to consumers for another two years.

Business Week reports that Chicago provides its residents the highest standard of living in the world. A recent survey by *Union Bank of Switzerland* set out to compare the earnings in a typical cross section of jobs in 45 cities around the world with local prices for more than 100 consumer goods and services such as food, rent, transportation and household articles. The survey found that Chicago has the most favorable earnings to price ratio. Other American cities in the top 10 included San Francisco, Los Angeles and New York.

A cutback in Federal housing assistance while private housing starts are dropping sharply could throw the economy into a tailspin, according to Henry B. Schechter, director of urban affairs for the *AFL-CIO*. Schechter urged a *Senate* subcommittee to increase Federal housing and community development programs to "help take up the slack" brought on by tight money and high interest rates. He called for public housing funding "adequate to achieve the 300,000 units sought in the administration's original legislative proposal" and said the Government should protect workers who become unemployed against foreclosure of *FHA* mortgages.

Vincent Barabba, director of the *Bureau of the Census*, says that more than half of all Americans have returned the census forms which were distributed nationally a month ago. He said that he is confident that the projected 80 percent national response rate will be achieved. Barabba told *Congress*, however, that his agency may seek an additional \$25 million in supplemental funds in order to send workers into the field to interview those who have not returned the forms.

The *Twentieth Decennial Census* was barely underway before the pundits began to issue projections on how it would affect the congressional ratio. By law, the *House of Representatives* must be reapportioned before the 1982 mid-year elections. Early estimates of population shifts indicate that more than a dozen seats will shift from the Northeast and Midwest to the South and West.

Interest Rate Increases for Land Development Insurance

HUD has increased the maximum interest rate for the Title X land development mortgage insurance program from 13 percent to 14 percent. Secretary Moon Landrieu said the increase was necessary to bring the interest rate more in line with conventional development loan rates and to assure an adequate supply of *FHA* land development loans. Title X was added to the *National Housing Act* via the 1965 *Housing and Urban Development Act* to spur sound land-use patterns consistent with a comprehensive plan in areas under development. Eligible developers must assure that projects contribute to good living conditions, are in keeping with land-use plans and are adequately serviced by public facilities and transportation.

Saint Paul Ponders Plan for Housing for the 1980's

A 21-member planning commission in Saint Paul, Minn. is collecting information to support and solidify its housing policy plan called *Housing Saint Paul: 1980-1990*. The proposal is intended to provide a policy framework for housing and related programs in the coming decade. The *Saint Paul Planning Commission* is composed of a mix of private citizens and community leaders who advise the mayor and city council on a variety of municipal planning matters. Neighborhood groups, organizations and interested individuals have been given an opportunity to present their views on the plan via a public hearing.

According to a spokesperson for the city's *Department of Planning and Economic Development (DPED)*, the plan addresses these major questions, among others:

- * How much and what kinds of new housing construction are required to meet the future needs of Saint Paul citizens?
- * What has been the city's response to its aging housing stock and how can the existing stock be maintained?
- * What can the city do to ensure that its residents have the financial capability and opportunity to obtain needed housing?

A summary of the housing plan calls for 10,000 new units to be constructed over the next 10 years. Emphasis will be placed on alternatives to single-family, detached homes so that smaller households will have opportunities to remain in their neighborhoods and existing houses will be available to families. The plan also will emphasize energy efficiency in new construction and in rehabilitation. A concerted effort will be made to encourage a major reduction in the use of non-renewal fuels through the application of new technology. The plan also calls for:

- * expanding the housing supply for all income levels;
- * giving more attention to maintenance by using educational programs and using the code and inspection process more effectively;
- * directing rehabilitation resources toward the improvement of multi-unit structures; and
- * pursuing measures which will provide reasonable access for all residents to decent housing in a suitable residential environment.

Additional information on the Saint Paul housing plan may be obtained from Orlo Otteson, *DPED*, 1400 City Hall Annex, 25 West Fourth Street, Saint Paul, Minn. 55102 (612/292-6084).

Action Grants Go to 45 Areas

HUD Secretary Moon Landrieu has announced the approval of more than \$149.2 million in Urban Development Action Grants (UDAG) for 45 metropolitan cities and one urban county. The action creates the largest number of UDAG projects for large cities since the program began in October 1978. "The UDAG program seems to produce milestones each time awards are made," Landrieu said. "This means that more urban areas will be better prepared to deal with the problems of a declining tax base, lack of jobs and substantial poverty."

The cities will undertake 54 joint public-private development projects, backed by more than \$625 million in commitments of private funding. When the projects are completed in two to three years, an estimated 17,420 new private-sector jobs will have been created, 5,762 others saved, and positions opened for 11,240 construction workers. The UDAG program is designed to rebuild the tax base, create jobs, revitalize neighborhoods and commercial areas, and attract private investments in cities with severe economic and physical distress.

Two Join HUD as Deputy Assistant Secretaries

HUD has announced the appointment of two new deputy assistant secretaries. Janet Gabriel Roche has been designated as deputy assistant secretary for Public Housing and Indian Programs, and Alexander J. Pires has been named deputy assistant secretary for Multifamily Housing Programs.

Roche, 38, a *Phi Beta Kappa* graduate of *Stanford*, will be responsible for administering programs operated by public housing and Indian housing authorities. As the first director of the Berkeley, Calif. *Housing and Development Department*, she supervised a staff of 130 persons with a budget of \$6 million. Pires, who has been a senior trial attorney for the *Department of Justice* since 1977, will be responsible for administering multifamily programs operated primarily by private owners and developers. He is a graduate of *Boston University* and the *George Washington University Law School*.

Secretary Moon Landrieu also announced two other appointments in headquarters and field positions. Gershon M. Ratner has been appointed associate general counsel for litigation. Ratner, 37, will work with the agency's most significant law suits. He will coordinate all litigation with *HUD* and serve as the principal officer responsible for coordinating *HUD* litigation with the *Department of Justice*. Prior to his appointment, Ratner served as deputy executive secretary of the *Department of Health, Education and Welfare (D/HEW)*. Richard John Franco has been selected as manager of *HUD*'s Milwaukee Area Office. A recent graduate of the Department's Executive Identification and Development Program (EIDP), he will be responsible for carrying out *HUD* policy and housing programs in the State of Wisconsin. He began his career in 1969 as director of contract compliance for the agency's San Francisco Regional Office.

OILSR Proposes New Regulations on Land Sales Registration

HUD's Office of Interstate Land Sales Registration has proposed new regulations to implement recent amendments to the *Interstate Lands Sales Full Disclosure Act* enacted last year. The regulations will benefit both purchasers and developers of unimproved lots, says Patricia Worthy, OILSR administrator. "When President Carter signed the amendments into law last December," Worthy said, "he strengthened consumer safeguards and relieved the regulatory burden on small developers. We at *HUD* look forward to working with *Congress*, consumers and the land sales industry in perfecting these regulations."

She said that new consumer rights spelled out in the proposed regulations include the following :

- * Lot buyers will have seven days, rather than three, in which to change their decisions to purchase and get a full refund of money paid.
- * Buyers will have a longer period in which to sue developers if sales involve fraud or misrepresentation.
- * Developers will be required to list promised utilities and amenities in sales contracts and buyers will be able to sue if they are not provided.

Developers who sell only in the State where the land is located or sell mobile homes and lots as packages would be exempted from the law. If small developers have subdivisions in *standard metropolitan statistical areas (SMSA's)*, the sales they make to residents of the *SMSA's* are exempt. Exempt developers can sell unimproved land without registering with the OILSR. If a State administers a land sales program comparable to the Federal program, *HUD* may certify that State, and developers registered there can satisfy OILSR's requirements by filing specified State documents with the agency.

The proposed regulations appeared in Volume 45, Number 62 of the *Federal Register*, Part VII, March 28, 1980, at p. 20716. If adopted, the regulations would become effective on June 21, 1980. Additional information on the proposed rules may be obtained from John F. Weaver, director, Policy Development and Control Division, OILSR, *HUD*, 451-7th Street, S.W., Washington, D.C. 20410 (202/755-6314).

Nuggets

The month of May has been designated as *Older Americans Month* and May 8 as *Senior Citizens Day* in a proclamation signed by President Carter.

HUD Secretary Moon Landrieu told the *House Subcommittee on Housing and Community Development* that the administration is committed to equal housing opportunity and said the goals of the 1968 *Fair Housing Act* can be realized only through "substantial strengthening" of HUD's fair housing effort. "Significant progress in this area," he said, "can be achieved with passage of the 1980 *Fair Housing Amendments*." The amendments are now pending in the *House Committee on the Judiciary*.

HUD has announced that originations of long-term mortgage loans for 1- to 4-family homes totaled \$10.1 billion in January, down 23 percent from January 1979. Among the major lenders, home loan originations of savings and loan associations decreased 33 percent; mortgage company originations declined 7 percent, and those of commercial banks went down by 24 percent. Long-term loans closed during January on multifamily residential properties totaled \$.8 billion, a decrease of 39 percent from a year earlier.

The new *Department of Education* will be inaugurated on May 7, the *White House* has announced. Congress had mandated a deadline of June 3 for the official opening of the 13th Cabinet Department. The new agency, created October 17, 1979, brings together 152 educational programs from six Federal agencies. Shirley M. Hufstедler has been named the first *Secretary of Education*.

The *Applied Population Laboratory* and the *Wisconsin State Data Center* have scheduled a national workshop on how to plan effective publications and representations based on the 1980 census. The workshop will be held in Madison, June 20-July 1, 1980. It is designed for groups that prepare and disseminate census findings.

FYI

The National Association of Housing and Redevelopment Officials. . . 1980 Conference on the City. . . Pittsburgh, Pa., May 5-7, 1980. Details: *NAHRO*, P.O. Box 2847, Washington, D.C. 20013 (202/333-2020).

The Wharton School, **University of Pennsylvania**. . . Fundamentals of Management for New and Prospective Managers. . . Chicago, May 8-9, 1980 (Washington, D.C., June 5-6, 1980, Boston, June 19-20, 1980). Details: Information Services, *University Conference Center*, 360 Lexington Avenue, New York, N.Y. 10017 (212/963-7272).

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Current Trends

A variety of schools and companies across the Nation are beginning to experiment with "phased retirement" for their employees, according to the *Wall Street Journal*. Beginning in July, some over-60-year-old employees of the *University of California* will begin working reduced hours until they reach full retirement. One major problem with phased retirement programs has to do with finding an equitable system of pro rating pension benefits. Other benefits generally are not reduced during the experimental period. The program has two important advantages: It makes room for younger employees and it helps make full retirement easier for many employees.

Dr. James W. Christian, chief economist for the *National Savings and Loan League (NSLL)*, predicts that personal savings rates for 1980 – and a few years beyond – will remain in the range of 3 percent to 5 percent of personal disposable income. He says this should translate into a pool of new household savings of between \$200 billion and \$250 billion for 1980.

The *Bureau of the Census* reports that about 84 percent of the Nation's households that received census forms have already returned them. The *Bureau* had set a goal of 80 percent returns during the *Twentieth Decennial Census*. A spokesperson said that some \$2.5 million would be saved in follow-up costs for every 1 percent of the forms mailed back above the 80 percent target. About 682,000 workers have been hired to do the follow-up work on the census out of the 899,000 originally planned.

The *Equal Employment Opportunity Commission (EEOC)* has published regulations forbidding sexual harassment of employees by their supervisors. The rules apply to Federal, State and local government agencies and to private employers with 15 or more employees. They state that employers have an "affirmative duty" to prevent and eliminate physical or verbal sexual harassment. The *EEOC* said that in determining whether alleged conduct constitutes sexual harassment, it would look at the record as a whole and at the total circumstances, on a case by case basis.

House and Garden, a member of the Conde Nast publication chain, foresees the rise of an "increasingly younger, rapidly expanding segment of the population that can be counted on to fuel the economy through good times and bad." Calling them the "new affluent society," the magazine says that 46.5 percent of the Nation's families in the \$25,000 to \$50,000 bracket represent dual-income households whose diversity is as significant to industry as the spending power of their pooled resources. It said this new group is composed of two-career couples whose "greater educational achievement is propelling them to professional and income levels never before attained in life." The group, according to the magazine, also includes unrelated people living together to keep a roof over their heads, and sharing essential expenses to have the money for more than essentials.

Towers, Perrin, Forster and Crosby, a management consultant firm, says that the average Social Security payment to individuals will jump to \$336 per month in June because of an automatic cost-of-living boost. The current average is \$295. The increase will be the largest since the escalator rule went into effect five years ago.

Median Income of Households Increases 11 Percent Over 1977

The median income of American households in 1978 was \$15,060, an increase of 11 percent over the \$13,570 median of 1977, according to the *Bureau of the Census*. The *Bureau* said, however, that most of this increase was eroded by a 7.6 percent increase in prices which reduced the real or adjusted increase to 3 percent over the previous year. Income followed a see-saw pattern during the 1970's, the *Bureau* said. Real income increased by 5 percent between 1970 and 1973, followed by a 7 percent decrease during the recession of 1973-1975. Then came another 5 percent increase between 1975 and 1978.

The changing composition of households in the 1970's is partly responsible for the lack of growth in real median household income, according to the *Bureau*. Between March 1971 and March 1979, the proportion of households with husband-wife families declined from 69.4 to 61.6 percent. Family households with no spouse present increased from 11.1 to 12.7 percent, and nonfamily households increased from 19.6 to 25.6 percent of households. These factors, the *Bureau* said, tend to lower the average number of persons per household, which declined from 3.11 in March 1971 to 2.7 in March 1979. These trends have created downward pressure on the average household income, since larger households are more likely to have multiple earners than smaller households.

Of the 77.3 million households in March 1979, 17.6 million or 22.8 percent had incomes of \$25,000 or more in 1978 and received 48.1 percent of the aggregate income. Another 21.3 million households or 27.5 percent had incomes between \$15,000 and \$25,000 and received 30.3 percent of aggregate income. At the other end of the scale, 11.4 million households or 14.7 percent had incomes under \$5,000 and received 2.4 percent of the aggregate income.

New Furnace Promises Energy Savings

Hydrotherm, a Northvale, N.J. division of *GK Technologies, Inc.*, has introduced a home heating furnace with a revolutionary design which promises average savings of 30 percent on annual heating bills. The furnace, called *Hydropulse*, uses a unique technique known as "pulsed combustion," in which a series of tiny explosions takes place in a small metal chamber at a rate of 60 to 85 per second. The combustion chamber is less than a cubic foot in size and the furnace itself is smaller than the average household refrigerator.

The pulsed combustion device is said to be so efficient that it does not need the conventional flue or chimney because it extracts the bulk of the heat in warming the house. In conventional furnaces, a large amount of heat at temperatures in excess of 250 degrees Fahrenheit is vented to the outside with a great loss in energy efficiency. The new-type furnace does have an exhaust pipe, but even this is used to reclaim and recycle heat into the house.

The pulsed combustion furnace, however, does have two minor drawbacks. Its initial cost and installation totals between \$2,400 and \$3,000, depending on where you live. Also, it is designed primarily for homes with hot water systems although it can be adapted to hot air systems at greater cost and less efficiency. It also is noisy, giving off a "whirring sound" caused by the rapid explosions of burning fuel in the combustion chamber. Developers, however, seem convinced that they can overcome these shortcomings.

Housing Starts Dip to 20-Year Low

Housing starts for March dipped to an annual rate of 1.041 million units, a decrease of 21.8 percent and the greatest drop in any one month in the last 20 years. The *U.S. Department of Commerce* said that the new annual rate was 44 percent below the rate for housing starts in September 1979, the month in which interest rates began to soar. On an annual scale, the March rate was the lowest since April 1975, at the turn of the 1974-1975 recession. The *Commerce Department* reported, moreover, that construction permits — a usually reliable indicator of future housing activity — fell 18 percent in March to an annual rate of 941,000. That was 42 percent lower than the 1.621 million permit rate for the same period a year earlier. The building permit decline, the *Department* noted, suggests that the housing slump may continue to worsen. Starts of single-family homes fell 23.2 percent in March to an annual rate of 606,000, down 52.5 percent from a year ago.

Self-Help Groups Seen as Viable Force in Neighborhoods

Although they need more support from the public and private sectors to speed revitalization of the cities, self-help groups have sophisticated skills and are implementing sound projects and creating healthy neighborhoods. That is the conclusion of a year-long study of 2,000 neighborhood self-help groups across the Nation. The study, conducted by the *New World Foundation* and HUD's Office of Public-Private Partnerships, recommended:

- expansion of research and documentation of the self-help phenomenon;
- creation of special purpose intermediary groups to help both the sources and community-based development groups;
- encouragement for local businesses to "adopt-a-project" as a successful approach to supporting "bootstrap" development; and
- greater news media attention to successes and approaches to self-help.

"Neighborhood self-help groups are usually long on energy and enthusiasms but short on cash and collateral, said David Ramage, executive director of the *New World Foundation*, "but where they have received support from local government and business or industry, our experience is that they have been very effective." He said that "these partnerships have helped cities eliminate an unnecessary dependency on tax solutions to local problems," and added that more such groups "should be partners in the process of revitalization, and where appropriate, undertake a share of the development activities themselves."

The full results of the survey are expected to be available in June and will further document the needs of the self-help sector.

HUD to Acquire Shenandoah New Town

The board of directors of the *New Community Development Corporation (NCDC)* has decided to acquire the federally assisted new community of Shenandoah, Ga. The action was taken to facilitate HUD's ability to deal with the financial difficulty of the project. Secretary Moon Landrieu, who is chairman of the *NCDC*, said: "We recognize that many valuable contributions have been made by the developers to achieve the goals of the New Communities program. We also recognize that significant development has already taken place and we fully intend to work for an orderly transition of ownership so that appropriate development of the project can continue."

Shenandoah, located 35 miles south of Atlanta, is a planned new community approved in 1973. Since 1975, 229 acres of land have been sold to 15 industries and several commercial establishments, with projected employment of about 2,000 persons by the end of this year. Houses and apartments have been built to accommodate 260 families of varying income. Many of the buildings have solar heating and cooling systems, making the project a leader in solar application among federally assisted new communities. The project also includes the only foreign trade zone in the State.

Shenandoah was assisted by the Federal guarantee of \$25 million of debentures under the *National Urban Policy and New Community Development Act of 1970*. Issued in 1974, the debentures will mature in 1994. No decision was made regarding possible acceleration of the principal payment of the debentures.

FYI

Community Associations Institute (CAI). . . Professional Management Development Program. . . Washington, D.C., May 16-18, 1980. Details: *CAI*, 1832 M Street, N.W., Washington, D.C. 20036 (202/223-6770).

American Bankers Association. . . National Operations and Automation Conference. . . New York City, May 18-21, 1980. Details: *ABA*, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.

Nation Slowly Moving Toward Adoption of Metric System

Ever since *Congress* passed the *Metric Conversion Act of 1975* (P.L. 94-168), America slowly has been moving toward adoption of the metric system as a way of life. With approval of the *Federal Agency Guidelines for Implementation of Metric Conversion Policy* by the *U.S. Metric Board, HUD* and other Federal agencies have supported the trend toward use of the metric system. The *Board* is committed to assisting interested individuals and groups in the planning and implementation of metric conversion.

The 1975 *Act* provided that conversion be voluntary and orderly. Because of this, the *Board* relies heavily on programs of public education and information. Its goal is to familiarize citizens with the metric system so that the conversion process may proceed without unnecessary disruption or hardship to industry, groups or individuals. America is one of four nations in the world which do not use the metric system. The other countries include Brunei, Burma and Yemen.

For additional information on the metric system, contact the *U.S. Department of Commerce*, National Bureau of Standards, Washington, D.C. 20234 or the *U.S. Metric Board*, 1815 N. Lynn Street, Arlington, Va. 22209.

Nuggets

About 500 members of the *National People's Action Group (NPAG)*, a national coalition of community organizations, recently met with the chairman of the Federal Reserve Board to demand a halt to increasing interest rates. The *NPAG* told Chairman Paul A. Volcker: "We are very upset about interest rates. . . they are killing us." The group said that young families are unable to buy homes that neighborhood groups around the Nation had worked to rehabilitate and that residents of multifamily housing projects were being driven out by expensive condominium conversions and high interest rates.

President Carter has nominated eight citizens to be members of the board of directors of the *National Institute of Building Sciences*. They are Rudolph Bramberg, Clearwater, Fla.; Blanca Cedeno, New York City; William Floyd, Atlanta, Ga.; Warner Howe, Memphis, Tenn.; Joseph Power, Washington, D.C.; S. Eugene Ruff, Harrisburg, N.C.; Charlene Sizemore, Huntington, W. Va.; and Jeremiah Walsh, New York City. Bramberg, Power and Ruff are new members; the others were reappointed to the board.

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Current Trends

The *Federal Reserve Board* has announced a \$1 billion program to provide loans to small businesses and farmers caught up in today's high interest rates and tight money market. Acknowledging that farms and small businesses were particularly hard hit by high interest rates, the *Board* said that banks would be able to lend money to farmers and small businesses at a rate below the prime rate of about 21 percent. The individual banks will set the specific interest charges on their loans. Participating banks will be able to borrow from the *Federal Reserve Board* an amount equal to 5 percent of their total outstanding loans.

Increased housing costs figured prominently in the 1.4 percent hike in the *Consumer Price Index* for March 1980. Overall housing costs rose 1.6 percent for that month, following increases of 1.4 percent in the first two months of the year. Interest rates on home mortgages continued a sharp rise, and housing costs were up 0.4 percent. Maintenance and repair costs increased by 1.7 percent.

Jack Carlson, chief economist of the *National Association of Realtors (NAR)* predicts that interest rates on home mortgages will be in the 13.7 percent range by 1981. At today's rates, he said, monthly payments for a home eat up about 26 percent of disposable income. That is seven percentage points higher than it was a year ago, he noted.

The *Commerce Department* reports that the income of Americans increased 0.8 percent in March. The income gain was less than the rate of inflation, but enough to support a slight increase in consumer spending during that month, the *Department* said. Total personal income from all sources rose \$15.6 billion to a seasonally adjusted annual rate of \$2.069 trillion. This is almost double the previous month's increase of \$7.4 billion or 0.4 percent. Income in January increased \$18.1 billion or 0.9 percent.

Solar energy researchers at the *North Carolina A&T University* in Greensboro have opened a demonstration home to test the effects of imposed energy changes on humans. A five-bedroom brick home has been converted and outfitted with solar panels on the roof to heat water, a solar greenhouse, and a wood-burning stove to supplement existing gas heat. Students majoring in home economics will be required to spend various amounts of time living in the home which can accommodate eight persons at a time. They will be asked to save energy in six different ways and their reaction to these energy-saving methods will be studied to determine if their lifestyles are affected. A consumer acceptability index will be developed by measuring actual energy consumption.

A two-year old proposal to merge the *Society of Real Estate Appraisers (SREA)* with the *American Institute of Real Estate Appraisers (AIREA)* has been voted down. Members of the *SREA* meeting in Chicago rejected the proposed merger by a 7,408 to 6,061 tally. The *AIREA* had voted in favor of the merger last November.

Leaders Predict Dismal Future for Housing Industry

Two leaders, representing both the public and private sectors, predict a dismal future for the housing industry. Jay Janis, chairman of the *Federal Home Loan Bank Board (FHLBB)*, says that actual new home construction in 1980 could fall below the 1.04 million projected annual rate registered in March, and Jack Carlson, chief economist of the *National Association of Realtors (NAR)*, says that "If the economic impact being felt by the housing industry were spread across the entire economy, the collapse would be greater than that of the Great Depression in the 1930's." He said that the industry is being hurt more now than at any time during the last 35 years.

"Rates on commitments for future mortgage lending posted the largest monthly rise on record from early February to early March," Janis said. "This sharp increase was in response to the further tightening of monetary policy in mid-February. Since early March, some lenders have posted still higher rates and others have temporarily curtailed their lending activities. Rates on actual home loan transactions also rose by a record amount in early March because most contract rates were on loans for which commitments had been issued since last October when rates first began to escalate sharply," he added.

He said that these high mortgage rates "underscore the need for the *FHLBB's* recently authorized renegotiable rate mortgage (RRM). The agency authorized the new-type mortgage, also known as variable-rate or roll-over mortgages, on April 3. "Many borrowers will find this type of mortgage very attractive with interest rates at record levels," the *FHLBB* head said. Borrowers under the RRM have fixed payments within three-to-five year loan intervals with the possibility of a reduction of monthly payments if mortgage rates decline.

Janis also predicted that the shipment of low-income mobile homes will decline by about 20 percent this year. He said that the housing industry is deteriorating at a rate similar to that which took place during the 1974 recession and added that even a drop in current interest rates would not help the industry or home buyers in the immediate future.

Carlson told the *Joint Economic Committee*: "Existing home sales are down by one-third from last fall and can be expected to decline even further. Housing starts are down by 42 percent from last year and are likely to drop even more. Rental housing construction is so low that the rental unit shortage will be more critical," he said. "The industry has been hurt, he told the Committee, "because of soaring short- and long-term interest rates, with mortgage rates having increased from 10.5 percent to 15 percent in the last year."

The *NAR* head charged that since 1976 more than half of the acceleration of inflation, which has caused record high interest rates and the near collapse of the housing industry, is attributable to Government policies. He said that housing "is reeling under the weight of tight money policies and is in the midst of a recession." The *NAR* represents more than 750,000 individuals involved in all phases of the real estate industry.

FYI

National Youth Work Alliance. . . National Conference on Youth Alternatives. . . Washington, D.C., June 18-21, 1980. Details: *NYWA*, 1345 Connecticut Avenue, N.W., Washington, D.C. 20036.

The Real Estate Investing Letter (REIL). . . an intensive, two-day seminar on How to Maximize Your Leverage and Minimize Your Income Taxes in Real Estate. . . tells how to use tax laws to your benefit, how to select an aggressive tax adviser, how to use tax credits and bonus depreciation, how to get the highest possible appraisal, etc. . . Chicago, June 21-22, 1980. Details: *REIL*, 757 Third Avenue, New York, N.Y. 10017 (415/939-5202).

Institute of Real Estate Management (IREM). . . Introductory course on Marketing and Management of Residential Property. . . offers insights and skills necessary for successful management of residential properties. . . explores daily management techniques, long-range planning and the basic theories and strategies behind managing real estate. St. Louis, Mo., June 1-7, 1980. Details: *IREM*, 430 N. Michigan Avenue, Chicago, Ill., 60611 (312/440-8965).

Landrieu Says Housing Strategy Remains Unchanged

HUD Secretary Moon Landrieu has told the *House Subcommittee on HUD-Independent Agencies* that the *Department's* basic strategy for 1981 remains intact in spite of restrictions imposed by the President's battle with inflation. That strategy, Landrieu said, reflects the search for better ways to use Federal programs for achieving orderly growth, preservation of neighborhoods and economic development. He said that the reductions ordered by the President are painful but have not crippled *HUD's* programs.

Telling the *Subcommittee* that the *Department's* budget for the next fiscal year is "built on the principle that a healthy private sector is the key to an effective urban policy," he added that the agency also believes that local communities should be given the widest possible latitude in shaping programs that meet their own "locally identified needs." *HUD*, he noted, also is stressing the need to streamline and simplify its policies and procedures so that they can be carried out more effectively at the local level.

The *Department's* budget authority request for 1981 is \$40.3 billion, an increase of \$4.8 billion more than the \$35.5 billion estimated for 1980. In accordance with the President's budget reductions announced on March 14, the 1981 proposal has been amended. The decreases amount to \$191 million in 1980 and \$83.3 million in 1981. Outlay estimates also have been adjusted to reflect program reductions to levels of \$11.99 billion in 1980 and \$11.77 billion in 1981.

The FY 1981 budget involves major program areas of subsidized housing, community development and fair housing. Subsidized housing programs account for the largest single item in the budget request — \$33 billion — and provide adequate authority for the reservation of 300,000 units of Section 8 and public housing. The *Department* also is proposing a new Comprehensive Modernization initiative to upgrade existing public housing, some of which is almost 40 years old and in need of repair. This effort, to begin this year, will continue for four-to-five years.

In terms of community development, *HUD* is seeking legislation for a three-year extension of the Community Development Block Grant Program (CDBG) which Landrieu calls the "centerpiece of the administration's effort to help build strong, viable communities." The \$150 million increase sought would lead to a \$3.95 billion funding level in FY 1981. *HUD* also is seeking a three-year extension of the Urban Development Action Grant Program (UDAG). The Secretary calls the UDAG program one of the Government's "great success stories," and says that the *Department* has struck "the right approach that makes economic development happen and makes it happen in the right places." The \$675 million UDAG budget proposal would provide for some 350 industrial, commercial and neighborhood projects. The Section 312 Rehabilitation Loan Program would be continued at the \$176 million level. Landrieu said this level would provide more than double the annual rate of activity of any year except FY 1979.

The *Department*, the Secretary said, is proposing a "substantial increase in both staffing and dollar resources for carrying out fair housing programs in FY 1981. He said the increase would support a comprehensive effort in the battle against housing discrimination. Legislation now pending in Congress, he noted, would further strengthen *HUD's* enforcement authority under the *Civil Rights Act of 1968* (P.L. 90-284).

Publications Available

Racial Segregation: Two Policy Views. . . . Two critical analyses of continued racial segregation in education, housing and jobs; tells what the Federal Government is, and is not, doing about it and what might be done. . . . by Gary Orfield, professor of political science and a member of the *Institute of Government and Public Affairs*, the *University of Illinois*, and William L. Taylor, director of the *Center for National Policy Review*, the School of Law, *Catholic University*, Washington, D.C. Available for \$3.95 from the *Ford Foundation*, P.O. Box 559, Naugatuck, Conn. 06670.

Productivity Improvement Handbook for State and Local Government. . . . answers a powerful need and shows how to improve productivity at all levels of State and local Government; encompasses virtually every area of government — from police and fire to building maintenance — complete with an arsenal of tested tools and techniques to help you assess, improve and manage governmental operations. Available from *John Wiley & Sons, Inc.* 605 Third Avenue, New York, N.Y. 10016 (202/867-9800).

HUD Study Shows Minorities Continue to Face Discrimination

A study prepared for HUD by the *Joint Center for Urban Studies* of the *Massachusetts Institute of Technology* and *Harvard University* reveals that minorities in California and New York continue to face widespread discrimination in the mortgage market. Mortgage application data collected in those two States were examined to determine what treatment applicants received on the basis of race, sex and marital status. The examination revealed several discriminatory practices including denial of applications, excessive interest charges and loan fees, the granting of loans lower than originally sought and underappraising property.

Donna E. Shalala, Assistant Secretary for Policy Development and Research said the study: "Pinpoints the ways in which access to mortgage credit has been limited or restricted. While the vast majority of lending decisions are based on objective factors such as the ratio of requested loan amount to income and to appraised value of property, practices that discriminate on the basis of personal characteristics are illegal and violate individuals' rights."

According to the study, racial discrimination against prospective minority home buyers was widespread though not equally severe for all minorities or in all areas. Mortgage applications from blacks were 1.58 to 7.82 times as likely to be denied as were similar applications from whites in 18 of 32 California areas studied and in six of the 10 New York areas. Blacks were charged higher loan fees in five of eight areas where the practice was examined. In eight other areas where interest rates were examined, blacks were charged higher rates in two areas. Hispanic applicants received about the same treatment as white applicants in New York, with the exception of the New York City metropolitan area. In California, on the other hand, savings and loan associations consistently discriminated against Hispanic applicants. In both States, treatment of Asian applicants was not significantly different from white applicants.

The two-volume study, *Equal Credit Opportunity: Accessibility to Mortgage Funds by Women and Minorities*, will be available after May 30 from HUD USER, P.O. Box 280, Germantown, Md. 20868 (301/428-3105).

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Hud Newsletter

Current Trends

The *Federal Financial Institutions Examinations Council* has asked Congress to approve emergency legislation which would grant the *Federal Home Loan Bank Board (FHLBB)* authority to temporarily suspend a role which requires each *Federal Home Loan Bank* to place 20 percent of its net earnings semiannually in a reserve account. If passed, the bill would enable each *FHLB* to pay additional dividends to its members from existing reserves or otherwise assist its members.

The *National Forest Products Association (NEPA)* reports that, as of early April, more than 100 plywood mills in the West and South had closed or sharply cut back production by as much as 40 percent. This action, the *NEPA* said, has affected the jobs of many workers in the lumber industry, including about 27,000 in 12 Western States. The industry has been adversely affected by the slowdown in the housing market caused by increasing interest rates and tight credit. The *U.S. Commerce Department* recently announced that housing starts in March dropped to an annual rate of 1.04 million units, the largest monthly dip in 20 years.

Exxon Research and Engineering Company (EREC), the research arm of *Exxon Corporation*, has agreed to fund a 10-year program to study the phenomenon of burning, especially the burning of coal, coal liquids, shale oil and heavy crude oil. The *EREC* will provide up to \$8 million to the *Massachusetts Institute of Technology* under the program. While the *MIT* would have the right to file patents on any new techniques derived from the program, *EXXON* would receive non-exclusive, royalty-free licenses to use the technology. Both would share in royalties on any technology licensed to third parties.

The *U.S. Supreme Court (Kirchberg v. Feenstra)* has elected to review a Louisiana law which makes the husband "head and master" of the household and permits him to dispose of jointly owned property without the permission or knowledge of the wife. A Federal appeals court earlier struck down the controversial law and a new Act which makes wives equal financial partners with their husbands has been enacted. It went into effect in January of this year. Thus, the *Supreme Court's* decision will affect only the parties involved in this specific case.

The *National Association of Home Builders (NAHB)* predicts that housing starts will decrease by as much as 45 percent in every region of the Nation except the South where the decline will be about 38 percent. The *NAHB* says job losses due to cutbacks in the housing industry have already had an impact on every State in the Union. It predicts that by the end of the year the Northeast will lose approximately 158,600 housing-related jobs; the South will lose 383,400; the Midwest, 421,100; and the West, 452,000.

Automatic Retailers of America (ARA), a diversified food services concern with some 11,000 vehicles nationwide, reports that it has completed tests which indicate that it may be able to operate the vehicles for the equivalent of about 37 cents a gallon of gasoline. The four-week *ARA* pilot program used compressed natural gas in six vending trucks instead of conventional fuel. The trucks were modified to use the natural gas at a cost of \$1,450 per vehicle, but the test also revealed that the natural gas was cleaner, safer and had the potential of causing less engine wear. At the rate of savings realized during the test period, the cost of modification could be regained within two years.

Inventory of Unsold Homes Building Up

According to the *Bureau of the Census*, there are some 119,000 completed but unsold homes in a national inventory which has been steadily increasing since last July. The *Bureau* said that more and more homes are going unsold in spite of the fact that the rate of new construction has been declining rapidly.

Merrill Butler, president of the *National Association of Home Builders (NAHB)* credits high interest rates for the ever-increasing inventory of vacant, newly constructed houses. The *NAHB* head estimates the value of the unsold houses to be about \$9 billion at today's average sales prices. "With interest rates on construction financing now up to as much as 23 percent, it is costing builders millions of dollars each month in interest to carry those homes," he said, and predicted that many builders will be forced into bankruptcy if prevailing conditions persist. Saying "We can't hold on much longer," Butler noted that the crisis will affect the employment of many of those in the housing industry. Construction workers, he said, are high on the casualty list of potential victims.

Working Wives Account for Rise in Homeowners

Working wives have a substantial impact on the ability of families to purchase homes, according to a survey by the *Family Housing Bureau (FHB)*, a public information service of the *Chicago Title Insurance Company*. The survey, the fourth in a yearly series, indicates that salaries earned by working wives enable more families to buy homes, especially first-time purchasers. In 1979, according to the study, 82.8 percent of those surveyed were married, and among married couples, 49.1 percent of the women worked. It is this second income which makes it possible for more and more couples either to enter or move up in the housing market.

Among first-time buyers, those families in which the wife was employed accounted for 64.1 percent of the total. About 54 percent of the working wives were employed fulltime. Among repeat buyers, 41 percent of the wives were employed, but only 22.9 percent were working fulltime. First-time buyers had a median household income of \$24,070 and paid a median price of \$50,800 for their homes. Households with fulltime working wives had a median income of \$27,720 and paid about \$51,300 for their homes. Median income dropped to \$22,718 among first-time buyers when the wife was not employed, and the median price for the house purchased was \$51,250.

Bankers See 'Storm Signals' on EEO Compliance

Capital, a weekly publication of the *American Bankers Association*, says that "Storm signals for bank chief executive officers are flying at Federal regulatory agencies which used to have little to do with banks." Foreseeing a "new threat" from the *Office of Federal Contract Compliance Programs (OFCCP)*, the publication warns that earlier concerns over what has been perceived as "an increasingly adversarial relationship between banks and their traditional regulatory agencies should take a back seat."

The weekly newsletter claims that, according to the Government's own figures, the banking industry has one of the best equal employment opportunity records of the 15 major industries in the Nation. It says, for example, that the number of official or managerial positions held by minority persons at banks grew to 12.3 percent of the total in 1978 from 5 percent at the start of the decade. The number of official or managerial positions held by females grew from 14.9 percent to 32.9 percent during the same period, the publication noted. The banking industry's concern is based on the expectation that the OFCCP will issue rules which could deprive banks of deposit insurance as an equal employment enforcement weapon.

In addition to the traditional bank regulators, both the *OFCCP* and the *Equal Employment Opportunity Commission (EEOC)* have EEO jurisdiction over the industry. The *OFCCP* because banks are Federal contractors as handlers of tax and-loan accounts; the *EEOC* because the banks have 15 or more employees.

Project Improves Building Standards for the Handicapped

A new standard for making buildings and facilities more accessible and usable for the physically handicapped has been announced by *HUD*. The improved national standard is the outcome of a project funded by *HUD* and conducted by the *Syracuse University* School of Architecture. The *President's Committee on Employment of the Handicapped* and the *National Easter Seal Society* gave guidance to the project.

The new standard was developed over a period of five years during which research, testing and consultation with representatives from the construction, manufacturing, design, insurance and government industries took place. Accessible bathrooms and kitchens and other elements of housing are included in the standard for the first time. The existing standard was approved in 1961.

Copies of the revised standard (*ANSI Standard A117.1-1980*) will be available shortly from the *American National Standards Institute*, 1430 Broadway, New York, N. Y. 10018. Reports on the research and testing that went into the development of the new standard are available from the *HUD USER*, P. O. Box 280, Germantown, Md., 20767 (301/482-3105).

Report Analyzes Handling of Housing Disputes

A 412-page report containing the views of 30 national experts on the handling of housing disputes has been funded by *HUD*. Organized by the *American Bar Association's (ABA)* Special Committee on Housing and Urban Development Law, the report contains the opinions of advocates and critics, including judges, court clerks, housing specialists and landlord-tenant representatives.

The bulk of the report deals with innovations in 11 major court systems in Boston, New York City, Minneapolis, Pittsburgh, Los Angeles, Hartford, Buffalo, Indianapolis, Detroit, Chicago and Springfield, Mass. It deals with such landlord-tenant disputes as nonpayment of rent and evictions and code enforcement. Several nonjudicial approaches to resolving disputes also are examined and the report suggests ways in which communities and the private sector may attempt to avoid lawsuits by setting up forums for dispute resolution. In these programs, the focus is on telephone assistance and mediation as opposed to formal adjudication.

Assistant Secretary Donna Shalala, director of *HUD's* Office of Policy Development and Research, said: "We believe that this report will provide local communities interested in housing justice reform with important examples of innovative approaches currently underway and views as to their success as seen by the range of people involved with them."

The report is being published by the *Washington University* School of Law as Volume 17 of its *Urban Law Annual* series. Copies are available for \$7.50 from the school located in St. Louis, Mo., 63130. Additional information on the report may be obtained from Randall Scott, *ABA*, 202/331-2270.

NCSBCS to Research Standards for Mobile Homes

The *National Conference of States on Building Codes and Standards, Inc.*, has received funding from *HUD* to enable it to carry out research and development of a standard for installation of mobile homes.

The grant is an outgrowth of the *NCSBCS's* successful efforts in assuming the Secretariat for the *American National Standards Institute's (ANSI)* Mobile Home Installation Committee. *HUD* also awarded the grant because of its continuing interest in aspects of mobile home living not covered by its regulations. The new standard, which will be developed using *ANSI* procedures, will provide a uniform set of rules for mobile home sites, communities, and set-ups. Upon completion, the standard will be available for adoption by States and other governmental jurisdictions to help create viable and attractive mobile home living.

FYI

HUD. . . Meeting the Developmental Needs of Small Cities. . . Washington, D.C. June 2-3, 1980. Details: Leontyne Clay, *NVACP*, Room 4144, Washington, D.C. 20410 (202/755-6996).

American Management Associations. . . Improving Management Skills for New or Prospective Public Sector Managers. . . Washington, D.C., June 2-4, 1980. Details: *AMA*, 135 West 50th Street, New York, N.Y. 10020 (212/246-0800).

Executive Services. . . One-day Workshop for Career Women. . . Washington, D.C. June 4, 1980 (June 9, 13, and 17 also). Details: *Executive Services*, Parkway Professional Center, 495 South Arroyo Parkway, Pasadena, Calif., 91105 (213/681-7009 or 793-2183).

CITYSIDE, INC. . . . Seventh Annual Back-to-the-City Conference. . . Wilmington, Del., June 5-7, 1980. Details: A.R. Smith, *CITYSIDE*, P.O. Box 1775, Wilmington, Del., 19899 (302/744-5231).

The **Harvard Graduate School of Design (HGSD)** and the **MIT School of Architecture and Planning.** . . non-credit seminars in architecture, environmental design, planning, preservation and management. . . Cambridge, Mass., beginning June 9, 1980. Details: Carolee Kort, *HGSD*, Gund Hall, Room L-37, Cambridge, Mass. 02138 (616/495-2578).

George Washington University, College of General Studies. . . Legal Issues in Procurement and Contracting. . . Washington, D.C., June 10, 1980. Details: *GWU*, 706-20th Street, N.W., Washington, D.C. 20052.

Community Associations Institute (CIA). . . Professional Management Development Program. . . an educational program for condominium and homeowner association managers. . . Newport Beach, Calif., June 13-15, 1980. (Washington, D.C. June 20-22; Chicago, Ill., July 11-13). Details: Janet Baltuch, *CAI*, 1832 M Street, N.W., Washington, D.C. 20036 (202/223-6770).

National Leased Housing Association (NLHA). . . Ninth Annual Meeting. . . Theme: Section 8 Financing in a Time of Crisis. . . Washington, D.C. June 11-13, 1980. Details: *NLHA*, 1800 M Street, N.W., Suite 400 South, Washington, D.C. 20036.

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Hud Newsletter

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Current Trends

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. It added that greater output per man hour is the "economic linchpin of the 1980's."

A study prepared by the *National Academy of Sciences* has set conservation of energy resources as the highest priority in any future energy policy. For the past five years, some 250 economists, scientists, engineers and business leaders have worked on the report which calls for improved energy efficiency to help solve long-range energy problems. The report, *Energy in Transition*, was prepared by an ad hoc group known as the *Committee on Nuclear and Alternative Energy Systems*.

HUD Takes Legal Action Against Mississippi Developers

HUD has asked the *U.S. District Court* for the Eastern District of Louisiana to order developers of the *Rolling Hills Estates Subdivision* in Pearl River County, Mississippi, to stop violating requirements of the *Interstate Land Sales Full Disclosure Act*. The *Department's* Office of Interstate Land Sales Registration said the developers have continuously ignored notices that they suspend sales in the subdivision located some 50 miles northeast of New Orleans.

The complaint charges that the defendants failed to file a formal registration with *HUD* and did not furnish prospective lot buyers with a property report required by law. The report contains significant information about the property which a consumer could use in deciding whether to sign a contract.

New York Housing Complex Accused of Discrimination

Starrett City, one of the largest housing complexes in the City of New York, has been charged with racial discrimination. The *Open Housing Center*, the *Metropolitan Council of the NAACP* and the *Fair Housing Clinic of the Columbia University Law School* have filed a class action suit in Federal court alleging that they have been denied housing at the Brooklyn housing complex because of the use of a "racially exclusionary quota designed to limit the number of minority residents and to otherwise maintain it as a predominantly white development."

The suit charges those responsible with "placing eligible black applicants on a waiting list while holding apartments off the market to be rented to whites whenever they apply." It said that some of the plaintiffs have been on the waiting list since 1976. The three groups which filed the complaint also allege that blacks are discouraged from applying for apartments in the development while others are actively sought out and encouraged to move in. The *Open Housing Center* says the suit is the culmination of an intense, five-year effort to force *Starrett City* to comply with fair housing laws. It says it has filed some 40 individuals complaints with supervising agencies previously.

Moderate Income Mortgage Insurance Nears \$100 Billion

According to John C. Williamson, executive vice president of the *Mortgage Insurance Companies of America (MICA)*, private mortgage insurance-in-force on loans for one-to-four family homes will total more than \$100 billion during the first quarter of this year. It will mark the first time the \$100 billion level has been reached in the private sector. The 1979 total was \$95.2 billion. The level surpasses even that of the *Federal Housing Administration (FHA)*, Williamson said.

Writing in the February 1980 issue of the *Mortgage Banker*, Williamson said that private mortgage insurance has become a major factor in facilitating homeownership for moderate-income families. Started 22 years ago as a single company with assets of only \$250,000, the private mortgage insurance industry has experienced explosive growth, Williamson said. Prior to 1957, mortgage insurance "was the exclusive province of the Federal Government – the *Federal Housing Administration* and the *Veterans Administration*," he added.

HUD Proposes Rule Changes in Small Cities Program

HUD has submitted proposed changes in the Small Cities Program to *Congress* for review. Recently enacted legislation authorizes the Congress to review certain *HUD* rules for 15 calendar days prior to issuance. The rule would revise the regulations for the Small Cities Program of the Community Development Block Grants Program (CDBG). Most of the changes would clarify existing policies and procedures, but some substantive changes with respect to procedures and program standards are proposed. The important changes include:

- elimination of the housing needs factors as part of the selection system;
- implementing a new method of computing the poverty needs factors;
- replacing criteria dealing with State policies and a community's position as a regional career with points awarded at a State's recommendation;
- adding impact criteria dealing with economic development and energy conservation; and
- implementing a new standard of awarding points for participation in an Areawide Housing Opportunity Plan.

Additional information on the proposed changes may be obtained from Burton Bloomberg, director, Office of Regulations, Office of the General Counsel, 451-7th Street, S.W., Washington, D.C. 20410 (202/755-6207).

Housing Survey Will Cover 15 Metropolitan Areas

The housing survey conducted annually by the *Bureau of the Census* for *HUD* will cover some 15 metropolitan areas across the Nation. Scheduled to end in March 1981, it will provide updated data on an estimated 116,000 housing units in 15 standard metropolitan statistical areas (SMSA's). The survey is separate from the current decennial census which began April 1, and will include SMSA's in California, New York, Michigan, Tennessee, Pennsylvania, Indiana, Oklahoma, Illinois, Alabama, Kentucky, Rhode Island, Massachusetts, Arkansas and Utah.

Surveyors will obtain information from occupied housing units by interviewing occupants. Information from unoccupied units will be obtained from landlords, rental agents, realtors or knowledgeable neighbors. Each household in the survey will receive an introductory letter in the mail before the interview is conducted. Results of the study also will provide data on the characteristics of occupants who move in and out over the years, as well as the types of units they live in.

Before the annual surveys were started, housing data came from the 10-year census, irregular studies, and one-time special surveys. The *HUD-Census* survey results are expected to become available about 16 months after completion of the interviews. Data will be published for the SMSA's as well as for their central city or cities and the areas outside the city.

HAC Urges Improvement in Federal Indian Housing Programs

Harold O. Wilson, director of the *Housing Assistance Council (HAC)* has proposed modifications to existing Federal Indian housing programs and the establishment of a revolving loan fund to help finance single-family Indian housing. He described American Indians as "the worst housed segment of the United States population," and said his proposals would serve as the basis for comprehensive legislation that could begin to "eliminate the deplorable Indian housing conditions that exist in this country today."

Using data from a 1978 *Government Accounting Office (GAO)* report, Wilson noted that 60 percent of all Indian families were living in substandard housing and said that overcrowding is severe. Government efforts to correct these conditions, he said, have not been effective. The *HAC* spokesman called for an operating subsidy for *HUD's* Mutual Help Homeownership Opportunity Program. Adoption of the plan, he said, would prevent many lower-income Indian families from being evicted when they are unable to meet rent, utility and maintenance expenses.

ANHD Booklet Tells Consumers How to Save on Fuel Oil

Cheaper by the Million, a new how-to booklet published by the *Association of Neighborhood Housing Developers (ANHD)*, said that joint purchasing is an effective way for consumers to "have an impact on the high economic forces which to a large extent control their lives." The booklet explains in detail how groups of homeowners, tenant associations or private landlords can save money by joining together to buy fuel oil in bulk. The *ANHD* based the information on its experiences with a fuel purchasing consortium which saved 10 cents per gallon on a half million gallons of heating oil for a yearly savings of \$50,000. The consortium arrangement, the *ANHD* says, means that members have no liability for each other's debts, but are joined only through the association's centralized administration of their fuel purchases and payments. The booklet, which contains sample documents to illustrate every step of the consortium process, is available for \$3.00 postpaid from the *ANHD*, 115 East 23rd Street, New York, N. Y. 10010 (212/674-7610).

HUD Creates New Housing Post

HUD Assistant Secretary for Housing-Federal Housing Commissioner Lawrence B. Simons has announced the creation of a new Office of Policy and Budget within the Office of Housing. At the same time he announced the selection of Anthony S. Freedman to head the newly created office as acting deputy assistant secretary. Freedman will be responsible for reviewing existing and proposed housing policies and advising on agency programs, including the development of legislative proposals and housing market data. His office also will serve as a focal point for the resolution of issues which cut across program jurisdictions.

Freedman, 34, is currently director of policy and program development for the Office of Housing. A native of New York City, he joined *HUD* in 1978. A graduate of *New York City College* and the *Stanford Law School*, he previously held positions with the *Environmental Protection Agency* and the *Budget Committee* of the *U.S. House of Representatives*.

Massachusetts Plans to Fund State-Assisted Mortgages

Shirley Parish, executive director of the *Massachusetts Home Mortgage Finance Agency (MHMFA)* says that 85 mortgage lenders throughout the State have agreed to take part in a *MHMFA* program to provide mortgage financing to low- and moderate-income homeowners. The program will begin when the agency can raise enough money through the sale of tax-exempt revenue bonds to purchase eligible mortgages. The *MHMFA* has been authorized by the *General Court of the Commonwealth* to obtain such funds by selling up to \$75 million in tax-exempt revenue bonds. Parish estimates the interest rate on the average *MHMFA*-assisted mortgage would be between 11.5 percent and 12.25 percent.

FYI

National Journal. . . The Fifth Annual National Leadership Conference on Health Policy. . . Washington, D.C. June 16-17, 1980. Details: Barbara Norris, NJ, 1730 M Street, N.W., Washington, D.C. 20036 (202/857-1400).

National Youth Work Alliance. . . National Conference on Youth Alternatives. . . Washington, D.C., June 18-21, 1980. Details: John Convent, NYWA, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036.

Office of Personnel Management (OPA). . . Symposium on Regulatory Reform. . . for Federal executives and managers who would like more information on the regulatory process and proposed changes. . . Washington, D.C., June 26-27, 1980. Details: Government Affairs Institute, Executive Personnel and Management Development, OPA, P.O. Box 988, Washington, D.C. 20004 (202/632-5662).

Pacific Coast Builders Conference (PCBC). . . 22nd Annual PCBC conference presented by the California Building Industry Association featuring the 1980 Gold Nugget Awards for residential, commercial and industrial building in 13 Western States. . . San Francisco, Calif., June 26-29, 1980. Details: PCBC, Suite 1226, Russ Building, 235 Montgomery Street, San Francisco, Calif., 94104 (415/981-1067).

The *Applied Population Laboratory (APL)* and the *Wisconsin State Data Center (WSDC)*. . . Census Analysis Workshop. . . Madison, Wisc., June 30-July 1, 1980. Details: APL/WSDC, 1450 Linden Drive, the *University of Wisconsin-Madison*, Madison, Wisc., 53706 (608/262-3097).

The *City of Baltimore*. . . the Public Art Process at the Municipal Level, Baltimore, Md., June 2-3, 1980. Details: Mary Anne E. Mears, Workshop Coordinator, 2719 North Calvert Street, Baltimore, Md., 21218 (301/243-4316).

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Hud Newsletter

DEPARTMENT OF HOUSING
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Current Trends

An advisory panel of scientists and engineers says that it may know in three to five years if it is possible and practical to tap the magma found deep in the earth's crust and use its heat to power conventional electrical turbines. The panel members say the magma temperatures range anywhere from 1,800 to 2,000 degrees Fahrenheit. While many decisions remain to be made, the group has concluded that the pool of magma energy is a promising resource of future energy, estimated to be some 5,000 times greater than the Nation's total annual energy consumption. Magma is the molten rock whose extreme temperatures account for geysers, hot springs, the eruption of volcanoes, and the movement of continents.

The *U.S. Department of Energy (DOE)* reports that the Nation's solar industry grew by 24 percent during 1979, but it said that most of the equipment is being used to heat water for domestic purposes and swimming pools instead of homes. The industry delivered some 14.3 million square feet of solar collectors in 1979, *DOE* said, an increase of 3.5 million square feet over the previous year.

A developer of high-rise condominiums in the New Jersey Meadowlands has come up with a novel idea for beating the high interest rates on mortgages. The developer is offering to reimburse buyers on a monthly basis, over a period of two years, for the difference in interest between 12.5 percent and the mortgage rate the buyer obtains from the lender at the time of closing. The condos sell for \$70,000 to \$240,000. The going interest rates in the area range from 14.5 percent to 16 percent.

"We're mad as hell and we're not going to take it anymore!" That was the rallying cry of some citizens of New Mexico recently as a way of protesting tight-money policies and the creeping threat of joblessness in their State. The protest was coordinated by the *Albuquerque Home Builders Association*. The phrase was borrowed from the award-winning movie, "Network."

Dr. Tamara Harevan, a *Clark University* Professor and founder of the *Journal of Family History*, has proposed a revival of "boarding" and "lodging" as a solution to the isolation of the elderly. The Worcester, Mass. professor made the proposal at a recent planning session of the *White House Conference on Families* in Washington, D.C. Dr. Harevan said that from 25 to 33 percent of Americans were either boarders or lodgers during the 19th century. She said that elderly boarders could help with child care and other household tasks, but acknowledged that strict supervision might be required to prevent their exploitation.

The *Scott Paper Company* reports that it plans to build a \$65 million boiler for burning waste wood. The boiler, to be constructed in Westbrook, Maine, would provide steam for manufacturing and for generating the mill's electrical power. Any surplus electrical power would be sold to a local utility. Expected to be operational by 1982, the boiler, which could also burn coal, is expected to reduce the company's oil purchases by as much as 30 percent. The company spent an estimated \$50 million for oil last year.

HCRS Starts New Publication

The *Heritage Conservation and Recreation Service (HCRS)*, U.S. Department of Interior, has discontinued its quarterly magazine, *Outdoor Recreation Action*, and started a new monthly newsletter called *HCRS INFO*. Chris Delaporte, director of the *HCRS*, said the new publication is designed to provide public information about all *Heritage Conservation and Recreation Service* programs.

In the initial issue of the four-page newsletter, the editor invites individuals and groups to share their knowledge and experience with others involved in recreation, cultural and natural resource preservation by becoming a member of the *HCRS Information Exchange*. Interested persons may contact George M. Kyle, editor, at *HCRS*, 440 G Street, N.W., Washington, D.C. 20243 (202/343-5726).

Solar Information Center Has Answers for Homeowners, Builders

The *National Solar Heating and Cooling Information Center (NSHCIC)* maintains automated data bases that can help answer most of the questions about solar energy. Its on-line directory is a virtual "Who's Who in Solar?" and lists thousands of institutions and professionals who specialize in solar heating and cooling. It is this data base which can help locate designers, engineers, architects, contractors, builders, installers and energy consultants. The *NSHCIC* says it can tell homeowners and others what services are offered by those in its directory and how to contact them. In many instances, it says, it also can tell where examples of the work may be seen by referring to their Solar Installations file.

The *NSHCIC* can tell where all of the solar buildings are located, who designed and built them, what types of solar energy systems they use, and whether they are open to the public. It also can tell interested persons what solar energy equipment is available, who made it, and where it can be found. The bank of information is so precise that it can even give you the trade name, model number, warranty information and product sizing information on solar energy equipment. It also contains information about solar-related grants, loans, tax incentives, performance standards and access regulations. Finally, it has information on passed, proposed and defeated legislation from the Federal, State, and local government levels.

Interested persons may contact the *NSHCIC* toll free by calling 800/523-2929. Pennsylvania residents must dial 800/642-4983 and those in Alaska and Hawaii 800/523-4700.

New Program Aims for Energy Conservation

HUD has announced a new program aimed at encouraging energy conservation in the various States and local communities. The \$11 million grant program hopes to prompt development of comprehensive ideas that will achieve significant energy savings. Emphasis will be placed on projects that can be replicated by other jurisdictions and will have an immediate and lasting impact. Competitive grants will go to from 10 to 20 innovative projects. Pre-applications should be submitted before June 23, 1980, to the *Community Energy Conservation Competition*, the *President's Clearinghouse for Community Efficiency*, Suite 185, 400 North Capitol Street, N.W., Washington, D.C. 20001 (800/424-9043).

CCHR Charges Realtor with Bias

The *New York City Commission on Human Rights* has accused the Bronx's largest realtor of housing and employment discrimination. Mascar Realty/Century 21 has been charged with violating the *Law on Human Rights* by "steering" home buyers to or from neighborhoods based on their race or color; by making discriminatory references to race in sales pitches in order to induce or discourage sales; and by publishing discriminatory real estate advertisements with photographs of staff to influence the buying decision of prospective customers on a racial basis. The company also is accused of employment discrimination for assigning staff to neighborhoods based on race.

Code Academy to Begin Certification Program

A certification program for code administrators will get underway next month when the *National Academy of Code Administration (NACA)* gives a national examination for candidates seeking to become Certified Professional Code Administrators (CPCA). An *NACA* spokesman said the program is a voluntary, professional development effort to establish code administration as a unique and distinct profession within the field of public administration. "The goal of this program," said Charles J. Dinezio, chairman of the *NACA's Board of Trustees*, "is to help code administrators keep pace with rapidly developing technology and the plethora of Federal, State and local regulations they must interpret and enforce."

The *NACA* said the three principal objectives of the certification program are to:

- encourage improved performance and a higher standard of public service and to promote the necessary education and training to accomplish this;
- increase employer and public awareness of these skills in order to identify capable practitioners; and
- establish a code of ethics, uniform performance standards and a system of national recognition and reciprocity.

The examination will be administered every six months by the Professional Examinations Division of the *Psychological Corporation*, New York City. The first exam is scheduled for July 26. Prospective candidates should contact the *NACA*, Suite 2E, 6861 Elm Street, McLean, Va. 22101, before the June 20 filing deadline.

Landriou Names New Deputy in Fair Housing

HUD Secretary Moon Landriou has announced the appointment of Betti S. Whaley as associate deputy assistant secretary for Enforcement and Compliance in the Office of Fair Housing and Equal Opportunity (FH&EO). Whaley is responsible for the development and management of programs which provide enforcement and compliance with civil rights statutes, executive orders and directives.

A native of Baltimore, Md., Whaley formerly served as an administrative assistant to Congresswoman Cardiss Collins. Earlier, she was a partner in the *Travenca Developer Corporation*, a minority commercial real estate and construction firm located in Washington, D.C. From 1971 to 1973, she was director of community development programs for the *National Urban League* dealing with such issues as consumer protection, corrections, health, education and social welfare. For two years ending in 1976 she was commissioner of the *Agency for Child Development*, New York City. From 1976 to 1977, she was director of the *Commission on the Future*, a unit of the *National Council of Negro Women*.

A 1949 graduate of the *Ohio State University*, Whaley received her bachelor's degree in social work and her master's degree in 1958. She is a member of the *Academy of Certified Social Workers*.

Secretary Landriou earlier announced the appointment of Richard J. Franco as area manager in the Milwaukee Areas Office and John Tuite as area manager in the Los Angeles Area Office. Franco was a participant in the FY 1979 Executive Identification and Development Program, while Tuite began his governmental career in 1968 when he joined *HUD* as assistant director for operations in the Model Cities program. He has held a variety of posts in the Dallas Regional Office and the Dallas Area Office.

Tuite has been in charge of legislative, policy and regulations development for the Community Development Block Grant Program since its inception in 1974 and recently served as director of the Office of Block Grant Assistance. A 1975 Senior Fellow of the *American Political Science Association*, he served for a year on Capitol Hill. In 1977, he served as deputy assistant secretary for Community Planning and Development on the agency's transition team.

Chart Summarizes Fair Housing Requirements

A four-page, 10 by 14 inch chart which describes the legal basis, coverage and enforcement of fair housing and equal opportunity requirements has been published by *HUD*. The chart gives a brief summary of 12 basic laws or requirements and tells for each what discrimination is prohibited, which programs or activities are covered and which are not, and what constitutes legal enforcement. Single copies of the chart may be obtained from the Publications Branch, Division of Publications and Information, *HUD*, Room B-258, 451-7th Street, S.W., Washington, D.C. 20410.

FYI

McGraw-Hill, Inc. . . Design/Build and the Law. . . a seminar for architects, engineers and owners covering specific contracts, liability exposures and insurance problems. . . Los Angeles, June 24, 1980. Details: Architectural Record Seminars, *McGraw-Hill, Inc.*, 1221 Avenue of the Americas, New York, N.Y. 10020 (212/997-3088).

National Savings and Loan League (NSLL). . . National Forum for Executive Women's 1980 Management Seminar, New Orleans. . . June 11-13, 1980. Details: Sandy Grimes, *NSLL*, 1101 Fifteenth Street, N.W., Washington, D.C., 20005 (202/331-0270).

Nuggets

The *Senate* has passed legislation that would make as many as 100,000 low-interest home mortgages available to moderate-income buyers through Federal payments to lenders. The program, approved by an 89 to 5 vote, would last until March 1981 unless the *HUD* Secretary decided that an extension was required. Loans would be limited to homes priced below \$60,000 or 80 percent of the average price for new homes in a given area, whichever was higher. The current limit on subsidized housing is \$38,000.

President Carter has decided to continue implementation of the Emergency Building Temperature Restrictions, *Energy Conservation Contingency Plan No. 2*, in the national interest. The plan went into effect on March 1, 1979. Under applicable law, it must be reviewed every nine months and a determination made that a shortage of energy requires continued implementation. *Proclamation 4750* provides that the plan will continue in effect until January 16, 1981, unless earlier rescinded.

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HUD Decreases FHA Interest Rates

HUD has announced a 1.5 percent decrease in the maximum allowable interest rates for **FHA**-insured mortgages for single-family homes, mobile homes, combination mobile home and lot and property improvement loans. The decrease was the sharpest in **FHA** history. **HUD** Secretary Moon Landriery said the agency lowered its single-family rate "because at the present 13 percent rate, many potential homeowners are still priced out of the homeownership market. He said the new rate will "enable many more households to qualify for an **FHA/VA** home loan – on a \$60,000 mortgage, for example, more than 3.5 million more."

The current rates are:

	New	Old
Single-family mortgages	11.5	13 percent
Mobile home and property improvement	16.5	18 percent
Mobile home-lot program	16.0	17.5 percent

At the same time, Landriery announced a separate interest rate ceiling of 14 percent for builders seeking insured financing, to help them reduce their carrying costs on unsold homes. He said the new rate enables builders to close loans on unsold homes with smaller front-end costs, thereby avoiding severe financial losses. The program is temporary and will last through September 30, 1980. It applies only to single-family homes now in builder inventories or started prior to March 31, 1980.

GNMA Reaches \$100 Billion Mark in Mortgage-Backed Securities

The **Government National Mortgage Association (GNMA)** has passed the \$100 billion mark in mortgage-backed securities that it guarantees to help finance the Nation's housing. Ronald P. Laurent, **GNMA** president, said the \$100 billion total for housing was achieved in just 10 years. The program, started in February 1970, is widely acknowledged to be an important secondary mortgage market. Noting that the **GNMA** security is unique to housing financing, Laurent said that the program makes it possible to attract large amounts of funds from the securities market into the Nation's housing market. He said the securities increase the supply of mortgage loans to those who have the greatest need for housing at reasonable interest rates.

Since its inception, the program has helped finance more than three million housing units. This has been accomplished through the combined effort of more than 900 approved **GNMA** securities issuers which have originated and serviced more than 39,000 mortgage pools, and some 75 securities dealers who market the securities.

Block Grant Program Benefits Poor, Annual Study Shows

The *5th Annual Report of the Community Development Block Grant (CDBG)* program shows that lower-income families increased their share of direct benefits from the \$3.75 billion CDBG fund for the second consecutive year. The benefits, according to the report, increased to a record 69 percent of all funds spent under the CDBG program in 1979.

HUD Secretary Moon Landrieu said the program "is the major funding source for revitalizing distressed communities and preventing problems in healthier ones." He said he was pleased to see more and more funds used to help improve living conditions of those "least able to help themselves."

The report indicates that about 40 percent of all CDBG funds were used for neighborhood preservation activities, currently the dominant strategy followed by communities. "Five years ago, the largest single use of community development funds was for acquiring and demolishing property — many called it 'urban removal,'" Landrieu said. "Today, the central activity of the program is housing rehabilitation, accounting for 31 percent of all funds spent. Acquisition and demolition is at an all-time low — a judicious 19 percent," he added.

The report also showed that:

- the dual formula, used to determine the annual funds received by cities over 50,000 population, is targeting funds to cities with the greatest need;
- Housing assistance plan performance, designed to provide housing for the poor, is proceeding at about the same rate as spending levels, both of which have increased over previous years; and
- a majority of communities using the increased flexibility in CDBG economic development activities are leveraging other Federal and private funds.

The *5th Annual Block Grant Report* is comprised of two basic sections, one presenting an analysis of aggregate statistical data and the other providing an indepth analysis of selected policy issues. Copies may be obtained from HUD's Community Planning and Development Office, Room 7144, 451-7th Street, S.W., Washington, D.C. 20410.

New Group Expands Community Development Activity

The *Local Initiatives Support Corporation (LISC)*, a major new organization, has been formed to help existing community development groups revitalize urban neighborhoods throughout the country. The LISC was started with two years of funding from six major corporate donors and lenders and the *Ford Foundation*. It will use the initial \$9.35 million for technical assistance, investments, and matching seed money for community groups. The funding is expected to generate millions of dollars more in private and governmental grants and investments in the economic, physical, and social improvement of the participating communities — up to 100 in the next five years.

Franklin A. Thomas, president of the *Ford Foundation*, called the establishment of the LISC "a testament to the large and growing number of successful local organizations that are ready to expand and diversify their community development programs." He said the effort builds on a solid record of achievement by men and women who are directly affected by adverse conditions in all kinds of communities. Residents of poor and middle-class black, Hispanic, Oriental and other ethnic neighborhoods have for several years displayed energy, imagination, and leadership in arresting decline and making their communities substantially more livable, Thomas said.

The companies involved in the formation of the LISC include *Aetna Life & Casualty Foundation*, *Atlantic Richfield Foundation*, *Continental Illinois National Bank and Trust Company of Chicago*, *International Harvester Company*, *Levi Strauss & Co.*, and *Prudential Insurance Company of America*.

Current Trends

Leaders of the construction industry are predicting that builders will use more and more factory built components in home construction as a direct result of the money crunch. They also say that the uncertainty of job security in the industry is forcing many workers to seek more secure jobs elsewhere. Factory-built components would also mean that houses would be completed faster, a real advantage to builders facing rapidly escalating interest rates.

A study by the *Southern Regional Council* has concluded that the South of the 1970's made no substantial progress in reducing the burden of race which blacks were carrying in the segregated conditions of the 1950's. The *Council*, an Atlanta-based, nonprofit organization, said the *Twentieth Decennial Census* will confirm its findings that differences in income and employment between blacks and whites in the South are "certain, appreciable and in some instances larger than they were 30 years ago."

The declining demand in the housing industry has forced one of the largest home building manufacturers to consider a shift in its production ratios. The *Masonite Corp.* has announced that it is converting about 40 percent of its manufacturing operations at Towanda, Pa., to the production of fiberboard used in furniture and cabinets. *Masonite* said the demand for fiberboard has remained about the same while the demand for hardboard has decreased. A pioneer in hardboard production, the company's name has become synonymous with the hardboard used in the walls of most American homes.

The *National Distillers and Chemical Corporation* has announced plans to reopen its Hill and Hill distillery in Louisville, Ky., but it will not be producing bourbon as it once did before it was closed in 1972. Instead, the distillery will go into the production of alcohol to be used in making gasohol. The company estimates that the site will produce about six million gallons of laco alcohol annually. It is expected to be operational in about a year.

The *State of Maryland* has instituted a program which permits first-time home buyers to secure loans at 11 percent interest. The new *Mortgage Purchase Program* will distribute a total of \$71 million on a statewide basis. Participants must be residents of the State, purchasing a home for the first time and must fall within the maximum income limits of \$20,000 for a one-person family to \$29,200 for a family of four. The low-interest mortgages will be provided by 28 participating lending institutions.

Winnebago Industries, Inc., Forest City, Iowa, has announced plans to resume production of motor homes. A spokesperson said demand for the homes has improved and some models of the homes are in short supply. Some 200 workers will be recalled as the company prepares to produce about 50 homes per week.

When the Nation heads for the polls in November the country will have 10.4 million more people of voting age than it did for the 1976 Presidential election, according to the *Bureau of the Census*. The total population 18 and over is projected to reach 160 million, a 6.9 percent gain over November 1976. This figure will include 141 million whites, about 17 million blacks and about 3 million persons of other races — primarily American Indians and Asian Americans located principally in the West.

Nuggets

President Carter has nominated three persons to serve as members of the *U.S. Commission on Civil Rights*. They are Mary Frances Berry, associate professor of history, *Howard University*; Blandina Cardenas Ramirez, director of development at the *Inter-Cultural Development Research Association*, San Antonio, Tex; and Jill S. Ruckelshaus, an advisory board member of the *National Women's Political Caucus*.

According to John T. Eller, executive director of the *Massachusetts Housing Finance Agency (MHFA)*, the 6,503 housing units under construction as of January 1980 represent an almost three-fold increase over units under construction a year earlier. The increase, Eller said, is due to renewed investor confidence in the *MHFA*, reflected in the upgrading of its bonds and the allocation of record dollar amounts of Federal subsidy.

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*. When ordering, please indicate stock numbers. For additional information, contact J.G. Mills, chief, Documents Control Branch (202/275-3343).

People and Fire. . . contains practical guidelines for fire safety in homes, apartments and mobile homes; tells what to do in case of fire, how to lessen fire severity, how to select a smoke detector, and how to safeguard life and minimize property loss from a fire. 1978. S/N 023-000-00404-6. \$1.40.

How Well Are We Housed. . . a series of five publications that examines the housing conditions of various groups of Americans in terms of physical adequacy, overcrowding and affordability:

1. *Hispanics*. 1979. S/N 023-000-00505-1. \$1.20.
2. *Female-Headed Households*. 1976. S/N 023-000-00482-8. \$1.20.
3. *Blacks*. 1979. S/N 023-000-00560-3. \$1.50. . .
4. *The Elderly*. 1979. S/N 023-000-00519-1. \$1.25.
5. *Rural*. 1979. S/N 023-000-00562-0. \$1.50.

Neighborhood Oriented Programs of the Federal Government. . . a compendium of funding and technical assistance resources for neighborhood organizations. 1979. S/N 023-000-00561-1. \$2.00.

The Fiscal Impact Guidebook. . . tells how to estimate local costs and revenues of land. 1979. S/N 023-000-00507-7. \$8.25.

Solar Hot Water and Your Home. . . presents basic facts about solar hot water heating such as design and choice of different solar hot water systems and possible pitfalls to avoid. Includes a list of references for further information. S/N 023-000-00538-7. \$1.25.

Solar Heating and Cooling-Demonstration Program. . . contains a descriptive summary of HUD Cycle 4 and 4A solar residential projects; describes a group of residential demonstration projects with solar heating and cooling systems. 1979 S/N 023-000-00531-0. \$4.75.

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
June 16, 1980
HUD-318-440-ASI



DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

Hud Newsletter

JUN 26 1980

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President Appoints Five Members to FNMA Board of Directors

President Carter has named five persons as members of the Board of Directors of the *Federal National Mortgage Association (FNMA)*. The agency, known as Fannie Mae, supports a secondary market for home mortgages by purchasing them from other companies in order to make more money available for lending. It is the Nation's largest single owner of mortgages.

The new board members are:

Darralyn C. Bowers, Detroit, executive vice president of *Bowers Realty*. She is chairman of the Black Caucus of the *National Association of Realtors* and serves on the *Detroit Civic Center Commission* and the Faculty of Realtors, National Marketing Institute Division, *National Association of Realtors*.

Marvin S. Gilman, Wilmington, Del., executive vice president of *Leon N. Weiner & Associates*. He is also an associate professor of urban affairs and public policy at the *University of Delaware*. He is also active in the *National Association of Home Builders* and has served on the board of the *National Committee Against Discrimination in Housing*.

Henry A. Hubschman, Washington, D.C., an attorney with the Washington firm of *Fried, Frank, Harris, Shriver & Kampelman*. He served as executive assistant to then-HUD Secretary Patricia Roberts Harris.

Raymond H. Lapin, Sausalito, Calif., president and chairman of the board of *R.H. Lapin, Co.*, of San Francisco, a mortgage finance firm. He served as first president and chairman of the board of *FNMA* and presided over the semi-privatization of *FNMA* in 1968. He also served as president of the *Government National Mortgage Association* in 1968.

Robert H. McKinney, Indianapolis, an attorney and chairman of the *First Federal Savings and Loan Associations* of Indianapolis. He is chairman and chief executive officer of *Jefferson Corporation* and a number of its subsidiaries. He was chairman of the *Federal Home Loan Bank Board* from 1977 to 1979.

All of the appointees, except Ms. Bowers, have had previous service on the *FNMA* board.

FYI

The *National Association for the Advancement of Colored People (NAACP)*, Annual Convention Housing Workshop, Miami Beach, Fla., June 30-July 4, 1980. Details: Donald E. Harewood, director, Housing Department, *NAACP*, 1790 Broadway, New York, N.Y. 10019 (212/245-2100).

HUD Announces Inspector General Appointments

HUD's Office of the Inspector General (OIG) has announced the appointment of two top officials who will direct the unit's administrative and auditing functions. John C. Yazurlo has been named deputy inspector general and Joseph A. Sickon has been appointed assistant inspector general for audit.

Yazurlo will advise and assist the inspector general in the performance of his organizational responsibilities and will be in charge of the overall management and direction of administrative functions in Washington and in the field. He earlier served as assistant inspector general for audit operations and has held supervisory auditor positions in the Office. He has also served as an accountant in the OIG for three years.

Sickon will be responsible for planning and coordinating audit activities at headquarters and in the field. A former director of procurement and ADP management with the *U.S. Department of Commerce*, he has also served that agency as director of audit and financial analysis. He earlier worked as an accountant with the *Government Accounting Office* and the public accounting firm of *Lybrand, Ross Brother and Montgomery*.

HUD, DOE to Weatherize Apartments for Low-Income People

HUD and the *Department of Energy (DOE)* have agreed to combine their resources to weatherize the apartments of eligible low-income tenants, especially the elderly and the handicapped. The aim of the program is to help tenants meet escalating fuel bills by reducing heat loss and conserving energy in multifamily dwellings.

HUD Assistant Secretary for Housing Lawrence B. Simons said the program could "help save an estimated 8,000 subsidized projects from default and perhaps foreclosure on their HUD-insured mortgages because of skyrocketing fuel bills." A recent change in regulations of the *DOE* Weatherization Program extends coverage to owners of federally subsidized housing projects if 66 percent of the units are occupied by low-income tenants. Grants of up to \$1,000 per dwelling unit are available from *DOE*, through the States, to install insulation, storm windows and doors, caulking, weatherstripping and other energy-saving improvements.

The weatherization work could be done by tenants or by contractors. Preference will be given to tenants who are eligible for job training opportunities under the *Department of Labor's Comprehensive Employment and Training Act (CETA)*. HUD field offices around the country have been urged to utilize the *DOE* program and to alert owners of eligible projects to apply for the special weatherization funding. State-designated weatherization program representatives listings are available from HUD field offices and additional information on the program may be obtained from the persons listed below.

Carolyn Martin, *DOE*
Office of Weatherization Assistance
1000 Independence Avenue
Washington, D.C.
202/252-2204

Esther Cunningham, *HUD*
Office of Multifamily Housing Management and Occupancy
451-7th Street, S.W.
Washington, D.C. 20410
202/426-7624

or

Harry Levin, *HUD*
Office of Multifamily Financing and Preservation
202/426-3920

Significant Litigation

National Center for Preservation Law, et al. v. Moon Landrieu, City of Charleston, et al., No. 80-0781-1 (D.S.C.) (order granting partial preliminary injunction, May 8, 1980)

The Court did not grant plaintiffs' motion for preliminary injunction against HUD. It did, however, issue a preliminary injunction against the City of Charleston to prevent demolition of historic buildings. (Demolition was not scheduled to occur before August 1980 in any case.) The Court allowed the City to proceed to acquire property necessary for the development of the Charleston project. The City of Charleston is voluntarily dismissing its earlier filed related case, *City of Charleston v. National Center for Preservation Law, Landrieu, et al.*, No. 80-136-1 (D.S.C., filed Jan. 21, 1980).

Kenneth Ferguson v. Moon Landrieu, Stephen Clark, Mayor of Dade County, Florida, et al., No. 80-1019-CIV-EPS (S.D. Fla.) (order denying preliminary injunction, May 12, 1980)

The Court denied plaintiff's motion to preliminarily enjoin Dade County from accepting tenants in a 45-unit, Section 8 Substantial Rehabilitation project. The Court found that if the plaintiff were to prevail on the merits, the Court could order Section 8 tenants to vacate or provide other adequate relief at that time. Since such remedies would be available, the Court ordered that the prospective tenants be joined as indispensable parties to the litigation.

Sheila Arnette, et al. v. Landrieu, First Lewis Roads Apartments, Inc., et al., C.A. No. 80-0353-R-R (E.D. Va., filed May 7, 1980)

Plaintiffs allege that they are low-income residents of a 71 building unsubsidized project in which HUD is mortgagee in possession. They allege that HUD has failed to take any action to correct numerous health and safety code violations at the project. They also challenge HUD's decision to foreclose without offering the tenants a hearing on the proposed foreclosure and without requiring the prospective purchaser to use the project for low-income housing.

Plaintiffs claim that HUD has violated the *National Housing Act*, 12 U.S.C. §1401, *et seq.*, the *Administrative Procedure Act*, 5 U.S.C. §701, *et seq.*, and Fifth Amendment due process. They seek declaratory and injunctive relief and attorney's fees against the Department, its officials, the corporate owner, its officers and stockholders.

Publications Available

The following publications were published by HUD, and unless otherwise indicated, are available from the Information Branch, Division of Publications and Information, Room B-258, 451-7th Street, S.W., Washington, D.C., 20410. Single copies are free.

Intergovernmental Management, 1980-1981. . . describes HUD's one-year, intensive work-study program which seeks to solve urban problems through the development of leaders who will manage the intergovernmental system of housing and community development programs at all levels.
HUD-534-P(3), April 1980.

Recent Research Results. . . describes HUD's USER information service which provides ready access to research data; gives title, summary and contact for recent research projects.
HUD-PDR-490-6, May 1980.

Block Grant Energy Conservation. . . describes energy-related Community Development Block Grant programs in 10 communities, depicting the range of responses to energy needs and attempting to widen interest among CDBG users about energy conservation.
HUD-568-CPD, April 1980.

Planning for Housing Security. . . outlines a comprehensive approach to security planning and tells how to assess security in a residential environment; examines the extent to which the social and physical environment of a housing development contribute to residents becoming victims of crime, experiencing extreme feats of crime, and/or feeling the need to pull back from their environment.
HUD-PDR-527, April 1980.

Current Trends

Americans have been using far less electricity since 1974 than the utility industry had expected, according to the *New York Times*. The *Times* said that utility experts feel that a trend toward the use of less electricity would have substantial social and economic effects. Last year, the paper said, electricity consumption rose only 2.8 percent, down sharply from the 7 percent annual rate of growth that the industry routinely experienced until the early 1970's. So far this year, consumption has actually dropped by 1.4 percent, the *Times* said.

A Harvard professor reported in a recent edition of the *Science Journal* that microwave generators requiring no more power than a lightbulb can keep people warm in houses of the future. He said the new heating system "could contribute importantly toward alleviating the developing world energy crisis." The microwave stoves would work much as today's microwave ovens and would be just as safe. Professor Robert Pound, the author, contends that radiation from the generators would be no more dangerous than heat waves from a fireplace or wood stove. The generator waves would heat people, not the air, so that people would be warm even when air temperature is low. Many changes would have to be made to current building patterns, however, before the microwave system becomes practical. Ceiling, floors, and walls would have to be covered with metal foil or similar substances to reflect the microwaves around the room and furniture would have to be redesigned so that it does not absorb and waste the new-type energy.

Nuggets

Early summer is among the best times to have flues and chimneys cleaned according to the *Chimney Sweep Guild* and other experts. Badly neglected chimneys, they say, are susceptible to fires and can pose a danger to the unsuspecting homeowner. The danger comes from creosote which builds up on the inside of the flue or chimney when wood is burned in a low-temperature fire. If this creosote catches fire, it could raise the chimney temperature to as much as 3,000 degrees Fahrenheit and possibly spread the fire to the rest of the house.

To assist the *Department of Interior* in carrying out its responsibilities under the *Urban Park and Recreation Recovery Act of 1978*, HUD has agreed to share information which may be relevant to *Interior* grants. Recent reports from that agency indicate that HUD's cooperation has been useful in determining the civil rights status of potential recipients.

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Hud Newsletter

DEPARTMENT OF HOUSING
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HUD to Continue Support of Rural Cooperative Housing Demonstration

HUD has made a commitment to continue to work with the *Farmers Home Administration (FmHA)* to support the continuation of the *Rural Cooperative Housing Demonstration (RCHD)*. The commitment is part of the action agenda of the *Small Community and Rural Development Policy* announced by the President on December 20, 1979.

The purpose of the *RCHD* is to demonstrate the viability of housing cooperatives for small groups of low-income rural families and to establish a delivery system providing assistance in establishing and supporting new housing cooperatives. During FY 1980, *FmHA* supported the *RCHD* in California, the Southwest and the Southeast through a grant with Rural America on behalf of a consortium conducting the demonstration. The consortium includes *Rural Community Assistance Corporation*, the *Federation of Southern Cooperatives* and the *National Council of La Raza*.

HUD recently signed a grant to assess the demonstration and to provide support for the consortium to continue the demonstration during fiscal years 1981 and 1982.

The *HUD* agreement also provides for a fourth location in Vermont to begin in FY 1980.

The President's *Small Community and Rural Development Policy* advocates better human services and opportunities for all residents of rural America. Announced after more than two years of consultation with representatives of rural areas, it is intended to serve as a counterpart to Mr. Carter's *National Urban Policy*, bringing the resources of selected Federal agencies to bear in improving housing, health, water and sewer systems, education, employment, economic development, transportation, communications, energy availability and the environment for rural residents. A key part of the policy is a mandate that housing for the elderly have social services on the premises.

HUD Ends Temporary FHA Interest Rate for Home Builders

A temporary 14 percent interest rate ceiling established to provide financial relief to builders carrying unsold homes at excessively high construction loan costs has been ended. *HUD* Secretary Moon Landrieu said the higher rate was no longer necessary and reduced it to the current 11.5 percent ceiling for *FHA*-insured single-family home mortgages. Secretary Landrieu said the action was taken in response to rapid changes in money market rates over the past month, a period in which *FHA*'s own maximum allowable rates for single-family mortgage insurance dropped 2.5 percentage points to the current 11.5 percent level.

"At the time the 14 percent rate was established," Landrieu said, "builders were forced to carry their unsold inventory at extremely high construction loan costs — 17 percent or higher — and our intent was to offer them permanent *FHA*-insured financing at the special 14 percent level." He said that many builders would have suffered severe financial losses had they been forced to pay the extremely large discounts then required to close loans at a rate less than 14 percent.

HUD Funds for Disaster Spark Community Involvement

A self-help program in a central Texas community hit by a tornado last year has sparked a partnership between a relief agency, the Federal and local government, and may become a model for other cities facing similar crises.

Interfaith Disaster Service and the city of Wichita Falls, Tex., have received pledges of volunteer labor whose value matches the \$2.4 million community development disaster assistance awarded by *HUD* earlier this year. In addition to recruiting volunteers, most of the grant has been used to buy building materials and to construct an estimated 150 houses for displaced low- and moderate-income families who did not qualify for other types of Federal aid. Some of the funds also will go to leverage *Small Business Administration* loans and other local funding for a solid waste plant, emergency street improvements, building code enforcement, and traffic control installation.

HUD Secretary Moon Landrieu said: "Working as partners with the Federal Government through available programs, the people of Wichita Falls have taken the initiative and have shown the benefits of solving problems together." The campaign to solicit volunteers has led to friendly competition between members of the local business community and private clubs to get involved in the rehabilitation of the town. An additional 1000 volunteers are expected to be in town shortly to assist with the rebuilding.

The tornado struck in April 1979, ripping through densely populated areas and destroying 22 percent of the housing stock.

HUD has also made available more than \$2 million in grants to Pike County, Ky., and the State of Alabama to assist in flood recovery efforts. Pike County was awarded \$883,900 to relocate 59 families outside the floodplain and to rehabilitate and floodproof 80 additional households damaged by flash floods last July. Alabama was awarded \$1,189,000 for recovery and redevelopment efforts in the coastal counties of Mobile, Baldwin and Escambia.

In announcing the awards, *HUD* Assistant Secretary for Community Planning and Development Robert C. Embry said: "Once again the Federal Government joins forces with local jurisdictions and the private sector to make certain that all Americans have suitable living conditions." The funds, from the Community Development Block Grant program, had been previously allocated for projects no longer feasible or eligible for assistance.

HUD's Inspector General Saves Millions in Tax Dollars

HUD Secretary Moon Landrieu reports that the agency has recovered more than \$11 million during the first six months of this fiscal year as a result of audits by the Office of the Inspector General (OIG).

In a semi-annual report submitted to *Congress*, the Inspector General said the money came from program fund recipients who were required to make restitution based on audit findings involving inappropriate expenditures. During the six month period, the Inspector General referred 433 investigative cases for possible prosecution and 89 persons or firms doing business with *HUD* were indicted and/or convicted.

In forwarding the report to *Congress*, Secretary Landrieu said: "The close, cooperative working relationship that has evolved between *HUD* and the OIG over the years has served the public and the Department well. The findings of the OIG enhance managements effectiveness and the implementation of its recommendations remain a high priority. The Department welcomes the work of the Inspector General in helping to improve overall management and to prevent and detect fraud and abuse.

The report also describes the progress being made on a number of recent fraud control measures by the OIG and *HUD's* Committee on Fraud, Waste and Mismanagement. These include a fraud vulnerability assessment system for all new or substantially revised *HUD* programs, a review of the agency's monitoring systems and procedures, a guide to assess management controls in the Department, and the issuance of fraud information bulletins to employees.

SAHOP Plans Fall Housing Seminar

Representatives of the *Secretariat of Human Settlements and Public Works* were in Washington recently to attend a workshop on residential solar energy programs in this country. Under the United States-Mexico Bilateral Agreement, plans were discussed for other activities including a housing seminar in the Fall and possible coordination between *HUD* and the *Department of Energy (DOE)* for additional solar energy activities. A *HUD* representative visited Mexico City in May to conduct a workshop for Mexican officials of *SAHOP* who will be involved in environmental assessment. The representative also met with Mexican and *National Environmental Policy Act* officials to assist with the design of a joint Mexico-UNEP project which will study the environmental impact of urban development in the Mexico City Area.

First-Time Home Buyers affected by Inflation

An extensive study by the *U.S. League of Savings Associations* indicates that inflation in the costs of buying a home is having a substantial impact on first-time home buyers. The report says that the median prices for homes were \$58,000 in 1979, an increase of \$14,000 over 1977 prices. These prices, the *League* notes, have had a significant impact on the percentage of first-time home buyers, but at the same time have had little effect on the ability of homeowners to purchase homes. In 1977, 36 percent of the home buyers were purchasing a home for the first time. Only 18 percent of those who bought homes last year were purchasing their first home.

Thus, the report says, that while the over-all market was strong last year, "inflation has a particularly damaging impact on the housing market. What emerges is a situation in which the buyer must face higher home prices, downpayments and monthly housing expense, while at the same time experiencing a restricted flow of mortgage credit. Inflation thereby produces a particularly distressing environment for first-time home buyers."

Because homeowners can use the higher value of their current home in affording a new one, buyers who already own a home face a far less grim situation, the report says. Repurchasers took an average of almost \$31,000 in equity out of their homes and used two-thirds of that as downpayment on another home, according to the study.

It also indicates that:

- more and more home buyers are abandoning the rule of thumb that consumers should spend no more than 25 percent of their income for housing; nearly 46 percent of home buyers in 1979 violated this traditional guideline, compared to 38 percent two years earlier;
- more than half of the homes were purchased by families with two incomes;
- a typical home buyer must budget \$550 for monthly housing expenses, a 37 percent increase over the \$400 required two years ago; and
- San Francisco is the urban area with the highest housing costs, Los Angeles is second and Washington, D.C., third. Generally, prices for homes are higher in the West and in large urban areas.

The *League's* report, *Home Ownership: Coping With Inflation*, was based on more than 14,000 conventional mortgage loans selected at random from savings associations across the Nation.

Cincinnati Considering Law to Combat Housing Displacement

The city of Cincinnati is considering a proposed measure designed to combat housing displacement problems for the inner-city poor. Under the proposal, developers who receive city assistance will be required to obey provisions which seek to minimize displacement and to compensate evicted tenants where displacement does occur. When the sale of a building is imminent, a key provision would give tenants the right of first refusal to buy the structure and, once redeveloped, the right of first refusal to re-rent their old units. The landlord of a redeveloped apartment building would be obligated to rent at least 30 percent of the units to persons participating in *HUD's* Section 8 program, provided such a demand existed.

Nuggets

HUD has offered more than \$47 million in special assistance to 44 small, distressed communities to help build their tax bases, create new jobs and revitalize their commercial areas through the Urban Development Action Grant (UDAG) program. The \$47 million investment is backed by \$339,736,000 in private investments, and will enable 44 joint public-private development projects to get underway. The projects, in turn, will create 7,918 new permanent jobs in the private sector, retain 2,744 others and open up 3,756 construction jobs.

The *San Francisco Regional Office* reports that the State of Nevada Housing Division has successfully marketed \$30 million in bonds to finance some 500 single-family home mortgage loans throughout the State. The loans will carry an interest rate of 9.5 percent and will be available only to low- and moderate-income residents. Both new construction and existing homes may be purchased under the program.

The *Missouri Housing Development Commission (MHDC)* has approved construction financing for a 300-unit, Section 221(d)(4)/Section 8 project in the City of St. Louis. Construction is scheduled to begin in early July. A debate concerning the most cost effective utility system for the project was resolved when the *Kansas City Regional Office* decided on using all-electric utilities.

The *Dallas City Council* has approved a community development plan for 1980-1981 that includes \$1 million for security at *Dallas Housing Authority* projects. The Council plans to request that *HUD* waive regulations that would prohibit the use of the money for this purpose since some of the projects are not in neighborhood strategy areas.

Nearly two-thirds of Detroit's 360,000 homeowners have been notified that their property taxes will be increased this year, generating some \$6 million in additional revenue for the city. The increase will average about 7 percent per household, but some neighborhoods will face hikes as high as 8 percent. Taxes increased by 6 percent last year, the first time property assessments went up since 1967. Many of the homeowners have protested the increases, calling them "unfair" and "outrageous."

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Hud Newsletter

HUD Secretary Foresees 'Banner Decade' for Housing Production

HUD Secretary Moon Landrieu has predicted that the 1980's will be a 'banner decade' for housing production, spurred in large measure by the administration's anti-inflation program. Secretary Landrieu told the Ninth Annual Conference of the *National Leased Housing Association* meeting in Washington recently that "Controlling inflation remains essential for the housing industry and we intend to support housing without hurting our ability to balance the budget."

Noting that steps taken to curb inflation already have resulted in the lowering of mortgage interest rates and noticeable recovery in the bond market, the Secretary said that the administration remains committed to providing decent, affordable housing for every American citizen. "Achievement of that goal will not be easy," he said, "but the *Department* will work toward that end with every resource at its command." He said the effort will require refurbishing and re-use of existing housing stock, while improving the management of available housing.

He said that the final rules for use of tax-exempt bonds in conjunction with *GNMA* mortgage-backed securities covering Section 8 projects would be issued in the near future and that the rules would offer an important financing alternative, since *GNMA*-guaranteed securities will allow the sale of housing authority bonds at lower interest rates.

Emphasizing the agency's priority for new multifamily housing production, he told the *NLHA* participants that streamlining the delivery of multifamily housing programs is one of our "highest current priorities." He said that a comprehensive study of *HUD's* processing systems is being made and the results are expected in August. "While we are not able to promise miraculous changes at this time," he added, "I assure you that there will be a thorough, fundamental look at the system." He said that the agency is aware that the delivery of assisted housing programs can be improved when local officials are involved and said that the *Department* has enhanced the consultation process by promoting even greater involvement by local officials when field offices prepare housing allocation plans.

"In spite of restrictions imposed by the President's efforts to balance the budget, *HUD's* basic strategy remains intact," Landrieu told the group. "We will continue to reflect the search for better ways to use Federal programs for achieving orderly growth and redevelopment of our cities, preservation of our neighborhoods and sound economic development," he concluded.

Demonstration Project Aims at Housing Costs Reduction

A demonstration project aimed at reducing the cost of housing and curbing inflation has been announced by *HUD* Secretary Moon Landrieu and Alfred E. Kahn, the President's inflation advisor. The demonstration, to be conducted in four areas of the Nation, is designed to reduce housing costs through modifying local government regulations and shortening processing time. Secretary Landrieu said the administration is looking at zoning ordinances, subdivision regulations and building codes.

In carrying out the project, *HUD* will work with local officials in an effort to develop innovative approaches that will result in the construction of quality homes at more affordable prices. The goal is to reduce total life cycle costs which include the initial construction costs as well as continuing operation and maintenance expenses. Secretary Landrieu said "We must find ways to cut the cost of housing construction or the dream of homeownership will never become a reality for millions of Americans."

"Even as we apparently move into a recession, inflation remains our most serious national problem," Kahn said. "In fact, it was the inflation that produced this recession which is hitting the home building industry harder than any other. The only cure is to bring spiraling costs under control. These demonstration projects are designed to point the way in this most important sector of the economy."

Two of the projects will be inner-city demonstrations in Hayward, Calif., and Shreveport, La. Two others will take place in the suburban areas of Allegheny County, Pa., and Clark County, Washington.

Home Buyers' Guide Now Available to the Public

Donna Shalala, Assistant Secretary for Policy Development and Research (PDR), notes that "it is important that the prospective home buyer have the best possible information available on how to buy wisely and how to make sound decisions in maintaining the home." She spoke as *HUD* released a comprehensive, practical guide to buying and maintaining a home entitled the *Home Buyer's Information Package - A Guidebook for Buying and Owning a Home*. The 97-page information package, a loose-leaf notebook with section tabs, covers eight areas of information:

- to buy or not to buy;
- the search for a house;
- purchase contracts;
- financing the house;
- the closing process;
- money management;
- maintaining your home; and
- definition of terms used in home buying.

Assistant Secretary Shalala said the processes of purchasing and of operating a home have become costly and often complex, but she added that the publication, if studied carefully, is the equivalent of an academic course in home buying and management. Emphasis, she said, is placed on the need for a careful, unemotional scrutiny of the house offered for sale and the financing options available to the buyer.

Some of the key points of the *Home Buyer's Information Package* include:

- worksheets and a checklist to help prospective buyers make an intelligent appraisal of the homes they examine;
- a section on money management which tells new owners how to deal with initial problems and defects, set up a homeownership budget and manage it, resolve money problems, and get counseling if it is needed; and
- a section on maintenance which offers practical tips for caring for the home, and making simple repairs and improvements.

The publication, complete with samples of pertinent legal documents, may be purchased for \$4.95 from the Government Printing Office, Dept. 32H, Washington, D.C. 20402 (No. 023-000-00508-5). A free leaflet containing pointers taken from the package is available from *HUD USER*, P.O. Box 280, Germantown, Md., 20767. Ask *USER* for *Package Pointers*.

President Congratulates Neighborhood Groups at White House

President Carter received 70 neighborhood self-help groups in a special *White House* ceremony recently and praised them for being outstanding examples of determination and action and for illustrating the partnership of government, private business and citizens stressed in his urban policy. The Rose Garden ceremony ended a three-day conference sponsored by *HUD* for the groups which were the first to receive grant assistance under the *Neighborhood Self-Help Development Act*.

They were selected from a competition of some 700 groups and received \$8.6 million in grant funds from the *HUD* Office of Neighborhoods, Voluntary Associations and Consumer Protection (NVACP). The NVACP projects that this funding will leverage an additional \$145 million in investments from private business, foundations and localities. The grants will fund neighborhood projects that include housing rehabilitation, economic development, tenant management and solar energy conservation..

HUD Assistant Secretary Msgr. Geno Baroni told conference participants that "the spirit of local initiative is the key ingredient in urban and rural revitalization." He said that *HUD's* role "is one of strengthening the various neighborhoods that comprise any size community."

A new publication, *Neighborhoods-A Self-Help Sampler*, was released at the three-day conference. A comprehensive documentation of the experiences of various self-help groups around the country, the publication idea was initiated by the President "to tell the Nation the great work that self-help groups are doing in revitalization." Copies are available from the Government Printing Office, Washington, D.C. 20402, for \$5.50 each. (Order by No. 023-000-00559-0).

Census Review to Assure Accurate, Complete Count in 1980

A major new effort is underway to help assure the most accurate and complete count possible in the 1980 *Census of Population and Housing*. The review effort will enable local officials to check the accuracy and completeness of housing and population counts provided to them. Local governments then will have the opportunity to point out possible problems for review and correction before the 409 temporary census district offices are closed. It is believed that the review by the Nation's cities, counties and townships will significantly increase the accuracy and success of the national count. Workshops have been held for some 39,500 local governments and technical manuals have been made available to them.

Among the types of evidence local officials are expected to use to support their estimates are:

- residential building and demolition permits;
- residential utility connections;
- aerial photos, field surveys and land-use maps; and
- tax assessor records.

Price index of New, One-Family Houses Sold Rises

The price index of new, one-family houses sold rose to 219.6 during the first quarter of 1980, according to estimates reported by the *Bureau of the Census*. The base index of 100.0 was established in 1972 and current statistics are based on the kinds of houses sold in 1974.

The first quarter index was 1.6 percent above the fourth quarter 1979 index of 216.2 and 10.9 percent above the first quarter of 1979 index of 198.0. The price index is designed to measure changes in the sales price of new houses sold which are the same with respect to 10 important physical characteristics as the houses sold in the base weight period of 1974. The average sales price of new, one-family houses actually sold during the first quarter of 1980 was \$74,200. This represents a \$1,500 or 2.1 percent increase from the \$72,700 average price of the previous quarter.

Significant Litigation

Mount Vernon Sales and Mortgage Corporation, et al, v. HUD, et al. No. IP-80-483C (S.D. Ind. filed May 22, 1980)

This is an action by the owners of several Section 8, *FHA* Insured §221(d)(4) tandem projects, who are in the process of obtaining interim construction financing through the sale of obligations which allegedly would be tax-exempt under §103 of the *Internal Revenue Code*. Plaintiffs maintain that the proposed tax-exempt financing for their projects under §103 does not require *HUD* approval nor compliance with *HUD's* Section 11(b) regulations, because (a) the proposed financing arrangements involve no pledge of a Section 8 HAP Contract; and (b) *Congress* allegedly did not authorize *HUD* to regulate §103 housing bonds. Plaintiffs seek a declaratory judgment that *HUD* may not lawfully impose Section 11(b) requirements on projects which involve no pledge of a Section 8 HAP Contract and which are financed by §103 tax-exempt bonds; and injunctive relief to enjoin *HUD* from refusing to insure mortgages incident to such projects or take other punitive actions based on noncompliance with *HUD's* Section 11(b) regulations.

P.I. Properties, Inc. v. Harris, et al. Case No. 79-1323 (D.C. Cir., May 20, 1980)

The *District of Columbia Circuit Court* has affirmed the *District Court* Order granting *HUD's* motion for summary judgment in this suit challenging *HUD's* foreclosure of the mortgage on the Clifton Terrace Apartments. Previously, the *District Court* had denied plaintiff's motion for a preliminary injunction to prevent foreclosure and had granted the Government's motion to have the Department appointed mortgagee in possession of Clifton Terrace prior to the foreclosure sale. Plaintiff owner and manager of Clifton Terrace had brought suit for injunctive and declaratory relief claiming as an affirmative defense to foreclosure that *HUD* had violated oral contractual obligations by failing to provide two rent increases and two six month moratoria on the collection of principal and interest, thereby frustrating its performance obligations to *HUD* pursuant to a Regulatory Agreement and Deed of Trust. Plaintiff also had claimed a constitutional right to a full administrative hearing prior to the *HUD's* exercise of an extra judicial power of sale.

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Hud Newsletter

Home Mortgage Volume Set at \$30.7 Billion for First Quarter

HUD has released statistics on the volume of mortgage lending activity showing that \$30.7 billion of home mortgages was closed during the first quarter of 1980. Of the total, 3.7 billion or 12 percent were *FHA*-insured, \$3.2 billion or 11 percent were *VA*-guaranteed, and \$23.8 billion were conventional mortgages. The loan origination dollar volume for the period is 16 percent below that for the same period a year ago.

Loans for new homes totaled \$12.2 billion or 40 percent of the total home loans closed in the first quarter, while loans for existing homes totaled \$18.5 billion. New homes accounted for 34 percent of the total home loans closed in the first and fourth quarters of 1979. Purchases of home mortgage loans totaled \$16.8 billion in the first quarter of 1980, up 8 percent from the first quarter a year earlier. *FHA*-insured and *VA*-guaranteed loans accounted for 50 percent of home loans purchased in the first quarter.

Among lender groups, federally supported pools purchased \$6.4 billion of home loans and Federal credit agencies purchased \$5.1 billion in the first quarter, up 15 percent and 7 percent respectively, from the first quarter of 1979. For savings and loan associations and commercial banks, home mortgage loan sales as a proportion of gross acquisitions increased from 18 and 13 percent in the first quarter of 1979 to 24 and 20 percent, respectively, in the first quarter of this year.

HUD reported that at the end of March 1980, the total mortgage debt outstanding was \$1,227 billion, of which \$796 billion was long-term loans for one-to-four-family homes; \$108 billion was long-term loans for multifamily properties; and \$251 billion was long-term loans for nonresidential and farm properties. Of the \$60 billion of construction loans outstanding, \$26 billion were home construction loans, \$12 billion were multifamily construction loans, and \$21 billion were nonresidential construction loans.

At about the same time, *HUD* released the results of its June 1 option survey of mortgage market conditions, the first such survey since the maximum permissible interest rate for *HUD/FHA*-insured home mortgages was reduced from 13 to 11.50 percent. Nationally, the secondary market price for immediate delivery of *HUD/FHA* 11.50 percent new home mortgages with 30-year terms and minimum downpayments averaged \$97.00 per \$100 of the outstanding loan amount. The equivalent gross yield to investors was 11.99 percent.

The percentage of *HUD* field offices reporting that funds were generally adequate for financing Section 203(b) home mortgages on June 1 edged up 1 percentage point to 89 percent, compared to the 88 percent response a month earlier. A year ago, 96 percent of the field offices reported adequate funds.

For conventional first mortgage loans, the June 1 survey showed that the national average interest rate contracted to be paid by borrowers on both new and existing homes declined by 235 points to 13.20 percent from 15.55 percent the previous month. The declines in conventional mortgage rates for both new and existing homes prevailed in all geographic areas.

HUD Issues Results of First Urban Impact Analyses

A Federal community impact analysis, the first under the Community Conservation Guidelines conducted for HUD, has concluded that Duluth, Minn., would suffer a significant economic setback if a proposed 660,000-square-foot shopping mall is constructed in suburban Hermantown. The *U.S. Army Corps of Engineers*, the *Environmental Protection Agency*, and the *Department of Transportation* also participated in the study conducted at the request of the mayor of Duluth.

“This first example of an impact analysis has proven the value of the process,” HUD Secretary Moon Landrieu said. “By examining the facts we have seen that Duluth would lose more than 500 low- and moderate-income jobs, more than \$30 million annually in retail sales, and \$448,000 in sales and property taxes.”

“In addition to a fiscal and economic blow, Duluth’s downtown revitalization efforts – totaling more than \$60 million in the last five years – would be significantly hurt,” the Secretary added.

The Community Conservation Guidelines, announced on November 26, 1979, are designed to assure that Federal policies, grants and decisions do not have the unintended effect of eroding existing commercial centers, whether they are located in center city, suburban or rural areas. Analyses specified under the guidelines may be requested by the chief elected official of any locality. The guidelines only apply to pending Federal actions and require responsible Federal agencies to consider mitigating options when an analysis indicates a probable negative urban impact.

Robert C. Embry, Jr., Assistant Secretary for Community Planning and Development, said: “Analysis of the proposed development proves clearly that Government – at all levels – must be aware of the unintended effect of its action. President Carter has stressed this responsibility in his *National Urban Policy*.” Assistant Secretary Embry said that HUD was pleased by the cooperation received from the *Corps of Engineers*, *DOT* and *EPA*. “The process,” he added, “was thorough, it was fair, and the final report took the comments of all parties into consideration.”

Marshall Kaplan, Deputy Assistant Secretary for Urban Policy, said the “overwhelming evidence is that the construction of the suburban mall would seriously endanger revitalization efforts now underway in downtown Duluth. Federal encouragement of this new development would be costly and harmful.”

There are 22 requests for impact analyses pending; 12 studies are underway and final reports on Clarksburg, W. Va., and Asheville, N.C. are expected in several weeks.

Program Changes to Broaden Homeownership Opportunities

Recent changes in the Rehabilitation Mortgage Insurance program, Section 203(k) of the *Housing Act of 1934*, as amended, promises to open up the homeownership market to more Americans and to improve the existing housing stock. HUD Secretary Moon Landrieu said the changes, which went into effect June 20, now provide that Section 203(k) insurance cover the cost of purchasing, refinancing, as well as rehabilitating single-family homes. He said that the maximum mortgage amount under the amended section has been increased from \$12,000 per unit to \$67,500.

“This revision,” the Secretary said, “will allow moderate-income families – who could qualify for an *FHA*-insured home loan, but not otherwise afford a high-priced new home – to buy an attractively priced existing house with a single loan at long-term rates.”

Under the revised program, HUD may now endorse Section 203(k) mortgage insurance before any improvements begin to enable the borrower to pay for the rehabilitation. The loan amount insured will be based on the estimated value of the property after the rehabilitation is finished.

Landrieu said the innovation in the mortgage insurance program “demonstrates our commitment to provide decent housing, improve the property environment, and also expand consumer choice in the housing market.”

HUD to Test Energy Conservation Measures

Public housing agencies (PHA's) across the Nation have been notified of a recently announced set-aside of \$5 million of loan authority from FY 1980 Modernization Program funds for testing energy conservation measures on low-income housing projects owned by PHA's. The measures to be tested will be hardware-related improvements that are relatively untested in public housing.

The purpose is to test the cost-effectiveness and adaptability of commercially available products that are expected to reduce the use of energy and the cost of utilities. Included in the energy conservation measures to be considered are heat recovery devices, new thermostats and heating controls, improved furnaces and boilers, and conversions to renewable energy sources.

In addition to the energy conservation testing, HUD has set aside \$25 million of loan authority for converting PHA-owned heating plants from fuel oil to other fuels. Under the fuel conversion program HUD will:

- encourage single-family developers to include passive and active solar energy and energy conservation measures when planning sites and buildings;
- request energy audits of Section 8 new construction, subsidized insured housing projects, and HUD-owned or mortgage held projects;
- encourage the development of projects which use solar energy systems and provide the maximum permissible mortgage amounts and financial assistance to accommodate such systems;
- place greater emphasis on the trade-off between energy conserving capital costs and subsequent operating expenses in underwriting single and multifamily housing;
- develop procedures and materials to encourage and finance the addition of energy conserving features to existing single-family homes upon transfer; and
- reemphasize and clarify its requirements for an energy audit on each subsidized insured housing project applying for flexible subsidy.

The non-regulatory administrative actions will be implemented by the Office of the Assistant Secretary for Housing-Federal Housing Commissioner.

Housing Starts Dip to 5-year Low for May 1980

The construction of new homes dipped 11.5 percent in May to the lowest annual rate since February 1975. According to the U.S. Department of Commerce, builders started new homes at an annual rate of 920,000 units. The annual rate in April was 1.04 million. In May 1979, the rate was 1.8 million. May 1980 marked the eighth consecutive month in which housing starts decreased. The annual rate is now 49 percent lower than it was a year ago.

The Department also reported that starts of single-family housing declined 2.4 percent to a 616,000 rate, down from a 631,000 rate a month earlier and 49.9 percent below the year-earlier mark of 1,229,000. Starts of multifamily housing units dropped 25.5 percent in May to a 304,000 level, and 46.9 percent below the year-earlier rate of 572,000.

Building permits for private housing construction were issued at an annual rate of 806,000 units, 2.2 percent above April's rate of 789,000 units, but 51 percent lower than the rate in May 1979. Single-family permits were up 3.4 percent in the latest report period but 53.3 percent below the May 1979 level. Sales of used homes declined to a seasonally adjusted annual rate of 2.2 million units, the lowest mark in more than five years.

A Commerce spokesman said the May report of housing starts is "bad news for both home builders and potential home buyers."

HUD Issues Regulations on Graduated Payment Mortgages

New regulations for the alternate Section 245(b) Graduated Payment Mortgage (GPM) program went into effect on June 30, although *HUD* will accept comments on the regulations until July 29. The new program lowers downpayments to the level of the *FHA*-Section 203(b) program and is expected to make homeownership available to more homeseekers.

It provides for an alternative program which permits the principal obligation of the mortgage to rise during the mortgage term to an amount higher than the initial appraised value of the property, and authorizes graduated payment mortgage plans for a period of 10 years at an interest rate of 4.9 percent annually. It also permits GPM plans for five years at an interest rate of 7.5 percent a year.

The regulations, published in the May 30 edition of the *Federal Register*, contain the following limitations:

- the program is only available to would-be buyers who have not owned a home within three years of the application date;
- activity under the program cannot exceed 10 percent of the total amount of *FHA* one- to four-family mortgages insured in the preceding fiscal year or 50,000 mortgages, whichever is greater; and
- the program is limited to those who normally would be unable to qualify for the Section 245 program or other *FHA*-insurance programs.

President Reappoints Rothchild to NCHP

President Carter has announced his intention to nominate Kennon V. Rothchild, Mahtomedi, Minn., for reappointment as a member of the Board of Directors of the *National Corporation for Housing Partnerships (NCHP)*. Rothchild has been a member of the *NCHP* board since 1978. He is chairman of the board and chief executive officer of H. & Val J. Rothchild, Inc., a mortgage banking firm, and of Rothchild Financial Corp.

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Landrieu Calls Housing Industry Outlook Optimistic

In a speech to the *Southeastern Lumber Manufacturers Association (SLMA)* in New Orleans recently, *HUD* Secretary Moon Landrieu said that the long view of factors already at work leads to the conclusion that the housing industry, particularly in the South and Southwest, has reason to be optimistic. He said that while the current lag in housing starts and the decline in building permits are not encouraging, they are not particularly discouraging.

"We look to a turn upward in home buying by midsummer and we anticipate a return to the annual level of at least two million housing starts by the mid-1980's." Turning to the future, the *HUD* Secretary said that as many as 1.9 million households will be formed annually for the next five years, and that about 40 percent of the housing which will be needed in the year 2000 will have to be built between now and then. "If the Nation is to navigate safely through this period of change," he said, "preparations must be made in advance. Everybody recognizes that the sometimes poorly planned, haphazard development of the past two decades cannot recur in the 1980's."

Landrieu told the *SLMA* participants that *HUD* has already commissioned a year-long study of national developmental options by the *Council on Development Choices for the 1980's*. Later this year the *Council* will prepare a report on its findings, complete with recommendations on how to proceed to develop and redevelop the Nation in the future. He said that *HUD* will implement those recommendations which are consistent with the Nation's needs for sound, well-planned urban and rural development. He also said that the report would be presented to the President for his use in forming a national development agenda for the 1980's and beyond.

HUD Considers Disposition of New Town Projects

A. Russell Marane, general manager of the New Community Development Corporation (NCDC), reports that considerable progress is being made in disposing of *HUD*-acquired New Town projects. The projects are located in Texas, North Carolina, Illinois and Minnesota.

Representatives of a Canadian firm have indicated an interest in purchasing the 3,400 acres remaining in the Flower Mound, Texas, project. NCDC staffers will begin negotiations with the Canadian firm and other interested firms to determine their financial resources, their plans for possible development of the site and the conditions of such a sale.

In North Carolina, a settlement agreement has been signed which would result in the uncontested acquisition by *HUD* of the Soul City project. The agreement was signed by Floyd B. McKissick, Sr., on behalf of the partners of the Soul City Company. In St. Paul, Minn., *HUD* is transferring its interests in the Cedar-Riverside New-Town-in-Town project to the *First National Bank of St. Paul*, ending nearly four years of negotiations to resolve the disposition and development of the project. A settlement package for the Jonathan, Minn., New Town project has been developed which includes the recovery of some \$5 million for *HUD* from the bank. The money and other settlement documents have been placed in escrow under court order. Meanwhile, several developers have expressed an interest in acquiring the Park Forest South New Town project in Chicago.

Landrieu Outlines Progress in Meeting Community Needs

"Much progress has been made under President Carter's stewardship in meeting the needs of our cities," according to HUD Secretary Moon Landrieu. In testimony before the *House Committee on the District of Columbia*, Secretary Landrieu noted that many Federal programs have been directed to the poor and to distressed urban areas.

He told the *House Committee* that "Major progress has been made in improving housing and neighborhood revitalization through new investments in construction or rehabilitation in older business centers and older residential areas." Outlining some of the accomplishments of the last three years, he discussed the Urban Development Action Grant program, and an economic stimulus package including Anti-Recession Fiscal Assistance, local public works programs and the *Comprehensive Employment and Training Act (CETA) of 1973*.

Landrieu said the UDAG program provides assistance for major community and economic development projects in distressed cities and a \$2.7 billion increase over a three-year period in the Community Block Grant program. The economic stimulus package provided almost \$9 billion in additional aid to States and cities, he said. Pointing out that some 19 legislative initiatives have resulted from the President's *National Urban Policy* announced in 1978, he said that the President "has issued several executive orders to improve the coordination of Federal actions and the targeting of Federal purchases and Federal facilities in distressed communities."

Many of these programs, he said, have improved the condition of housing and the quality of neighborhoods in urban communities. "Every widely used indicator," he added, "shows overall improvement in the physical condition of the housing of central city residents since the 1960's. The improvement has been so great that traditional measures of substandard housing are no longer meaningful."

Final Rules on Land Sales Registration Go Into Effect

The Office of Interstate Land Sales Registration (OILSR) has adopted new regulations to implement recent amendments to the *Interstate Land Sales Full Disclosure Act* signed into law last December. The regulations give added protection to consumers who purchase unimproved homesite lots. The *Act*, originally enacted in 1968, is designed to curb fraud in the land sales industry.

Consumer rights spelled out in the new rules mean that homesite lot buyers will:

- * have seven days, rather than three, in which to change their decision to purchase and get a full refund of money paid;
- * have a longer period in which to sue developers if sales involve fraud or misrepresentation; and
- * be able to sue developers if they do not make good on promised utilities and amenities listed in sales contracts.

The Interstate Land Sales administrator said: "When we were developing the new regulations we received many valuable comments from both consumers and responsible land developers. We carefully evaluated each and incorporated many of the suggestions into the final rules. We believe we now have a set of good regulations that will work well for this office as well as for consumers and developers."

The final rules, proposed in the March 28, 1980 edition of the *Federal Register*, exempt developers who sell only in the State where the subdivision is located or sell mobile homes and lots together as a package. If developers have subdivisions in standard metropolitan statistical areas (SMSA's), sales made to residents of SMSA's are exempt.

Beginning in January 1981, HUD will certify States which administer a land sales program comparable to the Federal standards. Developers registered under a certified program can satisfy Federal requirements by filing specific State documents with HUD.

HUD, Other Agencies Develop Regulatory Alternatives

HUD and other Federal executive agencies will be seeking to determine how best to apply recent developments providing for flexible and decentralized decisionmaking in the future. Two years ago, President Carter issued *Executive Order 12044* directing regulatory agencies to find ways to achieve their goals and at the same time reduce the burden imposed on the private sector.

The alternatives developed by the agencies have now been reviewed by the *Regulatory Council* which outlined eight alternative techniques which show real promise:

- * marketable rights;
- * economic incentives;
- * performance-based standards;
- * market-oriented compliance measures;
- * reduction of barriers to competition;
- * information disclosure;
- * voluntary standard setting; and
- * adjustment of standards to distinguish among categories of regulated entities.

The *Council* acknowledged that the techniques are not always appropriate. In some cases, it said, only the traditional approach of rigid, detailed "command-and-control" regulations are adequate to protect public health and safety. But, it said, alternatives that allow flexibility should be used when possible. The alternatives, the *Council* notes, are more cost-effective, cut red tape without sacrificing legitimate goals, and promote innovation and ingenuity in the private sector.

Nuggets

Regional VIII Administrator Betty Miller reports that Wyoming continues to lead the Nation in finding creative alternatives to conventional sources of energy. The report says that two areas have the potential of becoming the first cities in the Nation to meet all their heating needs for both houses and businesses through geothermal power.

The *U.S. District Court* for the Northern District of Illinois has denied a motion for the appointment of a receiver to administer the development activities of the Chicago Housing Authority (CHA) for the purpose of achieving compliance with the Court's earlier orders. The Court enjoined the CHA from continuing its racially discriminatory site selection and tenant-assignment procedures, and ordered it to increase the supply of public housing units in non-impacted areas of the city. In denying the motion, the Court found that the CHA has made some recent attempts to comply with its order regarding the provision of remedial housing.

The *National Urban League* recently convened a panel in Washington to discuss the role of housing counseling under *HUD's* Home Mortgage Assignment program. The meeting, held under the auspices of the *NUL's* contract with the NVACP concerning the Home Mortgage Assignment Housing Counseling Training program, was attended by representatives of the mortgage servicing industry, housing counselors and *HUD's* Offices of Housing, PD&R and NVACP.

The *U.S. District Court* for the Northern District of Ohio has ruled that the City of Parma, Ohio, engaged in a pattern and practice of racial discrimination in housing in violation of Title VIII of the *Civil Rights Act of 1968*. The Government brought the suit alleging that the city, which had virtually no minority population, had taken a series of actions with the intent to discriminate and that these actions had significant discriminatory effects.

Significant Litigation

Betty Hodges, et al. v. Moon Landrieu, et al.

C.A. No. C 79-0559-L(B) (W.D. Ky., June 5, 1980) (order denying class certification)

The District Court denied class certification in an action for declaratory and injunctive relief brought by tenants of a §221(d)(4) apartment complex. Plaintiffs contend that they are entitled to various due process protections from eviction, including procedural safeguards under 24 C.F.R. §450 in threatened eviction proceedings, the right to eviction only for good cause, and the right to an administrative hearing prior to the commencement of State court eviction proceedings. One of the named plaintiffs receives Section 8 rental assistance. The District Court had denied earlier a similar motion brought by plaintiffs for class certification.

Plaintiffs claimed that the class of tenants which they seek to represent are those persons who may be terminated in the future without adequate procedural due process protections. The District Court found the proposed class to be speculative and conjectural, thus failing to meet one of the prerequisites of class action that there be questions of law or fact common to the class.

The Court followed the prevailing Sixth Circuit view that a class need not be certified where relief granted to the named plaintiffs will inure to the benefit of all those similarly situated. It specifically rejected the Seventh Circuit view that class certification is mandatory provided the requirements of Rule 23 are met.

Ida Salazar, et al. v. Moon Landrieu, Rawlins and Rex Construction, et al.

No. 79-309 (D. Ore., amended complaint filed June 6, 1980)

This is a class action for declaratory and injunctive relief seeking to prevent the implementation of a lease amendment which would require the plaintiffs, tenants in Section 8 projects owned by defendants Rawlins and Rex, to pay directly their utility costs. The suit was filed originally in April of 1979 against the private defendants, and the Court issued a preliminary injunction on April 19, 1979. Plaintiffs claim that the lease amendment was implemented without notice of opportunity for comment, and that the resulting utility allowances, by which the tenants' rent is to be reduced, are inadequate. It is alleged that the HUD Area Office encouraged the lease amendment procedure based on an "informal policy," and that the utility allowances were approved by the Area Office in the absence of any published rule or regulation regarding the methodology to be used for calculating utility allowances. Plaintiffs allege various statutory violations as well as deprivation of their rights to due process and equal protection under the law.

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HUD Study Refutes Role of Condominium Conversions

The myth of widespread condominium conversions and the role that phenomenon has played in reducing the existing stock of rental housing across the Nation has been refuted by a congressionally mandated study prepared by HUD. The report, *The Conversion of Rental Housing to Condominiums and Cooperatives*, is the first nationwide study of the scope and impact of condo conversions.

In releasing the report, HUD Secretary Moon Landrieu said: "Contrary to popular belief, the phenomenon of condominium conversion, thus far, has played only a small part in the reduction of available rental units. Furthermore, the study shows that a strong and growing desire for homeownership is the usual driving force behind conversion."

Prior to the release of the report, it was widely believed that the rising trend of condominium conversions was to blame for the shortage of rental housing. Indeed, the U.S. Senate is considering two legislative proposals (S. 612 and S. 2719) designed to regulate and curb abuses in connection with condominium and cooperative conversions. In a report issued by the Senate recently (No. 96-736), the Subcommittee on Housing and Urban Affairs determined that it is appropriate to establish minimum Federal protections for tenants of rental properties undergoing conversion. Several States also have adopted comprehensive legislation to preclude abuses in connection with the marketing of condominiums and cooperatives.

The HUD study, however, suggests that the conversion trend is not so sweeping or pervasive as has been assumed. Conducted by HUD's Office of Policy Development and Research (PD&R), the report showed that within the last decade, 366,000 rental units have been converted nationwide. This amounts to 1.3 percent of the Nation's stock of rental housing. About half of all the conversions have been in the suburbs. Secretary Landrieu said the findings "indicate that the nationwide shortage of available rental units is due to a variety of reasons; to single out one - be it condominium conversions, rent control, or whatever - may be good for venting frustrations but it doesn't get rental units built." He expressed the hope that the Nation's energies will now be focused on the real problem - "that of finding ways to encourage the construction of multifamily rental projects, especially for low- and moderate-income persons."

The PD&R study said that up to now, the number of conversions which have taken place has generally not been known because of the difficulty of assembling information from local public records; because the processes which govern conversions in various housing markets differ; and because of differences in terminology regarding conversions across these markets. "Very few rental properties were converted to multiple ownership in this country prior to 1970," the study said. "Since then 366,000 rental housing units have been converted. Of these, only 18,000 are cooperative conversions. The rate of conversions has been accelerating: in the period 1977 through 1979, 260,000 units were converted, 71 percent of the decade's total. To date, conversion activity has been concentrated in larger metropolitan areas. Seventy-six percent of all conversions have occurred in the 37 largest SMSA's, and 59 percent have taken place in just 12 of these areas. There is some evidence, however, that the conversion phenomenon may be expanding to or increasing in smaller metropolitan areas," according to the report. Within the largest metropolitan areas of the Nation, a surprising large amount of conversions (49 percent) has occurred in suburban jurisdictions, the study noted. The remaining 51 percent has taken place within central cities.

"Nationally," the report predicted, "the volume of condominium and cooperative conversion activity is expected to increase through 1985." It said that the analysis suggests that the number of conversions will increase each year, but at "successively decreasing rates." The report noted that there are a few metropolitan areas where the supply of rental properties most suited to conversion will be nearly exhausted within five years. But, it pointed out, future conversion volumes may be influenced by many currently unknown factors including long-term financial conditions, Government regulation, or changes in the Federal tax code.

Donna Shalala, PD&R Assistant Secretary, said the study "is the first solid data which document the extent and location of conversions, the factors contributing to their increasing numbers and their effects on people, neighborhoods and communities." Prepared in response to a congressional directive, the study was conducted between September 1979 and June 1980. It consisted of more than 1,100 interviews with current and former residents of converted buildings in 12 metropolitan areas with high levels of conversion activity. It also included 400 interviews with different types of individuals who are knowledgeable about the conversion phenomenon in the 37 largest metropolitan areas and some 450 interviews with a national sample of local chief executives.

A summary of factors uncovered by the 10-month analysis follows:

- * Fifty-nine percent of all conversions have taken place in just 12 large metropolitan areas. There is evidence, however, that the conversion phenomenon may be expanding to or increasing in other, small metropolitan areas.
- * The number of conversions tend to be somewhat greater in metropolitan areas with growing numbers of households and with larger populations of households having one or two persons headed by someone 35 years old or younger. Conversions are also somewhat more numerous in areas where more people earn about \$25,000, where luxury buildings form a higher proportion of the rental stock, and where rental housing stocks are relatively new.
- * Households earning more than \$30,000 annually bought 39 percent of converted units, but since converted rental units are often less expensive than newly constructed condominiums and cooperatives or single-family homes, they also provide a new avenue of ownership for smaller, younger households who have incomes insufficient for other types of housing.
- * Of those who move from converting buildings, 18 percent move to rental housing that is of similar or lower quality at higher cost, or if lower quality, at equivalent cost.
- * Although slightly more than one-third of all local jurisdictions have had or still have conversion activity, fewer than one in five of those experiencing conversions has passed a regulatory ordinance.
- * A majority (57 percent) of the owner occupant households in converted buildings are single persons, compared to merely 14 percent of all owner occupants in the Nation.
- * Compared to all owner occupants nationally, fewer owner occupants of converted buildings are elderly (9 percent versus 22 percent).
- * Two-thirds of all owner occupants name economic factors as their primary reason for buying: to provide a hedge against inflation; to stabilize housing costs; as a tax shelter or investment; or as an alternative to single-family housing.
- * Tenants of converting buildings typically are given about 70 days to decide whether or not to buy. Many tenants are distressed – at least initially – by the prospect of conversion. About one-fourth of tenants who bought or continued to rent their units after conversion report they felt under pressure to buy – not so much on account of harassment or sales tactics as by the very experience of having to decide what to do.
- * Nearly three-fourths of those who move from converting buildings say they felt under pressure because of the disruption and uncertainty associated with having to move.

* One-half of these movers had some difficulty in finding new housing; elderly, non-white, and lower-income former tenants are more likely to report such difficulty. However, 90 percent of those who move out after conversion say they are satisfied with their new housing; this is roughly the same degree of satisfaction reported for those replacing them in the converted building.

* Of those who move out when their building is converted, 70 percent continue to rent and they typically experience rent increases of less than 10 percent; however, 28 percent pay at least 25 percent more for rent.

* Nearly three-fourths of all former residents have moved to new neighborhoods and 95 percent find them as good or better than their old one. However, those with lower incomes are more likely to report that their new neighborhood is worse than the old one.

Even before the survey was released, Secretary Landrieu had predicted a dim picture for the future of rental housing. In February, he told a *Senate* subcommittee that the prospects for meeting the multifamily rental housing needs of Americans in the 1980's is not promising, and noted that the production and availability of rental housing has suffered a major decline. "The outlines of the problem," he told the subcommittee, "are familiar to all of us: record low nationwide rental vacancy rates, with reasonably priced rental units simply unavailable in major cities; the very low level of unsubsidized rental construction, and the increasing dependence of multifamily rental construction upon *HUD* aid or other Federal assistance." Expressing concern about the effect condominium conversion has on low-income families, he said the Federal Government has an important role - to help prevent displacement by making Section 235 subsidies available for moderate-income tenants who want to buy their units upon conversion.

Proposed Rule Would Help CBO's Upgrade Their Neighborhoods

Community based organizations (CBO's) would find it easier to become more involved in upgrading their neighborhoods if proposed regulations are adopted by *HUD*. The program would make it easier for CBO's to buy, repair and re-sell federally owned homes. Under the guidelines *HUD* would permit CBO's to acquire *HUD*-owned properties for neighborhood preservation activities on a non-competitive sales basis and at minimum cost.

Generally, CBO's are required to compete with other prospective purchasers, including investors, in establishing the highest acceptable bid prices. *HUD* acquires the properties by paying off lenders who foreclose on FHA-insured home mortgages in default. The properties are conveyed to *HUD* in exchange for payment of insurance claims. CBO's would buy the houses in "as-is" condition through their local governments which now have priority rights to buy or accept donations of federally owned properties for use in local housing programs. Sales will involve a pass-through of houses to local governments which will, in turn, transfer them to eligible CBO's.

HUD Secretary Moon Landrieu anticipates that the proposed program will expedite the repair and return of *HUD*-owned properties to private ownership. Repairs would be made to *HUD* specifications within six months of purchase by the CBO's. *HUD*, in turn, would insure the mortgage financing once the properties are sold to qualified individual homeowners.

HUD is soliciting public comments and suggestions on the proposed rules which appeared in the June 9 edition of the *Federal Register*. Comments will be accepted through August 9. The Department is particularly interested in comments on the following questions:

- * What changes should be made in *HUD*'s present property disposition procedures to develop a successful CBO sales program?
- * What are the advantages and disadvantages of implementing the proposed program?
- * Are there alternative means of accomplishing the same goals?
- * What should the criteria be for qualifying CBO's for participation?
- * What should the role of local governments be?

Written comments and/or suggestions should be addressed to the Rules Docket Clerk, Room 5218, *HUD*, 451-7th Street, S.W., Washington, D.C. 20410.

Publications Available

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Designs for Low-Cost Homes. . . presents 11 house designs of varying style and size which can be built for approximately one-half of normal construction costs; reviews size and layout for each home and provides information on obtaining building plans. 1969, revised 1978. 001-001-00019-1. \$1.75.

How to Build a House Using Self-Help Housing Techniques. . . describes the basic things you need to know to build a home of your own or renovate your present home; outlines the fundamentals of laying out the entire house, constructing and finishing the walls, and installing different kinds of floors and roofs; includes, in English and Spanish, illustrations of windows and doors, plumbing, water supply and sewage systems, and electrical systems. 1974. 023-000-00276-1. \$1.40.

Wood-Frame House Construction. . . presents established methods and principles for constructing a wood-frame house; contains drawings and easily understood instructions to guide you through the entire process of building a house. Revised 1975. 001-000-03528-2. \$4.25.

House Construction-How to Reduce Costs. . . offers advice on choosing the design and location for your new house and discusses options for interior design, materials, building techniques, and utilities installation. Revised 1977. 001-000-003729-3. \$1.25.

A Guide for Local Evaluation. . . a collection of readings that serve as a guide to local governments in managing and conducting their own program evaluations; intended to introduce the elements of a useful system without limiting flexibility to develop skills and methodology. 023-000-00237-9, \$2.05.

The Housing Listening Post Final Report: A Housing Information and Referral Service. . . describes the establishment and operation of a statewide housing information and referral service; includes information on operations, administration, cost, community outreach and expansion of the concept. 023-000-00333-3, \$3.30.

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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

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HUD Secretary Sees Hopeful Signs for Housing Recovery

HUD Secretary Moon Landrieu said recently that the economy is in one of the most difficult periods of testing it has had in 50 years, but added that he sees hopeful signs that there will be an upturn in the housing and community development industries.

Noting that the May housing starts were "very low" compared to last year's figures for the same period, he said that he feels "the bottom of the housing slump has been reached." He expects that the annual adjustment rate of two million housing starts will be reached by the mid-1980's. "The 1980's, like each new decade, hold new promise for our Nation and its communities," the Secretary said. "We can look forward to increased housing production, decisionmaking at the local level and better developed communities," he added.

Calling the 1980's a "special time" to plan for the next century, the *HUD* Secretary reviewed the mandate of the *Council on Development Choices for the 1980's*. The *Council*, formed by the Department and the *Urban Land Institute (ULI)* to stimulate ideas and plans for the future, is undertaking several tasks including:

- identifying existing and proposed development which responds to the changing needs of communities;
- examining the constraints which will influence physical development during the decade; and
- creating the techniques to accomplish good community development.

"Through this kind of initiative — exploring ideas, analyzing existing conditions, examining developing trends, all joined with creative thinking and strategic planning — through this kind of frontal attack on the problems of today and tomorrow we have grown as great as we are," he said.

Senate Confirms Marane for Top HUD Post

Confirmed by the *U.S. Senate* in mid-June, A. Russell Marane has been sworn in as the deputy general manager of the New Community Development Corporation. *HUD* Secretary Moon Landrieu said that Marane "brings to this post 20 years of impressive experience in the field of community and urban development. We are fortunate to have a person with such a broad background to handle new communities, an area which brings together several *HUD* programs."

A native of Tennessee, Marane came to Washington from the *HUD* Atlanta Regional Office where he served as administrator from August 1977 to June 1979. Prior to coming to *HUD*, he was the assistant vice president of a consulting firm specializing in urban, regional and environmental planning and design. A business administration graduate of the *University of Tennessee*, he is active in the *American Planning Association*, the *National Association of Housing and Redevelopment Officials*, and the *American Society of Civil Engineers*.

Long-Term Mortgage Loans Totaled \$9.9 Billion in April

HUD recently announced that originations of long-term mortgage loans for one-to-four-family homes totaled \$9.9 billion in April 1980, down 31 percent from a year earlier. The *Department* said that all major lenders reported lower originations than in April 1979 except life insurance companies which continued their growing participation in the single-family mortgage loan market.

Long-term loans closed during April on multifamily residential properties totaled \$1.0 billion, down 35 percent from April 1979. Among the major lenders, mortgage companies, savings banks, savings and loan associations, and commercial banks decreased their originations from April 1979, while Federal credit agencies, life insurance companies and State housing finance agencies increased their activity.

Landrieu Advocates Decisionmaking at the Local Level

In a speech before the *National Association of Counties* in Las Vegas, *HUD* Secretary Moon Landrieu recently advocated returning the decisionmaking power to local officials because they are the most knowledgeable about the problems and needs of their own communities. He said that he took this position because local officials know best how to use available resources.

"Today more and more local governments are working with the private sector, in cooperation with Federal agencies, to make the best use of both public and private resources," Landrieu said. "I pledge that *HUD* will encourage these public-private partnerships which are the central theme of President Carter's *National Urban Policy*." Saying that the Federal Government will play a decreasing role in controlling the direction and funding of local housing and community development projects in the coming decade, the *HUD* Secretary noted that local communities will have to factor in issues such as rising energy costs and inflation in their development plans.

"We cannot control inflation unless we cut back Federal expenditures in our counties, cities and towns and involve the private sector in development projects at the local level," Landrieu said. Noting that each locality has its unique characteristics, he added that "this very diversity is one of the reasons Federal programs should be as clear as possible." Our programs should help communities identify their needs and shape Federal assistance to meet those needs, he concluded.

Proposed Rule Would Recognize Housing Laws of 13 New Localities

HUD is proposing to amend its current regulations to include three States and 10 localities whose fair housing laws provide rights and remedies substantially equivalent to those provided by Title VIII of the *Civil Rights Act of 1968*. The States are California, Iowa and Maryland; the localities include:

Charleston, West Virginia
Charlotte, North Carolina
Fort Wayne, Indiana
Montgomery County, Md.
Omaha, Nebraska

Philadelphia, Pennsylvania
Phoenix, Arizona
Seattle, Washington
Sioux Falls, South Dakota
Tacoma, Washington

Section 115.3 of the 1968 *Act* outlines the criteria for determining if a State or local fair housing law is substantially equivalent to the rights and remedies provided for in the law. According to this criteria, the law or ordinance must:

- provide for an administrative enforcement body to receive and process complaints;
- delegate to the administrative enforcement body authority to investigate the allegations or complaints, and power to conciliate complaint matters;
- avoid excessive burdens on complainants which might discourage the filing of complaints;
- prohibit exemptions which substantially reduce the coverage of housing accommodations as compared to Section 803 of the *Act*; and
- be sufficiently comprehensive in its prohibitions to be an effective instrument in carrying out and achieving the intent and purposes of the *Act*.

Project Workers to Be Compensated by HUD

Ninety-one workers who were underpaid while rehabilitating a housing project in Poughkeepsie, N. Y. will be compensated as a result of a 15-month investigation by HUD's Office of Labor Relations. That investigation revealed that the workers, employed between September 1977 and August 1978, were paid less than the Davis-Bacon predetermined wage rate.

The *Davis-Bacon Act* states that laborers and mechanics working for contractors or subcontractors must be paid at the prevailing rate for similar work in the same locality. HUD has contacted most of the workers and informed them how to report for the additional pay. About 32 other workers cannot be located. Meanwhile, the Office of Labor Relations is continuing its investigation of labor standard practices and will make additional compensation, if necessary.

Ceiling Drops for Some U.S. Backed Home Loans

HUD recently decreased the maximum allowable interest rates for most of its FHA-mortgage insurance programs in an attempt to adjust to conditions in the mortgage market. The changes do not affect single-family homes. Included are mortgage insurance programs for multifamily housing, land development loans, home improvement and mobile home loans, and the combination mobile home and lot program.

The programs and revised mortgage rates are:

Program	Old Rate	New Rate
Multifamily Housing	13 percent	12 percent
Land Development (Title X)	14 percent	13.5 percent
Home Improvement and Mobile Home Loans	16.5 percent	15 percent
Mobile Home and Lot Combo	16 percent	14.5 percent

The separate rate for interim construction financing for multifamily insured mortgages also dropped to 13.5 percent from 16 percent. Single-family rates for the level-payment home mortgage insurance and the Graduated Payment Mortgage (GPM) insurance programs have already been reduced twice within the past 12 weeks from a record 14 percent to the current (unchanged) 11.5 percent.

HUD Secretary Moon Landrieu said the new 12 percent rate for multifamily projects should help the ailing market by making additional projects more financially feasible. The lowering of the land development and multifamily construction loan rates will put them more in line with the current 11.5 prime rate and should enable builders and developers to obtain lower interest costs, he added.

Nuggets

Ronald P. Laurent, president of the *Government National Mortgage Association (GNMA)* has announced that the *GNMA* will offer approximately \$600 million of FHA-insured project mortgages for sale by auction on Thursday, August 7, 1980. The mortgages were purchased by the *GNMA* through the *Federal National Mortgage Association (FNMA)* in the operation of its mortgage purchase and sales programs.

Mervin D. Dizenfeld, Office of Architecture and Engineering Standards, will represent HUD at the *Waste Heat Recovery Conference* scheduled for *Purdue University*, West Lafayette, Inc., September 15-17, 1980. The conference will discuss the economic and technical advantages and disadvantages of heat recovery systems, the barriers to their acceptance and their effects on codes. The conference registration fee is \$50 and more information may be obtained from Keith Hawks (317/494-6188) and Theresa Haft (317/749-6323).

FHLBB Approves Changes for Savings and Loan Associations

The *Federal Home Loan Bank Board (FHLBB)* has approved changes which authorize Federal savings and loan associations to issue credit cards to some 22 million customers and to begin interest-bearing checking accounts by the end of the year. The thrift institutions, more than 2,000 in all, may offer a variety of other consumer services designed to make them more competitive with commercial banks.

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Settlement Costs. . . tells how to "settle" or "close" the deal for a new house and how to pay a variety of fees and charges in order to obtain your title and mortgage; outlines what you should know before you make final settlement; itemizes and explains every point of the standard form used to record actual settlement charges to buyers and sellers in mortgage transactions, including the broker's commission, prepaid insurance premiums, title charges and title insurance, attorney and notary fees, and adjustments of certain costs. 1975, Revised 1978. 023-000-00337-6. \$1.00.

Renovate an Old House?. . . describes and illustrates things to consider when deciding about the renovation of a frame house. 1976. 001-000-03505-3. \$1.10

New Life for Old Dwellings, Appraisal and Rehabilitation. . . deals with the suitability of various parts of a house for rehabilitation and tells how to accomplish these changes at lower cost than building a new house. 1975, Revised 1979. 001-000-02988-6. \$4.00.

Handbook for the Home: 1973 Yearbook of Agriculture. . . contains articles on purchasing a home, building a patio, putting up curtains, creating a terrarium, fixing a leak in the basement, etc. 1973. 001-000-02960-6. \$5.70.

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Study Says 26 Percent of Nation's Rental Housing Ban Children

A study based on a nationwide survey of renters and apartment managers has concluded that 26 percent of the country's rental housing units are in buildings which ban families with children. The study was conducted by the Survey Research Center, the *University of Michigan*, under a grant from HUD's Office of Policy Development and Research (PD&R). It showed that in 1974, 17 percent of the residential buildings had a "no-children" policy, a practice which increased by 9 percent in the last six years.

Donna Shalala, PD&R's Assistant Secretary, said the fact that the practice of banning children from residential housing units is on the increase is of particular significance to her. It reflects two trends, she said: a rise in the number of new buildings implementing such policies and the adoption of "no-children" policies by buildings which used to accept them. According to the study, about 40 percent of one-bedroom units ban children as residents; 20 percent of the two-bedrooms units do not allow children; and 4 percent of the units with three or more bedrooms have "no children" policies. The study found, moreover, that restrictions in the form of occupancy standards based on the number, sex and age of children are applied to approximately 55 percent of the units with two or more bedrooms in buildings which do accept children.

Assistant Secretary Shalala said this means, in human terms, "that a family with two children of the opposite sex finds itself excluded from 47 percent of all two-bedroom rental units as a result of 'no-children' policies or other restrictive practices."

Other findings of the report, *Measuring Restrictive Practices Against Children in Rental Housing: A National Perspective*, follow:

- * High maintenance costs and unsupervised children were viewed as "big problems" by about one-third of the managers interviewed. However, managers in buildings in which there are no restrictions on children hold these views less frequently than do managers in buildings in which children are not permitted.
- * Only 20 percent of renters living in buildings in which there are no children reported they chose to live there because no children were residents.
- * Renters living in buildings with explicit "no-children" policies indicated a stronger preference not to live with children, with almost 37 percent saying they chose the building because of the "no-children" policy.

On the last point, Dr. Elizabeth A. Roistacher, PD&R Deputy Assistant Secretary, said it means "that for the great majority of tenants in 'no-children' buildings - 63 percent - the absence of children was not a factor in selecting a residence." The study also revealed that there were no significant differences in the experiences of renters with children seeking housing, regardless of their race - white, black or Hispanic. "Nor," said Dr. Roistacher, "were there any differences for male- and female-headed households or by income level." Some 51 percent of families with children who have incomes of \$20,000 or more reported problems in finding housing because of restrictions on non-adult occupancy.

“This study gives us a benchmark of the extent of the problem of exclusionary rental practices affecting children nationwide,” said Dr. Roistacher. “The findings do not make estimates for specific localities; hence, in any given locality, the extent of exclusionary practices affecting families with children may be higher or lower than our national estimates.”

The Department also released a companion report, *A Study of How Restrictive Rental Practices Affect Families With Children*, based on personal interviews with families who have experienced housing problems because they have children. The second study was conducted by *National Neighbors*, a national fair housing organization.

“Considered together,” said Assistant Secretary Shalala, “the research reports give us two perspectives of restrictive rental practices. In one study, we have a numerical finding of the instances of exclusion. In the other, we learn how the problem affects the housing search and the lives of families seeking rental housing.”

In the companion study, families reported long periods of searching for housing and said they felt they had to accept less desirable housing because of restrictions against children. They also reported that they had to double-up with other families at times, a practice which tended to increase tensions among household members. Other complaints included the separation of children from their parents, long commuting trips to work, and financial burdens associated with premature home purchases.

Single copies of both reports are available free from HUD's Division of Product Dissemination and Transfer, Room 8124, 451-7th Street, S.W., Washington, D.C. 20410.

CSA Proposes to Fund Low-Income, Rural Housing Initiatives

The *Community Services Administration (CSA)* is considering granting funds to 20 States for low-income, rural housing programs. The programs will be a part of the CSA's on-going activity in assisting the poor in obtaining decent housing and in mobilizing and channeling additional housing resources for the rural poor. The State grants would average \$20,000 to \$25,000 and the CSA is considering the granting of a single national support award not to exceed 20 percent of the total funds granted to the States.

The CSA says that although the program is to have a rural focus, alignment with urban groups and urban issues is encouraged. The funds will go to statewide coalitions of organizations which advocate increased housing resources for the poor.

Applicants must discuss the following elements concerning the coalition when submitting a proposal:

- * ways in which there is, or will be, maximum involvement of the poor in the policymaking operation and evaluation procedures of the coalition;
- * experience in advocacy activities, especially in mobilizing housing funds for the poor;
- * past experience in working with rural, low-income housing programs; and
- * knowledge of local, State and national housing issues and programs, pending housing legislation for low-income groups, and experience in developing strategies with other low-income housing groups.

Experimental, Solar-Powered House to Open This Month

A \$42,000, three-bedroom, experimental house which will be powered by sunlight, even when it's dark, is scheduled to open up this month at Florida's *Solar Energy Center* in Cape Canaveral. The frame structure will be powered by 4,000 watts of photovoltaic cells mounted on the roof. The goal is to learn how to reduce the cost of getting electrical energy from solar cells. Currently, it costs about seven times as much as with conventional electrical power. The 1,300-square-foot house is being built with financial assistance from the *Massachusetts Institute of Technology (MIT)*.

Interim Rule Adjusts 'Fair Market Rents'

Spurred by the unprecedented rise in interest rates since 1979, HUD has published a "financing adjustment factor" for use in amending the applicable Fair Market Rents. The latest annual revision of the Fair Market Rents applicable to new construction and substantial rehabilitation were published on October 31, 1979. They were based on the prevailing rents and costs applicable at that time in the different areas and reflected the then anticipated rate of increase in construction and financing costs.

In determining Fair Market Rents, Section 8 new construction or substantial rehabilitation projects may be multiplied by a financing adjustment factor of 115 percent. The higher rents will be used only when the cost of permanent financing is established after HUD approves the contract rents and it is higher than anticipated during processing. The higher rent factor does not apply to "fixed rate projects," those financed with direct loans under Section 202 and Farmers Home Administration Section 515 or with mortgages purchased by the *Government National Mortgage Association* Tandem program.

To qualify for the Adjusted Fair Market Rent schedule, during processing, the finance agency and owner must agree:

- * to use the Fair Market Rent schedule in effect prior to application of the adjustment factor; and
- * to use a mortgage interest rate specified by HUD in establishing the contract rents.

When the actual interest rate on the permanent financing is established, the financing agency must certify to HUD the actual terms of the permanent financing as currently required. Based on this certification, the Department will adjust the approved contract rents upward or downward and use the Adjusted Fair Market Rent schedule only when the adjusted rent contract exceeds 120 percent of the basic Fair Market Rent schedule.

A spokesman said that supplemental instructions will be issued to explain these procedures.

Information Guide Available on Historic Preservation

An annotated bibliography on historic preservation has been compiled and edited by a reference librarian who is active in the field. Traditionally the domain of architects and historians, historic preservation's ranks have been broadened in recent years to include real estate developers, builders and urban planners. The interest in preservation began to increase as activity in the housing industry began to decline about two years ago.

The guide contains 14 chapters covering topics relevant to preservation and specialized types of information sources. Citations to published sources of information are grouped under each topical chapter, and access to a specific subject is aided by a detailed subject index. *Historic Preservation: A Guide to Information Sources*, edited by Arnold L. Markowitz is available for \$28.00 from the *Gale Research Company*, Book Tower, Detroit, Mich., 48226 (313/961-2242).

Publications Available

The following publications were published by HUD and unless otherwise indicated, are available from the Publications Center, Division of Publications and Information, Room B-258, 451-7th Street, S.W., Washington, D.C. 20410. Single copies are free.

Reducing Home Building Costs With OVE Design and Construction. . . describes the Optimum Value Engineered (OVE) building system administered by HUD's Office of Policy Development and Research. . . discusses the cost-reducing techniques embodied in the OVE system and contains charts and illustrations to help you understand the new techniques. HUD-PDR-505, December 1979.

Local Financial Management in the '80s: Techniques for Responding to the New Fiscal Realities. . . . a report of the June 1979 Conference on Local Financial Management, the book discusses HUD's Financial Management Capacity Sharing Program which offers a variety of services that focus on urgent and solvable problems. HUD-PDR-510, February 1980.

Public Housing Urban Initiatives Program. . . . a guidebook on HUD's program to focus resources in providing major and lasting improvements in large and seriously deteriorated public housing projects across the Nation. . . . outlines the UIP program and discusses basic implementing steps, methods of expanding job development and comprehensive planning goals, objectives and processes. HUD-H-507, January 1980.

Learning More About Housing and Mortgage Credit. . . . an annotated bibliography for women, this brochure contains information on general credit, contracts and settlements, financing, housing alternatives and general housing information. . . . lists additional sources of information for each subject. HUD-PDR-504, January 1980.

Marketplace Realities and Solar Economies. . . . a discussion prepared by HUD's Residential Solar Heating and Cooling Demonstration Program, the author looks at the ways in which solar economics have been presented from the perspectives of the key housing actors who will play the major roles in deciding whether to install, finance and purchase solar homes. HUD-PDR-512, February 1980.

Indian and Alaska Native Housing and Community Development Programs. . . . this second annual report to Congress on Indian and Alaska Native Housing and Community Development programs contains a summary of housing, community planning and future needs as well as related community support efforts. . . . discusses several major program and policy initiatives. HUD-SO-506, January 1980.

Housing and Planning References. . . . contains a selection of publications and articles on housing and planning received by HUD's library. . . . contains an order form for subscribing to the publication. HUD-319-48-A, January/February 1980.

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, 1982.

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Hud Newsletter

DEPARTMENT OF HOUSING
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HUD Slates Conference on Local Financial Management

HUD's Financial Management Capacity Sharing Program has scheduled a Conference on Local Financial Management for September 7-9, 1980 in Baltimore, Md. The Conference, the third in a series, is cosponsored by 13 other organizations concerned with the improvement of financial management. It is designed to benefit local officials who are improving their financial management practices and groups or individuals who provide training and assistance to local governments.

The conference will focus on issues that local officials have identified as financial management priorities:

- assessing local government's fiscal and economic health
- forecasting revenues and expenditures
- using performance measures for decisionmaking
- tying together budgeting, accounting, auditing and performance measures
- getting more useful management information out of audit reports
- closing the budget gap
- cash management as an alternative revenue source
- strategies and resources for technical assistance providers
- changing the State role in local financial management
- impact of accounting standards on local management prerogatives
- pension management for local officials.

Guest speakers will include William Donald Schaefer, Mayor of the City of Baltimore, who will open the conference on Monday morning, September 8, and Elmer B. Staats, Comptroller General of the United States. Mr. Staats will discuss Federal plans to promote more effective financial management.

The conference is only one of the variety of services provided by the Financial Management Capacity Sharing Program. Conference agenda and information on the capacity sharing activities and publications may be obtained by writing or calling: Hartley C. Fitts, Manager, Financial Management Capacity Sharing Program, Division of Governmental Capacity Sharing, Office of Policy Development and Research, Room 8112, HUD, Washington, DC 20410 (202) 755-4370.

HUD to Help Minorities Enter Housing Industry

Secretary Moon Landrieu announced recently that *HUD* is setting aside a minimum of \$6 million in contract authority to provide approximately 1,000 units of Section 8 assisted housing for low- and moderate-income families, and that minority developers will be given preference in the program. The new demonstration project is designed to assist minority business enterprises to enter the mainstream of the housing industry.

The demonstration program is expected to stimulate the production of Section 8 assisted housing, the Department's primary mechanism for providing assisted multifamily housing for low- and moderate-income people. Funds for the program will come from the Secretary's discretionary funds. Some 500 units will be new or substantially rehabilitated and 500 units will be available through the sale of acquired property. Additional funding will be provided through a combination of the *HUD* Section 8 set-aside housing assistance payment program and Section 515 of the *National Housing Act of 1937*, as amended. The program will span fiscal years 1980-1981 and will include one, two and three or more bedroom units.

Secretary Landrieu said that one-third of the units to be built or rehabilitated will be reserved for minority developers who have not completed or begun construction of *HUD*-assisted, multifamily housing units. He said that special consideration also will be given to community development corporations which are experienced in housing development and which plan to use minority contractors, subcontractors and professionals in developing and managing proposed projects. Ethnic categories eligible to participate in the program include American Indian or Alaskan native, Asian or Pacific Islander, black, and Hispanic.

The new program was announced at the annual convention of *Operation PUSH* meeting in New Orleans. Landrieu also awarded *PUSH* a \$75,000 housing counseling grant to continue a program begun in 1978, and noted that: "Housing counseling is one of the most useful tools we have for making more housing available to low- and moderate-income people." The initial grant of \$75,000 was used to set up a comprehensive housing counseling center in Chicago. The center provides counseling or rehabilitation, homeownership, consumer credit, financial management, mortgage default and family relations to low- and moderate-income residents. Counseling under the new grant will focus on the displacement of people.

The *HUD* Secretary told the *PUSH* audience that the Department is taking positive steps to deal with the troubled subsidized housing projects in its inventory and has given assistance to more than 400 such projects under a flexible subsidy program initiated a year ago. He added that: "Government alone cannot overcome the challenges we face, but Government working in partnership with others from the public and private sectors can meet America's needs."

Participants for the demonstration program will be selected by the Office of Fair Housing and Equal Opportunity and the Office of Housing. Those selected will be notified and invited to submit an application for funds reservation. Additional information on the program may be obtained from Thomas O. Jenkins, director, Management and Field Coordination, Office of Fair Housing and Equal Opportunity, Room 5124, HUD, Washington, D.C. 20410 (202/755-9340).

NSLL Forms Task Force on Improved Mortgage Instruments

The *National Savings and Loan League (NSLL)* has established a Task Force on Improved Mortgage Instruments in response to what it calls the "urgent industry need for market-sensitive mortgages." A *NSLL* spokesman said the recent action of the Depository Institutions Deregulation Committee on interest rate ceilings "makes it imperative for the Bank Board to immediately free up the variable rate and renegotiated rate mortgages." He said the task force will review and analyze a number of proposals to modify existing mortgage instruments and recommend changes.

HUD Awards \$165 Million in UDAG Program Funds to 49 Cities

Forty-nine American cities will share \$165 million in Urban Development Action Grant Program funds recently awarded by HUD in what Secretary Moon Landrieu calls the largest round of awards ever made under the program. The money is to be used for 72 joint public/private development projects and is expected to attract almost \$1 billion in new investments. When the projects are completed, 19,216 new private sector positions will be created, 6,100 others retained, and 14,125 jobs provided for construction workers.

Commenting on the awards, Secretary Landrieu said: "These projects are tangible proof that our cities have excellent investment opportunities. The \$938 million in private investment and the thousands of new jobs created are clear evidence that the Urban Development Action Grant program is working to make cities better places to live and work." Robert C. Embry, Jr., Assistant Secretary for Community Planning and Development, added: "While the program always gives special consideration to cities which experience a high degree of economic and physical distress, we also are taking special steps to assist cities with special problems." He said the Department will assist in the development of applications from communities severely affected by problems in the automobile industry, and that the agency will provide on-site assistance to other distressed areas which want a UDAG project but are having difficulty in obtaining firm project commitments from the private sector.

Prior to the current round of UDAG awards, the Department received requests for more than \$686 million to undertake more than 200 public/private development projects, the most ever received in a single application period. The Department awards \$675 million to distressed cities each year, with 25 percent of the funds going to small communities with a population of 50,000 or less. Applicant cities, counties or "pockets of poverty" must be economically and physically distressed and must have positive records for equal housing and employment opportunities. Selections are then made on the merits of the proposals submitted.

Nuggets

President Carter has nominated Charles E. Fraser to be Commissioner General of the United States Government for *Energy-Expo 1982*. Fraser, of Hilton Head, S.C., is chairman and founder of *Sea Pines Co.*, and of *Hilton Head Management Services*. He is also a trustee of the *Southern Center for International Studies* and has served as chairman of the board of trustees of the National Recreation and Park Association.

The Jackson Area Office (Mississippi) has completed negotiations with the *Farmers Home Administration (FmHA)* for the construction of single-family housing. The negotiations were based on the State's critical shortage of existing standard housing units, especially for low-income residents. The office has obtained a commitment for \$1,000,000 in *FmHA* 502 funds to provide housing for 14 Small Cities projects in 12 counties.

HUD has implemented a Management Control Assessment System (MCAS) designed to curb program abuse and to minimize the opportunity for fraud in government programs. The Department already has a Fraud Vulnerability Assessment System which monitors all new or substantially revised programs or activities prior to their implementation. The MCAS was developed for existing programs and activities.

The Atlanta Regional Office, the Knoxville Area Office and the *Tennessee Valley Authority (TVA)* are working on a demonstration project to outfit 126 housing units in Greenville, Tenn., with passive solar systems. The project will use such techniques as trombe walls, movable insulation and greenhouses. *TVA's* Home Insulation Program has already provided funds for weatherizing 275 units. As much as \$26,000 per year may be saved on utility bills when the project is completed.

The Chicago Regional Office reports that the Department has sold the 1,000 unit Fay Apartments of Cincinnati, Ohio, to the Cincinnati City Council for \$1.00 per unit. The Council is expected to turn the apartment complex over to its tenants as resident-owned cooperative housing. The purchase contract was signed after more than two years of negotiations.

The Denver Regional Office reports that the South Dakota State Housing Authority recently issued a new bond for home financing at 8 and 8.5 percent interest. It is expected that most of the \$57 million will be used in the existing housing market.

Publications Available

The following publications were published by **HUD** and, unless otherwise indicated, are available from the Publications Center, Division of Publications and Information, Room B-258, 451-7th Street, S.W., Washington, D.C. 20410. Single copies are free.

Solar Bibliography. . . lists publications on energy education in three categories: elementary and high schools, college and vocational schools, and general workshops on solar energy. HUD-PDR-493-17, June 1980.

Solar Bibliography. . . lists publications on solar swimming pools; list consists of six books and 16 articles appearing in a variety of periodicals. HUD-PDR-493-25, July 1980.

Solar Bibliography. . . lists solar energy publications available from the Government Printing Office (GPO); contains titles of more than 65 books on a wide variety of subjects related to solar energy. HUD-PDR-493-19, June 1980.

Be an Energy Miser in Your Home. . . this six-fold brochure discusses 18 ways you can be an energy miser in your home; tells how to obtain increased comfort and economy by using household appliances and home heating and cooling systems efficiently; contains list of additional publications on energy conservation and tells how to obtain them. HUD-324-PA(6), March 1980.

Solar Status. . . this nine-page newsletter is published by the **National Solar Heating and Cooling Information Center** and contains articles on local government solar activities, planning and zoning, and new publications. Readers may be placed on mailing list to receive this publication by writing to *Status Mail*, P.O. Box 1607, Rockville, Md 20850.

Site Planning for Solar Access — A Guidebook for Residential Developers and Site Planners. . . one of a three-part series of manuals on solar energy and solar access, the Guidebook was prepared for **HUD** by the **American Planning Association**; contains easy to comprehend illustrations to explain such subjects as general design, landscaping, covenants and easements, and techniques for solar access; also contains an illustrated glossary of solar terminology. HUD-PDR-481(2), May 1980.

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, 1982.

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McNees Returns to HUD as Deputy Assistant Secretary

John D. McNees, a housing official who retired last year after 37 years of Federal service, has returned to *HUD* as deputy assistant secretary for Single-Family Housing. He will be responsible for direction and administration of the Department's nationwide mortgage insurance programs covering single-family housing, Title I property improvement loans, mobile home and mobile home-lot loans, and for approval and monitoring of *FHA* mortgage insurance activities by lending institutions. He will be directly responsible to Lawrence B. Simons, Assistant Secretary for Housing-Federal Housing Commissioner.

McNees began his career with the *National Housing Agency* in 1946 and joined the *Federal Housing Administration* in 1947, working with the Comptroller's Office and the Office of Property Disposition. He served as acting deputy assistant secretary for Single-Family Housing for five months ending in January 1979. During his housing career, he received many awards and commendations for outstanding performance.

NTHP Gets HUD Grant for Teaching Preservation Techniques

The *National Trust for Historic Preservation (NTHP)* has been granted \$36,250 to be used in teaching neighborhood self-help groups how to conserve and improve their communities. The 18-month demonstration project is designed to see if it is possible to revitalize and preserve entire neighborhoods without displacing low- and moderate-income residents.

Geno Baroni, *HUD* Assistant Secretary for Neighborhoods, Voluntary Associations and Consumer Protection, said the *NTHP* grant further implements the President's *National Urban Policy* which is based on constructive partnership efforts between community groups, private business and Government. Michael L. Ainslie, president of the *NTHP*, said: "With the *HUD* grant, the Trust's Neighborhood Conservation Office will train 150 neighborhood self-help organizations through workshops and seminars and will distribute the information developed from the program to other neighborhood groups across the country."

Assistant Secretary Baroni added that: "Citizens already involved in neighborhood conservation but without special training will be given an intensive, one-week course in preservation techniques. They will study conservation strategies and programs used throughout the country and learn ways to put their knowledge to work in their own communities." Neighborhood leaders from several cities will attend workshops during which they will share information and ideas about organizing, fund raising and public relations. Six additional cities will be selected for on-site technical assistance under the project. During these visits, staffers of the *NTHP* will meet with community leaders and city officials to advise them of available resources and of similar approaches taken in other localities.

Additional information on the project may be obtained from Matt Andrea, NVACP, Office of Neighborhood Self-Help Development, Room 4216, *HUD*, Washington, D.C. 20410 (202/426-1872).

HUD-Sponsored Development Council Sets Priorities

The *Council on Development Choices for the 1980's*, launched last March by HUD, is preparing to frame its recommendations based on the collective guidance from its four regional forums. The *Council's* mandate was to seek a common understanding of the forces that will affect development in the 1980's and to form an action agenda having the broadest support.

In cooperation with the *Urban Land Institute (ULI)* which is conducting the formal study under a HUD grant, the *Council* formed a "blue ribbon panel" of leaders from the public and private sectors representing a cross section of the Nation and reflecting a wide range of experience. The *Council* says that considering the wide differences among its members, a remarkable degree of agreement now exists on the directions it should take in framing its recommendations.

The order of priority of the selected objectives is:

- * reduce the growth of energy consumption;
- * facilitate economic development;
- * help contain and/or reduce housing costs to consumers;
- * maintain profitability in development;
- * provide public facilities and services at minimum costs; and
- * facilitate the social and economic mobility of disadvantaged persons.

The *Council* is expected to complete its study by January 1981.

Seminar on Condominium Law Slated for Next Month

The *Community Association Institute (CAI)* has scheduled a law seminar in Washington, D.C., September 15-16, 1980. A *CAI* spokesperson said the seminar is open to all interested association practitioners and will cover current developments in condominium law as well as Federal, State and local regulations and legislation affecting condominiums and conversions.

Speakers will come from the *U.S. Congress*, consulting firms, and law firms. Additional information may be obtained from the *CAI* at 1832 M Street, N.W., Washington, D.C. 20036 (202/223-6770).

The four areas to be covered in the two-day seminar are:

- * wrap-up of case law developments, 1979-1980;
- * non-conversion regulatory activity;
- * community association law and current topics of interest; and
- * conversion regulatory activity.

NCSBCS Revising National Building Code

The *National Conference of States on Building Codes and Standards (NCSBCS)* has announced that it will update and maintain the National Building Code using consensus procedures and performance concepts. A spokesperson said the revision process "is a victory for those of us in this Nation who are concerned with creating voluntary public safety regulations through an open, board-based, consensus process."

The revision will involve technically qualified representatives from all interested and affected parties in the housing and building construction community, including: consumers, building design professionals, builders, State, local and Federal Government officials, building product manufacturers and code enforcement personnel.

Poor Spend 21 Percent of Income on Home Utility Costs

The *Fuel Oil Marketing Advisory Committee*, an advisory panel of the *U.S. Department of Energy*, reports that poor families in America spend at least 21 percent of their income on home heating, cooling and other utility bills. The panel noted that the plight of the poor is becoming "increasingly desperate" as soaring energy costs eat up more and more of their budgets. Middle-income families, the panel said, spend about 5.1 percent of their income on household energy.

According to the *Associated Press*, the advisory panel has recommended sharp increases in Federal programs to help the poor pay fuel bills. The panel said a minimum of \$3.5 billion in aid is needed to offset rising energy prices. The Federal Government spent approximately \$1.6 billion last winter to subsidize heating costs for the poor. *Congress* is currently considering legislation which would authorize some \$1.8 billion of energy aid to the poor for the coming winter.

In updating a similar report it issued last year, the panel reported that the poor have lost some \$14 billion in purchasing power since 1978 because of higher energy costs. It said that about \$6 billion of that amount was lost to increased energy costs in 1980. Saying that the higher costs of energy are over and above the rates of inflation for non-energy items, the panel called the plight of the poor "a crushing loss of income that threatens their very survival."

Nuggets

There are now 14 States whose programs for manufactured or modular homes have been accepted by *HUD's* Office of Architecture and Engineering Standards. Under the program, a home bearing the label and appropriate data plate of one of the approved States is as acceptable as a home which has received a *Structural Engineering Bulletin* issued by Headquarters, or an *Area Letter of Acceptance* from the field. Each of the 14 States has agreed to inspect and label homes destined for use in another State to facilitate interstate marketing.

Advance Mortgage Corporation, the Nation's third largest mortgage banking firm, predicts that local housing markets will rebound in the second half of this year, but not quite as fast as they declined in the first six months. The firm said that total housing starts for 1980 are expected to be 1.2 million – slightly more than in 1975, but about 33 percent less than last year. The housing rebound, *Advance* says, will be limited to the "for-sale" market. It predicts that rental starts will remain depressed until 1981 because of high costs, scarce financing and increasing vacancies in many local markets.

The head of the real estate program at *Kent State University* in Ohio predicts that real estate will continue to be a sound investment and that the number of home buyers will increase as soon as interest rates decline. In a study, *The Coming Crash in Housing Prices: An Evaluation*, James Webb and Richard Curico, downplay predictions that the real estate market will crash.

The *American Insurance Association (AInSA)* and the *National Conference of States on Building Codes and Standards (NCSBCS)* have announced the transfer of control of the National Building Code from the *AInSA* to the *NCSBCS*. The Code, adopted by some 1,800 governmental jurisdictions, is a model for safety and fire protection features in homes and buildings.

The *Federal Home Loan Bank Board (FHLBB)* has adopted a final rule which could increase the number of elected and appointed directors at selected Federal Home Loan Banks. Under the new regulations, the *FHLBB* could increase up to 13 the number of elective directorships in any of its districts which contain five or more States. The change implements a provision of the *Federal Home Loan Bank Act* which provides that the number of appointed directors can equal three-fourths of the elected directors. The *Act* also requires that members in each State be represented on District Bank boards "regardless of their proportionate stockholdings."

The *National Rural Center (NRC)*, a nonprofit corporation, is conducting a nationwide search for nominees for two \$10,000 rural service awards to be presented next spring. The awards will recognize individual leadership and rural development contributions in local communities and the academic community. They were developed through a grant from the *Winthrop Rockefeller Charitable Trust*. Additional information and nominating forms may be obtained from the *NRC*, 1828 L Street, N. W., Suite 1000, Washington, D. C. 20036 (800/424-9679).

Significant Litigation

Frank Barbosa, et al. v. HUD, City of Los Angeles, et al., No. CV 80-00350 WPG (C.D. Cal., filed January 28, 1980)

The District Court denied plaintiffs' motion for a temporary restraining order on July 11, 1980. Plaintiffs had sought to restrain the approval of Los Angeles' sixth year CDBG program and to restore public service funds for three programs in East Los Angeles to the level that existed in the fourth year. The sixth year application for Los Angeles has been approved with conditions unrelated to the subject matter of this litigation. The Court set a hearing on the preliminary injunction for August 25, 1980.

Allapattah Community Assn., Inc., et al. v. Moon Landrieu, C.A. No. 80-1705-Civ- EPS (S.D. Fla., filed July 3, 1980)

This is an action brought by a local civic association and residents of the City of Miami challenging construction of a proposed high-rise family project. Plaintiffs contend that the construction of such a project would be in violation of Section 8 of the *Housing Act of 1937* which, as amended in 1977, specifically states that "the Secretary shall prohibit high-rise elevator projects for families with children unless there is no practical alternative." Plaintiffs contend that practical alternatives do exist. They seek to enjoin HUD's actions in committing Federal funds and loan guarantees to the subject project, claiming that they are illegal.

Greater Houston Preservation Alliance v. Moon Landrieu, City of Houston, et al., No. H-80-1477 (S.D. Texas, filed July 2, 1980)

This is an action for declaratory and injunctive relief brought by residents of Houston who oppose the proposed demolition of the Carnegie Branch library. It is alleged that the city's plans to raze the library and replace it with a new library and community educational facility will, if allowed to proceed, result in the violation of the *National Environmental Policy Act (NEPA)*, the *National Historic Preservation Act (NHPA)*, *Executive Order 11593*, and applicable regulations. Plaintiffs claim the library has unique architectural, historical, and cultural value and that those factors have not been properly considered through the application by the city of the appropriate procedures required by *NEPA* and *NHPA*. Plaintiffs ask the Court to declare the proposed actions unlawful and to enjoin the city and HUD from proceeding with the project until the defendants have complied with the statutes and regulations.

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, 1982.

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DEPARTMENT OF HOUSING
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Hud Newsletter

Inner-City Groups Get \$1.4 Million for Employment Program

Inner-City neighborhood groups in St. Louis, Los Angeles and Atlanta have received \$1.4 million from HUD to extend a youth employment demonstration program which it administers. The funds are part of an interagency agreement between HUD's Office of Neighborhood Self-Help Development and the Department of Labor's Office of Youth Programs to conduct a \$15.1 million demonstration under the *Youth Employment and Demonstration Projects Act of 1977*.

The three organizations – *Carr Square Management Corporation* in St. Louis, *Watts Labor Community Action Committee* in Los Angeles, and *Exodus* in Atlanta – were among 10 groups participating in the initial funding of the joint program between February 1979 and March 1980. The new money will make it possible for the organizations to continue their projects through June of next year. In the first agreement, the 10 grantees received \$13.7 million to hire some 2,400 youths, 16 to 19 years old, to work on community improvement projects. The objective is to determine the feasibility of using community development corporations to operate youth employment projects aimed at improving local communities.

The latest funding will provide \$320,000 to the St. Louis group. Its goal is to hire 180 youth for landscaping, building renovation, apartment renovation, painting and general maintenance. The Atlanta organization will use a similar amount to employ 423 young people for jobs in weatherization, painting and housing repairs and to develop two new businesses – a comprehensive energy conservation service and a housing rehabilitation service.

The Watts organization will use its additional grant of \$670,000 to fill 627 construction jobs on low-income housing units. The workers will receive training in the building crafts, including plumbing, electrical wiring, masonry and roofing.

The agreement calls for at least 65 percent of the funds to be used for wages and other benefits, but not more than 10 percent may be used for administrative costs. The remaining funds must be spent on worksite supervision, material and supplies.

HUD Announces Survey of Mortgage Lending Activity

HUD recently announced that originations of long-term mortgages for one-to-four-family homes totaled \$7.5 billion in May, down 56 percent from a year earlier. During the survey, all lenders reported lower originations than last May except life insurance companies and State housing finance agencies. Long-term loans closed on multifamily residential properties totaled \$.8 billion, down 36 percent from a year earlier. Construction loans for homes totaled \$1.6 billion, down 56 percent from the same period a year ago. Multifamily construction loans totaled \$.7 billion and nonresidential construction totaled \$2 billion, up 14 percent over the previous 12 months.

American Housing Costs Rank Low Among Developed Nations

A HUD study reflecting housing costs between 1970 and 1977 indicates that the United States ranks 17th among 19 industrialized nations with high rates of increasing housing costs. During the study period, housing costs in the United States increased at an average annual rate of 8.5 percent.

According to E. Jay Howenstine, an international research coordinator for HUD's Office of Economic Affairs, Office of Policy Development and Research, all of the industrialized countries had high rates of price increases during the 1970's. Switzerland's rate of 4.8 percent was the lowest and New Zealand's 17.3 percent was the highest.

This country had the lowest average rate of increase in construction labor costs at 6 percent. Sweden was the next lowest at 9.7 percent. America also was among the lowest nations in terms of the rate of increase in the cost of building materials, led by West Germany, Austria and Japan. Despite the fact that rent controls are widespread in Europe, the United States had the lowest average annual rate of rent increase. According to the study, almost two-thirds of the dwelling units are owner-occupied and the other one-third are rental units.

Comparison of Labor Cost Increases

United States	6 percent
Sweden	9.7 percent
Switzerland	9.7 percent
Finland	11.3 percent
Denmark	11.4 percent
Canada	11.7 percent
Portugal	14.5 percent
United Kingdom	15.0 percent
Ireland	16.3 percent
Austria	17.1 percent

Increases in Building Material Cost

West Germany	4.6 percent
Austria	7.5 percent
Japan	8.2 percent
United States	9.0 percent
France	9.0 percent
Canada	9.4 percent
Denmark	10.4 percent
Norway	10.5 percent
Sweden	11.0 percent
Australia	11.7 percent
Portugal	12.2 percent
New Zealand	13.2 percent
Finland	13.9 percent
United Kingdom	17.1 percent
Belgium	17.6 percent
Ireland	17.8 percent

FYI

Solar Energy Research Institute. . . second annual conference on *Community Renewal Energy Systems: Solar for the Cities*. . . Seattle, Wash., September 3-5, 1980. Details: CRES Conference, 1617 Cole Boulevard, Golden, Colo., 80401.

Aluminum Association. . . Energy Conservation Workshop V, Washington, D.C. September 16, 1980. Details: *Aluminum Association*, 818 Connecticut Avenue, N.W., Washington, D.C. 20006 (202/862-5161).

Division of Mobile and Manufactured Housing Standards. . . 13th Annual Conference of the *National Conference of States on Building Codes and Standards (NCSBCS)*. . . Scottsdale, Ariz., September 8-12, 1980. Details: Richard Wolfe, *NCSBCS*, 481 Carlisle Drive, Herndon, Va., 22070.

Purdue University. . . Waste Heat Recovery Conference. . . West Lafayette, Ind., September 15-17, 1980. Details: Keith Hawks (317/494-6188) or Theresa Haft (317/749-6323).

Institute for Urban Design. . . Second International Conference on Urban Design. . . Boston, Mass., September 24-27, 1980. Details: Ann Ferebee, *IUD*, Main P.O. Box 105, Purchase, N.Y. 10577 (914/253-5527).

Community Associations Institute (CAI). . . Professional Management Development Program. . . Washington, D.C., September 26-28, 1980. Details: Jan Baltuch, *CAI*, 1832 M Street, N.W., Washington, D.C. 20036 (202/223-6770).

Nuggets

The Department of Energy has selected *South Carolina Electric and Gas Company* and the City of Harbison, S.C. as one of six candidates for an experimental program to develop solar thermal electric power for small communities. The objective is to develop, install and test a solar thermal system for small electric power applications. The system will consist of modules containing a parabolic dish-shaped concentrator that tracks the sun across the sky, a receiver, and a power conversion unit that generates approximately 20 kilowatts of electricity.

HUD recently hosted a meeting of the *Organization for Economic Cooperation and Development's (OECD)* Urban Decline Policy Project Group. The meeting was held to assess urban trends and to compare and evaluate the policies of member countries in order to make recommendations about policies needed in the 1980's.

Sindlinger & Company, an economic-research and forecasting firm that surveys some 1,200 Americans each week, says that about 118,000 households were dissolved in July as families broke up their own households and moved in with relatives or friends in order to keep pace with the rising cost of inflation. This represents a 1.6 percent decline in the total number of American households, and is the sharpest drop for a single month since World War II. The survey said that many senior citizens are moving in with their middle-aged children, and young married couples are moving in with one set of their parents. *Sindlinger & Company* predicts that the decline of households could exceed one million during the next 12 months.

HUD to Fund Housing for the Mentally Ill

Victor Marrero, Under Secretary of *HUD*, recently announced that the *Department* will make nearly \$25 million available to community-based organizations which will in turn sponsor housing for chronically ill individuals. The funds will pay for construction or rehabilitation of 621 housing units in 29 States, the District of Columbia and Puerto Rico. State selection was based on need and ability to make the necessary financial commitments for the community-based housing and social services.

The *Demonstration Program for Deinstitutionalization of the Chronically Mentally Ill*, was started three years ago in cooperation with the *Department of Health and Human Services* (formerly *D/HEW*). Since that time, almost 2,000 housing units for the mentally ill have been funded. Under the program an *HHS* waiver permits States to use Medicaid and other Social Security Act program funds to cover the cost of needed social services for residents of the housing. Residents get training in such areas as money management, housekeeping, shopping, and use of public transportation. The goal of the program is to develop other methods of providing care to mentally disabled residents who are capable of living outside of institutions.

HUD has reserved some \$5 million in rental subsidy funds to make sure the residents pay no more than 25 percent of their income for rent. "This housing, when combined with the needed social services, makes it possible for eligible individuals to live independently outside their own communities," Marrero said.

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* and *Master Charge*. When ordering, please indicate stock numbers. For additional information contact J.G. Mills, chief, Documents Control Branch (202/275-3343).

The Energy-Wise Home Buyer: A Guide to Selecting an Energy Efficient Home. . . . helps you choose a home that will meet your family's needs and also be energy efficient. . . . shows how a house uses energy, how to estimate energy costs, and how to evaluate the energy efficiency of various homes. . . . includes several energy checklists to take along when you inspect a house, plus tips on how to save energy after you move in. 1979. 023-000-00518-2. \$3.00.

In the Bank or Up the Chimney. . . . tells how to conserve energy in the home. . . . provides an accurate estimate of how much it's going to cost. . . . contains instructions for insulating doors and windows and buying and installing insulation for the attic and basement. 1975, revised 1977. 023-000-00411-9. \$1.70.

An Economical and Efficient Heating System for Homes. . . . contains charts and graphs which describe a heating system for single-family homes that is designed to be economical, require little maintenance and provide high efficiency. 1967. 001-000-00973-7. \$1.00

Energy Efficiency in Light-Frame Wood Construction. . . . provides helpful information for the design and construction of energy-efficient, light-frame wood structures. . . . stresses the roles of housing design and landscape planning in building houses, including orientation of the home, placement and design of windows, and architectural strategies for comfort through natural use of sun and shade. 1979. 001-001-00465-1. \$2.50.

Solar Dwelling Design Concepts. . . . prepared for use by designers, homebuilders, community leaders, local officials, and homeowners who are interested in the application of solar heating and cooling to residential structures or who are considering participation in the Federal Solar Energy Program. . . . provides background information, a concise report on existing solar dwellings and systems, a list of design considerations and dwelling and site design concepts which are responsive to factors such as housing type, solar heating systems and climates. 1976. 023-000-00334-1. \$2.30.

Building the Solar Home: Some Early Lessons. . . . provides practical guidelines for residential builders and developers who are considering solar energy projects and for the solar manufacturers, installers and distributors who service them. 1978. 023-000-00455-1. \$1.70.

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HUD NEWSLETTER
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Hud Newsletter

DEPARTMENT OF HOUSING
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HUD Revises 'Order of Succession' for Acting Secretary

The order of succession of *HUD* officials who would serve as acting secretary when Secretary Moon Landrieu is not available to exercise the powers and perform the duties of his office has been revised. During periods when the current agency head is not available because of absence, disability or vacancy in office, the following appointees are authorized to act as secretary and exercise all the powers, functions, and duties of the office:

The Under Secretary; the General Counsel; Assistant Secretary for Community Planning and Development; Assistant Secretary for Housing-Federal Housing Commissioner; Assistant Secretary for Policy Development and Research; Assistant Secretary for Legislation and Intergovernmental Relations; Assistant Secretary for Neighborhoods, Voluntary Associations, and Consumer Protection; Assistant Secretary for Fair Housing and Equal Opportunity; Assistant Secretary for Administration; and the General Manager, New Community Development Corporation.

In the event that none of the officials is able to act during a civil defense emergency declared or proclaimed by the President or by a Concurrent Resolution of the Congress, the 10 regional administrators are authorized to act as Secretary in the following order of succession: Region VI (Fort Worth); Region VII (Kansas City); Region V (Chicago); Region III (Philadelphia); Region VIII (Denver); Region IX (San Francisco); Region IV (Atlanta); Region I (Boston); Region X (Seattle); and Region II (New York).

The order of succession, printed in the June 9 edition of the *Federal Register*, provides that in the case of the secretary and regional administrators, no official shall act as secretary until all of the appointees listed before such official's title are unable to act by reason of absence, disability or vacancy in office.

PHA's Sell Project Notes Totaling \$1.9 Billion

Project notes totaling \$1,911,084,000, representing 125 public housing agencies, were sold in July at an average interest rate of 4.957 percent. The interest rate for June was 4.241 percent. Bids for the July notes ranged from 3.48 percent to 5.50 percent. The average maturity of the notes sold was 7.7 months. Proceeds from the sale will be used to reimburse the Federal Government for funds advanced to public housing agencies and to refund maturing notes for low-income housing projects.

Revenue Sharing Funds Ease City Budgets, Census Says

According to a report released recently by the *Bureau of the Census*, general revenue sharing funds provide a large percentage of the expenditures of some U.S. cities. Overall, State and local government spent \$6.7 billion in revenue sharing funds during the 1977-1978 fiscal year, the Bureau said. Of this total, \$1.23 billion went for education, \$956 million for police protection and \$849 million for highways. The report also said that State governments spent \$1.1 billion of their \$2.3 billion on education, and that more than 75 percent of revenue sharing funds spent by some 38,000 State and local governments went for current expenses.

High Court Opens Delinquent PHA Tenant Rolls to Public

The *U.S. Supreme Court* has opened the way for the *Atlanta Constitution* to review the files of public housing tenants who are behind in their rent payments. The high court's action came when it refused to overturn the *Georgia Supreme Court* ruling, issued last January, which held that the files must be made public.

The *Constitution*, a daily newspaper, requested permission in the Spring of 1979 to see the files of the *Atlanta Housing Authority's* business record for the purpose of reviewing rental delinquencies. The *Authority* first refused access to the records, but later offered to provide a sanitized listing without names and addresses. Rather than accept this offer, the newspaper went to court to force release of the files.

The *State Supreme Court* then ruled that tenants of federally subsidized housing projects waived their right to privacy when they let their rents go unpaid. "The general public properly is concerned with whether or not public housing tenants are paying their rentals when due," the court said, and added that "each of the tenants impliedly waived whatever constitutional, statutory or common law rights of privacy he may have had in the status of his rental account and the amounts and sources of his income when he allowed his rental account to become unpaid when due." A State trial judge ruled that the *Constitution* was entitled under the State's *Open Records Act* to see the uncensored files of all tenants who did not pay their rent for at least six months. The *State Supreme Court* said the law applies to all tenants who are even one month behind in paying their rent.

A group of public housing tenants challenged that ruling and the *U.S. Supreme Court* upheld the State Court, rejecting arguments that release of the information violated the tenants' privacy rights.

FHLBB Adopts Regulations on Mobile Home Lending

The *Federal Home Loan Bank Board* has approved final rules on mobile home consumer protection. The rules were issued in connection with loans exceeding State usury ceilings and will implement provisions of the *Depository Institutions Deregulation and Monetary Control Act*. That *Act* requires savings and loan associations to guard against such practices as balloon payments, prepayment penalties, late charges, deferral fees, improper notice of pending foreclosure or repossession, and unfair methods of computing refunds upon prepayment of an outstanding balance.

The regulations only apply when interest rates on mobile home loans exceed a State's usury limit. Even then, State consumer protection provisions take precedence, if they are "more protective." When questions arise about precedence, a creditor may request the Board to make a determination of jurisdiction.

At about the same time *HUD* issued final rule changes amending 24 *Code of Federal Regulations* 207.33, Eligibility of Mortgages on Mobile Home Courts or Parks. The amendment increases from \$3,900 per space to \$8,000 per space the maximum mortgage limit for mobile home parks insured under the Multifamily Housing Insurance program. It also changes from 50 percent to 75 percent the maximum percentage by which mortgage amount limitations may be increased in high cost areas. The Federal Housing Commissioner, however, is permitted, on a case-by-case basis, to increase the mortgage amount limitation by up to 90 percent.

HUD-Census Set March New Housing Sales Rate of 446,000

Sales of new, one-family houses during March 1980 were estimated at a seasonally adjusted annual rate of 446,000, according to statistics released jointly by the *Bureau of the Census* and *HUD*. The rate was 17 percent below the revised February rate of 540,000 and 41 percent lower than the March 1979 rate of 761,000. The agencies reported that there were an estimated 42,000 new houses actually sold during March. The median sales price of these houses was \$64,800. Through the first three months of 1980, 127,000 new houses have been sold compared with 183,000 for the same period of 1979. This represents a decrease of 31 percent. At the end of March, an estimated 372,000 new houses were actually for sale. After adjustment for seasonal variation, this represents a 10.6 month supply at the current sales rate.

Supreme Court to Hear Arguments on Damages in Zoning Cases

When the *U.S. Supreme Court* begins its new term in October, it is scheduled to hear oral arguments in the case of *San Diego Gas & Electric v. the City of San Diego*, No. 79-678. The case is expected to resolve a constitutional controversy over zoning laws and land use.

The case dates back to 1973 when the *San Diego City Council* rezoned 414 acres of land owned by the gas company. The land was rezoned for light industry and open space, although the utility company had earlier made known its plans to construct a power plant on part of its property. The company sued the city and a State trial jury ruled that the rezoning was tantamount to taking the land without just compensation. The jury awarded the utility \$3.17 million in compensation, about \$500,000 in interest, and some \$122,000 in legal fees.

The city, in turn, appealed the case to the *California Supreme Court* which ruled that private property owners cannot recover damages in cases of "inverse condemnation." Inverse condemnation takes place when the Government effectively deprives the owner of the use and control of property, but does not actually take the property. The State supreme court said that the company's only recourse is to bring a suit to invalidate the ordinance which rezoned the property.

The Fifth Amendment to the *U.S. Constitution* provides, among other things, that private property shall not be taken for public use without just compensation.

Census Bureau Says City-Suburb Income Gap Widens

According to a recent study released by the *Bureau of the Census*, the income gap between central city residents and suburbanites widened between 1970 and 1978. The report indicates that the median income of central city families dropped from 83 percent of that of suburban families in 1970 to 79 percent in 1978. The ratio of per capita income fell also, from 0.92 to 0.89.

Although the median income of city families rose 57 percent during the 8-year period, the *Bureau* said, it actually decreased when adjusted for price increases, creating a loss of purchasing power, on the average. Suburban family income about kept pace with inflation, while that of nonmetropolitan families rose more rapidly. The study is the first in a new series to provide insight on important demographic trends and patterns. They include data from outside sources as well as the *Census Bureau*.

It does not note any systematic narrowing in the income gap between central cities and suburbs as a result of the reported trend that middle-income households are moving back to the city or staying in the city and occupying selected low-to-moderate-income city neighborhoods. Even where such a trend is reported to be extensive, there is no clear demonstration that the trend is narrowing the income gap.

Single copies of the study, *The City-Suburb Income Gap: Is It Being Narrowed by a Back-to-the City Movement?*, may be purchased for \$1.75 from the *Government Printing Office*, Washington, D.C. 20402 or from *Commerce* district offices in major U.S. cities.

CAI Has Information Packet on Housing Reserves

Predicting serious long-term problems for condominium projects with few or no reserves, the *Community Associations Institute (CAI)* has developed an information packet on reserve replacement funds for its members and the general public. The packet can serve as a guide to condominium or homeowners' associations in the planning and implementation of a reserve fund as part of an operating budget. It tells what reserve funds are, how to calculate and account for them, how to determine monthly assessments and what Federal requirements for reserve funds are.

Reserve to Preserve is available for \$8 (\$4 to members) from the *CAI*, 1832 M Street, N.W., Washington, D.C. 20036. The *CAI* is an independent, nonprofit research and educational organization formed in 1973 to provide guidance for the creation, financing, operation and maintenance of common facilities and services in condominiums, townhouse projects, planned unit developments and open space communities.

Publications Available

The following publications are available from the *Consumer Information Center*, Pueblo, Colorado, 81009. When ordering cost items, please send to the attention of R. Woods. Be sure to indicate stock numbers for all requests.

Buying Lots from Developers. . . . tells what to ask about a property and contract before you sign; includes information the developer must give you under the law. 043G. \$1.00. 28pp. 1976.

Can I really Get Free or Cheap Public Land?. . . . tells what public lands are still available for purchase or homesteading and how to go about it. 632G. Free. 12pp. 1978.

Designs for Low-Cost Wood Homes. . . . contains sketches and model floor plans; tells how to select economical, durable materials. 044G. \$1.30. 30pp. 1978.

Finding and Keeping a Healthy House. . . . tells how to identify and protect your home from water damage, wood decay, and destructive insects such as termites, beetles and carpenter ants. 091G. \$1.25. 20pp. 1978.

Having Problems Paying Your Mortgage?. . . . outlines steps to take if you are having trouble making your mortgage payments on time; tells where to go for help. 683G. Free. 5pp. 1979.

Home Buyer's Vocabulary. . . . defines terms you need to understand when buying a home. 655G. Free. 14pp. 1978.

Homeowners' Glossary of Building Terms. . . . Contains definitions of everything from acoustical tile to weep holes. 601G. Free. 16pp. 1977.

House Construction: How to Reduce Costs. . . . tells how to save in location, style, interior arrangements and selection of materials and utilities. 049G. 80 cents. 16pp. 1977.

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Hud Newsletter

Housing Director Foresees a 'Strong' Decade for Housing Industry

HUD Assistant Secretary Lawrence B. Simons has predicted that "the housing recession recovery will be marked by 1.3 million starts by year's end." Simons, who heads the Department's Office of Housing and also is the Federal Housing Administration's Commissioner, said the 1980's will be a strong decade for the housing industry.

Demand for housing is already strong, and growing, he said, noting that those born during the baby boom of the 1950's will reach the optimum age for family formation in this decade. He said that there will be some 40 million people reaching the age of 30 during the 1980's. This, he added, will be about 10 million more than those who reached their 30th birthday during the previous decade.

Simons said that changing lifestyles, increased longevity and the increasing divorce rate will also combine to help form a great number of households. The *U.S. Census Bureau* estimates that by 1990 there will be some 97 million households in the Nation compared to 67.5 million in 1970.

"Meeting this need is a different story," Simon said. "The gap that exists between supply and demand was exacerbated during the housing recession of 1974-75 and it has never been made up," he continued. He added that other housing groups, including the *Mortgage Bankers of America*, agree with his assessment of future housing needs.

The Housing Director said that it is not possible to discuss the outlook for housing without considering the availability and terms of financing. Noting that there have been some basic changes in financing housing in the past few years, Simons said that the implications of these changes are enormous. But, he added, this does not mean that we will "have only blue skies and sunshine ahead for housing. What we will have," he said, "are mortgage funds tied to the capital markets in general. While housing finance has lost its sheltered market, it has at the same time been able to tap larger money markets through the secondary mechanism - *FNMA*, *FHLMC* and *GNMA*."

What happened earlier this year, he said, was reflective of the changes: "Mortgage money remained available though the costs - reaching about 18 percent in some cases - became prohibitive." Interest rates, he said, will remain volatile in the coming months, though not the "manic swings" we saw the first quarter of this year. Part of the industry's "volatility" will be the result of "uncertainty over how the institutional responses to new financing will fare," he said. Outlining such financing techniques as variable rate and renegotiable rate mortgages, he said they are "illustrative of the tension that has to be worked out between what is favorable for the lenders and what will be acceptable to consumers."

A second factor contributing to uncertainty, Simons said, is inflation, and added that "until we free ourselves of heavy reliance on oil imports, we will not be free of inflation." He said that the country will have to walk "the narrow and difficult line" between recession and inflation in a delicate period of adjustment. "It is not an easy nor an attractive path to walk," he said, "but it is the only one open to us if we are to build the necessary foundation for a sound recovery and balanced growth of our economy as a whole."

HUD USER Gets New Telephone Number

HUD USER, the computer-based research information service operated by the Department's Office of Policy Development and Research, has changed its telephone number. The new number is 301/251-5154; the mailing address has not changed.

The **USER** information service provides research data on housing and urban topics. Its data base contains information on building technology, community development, energy conservation and utilization, housing assistance programs, services for the elderly and handicapped, and neighborhood rehabilitation and conservation. **HUD USER** produces two series of publications. The *Compendium of Research Reports* consists of abstract summaries from the **USER** data base and is printed twice a year. Abstracts are arranged by subject area, making it easy to locate publications in a given area of interest. *Recent Research Results* provides information about new urban and housing research. It summarizes new research results and is published as research information becomes available.

Information or answers to specific questions may be obtained by calling the new number or writing to **HUD USER**, P.O. Box 280, Germantown, MD. 20767.

Land Sales Inquiry Leads to Fraud Indictments

A Federal grand jury in Scranton, Pa., recently charged that two principals of the High Vista, Inc. development company made false promises and representations about central water and sewer systems which were never completed. The grand jury also found that escrow accounts established to ensure completion of the systems were not funded. The charges led to a 33-count indictment for mail fraud and land fraud at the Valley of the Lakes vacation home subdivision in the Pocono Mountains near Hazelton, Pa. **HUD's** Office of Interstate Land Sale Registration (OILSR) provided assistance to the U.S. Postal Service during the fraud investigation. The OILSR administers a Federal law which prohibits fraud in the sale and promotion of subdivided land.

Germany Constructing First Solar Village

The Federal Republic of Germany's first solar village is under construction in Penzberg, Bavaria, and is expected to be completed in about a year. The Village, being constructed by the Thermo Solar Company of Munich, will contain 21 houses whose major energy sources will be the sun and a nearby stream. Unique solar collectors which function on cloudy days and at temperatures to minus 30 degrees Celsius, will heat water and the excess energy will be used for space heating. Additional space heating will be supplied by heating pumps using water from the stream. Each house will have a slightly different energy conservation system so that maximum effectiveness can be assessed for future designs.

The goal is to reduce household energy cost by about 80 percent. According to the Thermo Solar Company, the village equipment should result in annual savings of 100,000 liters of heating oil or about 2000 marks per house per year. Houses in the village will range in price from 270,000 to 340,000 marks - about 10 percent more than comparable houses with conventional heating systems. The company, which is investing 10 million marks in the project, said the higher price should be amortized in a few years.

\$200,000 for Better Housing Values Go to 19 Grantees

HUD has awarded grants totaling nearly \$200,000 in its continuing effort to hold down the cost of housing while maintaining housing value. The 19 grants went to architects, builders, academic institutions and associations related to the housing industry. Each grantee will receive \$10,500 to complete a final design.

Under Phase II of the Building Value Into Housing Program (BVHP), each grantee could receive an additional \$20,000 toward the construction and demonstration of the designs. The program is operated under **HUD's** Office of Policy Development and Research (PD&R) to stimulate the use of innovative design, construction techniques, and materials in building low maintenance, energy saving, marketable homes.

Projects funded under the program include designs for small, energy-efficient houses, earth-sheltered homes, and new construction systems for a variety of climates and housing markets.

HUD Program to Aid Elderly Homeowners

HUD Secretary Moon Landrieu recently announced a \$2.2 million experimental program aimed at helping elderly, low-income homeowners to cope with rising home maintenance costs. The effort, to be conducted in six cities, will have Federal and private-sector support.

Under the two-year demonstration, local service agencies will provide maintenance and minor repairs for some 750 eligible families in Philadelphia, Cleveland, Hot Springs, Ark., Greensboro, N.C., Boston and Cincinnati. The program will include a minimum of 125 houses in each demonstration city. Work could include minor plumbing and electrical repairs, replacing floor tiles, replacing windows and locks, minor carpentry and painting. The local service agencies also would provide counseling and referrals for housing and other problems and inspect repair work.

To be eligible, homeowners must be at least 62, with incomes not exceeding 80 percent of the median income in their areas. The local service agency, which will select the households, will receive about \$100,000 per year for administration and delivery of services. Private sector contributions will total about \$460,000.

Secretary Landrieu said: "There are about five million homes owned and occupied by elderly, low-income Americans, many of them hard hit by the rising cost of living and finding it increasingly difficult to care for their homes. The results of this demonstration will help us decide whether this specialized home repair program can, and should, be carried out on a national basis."

IREM Schedules Courses for Housing Managers

The *Institute of Real Estate Management*, the *National Association of Realtors*, has scheduled a series of courses for housing managers for September. The Institute is an association of some 4,800 members engaged in property management. The schedule follows; for details contact *IREM* at 430 N. Michigan Avenue, Chicago, Ill., 60611 (312/440-8600).

Course	Date	Location
Long-Range Management Plan for Commercial Stores	Sept. 1-13	Los Angeles
Long-Range Management Plan for Office Buildings	Sept. 17-20	Houston
Marketing and Management of Residential Property	Sept. 21-27	Seattle
Long-Range Management Plan for Residential Properties	Sept. 24-27	Los Angeles

NCUEA Schedules Conference on Commercial Revitalization

The *National Center for Urban Ethnic Affairs* has scheduled a national conference on Neighborhood Commercial Revitalization for September 15-17, 1980, in Baltimore, Md. Workshops and conference topics will include discussion of neighborhood funding and assistance resources, planning and organization, development experiences, financial institutions, business promotion, marketing studies, and revitalization successes in Baltimore. A *NCUEA* spokesman said panelists from across the country will describe a variety of processes that have been used to promote revitalization.

Significant Litigation

Jeffries v. Georgia Residential Finance Authority, et al. No. C7901349A (N.D. Ga. June 30, 1980)
(Order)

A District Court in Georgia has now joined the Court in *Brown v. Harris* (C79-0596-WAI, N.D. Calif., Feb. 28, 1980) in holding that the HUD regulation governing the eviction of tenants from units in the Section 8 Existing Housing Program (24 C.F.R. §882.215) is invalid because it conflicts with 42 U.S.C. §1437f(d)(1). The Court in Georgia also held that the statute and lease created an entitlement to a year's occupancy and that the lease could be terminated only with good cause after 30 days' notice. The Court set forth a procedure by which the PHA must provide the tenant an opportunity for an informal adversary hearing prior to terminating the lease.

Phyllis Campbell, et al. v. HUD, et al., No. C75-471 (N.D. Ohio) *Garden Court Apartments, Inc. v. Squires v. Harris*, No. 76-3515 (E.D. Pa.) *Boston Financial Technology Group v. Moisen Choy, et al. v. Harris*, No. 77-3710-C (D. Mass.)

As a result of the operating subsidy settlement agreement in *Underwood v. Landrieu* and the impending distribution of the settlement funds to tenants of Section 236 housing projects nationwide, including the plaintiffs in these actions, the Court in each case has ordered these actions dismissed.

Russell, et al. v. Landrieu, et al. No. 77-2078 (9th Cir. July 3, 1980)

The Court of Appeals for the Ninth Circuit has affirmed in part and reversed in part the District Court's decision in this case involving the sale of a §236 project to the City of Port Huemene. Plaintiffs, tenants in the 90 unit project, claimed that HUD violated the Due Process clause of the Fifth Amendment and the National Housing Act by selling the project to the City after foreclosure without giving them notice and an opportunity to be heard. The District Court dismissed the suit because HUD had no title interest in the property at the time the suit was filed. The Court also had refused to allow plaintiffs to amend their complaint to assert claims for relief under the *Administrative Procedure Act*, *National Environmental Policy Act*, and the *Uniform Relocation Act*.

The Circuit Court found that tenants have no due process rights in the desposition of HUD-acquired property and, therefore, notice and a hearing were not required. The Court also held that the lower court erred when it did not allow plaintiffs to amend their complaint, and remanded the case to determine if the sale of the project constituted an abuse of discretion under the APA.

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DEPARTMENT OF HOUSING
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Hud Newsletter

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HUD-Census Start Annual Housing Survey

The eighth annual survey of housing, conducted by *HUD* and the *Bureau of the Census*, got underway last month in response to the need for frequent and up-to-date data on U.S. housing. According to the two agencies, housing is considered a prime indicator of the Nation's economic well-being.

The national survey will sample 90,000 housing units out of the 86 million total. The units were scientifically selected to represent a cross section of all housing in the country. The sample, originally selected from the 1970 census, has been updated to include new construction, conversions and losses from the housing inventory. The annual surveys make it possible to make year-to-year comparisons of the number and types of housing, changes in the total housing stock resulting from losses and new construction, and changes in housing cost and the cost of services and utilities.

The survey is expected to take about four months and reports on the results of the study are expected to be issued in late 1981. The reports will contain information on a wide range of items related to housing such as structural characteristics of residential units, characteristics of the occupants and characteristics of those who move over the years. Statistics will be tabulated for the Nation, for each of the four census regions, for urban and rural areas, for Standard Metropolitan Statistical Areas as a whole, and for nonmetropolitan areas.

GNMA Establishes Forms of Letters of Credit

In an effort to reduce opportunities for abuses that have occurred in the trading of mortgage-backed securities, the *Government National Mortgage Association (GNMA)* has established rules governing the securities marketing and trading practices of issuers of securities it guarantees. The action came in a final rule published in the *Federal Register* last June which amended regulations relating to the Mortgage-Backed Securities Program (24 CFR, part 390).

The amended regulations require issuers of GNMA-guaranteed securities, with respect to certain forward market transactions, to only enter into contracts which provide for at least weekly mark to market deposits of collateral with an independent financial institution. This involves the deposit of collateral by the party suffering an unrealized loss, when the current market price is measured against the contract price, in the amount of the unrealized loss. The *GNMA* also expanded the list of eligible collateral to include irrevocable, unconditional letters of credit in a form acceptable to it and issued by a banking institution supervised by the *Comptroller of the Currency*, the *Federal Deposit Insurance Corporation* or the *Federal Reserve Board*.

The prescribed forms and instructions for their completion will appear as Appendix 56 to the *GNMA Mortgage-Backed Securities Guide*, *GNMA Handbook 5500.1*. The *Guide* is available from the *GNMA's* office in Washington, D.C. Additional information on the final rule may be obtained from Warren Lasko, *GNMA, HUD*, 451 Seventh Street, S.W., Washington, D.C. 20410, (202/755-8772).

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GNMA Announces Auction Results

The *Government National Mortgage Association (GNMA)* accepted some \$439 million in bids on 215 FHA-insured project mortgages at its early August auction. The accepted bids represented about 78 percent of the total \$564 million offering. Total offers received by the *GNMA* exceeded \$1.3 billion.

The range of accepted bids for projects that pay off in cash in the event of default was from a yield of 11.20 percent, with an average yield to the investor of 11.71 percent. The average yield to investors for projects that pay off in debentures in the event of default was 12.01 percent, with a range of yields from 11.51 to 12.60 percent.

\$42 Million in Action Grants Go to 38 Small Cities

HUD Secretary Moon Landrieu recently announced the release of more than \$42 million in Urban Development Action Grants to 38 small cities. The funds are expected to create 6,638 permanent jobs and 3,748 construction jobs in 42 joint public-private development projects, and to attract \$248.7 million in new private investments – about six times the amount of the Action Grants.

Secretary Landrieu said the cities selected to receive the funds “have good reason to believe that their communities face a brighter, more secure future. The projects that the Action Grants will create promise the best news these cities have heard in their recent history and for some, it is the best news they’ve ever gotten.”

Saying that he is proud of the UDAG program and hard work on the part of local and State officials, Landrieu predicted that the projects will make a major difference in their futures. He noted that “Many small distressed cities had lost jobs, lost taxes, and all but lost hope until the Urban Development Action Grant program was created.”

The grants, which will save 1,395 existing jobs and produce property and other taxes totaling \$3,574,000, represent preliminary approval. That is the initial step in a process leading to legally binding commitments between the private sector and the city, and a signed contract between the city and *HUD*. Full approval of the funds is contingent on the entire process being completed. Secretary Landrieu said the projects will be highly energy efficient. “While the Action Grant program is still relatively new, we can count the amount of oil and other precious energy resources saved in the hundreds of thousands of barrels and millions of cubic feet,” added Robert C. Embry, Assistant Secretary for Community Planning and Development. “This is a benefit not just to the communities, but to the Nation,” he noted.

The Action Grant program is authorized at \$675 million per year through 1980, with 25 percent of its funds set aside for small cities. Selections are based on the merits of the projects, but only localities that meet specific criteria for economic and physical distress and have good overall records for equal housing and employment are eligible. Applications are accepted every three months.

HUD Seeks Contempt Order Against Texas Developer

HUD has asked a Federal district court to enter a contempt order against the developer of a residential-recreational subdivision located about 30 miles north of San Antonio, Texas. The action was taken by the Office of Interstate Land Sales Registration (OILSR) against *Lake of the Hills Estates*. The *Department* had earlier asked the court to prevent the developer from selling lots in the subdivision until certain improvements were made. At that time, OILSR alleged that the developer was in violation of the *Interstate Land Sales Full Disclosure Act* because he had promised lot buyers that paved roads, a playable golf course and a safe and adequate water system were complete when in fact they were not.

As a result of that action, the developer signed a consent agreement with *HUD* that was filed in Federal court, agreeing to repay certain lot purchasers and to improve and maintain facilities at the subdivision. *HUD* now contends that the developer has not repaid the purchasers, has not paved additional roads, and at the time of the action had not established that either the water system or the golf course are in satisfactory condition. A contempt order would require the developer to make refunds and finish promised improvements.

Survey Calls Condo Concern in Florida Exaggerated

A survey conducted for the *Florida Association of Realtors* contends that the concern about the conversion of rental units to condominium ownership seems to be grossly exaggerated. The study was done by Barry Hersker, of *Hersker & Associates*, Miami, and covered Miami, Fort Lauderdale, Palm Beach and St. Petersburg-Tampa. Most of the condo conversions in the State have taken place in those areas. The survey said that the "impact on persons most directly involved when rental units are converted in condominiums apparently is far less than popularly believed."

Some of the findings of the study showed that:

- * the majority of tenant-purchasers did not have negative feelings when they first learned that their buildings were going condo;
- * the hostility of the tenants was not as great as popularly believed;
- * negative feelings tend to decline rapidly after purchase or relocation;
- * rents increased in all four counties for those tenants who moved because of conversions;
- * of the 16,145 conversions last year, 40 percent or 6,458 units, were retained by tenant-purchasers;
- * of the outside purchasers, 29 percent of 4,747 households moved from other rental apartments, thus freeing them for new tenants;
- * of the 60 percent of tenants who moved from the 16,145 converted units, only 77 percent, or 7,459, rented apartments, resulting in a shortfall of 2,721 rental apartments;
- * of those who had to move from newly converted buildings, 12 percent actually bought condominiums in other buildings, 8 percent brought houses and 2 percent rented houses; and
- * about 6 percent of those studied said they actually regretted not having bought their units.

In a nationwide report released in July, *HUD* reported that, contrary to popular belief, "the phenomenon of condominium conversion, thus far, has played only a small part in the reduction of available rental units." The study, *The Conversion of Rental Housing to Condominiums and Cooperatives*, showed that a "strong and growing desire for homeownership is the usual driving force behind conversion."

CUIUA Schedules Annual Meeting for March 1981

Mary H. Callahan, executive director of the *Council of University Institutes for Urban Affairs* has issued a call for papers for those who may wish to make a presentation at the group's 1981 annual meeting. The theme for the meeting will be: "The Urban connection-Federalism in the 1980's." Callahan said that persons who will submit papers must present a one-page abstract of about 100 words by December 1, 1980. She said that papers may focus on the conference theme, but sessions will also be held on a variety of urban-related topics developed on the basis of participants' suggestions. Additional information about the "call for papers" and the annual meeting may be obtained from Callahan, *CUIUA*, the University of Delaware, Newark, Del. 19711 (302/738-2394).

Nugget

The possibility of a cooperative agreement between the *Connecticut Department of Energy* and the Hartford Area *HUD* Office on the use of low head dams to generate electric power was explored in a joint meeting recently. John McLean, area office manager, and Philip Forzley, environmental officer, met with the Energy Division of the *State Office of Policy and Management* to discuss possible cities which might qualify for Urban Development Action Grant (UDAG) funds. The next step is to determine the extent to which the cities might meet the following criteria: UDAG eligibility, the presence of existing or potential dams, and private sector interest in locating industry in small cities.

Significant Litigation

Mildred Mingo v. Secretary of HUD and Kowalski
No. H-77-1626 (S.D. Texas, filed Sept. 29, 1977)

The District Court has approved the settlement agreement entered into between the Department and the plaintiff in this case and has entered an order dismissing the complaint with prejudice. The plaintiff was rejected as a mortgagor for FHA insurance and filed a complaint in which she alleged discrimination due to her race and sex. The settlement involved a monetary award and an agreement by the Department to, among other things, maintain data on rejected mortgagors, proceed with the revision of the mortgage credit underwriting handbook, and monitor equal opportunity requirements in the mortgage insurance activities.

Raleigh Heights Homeowners Protective Association v. Moon Landrieu, City of Reno, Nevada, et al., No. CV-R-80-161 ECR (D. Nev., filed July 1, 1980)

This is an action for declaratory and injunctive relief brought by residents of Reno, Nevada who claim that the Environmental Review Record prepared by the City of Reno is deficient by the standards of 24 C.F.R. Part 58, and that the Secretary has violated his duty to monitor precedural compliance prior to the release of CDBG funds. The project in question is a public housing development, the site for which was acquired by the City with CDBG funds. Plaintiffs ask the Court to enjoin further release of *HUD* funds until the defendants comply with the requirements of Part 58 and the *National Environmental Policy Act*, including the preparation of an Environmental Impact Statement.

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Landrieu Stresses Public/Private Partnerships

Stressing the importance of public/private partnerships in the revitalization of America's communities, HUD Secretary Moon Landrieu recently told members of the *Florida Association of Housing and Redevelopment Officials* that: "Our communities were built by private enterprise working in partnership with Government, and they will be rebuilt in the same way." He called the partnership "the crux of the President's *National Urban Policy*."

Landrieu also stressed the importance of communities coordinating their housing and community development programs. "The two," he said, "cannot operate independent of one another; whatever a community plans in the realm of development will have an impact on that community's housing needs." He warned that a city or town which undertakes community development without adequate planning for this "housing impact" will find that development plans fail to meet the needs of those they were designed to serve.

Acknowledging concern about the effect of the current economic austerity on housing, the HUD Secretary noted that "the President has remained constant in his pledge that the housing sector will not bear an undue share of the burden as we work to control inflation." He said that there are no quick solutions to the problem of inflation, and noted that we are enduring the cumulative result of more than a decade of creeping inflation. "The problem," he added, "is compounded by our reliance on foreign oil - a commodity whose price and supply we can do little to control."

He said, however, that "there is encouraging evidence that the President's policies to bring inflation under control have taken hold. He pointed out that the housing industry - traditionally one of the most sensitive indicators of changes in the overall economic picture - has rebounded significantly from its slump earlier this year. In recent months, he said, national housing starts figures have moved upward. "Despite recent increases in interest rates," he said, "we are optimistic that this upswing will continue."

Pointing to the past administration's moratorium on Federal housing programs, Landrieu noted that under the current administration there has been a dramatic turnaround in the Federal Government's policy toward housing in general and assisted housing in particular. He said that: "Under President Carter's leadership housing policies have had four basic objectives: to keep mortgage money available for purchase and production of housing; to make homeownership affordable; to expand the production and supply of housing for low- and moderate-income citizens and the elderly; and to preserve the Nation's housing stock and neighborhoods."

HUD Publishes Directory of Public Housing Agencies

HUD has published a *Directory of Public Housing Agencies (PHA)* which lists the name and mailing address of each PHA engaged in a low-income public housing program. The listing is by State, with the agencies listed alphabetically by locality. The 117-page publication was prepared by the Office of the Assistant Secretary for Housing, Management Analysis and Services Division. It is not intended for commercial use, but copies are available for inspection at HUD information offices throughout the country.

HUD Increases Interest Rates for FHA-Insured Mortgages

Adjusting to current conditions in the mortgage market, HUD has increased the maximum allowable interest rates for *FHA*-insured mortgages for single-family homes. The new rate of level payment loans increased from 11.5 percent to 12 percent, and the allowable rate for Graduated Payment Mortgage (GPM) loans increased from 11.5 percent to 12.5 percent. The *Veterans Administration* announced a similar increase to 12 percent for *VA*-guaranteed home loans.

In announcing the increases, Secretary Moon Landrieu pointed out that at the present rate, many lower-income buyers are denied the more favorable terms available under *FHA*-insured loans which they need to achieve homeownership. "Many lenders," he said, "have or are about to run out of commitments that can be delivered at reasonable discounts, and primary markets discounts have already reached, in some cases, over 10 points."

Diane Porter Heads HUD's New York Regional Office

HUD Secretary Moon Landrieu recently announced the selection of Diane M. Porter as regional administrator in the Department's New York Regional Office.

A native of East Chicago, Ind., Ms. Porter served as an urban renewal specialist in Mishawaka, Ind. before moving to the Northeastern United States where the bulk of her professional experience has been centered. Her most recent position, before joining HUD, was as senior vice president for the *New York State Mortgage Loan Enforcement and Administration Corporation*. Earlier she worked for the *New York State Urban Development Corporation* and also served as project director and chief planner for the *Roosevelt Island Development Corporation*. Between 1967 and 1970, she was the principal planner for *Lucas and Edwards, Inc.*, urban planning and housing consultant. In 1966 she was a senior city planner in Norwalk, Conn.

A graduate of *Purdue University*, where she received an A.B. degree in American Government and Politics, she also holds a Master of Urban Planning degree from the *University of Illinois* in Champaign.

Secretary Landrieu also announced three appointments to the Office of the Assistant Secretary for Housing. Clyde T. McHenry has been appointed General Deputy Assistant Secretary for Housing- Deputy Federal Housing Commissioner, and Alexander J. Pires has been appointed Deputy Assistant Secretary for Multifamily Housing Programs.

Prior to his newest assignment, McHenry served as the Deputy Assistant Secretary for Housing and Indian Programs. Earlier, he served for more than six years as the director of the *New Orleans Housing Authority*, and for two years was the executive director of the *Interracial Council for Business Opportunity*. Before joining HUD, Pires served for seven years as a senior and managing trial attorney with the Antitrust Division and the Land and Natural Resources Division of the *U.S. Department of Justice*. He has also served as general counsel for *Solon Automated Services, Inc.*

Michael T. Savage has been appointed director of the Office of Housing Operations and Field Monitoring, Office of the Assistant Secretary for Housing. He formerly served as deputy director of the Office of Management. A HUD employee since 1959, Savage started as a housing intern and has held program, administrative and managerial responsibilities in Headquarters and in the Field. A 1956 graduate of the *University of California at Berkeley*, he holds a M.A. degree in Political Science from the same school.

GNMA Releases Data on Builder Loans

The *Government National Mortgage Association (GNMA)* has released a listing of the percentage of so-called builder loans included in mortgage pools used to collateralize securities it issued between June and August 1980. The listing identifies the percentage of the total pool amount represented by builder loans in each pool, by pool number. The data are intended to assist securities issuers and dealers in addressing recent market developments. Builder loans are single-family mortgage loans which are insured by the *FHA* and on which builders are the obligors. Since September 1, 1980, builder loans are not eligible for inclusion in mortgage pools used to collateralize *GNMA*-guaranteed, mortgage-backed securities.

HUD Schedules Workshops on Energy Conservation

HUD's Office of Urban Rehabilitation and Community Reinvestment and the *Community Rehabilitation Training Center* have scheduled a series of two-day workshops for community development directors and rehabilitation program directors on how to integrate energy conservation approaches and techniques in local rehabilitation programs. The workshops will examine a variety of innovative strategies and techniques that communities have used successfully to design and implement comprehensive energy conservation programs in conjunction with housing rehabilitation.

In addition to program design and financing techniques, the workshops also will address such fundamentals as:

- * strategies and role of local government,
- * designing energy/rehabilitation programs,
- * the role of the utilities,
- * audits and weatherization techniques,
- * renewable energy technologies,
- * regulations and standards,
- * financing and incentives, and
- * encouraging private lender support.

Locations and dates for the workshops are:

- * Portland, Oregon, October 16-17, 1980
- * Chicago, Illinois, October 23-24, 1980
- * Cincinnati, Ohio, October 30-31, 1980
- * Baltimore, Maryland, November 6-7, 1980
- * Hartford, Connecticut, November 14-15, 1980.

There will be no fees for attending the workshops, but participants must preregister with the *Community Rehabilitation Training Center (CRTC)* to ensure that adequate workshop materials will be available. Additional information may be obtained, and preregistration accomplished, by writing to: Energy Workshops, *CRTC*, 4340 East-West Highway, Suite 900, Bethesda, Md. 20014 (301/654-9300).

FYI

The Energy Bureau. . . Conference on the Economy, Energy and Federal Policies. . . Arlington, Va., September 29-30, 1980. Details: *Energy Bureau*, 41 E. 42nd Street, New York, N.Y. 10017.

National Savings and Loan League (NSLL). . . 37th Annual Convention. . . Coronado, Calif., October 1-5, 1980. Details: 1101 Fifteenth Street, N.W., Washington, D.C. 20005 (202/331-0270).

The R.S. Means Company. . . Seminar on Management and Unit Cost Estimating. . . Philadelphia, Pa., October 6-7, Details: *R.S. Means*, 100 Construction Plaza, Kingston, Mass. 02364.

The American Bankers Association (ABA). . . Annual Convention. . . Chicago, Ill., October 11-15, 1980. Details: *ABA*, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036 (202/467-4000).

International Union of Building Societies and Savings Associations. . . 15th World Congress. . . London, England, October 12-17, 1980. Details: *National Savings and Loan League*, 1101 Fifteenth Street, N.W., Washington, D.C. 20005.

Passive Solar Associates (PSA). . . Workshop focusing on design, sizing, calculation, construction and marketing of passive solar heated buildings. . . Washington, D.C., October 13-14, 1980. Details: *PSA*, P.O. Box 6023, Santa Fe, N.M. (505/983-1506).

Institute for Professional Education (IPE). . . Seminar on Decision Analysis Under Risk and Uncertainty . . . Colorado Springs, Colo., October 15-17, 1980. Details: *IPE*, P.O. Box 756, Arlington, Va. 22216.

Royal Architectural Institute of Canada (RAIC)/American Institute of Architects (AIA). . . Conference on the integration of energy-consciousness into architectural design. . . Toronto, Ontario, Canada, October 18-19, 1980. Details: *RAIC*, 151 Slater Street, Ottawa, Ontario, K1P 5H3.

The Community Associations Institute (CAI). . . Tenth National Conference on Community Associations. . . Denver, Colo., October 18-22, 1980. Details: *CAI*, 1832 M Street, N.W., Washington, D.C. 20036 (202/223-6770).

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HUD Plans to Improve Delivery of Indian Program Services

HUD Secretary Moon Landrieu recently announced that the agency plans to improve the delivery of services and the administration of Indian housing programs by restructuring its field offices. The changes, he said, are in response to concerns expressed by Indian clients and should provide a more centralized, coherent and productive emphasis on Indian programs.

Landrieu said that a review of Indian programs operated by the Department showed, among other things, that staff assigned to Indian programs were spread too thin and, in some cases, were being diverted to non-Indian activities. The Secretary said the reorganization will correct that situation. Under the restructuring process, he said, responsibility for administering Indian programs will rest in five Offices of Indian Programs in addition to the Anchorage Area Office.

Earlier, the *HUD* Secretary announced the establishment of a new position in the Office of the Assistant Secretary for Community Planning and Development to work exclusively with Indian and Alaska Native programs falling within the responsibilities of that office. This new position complements the Office of Indian Housing under the Deputy Assistant Secretary for Public Housing and Indian Programs. Landrieu noted that the position and functions of the special assistant to the Secretary for Indian and Alaska Native Programs remain unchanged.

The location and jurisdiction of the new Offices of Indian Programs are as follows:

- A new Office of Indian Programs is being established in Region V (Chicago) serving that region, Region I (Boston), Region II (New York), Region III (Philadelphia), and Region IV (Atlanta), plus all locations in Iowa.
- The existing Office of Indian Programs in Region VIII (Denver) will serve that area, plus locations in Nebraska.
- A separate Division of Indian Programs is being established in the Oklahoma City Area Office to serve Oklahoma, Kansas, Missouri, Texas, Arkansas and Louisiana.
- The existing Office of Indian Programs in the San Francisco Regional Office (Region IX) will continue to serve that region plus locations in New Mexico. Some staff personnel of this office operating from field offices in Phoenix and Albuquerque will continue to provide localized service in Arizona and New Mexico.
- A new Office of Indian Programs is being established in the Seattle Regional Office to serve all locations in Region X except Alaska. Program activity in Alaska will continue to be provided by the Anchorage Area Office.

Landrieu pointed out that all Indian activities for the Department's Housing and Community Planning and Development programs will be administered through the offices listed above, rather than through the agency's normal field structure. Additional information on the revamped program may be obtained from John W. Lynn, director, Performance Evaluation Staff, *HUD*, Room 10110, 451-7th Street, S.W., Washington, D.C. 20410 (202/755-6945).

HUD Moves to End Duplication in Modular Housing Procedure

HUD recently announced a move designed to help eliminate some of the Federal red tape in the manufactured (modular) housing field. Lawrence B. Simons, Assistant Secretary for Housing and *FHA* Commissioner, said that qualified State regulations governing manufactured housing will be accepted, on a trial basis, in determining the structural adequacy of dwelling units used as security for mortgage insurance by the *FHA*.

"This move," Simons said, "will eliminate the duplication of effort under the current *FHA* procedures requiring Federal approval of structural design and periodic inspection of housing units under construction at the factory." The program does not apply to categories of manufactured housing not subject to State agency regulations. The basic premise under the program remains the same, Simons noted: factory-produced housing units or components must be, at a minimum, the equal of that accepted under the present *FHA* system.

The new program will be conducted in 14 States over the next year. In those States, housing units bearing the State label and an appropriate data plate will be "structurally acceptable" for use in the same manner as units manufactured under *FHA* procedures. Such units may be used under *HUD* programs in any State in areas where the design loads shown on the data plate are not exceeded. States with acceptable regulations under the new program include Alabama, California, Florida, Georgia, Indiana, Iowa, Maryland, Minnesota, Nebraska, North Carolina, Oregon, Pennsylvania, Virginia, and Washington.

NVACP Starts New Community-Based Energy Conservation Unit

HUD's Office of Neighborhoods, Voluntary Associations and Consumer Protection (NVACP) has created a Community-Based Energy Conservation Division. The goals of the new unit are to:

- * develop *HUD* programs that will increase the cooperation and responsibility for saving energy at the neighborhood level; and
- * carry out various Presidential Executive Orders to facilitate NVACP progress with integrating energy conservation objectives into funding programs and policies for neighborhood housing and community development.

On an outreach basis, the Division will provide technical assistance to non-governmental groups and local Government on the use of *HUD* programs to conserve energy and methods of self-reliance for serving low- and moderate-income consumers. The energy conservation programs are designed to meet neighborhood energy waste by assisting residents to better rely upon themselves, and to work through existing resources in their communities in saving energy where they waste it first - in their homes and communities.

Starting in FY 1981, program emphasis will be placed on Neighborhood Energy Reliance (NER), a program involving consumer training and technical assistance for the development of projects and skills among community-based organizations, voluntary associations, the private sector and consumer groups dealing with energy-related inflation through conservation, waste recycling and renewable resource development in federally assisted housing.

Immediate targets of this training will be *HUD*-certified housing counselors and neighborhood self-help development and consumer groups working with low- and moderate-income tenants and homeowners. The aim of the training will be to increase the capabilities of these organizations in developing low-cost and no-cost energy conservation strategies along with counseling on household management and budgeting. Recipients of the training also will learn to develop local mechanisms to alleviate energy-related housing emergencies and to aid in resolving consumer disputes.

Additional information and publications on the Community-Based Energy Conservation Division may be obtained by contacting the staff at *HUD*, 451-7th Street, S.W., Room 3174, Washington, D.C. 20410 (202/755-7940).

Air Quality Considerations in Residential Planning, a three-volume study designed to help communities evaluate air quality at residential building sites, has been issued by *HUD*. The manual, developed primarily to assist Community Development Block Grant (CDBG) recipients and *HUD* field staff assess air quality, also outlines steps that can be taken to reduce the impact of pollution.

The first volume, *Guide for Rapid Assessment of Air Quality at Housing Sites*, is an abridged version of the other two volumes and is designed for routine use by the *HUD* appraisal staff. It describes how to quickly evaluate air quality at planned housing sites and how to determine if the air violates national standards.

Volume II, *Manual for Air Quality Considerations in Residential Locations*, gives a complete set of procedures for evaluating the level of air pollution to which residents are likely to be exposed. Volume III, *Scientific Support and Documentation*, outlines the technical rationale and assumptions underlying the techniques developed in the manual.

Copies of the manual have already been distributed to CDBG recipients, *HUD* technical staff in the field and at headquarters, the *Environmental Protection Agency*, libraries and universities. It may be purchased from the Government Printing Office, *U.S. Superintendent of Documents*, Washington, D.C., 20402, as cited below.

Volume I, \$4.00, GPO Order No. 023-000-00577-8

Volume II, \$7.50, GPO Order No. 023-000-00576-0

Volume III, \$3.75, GPO Order No. 023-000-00575-1

Nuggets

Dr. Jack Carlson, executive vice president and chief economist of the *National Association of REALTORS* has reported that existing home sales climbed 17 percent in July to a seasonally adjusted annual rate of 2.9 million units. "Over the last two months," he said, "resale activity has grown 26 percent, or by 600,000 units, since the market bottomed out at a sale rate of 2.3 million units in May."

The *Federal Home Loan Bank Board* has approved a final regulation to permit federally chartered savings and loan associations to invest up to 3 percent of their assets in service corporations, an increase of 2 percent over the previous limitations on Federal associations seeking to invest in these firms. Associations making such investments to the full extent now permitted must allocate 1 percent of their assets to programs that serve primarily community, inner-city, or community development purposes.

The *Federal National Mortgage Association* has begun to enforce the due-on-sale provision in conventional mortgages originated after October 1 and owned by the corporation. When such mortgages are assumed, *FNMA* will require both a review of the assumptor's credit and an adjustment to market of the mortgage interest rate. The *FNMA* noted that assumptions increase average mortgage life. Absent a mortgage rate adjustment, this increases the likelihood that the *FNMA* will have to refund older, lower-interest rate mortgages with borrowed money costing more than the yield provided by the loans.

FYI

Hardwood Plywood Manufacturers Association (HPMA). . . annual convention. . . Phoenix, Ariz., October 22-24, 1980. Details: *HPMA*, P.O. Box 2789, Reston, Va. 22090 (793/435-2900).

HUD, the Departments of Energy, Commerce, Interior, the U.S. Corps of Engineers and the National Oceanic and Atmospheric Administration. . . the Ninth Annual Federal Interagency Field Librarian's (FIFL) Workshop. . . Washington, D.C., October 26-31, 1980. Details: Elsa S. Freeman, Workshop Coordinator, FIFL, *HUD*, 451-7th Street, S.W., Washington, D.C. 20410.

National Association of REALTORS (NAR). . . 73rd annual convention. . . Anaheim, Calif., November 6-12, 1980. Details: *NAR*, Convention Department, 430 North Michigan Avenue, Chicago, Ill., 60611.

Significant Litigation

Scherer Brothers Lumber Co. v. HUD, No. 3-80-429 (D. Minn. July 25, 1980)

Plaintiff is located in the section of Northeast Minneapolis which is a proposed site of a redevelopment project to be financed in part by a UDAG called Graco/St. Anthony West. In its complaint seeking injunctive and declaratory relief, plaintiff alleges that **HUD's** decision to approve this UDAG was arbitrary and capricious because it failed to consider the impact of the project on plaintiff's business, loss of jobs to the City and loss to the City of plaintiff's business. Plaintiff also alleges that it was not informed of the citizen participation process required by 42 U.S.C. 5318 and 24 C.F.R. 570.457, that **HUD** failed to require the City to pay adequate relocation benefits pursuant to 42 U.S.C. 530 and 24 C.F.R. 570.457 and that this taking of plaintiff's property is in violation of the Fifth Amendment to the *United States Constitution*.

Borough of Ingram v. Landrieu, et al., No. 80-533D (W.D. Pa. April 22, 1980)

The District Court granted a motion by plaintiffs to preliminary enjoin the construction of Lexington Manor, a 78-unit Section 8 New Construction project in Pittsburgh. The Court held that **HUD's** decision to provide financial assistance for this project was arbitrary and capricious and in violation of its regulatory obligations to avoid undue concentration of assisted persons and racial concentration, 24 C.F.R. 880.110(d) and 880.112(c)(1)(2). The Court criticized **HUD's** use of "antiquated" census data in determining the racial composition of the project area and also found that the proposed project was not in compliance with the local Housing Assistance Plan.

Lutal Love, et al. v. D. & M. Associates, HUD, et al., C.A. No. (W.D. Pa. filed 7/22/80)

This is a suit for declaratory and injunctive relief brought by tenants of Section 221(d)(3) and 236 projects which also receive various types of Section 8 assistance. Plaintiffs claimed that **HUD's** failure to require timely and adequate notice to tenants and an administrative review by a **PHA** or **HUD** before eviction violates constitutional due process and equal protection, various federal statutes and regulations promulgated thereunder. Plaintiffs' equal protection argument is based on the different eviction procedures for **FHA** subsidized tenants (24 C.F.R. Part 450), Section 8 Existing Housing tenants (24 C.F.R. 882.215), and Section 8 "Housing Assistance Payments Program - Special Allocations" tenants (24 C.F.R. 886.128), all of whom may reside in the same project but have different rights. Among other things, plaintiffs seek an order declaring 24 C.F.R. Part 450 and 24 C.F.R. 886.128 unconstitutional.

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HUD NEWSLETTER
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Hud Newsletter

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HUD Schedules Second Series of 'Handi-Tap' Seminars

HUD's Office of Independent Living for the Disabled has scheduled a second series of seminars focusing on the housing and services needs of handicapped individuals. The seminars also will include information on housing management, rural housing, housing design and methods for working with local governments.

The Office held a series of 10 seminars earlier this year under its Handi-Tap program. Some 1,500 persons from State and local government, the housing industry, and consumer groups for the disabled came together during that time to develop strategies for improving housing for the handicapped.

The tentative schedule for the seminars follows:

Albany, New York
October 21-23, 1980
Best Western Thruway House
518/459-3100

Denver, Colorado
January 14-16, 1981
Denver Hilton Hotel
303/893-3333

Albuquerque, New Mexico
October 28-30, 1980
Albuquerque Hilton Inn and Conference Center
505/243-8661

Reno, Nevada
January 19-21, 1981
Del Webb's Sahara Reno Hotel
702/322-1111

Columbus, Ohio
November 17-19, 1980
Hyatt Regency Columbus
614/463-1234

Washington, D.C.
February 3-5, 1981
Sheraton National Hotel (Arlington, Va.)
703/521-1900

Nashville, Tennessee
December 9-11, 1980
Sheraton Nashville Hotel
615/244-0150

For additional information or registration, prospective participants should contact Brenda Warner, the *National Training and Development Service*, 400 North Capitol Street, N.W., Suite 390, Washington, D.C. 20001, (202/628-0660).

'Year 2000' Report Foresees Difficult Future for World

A recently released report prepared by the *President's Council on Environmental Quality (CEQ)* and the *U.S. Department of State*, projects that the world in the year 2000 will be more crowded, more polluted, less stable ecologically and more vulnerable to disruption than the world we live in now if present trends continue. "For hundreds of millions of the desperately poor, the outlook for food and other necessities of life will be no better," the report says. "For many it will be worse."

The projections of conditions that are likely to develop if there are no changes in public policies around the world are contained in *The Global 2000 Report to the President: Entering the Twenty-First Century*. The President called for the three-year study in his 1977 *Environmental Message to Congress* in order to establish a foundation for the Government's longer-term planning. The President has said that many of the report's findings "must be of great concern to all of us. These findings point to developments related to the world's peoples and resources that our prompt attention can begin to alleviate."

The report is the first known attempt by any Government to make long-term, quantitative projections across the range of population, resource and environmental concerns. *CEQ* Chairman Gus Speth said the report could best be seen as a "reconnaissance of the future," – a reconnaissance that has produced "disturbing" results. He said the conclusions of the Global 2000 report "indicate the potential for deepening global problems over the next two decades if policies and practices around the world continue as they are today."

Among the report's major findings and conclusions:

- the world population will grow from 4.5 billion today to more than 6 billion in the year 2000;
- most of the 100 million people added to the world's population each year will live in the poorest countries which will contain about four-fifth of the human race by the end of the century;
- the income gap between rich and poor nations will widen, and the per capita gross national product of the less-developed countries will remain at generally low levels;
- some 800 million people now live in absolute poverty; if current policies remain unchanged, their number could grow to more than one billion;
- while world food production will increase 90 percent between 1970 and 2000, a global per capita increase of less than 15 percent is projected over the same period;
- the world oil production is expected to level off by the 1990's and many less-developed countries will have difficulty meeting their energy needs because of rapidly increasing prices;
- projected needs for wood for fuel will exceed available supplies by about 25 percent before the turn of the century;
- the conversion of forested land to agricultural use and the demand for fuelwood and forest products will continue to deplete the world's forests;
- population growth alone will cause demands for water to at least double from 1971 levels; and
- air pollution in some cities in less-developed countries is already far above levels considered safe by the *World Health Organization* and industrial growth is likely to worsen air quality;

The report is available from the U.S. Government Printing Office, *Superintendent of Documents*, Washington, D.C. 20402, as noted below. It is also available from the *Pergamon Press*, Maxwell House, Fairview Park, Elmsford, N.Y. 10523.

- Volume 1, Summary Report, S/N 041-011-00037-8 \$3.50
- Volume 2, Technical Report, S/N 041-011-00038-6 \$13.00
- Volume 3, Government Global Model, S/N 041-011-00051-3 \$8.00

HUD Files Suit Against Florida Land Developers

HUD has filed a suit in the U.S. District Court in Chicago alleging that the developers of two subdivisions in central Florida sold lots without registering them with the agency's Office of Interstate Land Sales Registration (OILSR). According to the suit, the lots were sold to residents of the Chicago metropolitan area, Wisconsin and Indiana in violation of Federal law.

The *Interstate Land Sales Full Disclosure Act*, administered by the OILSR, requires developers of subdivisions containing 100 or more lots to register with the OILSR before selling land to the public. The developers of the two sites – Buenaventura Lakes and Vista Bermuda – are charged with providing prospective land buyers with property reports for different land than that which they were buying. Federal law requires that a property report, describing the land offered for sale, must be given to every prospective purchaser before a sales contract is signed.

The Department is seeking an injunction against the developers which would require them to offer refunds to purchasers and to turn over money received from illegal sale of lots to a court-appointed trustee.

Nuggets

If all goes well, an experiment backed by the *Departments of Agriculture and Energy* could produce about 10 percent of the Nation's oil needs by 1995. The experiment seeks to develop gopherweed as an alternative oil source. The weeds grow wild in the semi-arid areas of Arizona, Texas and New Mexico and experts say they contains a high-quality crude oil which can be refined as gasoline or gopheroil. The gopherweed and some 300 other types of hydrocarbon-bearing plants have been tested, the experts say, and about 45 of them "show promise" as energy sources.

The State of New Jersey has enacted new regulations designed to improve the living conditions in more than 2,000 boarding homes, many of which house mental patients released from State hospitals. About 80 percent of the 25,000 people living in such homes are former mental patients and officials are concerned that they and other elderly tenants have been exploited by some housing operators.

An enterprising couple in Maryland's ocean resort area have combined the desire for homeownership with a general anxiety about the economy and global problems to sell "survival homes." The homes come equipped with the basic tools of self-sufficiency: a year's supply of freeze-dried food, a rowboat with an outboard motor, fishing tackle, a water well, woodburning stove, and in some cases, a bomb shelter. The survival homes being offered by the *Firth Realty and Construction Company* are also vacation homes, a fact they also use as a selling point.

The *National Solar Heating and Cooling Information Center* says that more than two million people have made inquiries about solar energy since its establishment four years ago. The *Center* is operated by the *Franklin Research Center* for HUD in cooperation with the *Department of Energy*. It maintains extensive files on all aspects of solar hot water heating and cooling and answers an average of 3,200 telephone calls and 1,200 letters daily. The *Center* may be reached by writing to: Solar, P.O. Box 1607, Rockville, Md. 20850 or calling 800/523-2929 between 9 a.m. and 8 p.m.

Homeowners, bankers, lenders and others with an interest in real estate are gearing up for a constitutional initiative in Colorado which some observers say could be as significant as Proposition 13 was to California tax payers. The group pushing for the amendment calls itself *FAIR*, an acronym for *Fight Against Inflationary Rates*. *FAIR* supporters want to restrict mortgage lenders' authority to raise interest rates on existing home loans; they want a ban on the rights of lenders to prohibit assumptions of low-rate mortgages where the original borrower retains liability for the debt. A "due-on-sale" clause in most mortgages written since the 1970's permits lenders to demand immediate full payment, or to raise rates, whenever a borrower sells a home. Lenders contend that they lose money if they are forced to carry low-interest loans written five years ago to full term. The controversy will be resolved in next month's national election.

Wisconsin Village Wins HUD Disaster Grant

HUD has awarded a \$1,035,000 disaster grant to the Village of Soldier's Grove, Wisc. to enable it to complete the relocation of its downtown business district to high ground. The award will insure that 44 business establishments will be able to move outside of a flood plain to a new 200-acre site. Some of the village businesses have already relocated.

Robert C. Embry, Assistant Secretary for Community Planning and Development (CPD), said: "The final stage of the relocation effort is necessary to maintain the economic stability of the community. Without these additional Federal funds to complete relocation, part of the business district would remain in the downtown flood plain while the other businesses operate at the new location. With a population of 547, it would be impossible for the community to support two business districts. The village would be in danger of losing the businesses not yet relocated and the other businesses would be threatened as shoppers go to larger commercial areas."

The grant, which came from the Secretary's *Discretionary Fund*, along with commitments from the *U.S. Departments of Commerce and the Interior*, will be made in two parts: \$535,000 will be funded with 1980 money and the balance is contingent on the 1981 budget appropriations.

FYI

Tri-State Regional Planning Commission and the Connecticut Department of Housing. . . Housing Rehab/Energy Conservation. . . a conference focusing on the practical details and critical issues involved in energy efficient housing rehabilitation. . . New Haven, Conn., November 6, 1980. Details: Jon Miller, *Housing Rehab Institute*, New Haven, Conn., 06510 (203/787-8372).

The National Savings and Loan League (NSLL). . . EEO seminar. . . Scottsdale, Ariz., November 6-7, 1980. Details: *NSLL*, 1101 Fifteenth Street, N.W., Washington, D.C. 20005 (202/331-0270).

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DEPARTMENT OF HOUSING
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Hud Newsletter

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HUD Swears In New Deputy Assistant Secretary

Robert J. Gomez, Jr., a former deputy director of Community Development for *Los Angeles County*, has been sworn in as Deputy Assistant Secretary for Neighborhood and Consumer Affairs in the Office of Neighborhoods, Voluntary Associations and Consumer Protection (NVACP). Gomez, who administered a rent control ordinance for *Los Angeles County*, is responsible for increasing the involvement of grass roots organizations in HUD programs and policy decisions. He will assist neighborhood and consumer groups in securing public and private support for programs, assure consumer protection under specific housing programs and supervise community-based energy conservation efforts.

While in Los Angeles, Gomez developed and managed a Special Programs Branch for the county which supplied direct services to community groups and agencies in low-income neighborhoods. Earlier, he served the county as director of the *Community Redevelopment Agency* and the *Community Redevelopment Commission*. Active in community affairs, the 45-year-old administrator is a member of the board of directors of the *East Los Angeles Chamber of Commerce* and is a former treasurer of the *Mexican-American Community Programs Foundation*. A graduate of *California State College at Los Angeles* and *Loyola University* (Los Angeles) where he earned a J.D. degree, Gomez holds membership in the *American Institute of Planners*, the *National Association of Housing and Redevelopment Officials*, the *National Association of Spanish-Surnamed Planners* and the *Alternative Inner-City Futures Project*.

Landrieu Announces Funding to Upgrade Public Housing

HUD Secretary Moon Landrieu recently announced the awarding of nearly a half-billion dollars to help modernize public housing projects. The \$478,751,000 in Comprehensive Modernization funding will go to 57 public housing agencies (PHA's). About half of the amount will come from the 1980 fiscal year budget; the remainder will be made available during FY 1981, subject to the availability of appropriations and compliance with all applicable legal and administrative requirements.

Comprehensive Modernization is an integral part of HUD's overall Modernization Program for low-income housing projects. The program targets funds for substantial rehabilitation of projects with severe physical deficiencies.

Secretary Landrieu said that since its inception in 1937, the Low Income Public Housing Program has provided housing for millions of low-income families and elderly individuals who could not afford housing in the private market. "These additional funds will help upgrade many of these projects, providing an atmosphere in which the disadvantaged can live with pride and dignity," he said.

The 57 PHA's receiving the money were selected in a nationwide competition in which more than 200 applications were submitted. Selections were based on the urgency of the project's needs, including the extent of substandard vacant units, the PHA's capability to complete the Comprehensive Modernization within a three-year period, and the prospects for the long-term viability of the project after completion of modernization.

HUD Awards Fair Housing Assistance Funds to Kentucky

Assistant Secretary for Fair Housing and Equal Opportunity (FH&EO) Sterling Tucker has announced an award of \$39,000 to the *Kentucky Commission on Human Rights* under the new Fair Housing Assistance Program (FHAP). Kentucky thus became the first State to receive Federal funding under the program to support its efforts in handling housing discrimination complaints. The *Commission* also has applied for additional money under the competitive part of the program which will be funded later this year.

The FHAP program is divided into two parts. Type I awards are designed to support State and local agency complaint processing in addition to training the staff of eligible agencies in enforcement techniques. Type II funds pay for special projects. *Congress* has approved \$3.7 million for the program to increase the capacity of State and local civil rights agencies to implement equal opportunity in housing. Type I assistance will account for \$2,250,000 and Type II will account for \$1,450,000.

In announcing the initial award, Assistant Secretary Tucker said: "The leadership in the State of Kentucky is an outstanding example of what we need at the State and local levels to assure that citizens are not deprived of housing because of race, color, religion, sex, or national origin. While *HUD* administers the Federal fair housing law, we need the support States so effectively give." He said that *HUD*, through the FHAP, is enhancing the capacity of State and local governments with a commitment to equal opportunity. The FHAP funds, he said, will enable *HUD* to "forge a strong and coordinated fair housing enforcement effort through fair housing agencies across the Nation."

NAHB Seeks Best Approach to Building Energy-Efficient Homes

The *National Association of Home Builders (NAHB)* says that the energy efficiency of new homes has increased more than 30 percent since the oil embargo of 1973. Merrill Butler, *NAHB* president, made the claim as he announced a program aimed at finding the most cost-effective methods of building energy-saving homes. Under the program, 10 builders in various parts of the Nation are constructing "showcase" homes using such features as passive solar greenhouses, vestibule entries, double walls, a heat pump coupled with a water well heat storage reservoir, ceiling fans and overhanging eaves.

A *NAHB* spokesperson said the prototype houses can be built by anyone using available products and systems. Some of the basic structural and material changes to the standard home include:

- * adding a vestibule to the front of the house to limit the amount of cold air entering the house;
- * moving the garage service door from the house to the vestibule to limit entry of cold air into the house;
- * moving the master bedroom closet from the interior wall to an exterior wall; and
- * moving the bathroom medicine cabinet out of the exterior wall.

HUD has a Building Value Into Housing Program (BVHP) under which it gives grants to architects, builders, academic institutions and associations to find ways to hold down the cost of housing while maintaining basic housing value. Projects funded under the BVHP program thus far include designs for small, energy-efficient houses, earth-sheltered structures and new construction systems for a variety of climates and markets.

HUD Lists Secondary Market Prices and Yields

HUD recently released the results of its September 1, 1980 survey of mortgage market conditions. The level of yields for *HUD/FHA* secondary mortgage market transactions increased 13 percent for the first time since May 1, 1980. Nationally, the average secondary market yield for selected new home mortgages was 13.54 percent, up substantially by 115 basis points compared to a yield of 12.39 percent for 11.50 percent mortgages a month earlier. The September yield was based on an average secondary market price of \$91.10 per \$100 of outstanding loan amounts.

Nuggets

The *American Institute of Architects* has approved a two-and-one-half year Energy Professional Development Program for architects. The program will be a priority project for 1980-81. A seven-man task force worked with *AIA* staff, the *AIA Research Corp.*, and educational consultants to develop a comprehensive educational program to reach the maximum number of *AIA* members.

The *National Corporation for Housing Partnerships* recently signed two consulting contracts to provide technical assistance in housing rehabilitation to more than 150 cities. The *NCHP* objective is to help cities develop and sustain viable housing rehabilitation programs and to increase their capacity to solicit, evaluate and process rehabilitation loan applications. One contract is being carried out under the *HUD* Section 312 Multifamily Rehabilitation Program. Another consulting contract provides for the development of a Rehabilitation Advisory Service for *HUD*.

The City of New York recently dedicated an eight-story, 204-unit apartment complex in central Harlem. The complex was built by a group led by musician Lionel Hampton, using federally guaranteed loans, and was named after his wife, Gladys. A similar complex completed in 1974 was dedicated to Mr. Hampton.

The *Wall Street Journal* predicts that interest rates will drop slightly around the end of this year and then remain high through next year. The *Journal* noted that until recently, most economists had been expecting interest rates to drop significantly before the end of the year and to remain relatively low through 1981.

Kenneth R. Harney, editor of the *Housing & Urban Development Reporter*, predicts that tough new tax regulations on real estate proposed by the *IRS* could cost homeowners thousands of dollars in real estate deductions next April. He said the proposed rules are aimed at owners of second homes who rent them out during any part of the year; taxpayers who maintain an office at home for business purposes; and homeowners who rent out their residence while they are away on a trip.

A private, nonprofit group formed to increase housing options for the physically handicapped is underway in the metropolitan Denver area. Known as *Concerned Realty Associates Serving the Handicapped (CRASH)*, the program was started by a Denver real estate agent who has a son with cerebral palsy and who ran into problems finding a house for his family that would also meet his son's needs. *CRASH* educates persons in the real estate field on the needs of the handicapped, collects information on accessible homes and apartments that can be converted to accommodate the handicapped, and offers referrals to disabled persons.

Several major lawsuits have been filed against the *Census Bureau* even before the 1980 Census of Population and Housing has been completed. The suits were filed because the cities claim the *Census Bureau* undercounted the residents or that it included illegal aliens. A *Census* spokesman said the lawsuits have kept the legal staff busy in recent weeks.

A *National Savings and Loan League* task force on Improved Mortgage Instruments has agreed that regulatory restrictions on the existing variable rate and renegotiated rate mortgages should be eased. The task force reports that it intends to make specific recommendations in its report and will urge that savings and loan associations be permitted to use a substantial percentage of their assets for nonconforming, experimental loans tailored to the needs of individual borrowers.

FYI

Institute of Real Estate Management (IREM). . . Course (302) on "Leasing and Management of Office Buildings". . . Atlanta, Ga., October 26-November 1, 1980. Details: *IREM*, 430 North Michigan Avenue, Chicago, Ill., 60611 (312/440-8600).

SRI International. . . a Community Forum on "Two Views of the Future". . . Menlo Park, Calif., November 12, 1980. Details: Susan E. Atkins, *SRI*, 333 Ravenswood Avenue, Menlo Park, CA., 94025 (415-326-6200).

U.S. League of Savings Associations (USL). . . 88th Annual Convention. . . San Francisco, Calif., November 16-21, 1980. Details: *USL*, 111 East Wacker Drive, Chicago, Ill., 60601 (312/644-3100).

Significant Litigation

Grand Boulevard Improvement Association, et al. v. City of Chicago, et al., No. 80 C 4760 (N.D. Ill., E.D., filed Sept. 5, 1980)

Plaintiffs seek declaratory and injunctive relief on behalf of themselves and all persons who reside in the 41st and King urban renewal area of Chicago in order to prevent the scheduled demolition of their homes as part of the construction of the fourth phase of a five phase multifamily rental project, Paul G. Stewart Apartments. Plaintiffs assert that the City of Chicago and the Illinois Housing Development Authority (IHDA) have violated the Housing Act of 1949, the Housing and Urban Development Act of 1968, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, the Housing and Community Development Act of 1974 and HUD regulations, 24 C.F.R. §570.302(h) and §570.302(b)(x)(v), by using Community Development Block Grant (CDBG) funds for the demolition of sound housing in the project area, by failing to use CDBG funds for the rehabilitation of residential properties and by failing to take steps necessary to minimize the displacement of plaintiffs and their class. Plaintiffs further assert that the IHDA misrepresented to HUD the extent of its review of the developer's application for Section 8 rental subsidies. Plaintiffs allege that HUD abused its discretion by approving and releasing CDBG funds for the project and by approving applications for Section 8 subsidies. HUD is also alleged to have violated the National Environmental Policy Act of 1969 by failing to conduct an adequate review of the City's Environmental Review Record.

Township of Dover v. James J. Loftus, et al. No. 80-311 (D. N.J. filed Feb. 5, 1980)

Plaintiff has voluntarily dismissed this suit with prejudice after the court denied plaintiff's motion for a preliminary injunction. Dover Township brought this action in an attempt to enjoin the construction of a Section 8 project, claiming that HUD failed to notify and allow it an opportunity for comment as required by 24 C.F.R. Section 891.303 when the application for Section 8 assistance was received. Plaintiff also alleged, and the Department admitted, that HUD did not notify the Township as required by 24 C.F.R. Section 891.305(c) when the Section 8 application was approved. The project is now constructed and occupied.

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October 27, 1980 Volume 11 Number 43

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

Hud Newsletter

OCT 27 1980

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HUD Publishes President's Report on National Urban Policy

The President's Executive Summary of the *Second Biennial Report on National Urban Policy* has been prepared and published by HUD. The report is required by the 1977 amendments to the *Housing and Urban Development Act of 1970*. It presents the key accomplishments of President Carter in the last two years in carrying out the objectives of his *National Urban Policy* announced in 1978. It also analyzes trends and patterns affecting urban, suburban and nonmetropolitan areas; reaffirms the President's commitment to American communities; and sets out an urban policy agenda for the 1980's.

HUD Secretary Moon Landrieu said: "It is clear that President Carter's *National Urban Policy* has been effective in bringing more help to cities and new hope to millions seeking an opportunity for a better life. As a former mayor, I know that cities cannot reverse in a few years the trends of the last two decades, and this study presents an honest and faithful view of the problems many cities face." Secretary Landrieu said the report documents a number of dramatic gains: Job growth in the past four years has exceeded any other similar period in the Nation's history, and the number of families living below the poverty level has declined by 10 percent from 1969 to 1979.

The report provides an extensive list of specific legislative initiatives and administrative actions that have been taken to implement the 1978 urban policy. These include:

- action to target Federal aid to distressed communities;
- community conservation guidelines which require impact analyses of Federal actions leading to large commercial developments;
- executive orders targeting procurement to distressed areas, encouraging Federal agencies to locate in urban areas, initiating urban impact analyses of new Federal policies and programs, and creating a formal urban policy coordinating group;
- legislation to change the tax code and to expand social service, education and housing aid; and
- steps to strengthen fair housing, equal opportunity and affirmative action regulations and enforcement.

The major portion of the report presents a detailed analysis of economic, population, employment and numerous other trends and their effects on central cities, suburbs and nonmetropolitan communities. It confirms recent census findings that many older cities are losing population, but shows that neighborhood and housing conditions are generally improving throughout the Nation. It also shows that while cities' needs were increasing, the Federal response was also increasing while targeting resources to needy urban areas and the poor. Growth in Federal aid to States and localities has increased from \$59.1 billion in 1976 to \$88.9 billion in 1980.

The three-part report indicates that resident satisfaction with neighborhood conditions has increased since 1973. Almost three-quarters of city residents and 87 percent of suburban residents gave their neighborhood a rating of "good" or "excellent" in a 1977 survey by the *Bureau of the Census*, an increase of about two points over earlier surveys. Similarly, the survey showed that the percentage of housing units with serious structural deficiencies in central cities has decreased since 1973. This represents the highest standard of housing quality ever experienced in the 20th century.

According to the report, population shifts between regions are continuing, especially between the Northeast and North Central regions, and the South and West. Compared with the years 1965-1975, the study shows that migration has slowed, but is still occurring at a significantly high level. It indicates that while national rates of poverty have diminished, they have increased in central cities. The report also revealed that patterns of black households in the 1970's have tended to resemble those of white households in regional movement. Prior to 1970, black migration tended to be from the South to cities of the North, and to a lesser extent, to the West.

"Our *National Urban Policy* is based on the premise that the vitality of cities, large and small, north and south, old and new, is crucial to maintaining our country's economic strength and quality of life," said Robert C. Embry, Jr., Assistant to the Secretary for Community Planning and Development. "The policies, programs and strategies proposed in this report are intended by the President to preserve that strength and quality wherever people choose to live.

"While we have seen increased mobility among all people, regardless of race, discrimination has kept many minorities in the inner city despite growing opportunities in suburban and nonmetropolitan areas. As the report indicates, the President and this administration are committed to actions to strengthen fair housing and equal opportunity laws, and to enforcement of affirmative action regulations which will help eliminate that discrimination."

The final section of the report outlines specific actions and strategies grouped under five general policy goals:

- to strengthen urban economies and assist distressed communities to compete successfully for households and jobs;
- to expand job opportunities for the structurally unemployed where they live and increase their mobility to communities where jobs are available;
- to promote fiscal stability by assisting cities to strengthen their tax bases and meet urgent revenue needs;
- to eliminate discrimination and increase access for all populations to good quality housing, pleasant neighborhoods and needed community services; and
- to encourage energy-efficient and environmentally sound urban development patterns without limiting mobility or economic development.

The President's National Urban Policy Report also shows that some Federal programs, such as HUD's Urban Development Action Grant program, have brought enormous private financial resources to bear against such urban problems as unemployment and disinvestment, with a minimal amount of budget expenditure. To date, the UDAG program has attracted more than \$8.6 billion in new private investment to cities which qualify as needing assistance the most. This is roughly six times the amount of HUD's Action Grant expenditure. In addition, the program will create 234,000 new permanent jobs in the private sector while increasing the participating cities' annual tax revenues by more than \$250 million.

It recommends five policies and a number of related strategies to carry out an urban policy agenda for the 1980's. The policies are broad statements designed to respond to the varying levels of problems faced by urban areas, and include:

-
- Policy 1 – Foster strong urban economies
 - Policy 2 – Expand job opportunities and job mobility for the long-term unemployed and disadvantaged
 - Policy 3 – Promote fiscal stability
 - Policy 4 – Expand opportunity for those disadvantaged by discrimination and low income
 - Policy 5 – Encourage energy-efficient and environmentally sound urban development.

The full report and the summary are available from the Office of Urban Policy, *HUD*, Room 7206, 451-7th Street, S.W., Washington, D.C. 20410.

Office of Housing Names Freedman as Deputy Assistant Secretary

Anthony S. Freedman has been appointed as Deputy Assistant Secretary for the recently established Office of Policy and Budget in the Office of the Assistant Secretary for Housing. Freedman formerly directed *HUD's* Office of Policy and Program Development. That office has been reorganized and its functions have been included within the Office of Policy and Budget.

Earlier, Freedman served as executive assistant to the Deputy Assistant Secretary for Housing and as Deputy Director of the *Environmental Protection Agency's* Office of Legislation. He also has held several positions on Capitol Hill in which he acquired experience in budget and legislation formulation.

The new appointee has a bachelor's degree in political science from the *New York City College* and a law degree from the *Stanford Law School*.

Suburban Dwellers More Apt to Move Closer to Cities, Census Says

According to a report on geographical mobility recently released by the *Bureau of the Census*, most movers from the suburbs are not moving farther out, as they did in the 1950's and 1960's, but into central cities.

The report, *Geographical Mobility: March 1975 to March 1979*, says that the central cities of the Nation's *Standard Metropolitan Statistical Areas (SMSA's)* gained 4,162,000 movers from the suburbs while somewhat fewer – 3,597,000 – moved from suburbs to nonmetropolitan areas. Similarly, only 2,037,000 moved to central cities from nonmetropolitan areas, about one-half as many as those that came from the suburbs. This continues a trend first observed in the early part of the decade, the *Census Bureau* noted. Data on blacks for the four-year period also show a net gain for the suburbs and a net loss for central cities.

The report contains data on mobility of the population by age, sex, race and other demographic characteristics. Copies of the report are available for \$4.75 from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. 20402 or from district offices of the *U.S. Department of Commerce* in major U.S. cities.

Nuggets

President Carter has named five interim appointees to the *Synthetic Fuels Corporation*. Those named included John Sawhill, current deputy secretary at the *Department of Energy*; Lane Kirkland, president of the *AFL-CIO*; Frank Savage, vice president of *Equitable Life Insurance Company*; Catherine Cleary, professor of business administration at the *University of Wisconsin*, and John DeButts, former chairman of the *American Telephone & Telegraph Company*.

The **Federal Home Loan Bank Board** has adopted a final rule which permits federally chartered savings and loan associations to offer Negotiated Order Withdrawal accounts to their customers beginning on the last day of 1980. The rule also permits overdraft authority for Federal S&L associations currently authorized to offer the NOW accounts.

Jay Janis, chairman of the **Federal Home Loan Bank Board**, has predicted that mortgage interest rates will be at or close to 12 percent by the end of the year. He rejected speculation that interest rates will fall just before the November 4 elections. He described recent increases in mortgage rates as an "overreaction" to the rise in short-term rates.

Richard S. Lawton, president of **Washington-Lee Savings and Loan Association** in McLean, Va. has been named president of the **National Savings and Loan League (NSLL)**. Robert B. O'Brien, Jr., president of **Carteret Savings and Loan Association**, Newark, N.J. was named national vice president.

President Carter has signed the **Rural Development Policy Act of 1980** which calls for a comprehensive rural development strategy. The new law assigns a leadership role to the **Department of Agriculture** in coordinating a nationwide program with the cooperation of other Federal agencies and State and local governments.

FYI

The Wisconsin Chapter of **NAHRO**. . . economic development conference on "Tools for the Eighties". . . November 11-12, 1980, Milwaukee, Wis. Details: Keith A. Pamperin, 100 North Jefferson Street, Green Bay, Wis. 54301.

National Association of Home Builders (NAHB). . . seminar on "Condominium and Cooperative Conversions". . . Chicago, Ill., November 17-18, 1980. Details: **NAHB**, 15th & M Streets, N.W., Washington, D.C. 20005 (202/452-0351).

Center for Community Development and Preservation. . . seminars on "Reducing Housing Development Costs" and "Saving Rental Housing in Crisis". . . New York City, November 20-21, 1980. Details: Rosemarie Noonan, **CCDP**, 180 South Broadway, White Plains, N.Y., 10605 (914/761-5991).

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DEPARTMENT OF HOUSING
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Hud Newsletter

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Carter Signs 1980 Housing Act; Establishes Task Force, Advisory Committee

President Carter has signed the *Housing and Community Development Act of 1980*, saying that it will have a "far-reaching impact on the future of our Nation and on individual communities which have been hard pressed and have benefited from the UDAG and community block grants." He said the legislation also represents "a great benefit" for people who want to rent and to own reasonably priced homes and for condominium and cooperative owners burdened by "unconscionable" long-term leases.

Calling the *Act* "a major step forward for housing and for community and urban development programs," the President said the legislation offers a "better prospect in the future for stronger cities and better neighborhoods, rural and urban." He noted that the 1980 *Act* is the second such legislation that he has signed. The first, he said, had historic connotations and benefits because it highlighted the UDAG program which has been one of the most effective programs in Government. Mr. Carter said that the UDAG program has expanded the small investment of Federal funds to produce "enormous concentration and cooperation between local and State funds." Other benefits, he added, have been private investments, a minimum of paperwork, a minimum of delay and a maximum of local participation and control.

Other leaders joined the President in praising the housing legislation. Mayor Richard Hatcher, Gary, Ind., called the *Act* "one more step towards the rebuilding and the rebirth of America's cities." Sen. Harrison A. Williams (D-N.J.) called the new law "a comprehensive response to both our housing and community development needs." HUD Secretary Moon Landrieu said that while there are still difficulties in America's cities and towns, enormous progress has been made. He said that one can hardly go into a city or town today without seeing a rebirth of those places - some downtown development, some neighborhood development. "Wherever we go," he said, "we find people living in housing which was not available to them before."

President Carter also announced the establishment of a *Task Force on Housing for the Eighties* to be known as the *Administration Housing Task Force*. The task force, formed to deal with the Nation's long-term housing problems, has been given a mandate to determine what actions are necessary to assure a steady and affordable flow of mortgage credit and to provide adequate levels of multifamily housing construction. It will include representatives from various departments and agencies including HUD, the Treasury, the Council of Economic Advisors, the Office of Management and Budget, the Domestic Policy Staff, the Federal Home Loan Bank Board, the Federal Reserve Board, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

The President said that he has issued a memorandum to all the Federal departments and agencies asking them to review every program which affects neighborhoods and community-based organizations "to make sure that the cooperation is at a maximum level and to make sure that any impediments to the close working relationship or partnership between the Federal Government and all its agencies and neighborhood-based organizations are absolutely removed." He also announced the establishment of a White House liaison with community-based groups for that purpose.

To assure that the task force will have a "broad and informed perspective on housing issues," the President also established an *Advisory Committee on Housing*. The Committee will be composed of "distinguished representatives from all segments of the housing industry" and will be headed by Robert Weaver, the first HUD Secretary. Secretary Landrieu called Weaver "the man who set the pattern for the operation of so many programs that are effectively working today." He expressed great pleasure that the former HUD Secretary would assist the Government again "in attacking what is a very serious problem for us – one which we know is well within our reach of solution and that is the housing costs that we are facing today." The President said that Secretary Weaver will give him "constant advice on how we can improve this important element in the future."

According to the President, the *Administration Housing Task Force* will focus on three areas:

- *Housing finance*: The agenda includes examination of the outlook for expanded secondary market activities; the potential for alternative mortgage instruments such as graduated payment, variable rate and renegotiable rate mortgages; the role of thrift institutions in housing finance; the appropriateness of tax-exempt or tax-deferred savings accounts; the need to assure a reliable source of affordable mortgage credit in view of competing demands for capital needs for energy development, environmental conservation and productivity advances.
- *Homeownership*: The agenda includes examination of potential for reducing housing costs; the extent of demand for new housing; the extent of an "affordability gap"; the special problems of first-time homeowners; the appropriate role of Government in facilitating homeownership.
- *Rental housing and lower-income needs*: The agenda includes the extent of the demand for rental housing; barriers to new investment in rental housing; the efficiency of current assisted-housing programs; available resources for preserving the existing rental stock; the need for new rental production or preservation programs.

Administration Issues 'White Paper' on the Nation's Housing

At the same time that he signed the *Housing and Community Development Act of 1980* in a recent White House ceremony, President Carter issued a "White Paper" on the state of housing in the United States. He said that obtaining decent, affordable housing is an important priority for every American family and that his administration has worked effectively to make this dream a reality.

Outlining the progress made in housing over the past three and one-half years, the President said that seven million new housing units have been started – one million more than during the prior four years. That was achieved, he said, through close cooperation with all participants, public and private, in the housing sector. "Despite these achievements," the paper noted, "the Nation faces significant challenges in providing a steady and adequate flow of affordable housing to meet the demands of the next decade." The most serious challenge, according to the paper, is to bring inflation down to manageable levels and to help make housing affordable for the average home buyer. "High inflation can push mortgage rates to levels that put homeownership out of reach for the average American household," it said.

The "White Paper" observed that the early 1980's will usher in record numbers of young families seeking to enter the home buying market. For the most part, it said, these families will lack the equity capital available to those who previously purchased their own homes and enjoyed capital gains from earlier price increases. "As home buyers and the housing industry will face serious strains produced by inflation and other factors, it is necessary now to build on past efforts and consider what can and should be done, by Government at all levels and by the private sector, to meet this Nation's housing needs in the next decade," the paper concluded.

The "White Paper", detailing specific areas of inquiry for the *Administration Task Force on Housing*, noted the following:

- The assisted housing programs have been restored to production. More than 600,000 new assisted units will have started construction, more than 1.3 million commitments for lower-income housing will have been made, and more than 1 million households will be occupying Section 8 units by the end of 1980.

- After a period of deterioration prior to this administration, the 2-million-unit inventory of public and assisted housing is being revitalized and rehabilitated.
- New secondary market mechanisms and the deregulation of depository institutions have assured a greatly increased, more reliable flow of mortgage money into housing.
- Innovative financing mechanisms, such as the graduated payment mortgage, have enabled more home buyers to qualify for mortgages.
- Administration efforts to streamline Federal housing programs and promote reduced regulation at the State and local levels have held down housing costs.
- Local governments and the private sector are operating as full partners in the delivery and preservation of subsidized housing.
- In the President's first term, more than 7 million units have been started – 1 million more than during the prior four years.

Major Provisions of the Housing and Community Development Act of 1980

Housing Programs

- The *Act* authorizes \$31.2 billion for HUD's low- and moderate-income assisted housing programs. Depending on appropriations action, this will support up to 290,000 assisted housing units. Although \$2 billion less than the President's request, this represents a 30 percent increase above the 1980 level and reflects the importance the administration and Congress attach to housing for low- and moderate-income families.
- In accordance with the administration's recommendations, it updates the *Emergency Home Purchase Assistance Act* (Brooke-Cranston) and revises the Section 235 program to make these programs suitable to address cyclical declines in the housing industry. The administration will monitor the housing market carefully to determine whether the Brooke-Cranston program should be implemented or other actions taken to moderate a downturn in housing.
- It established the Public Housing Comprehensive Improvement Assistance program to restore and modernize the entire 1.2 million unit public housing inventory, and to make it energy efficient and accessible to the handicapped. For FY 1981, the *Act* authorizes more than \$1 billion in improvements.
- It established the Temporary Mortgage Assistance Payments program (TMAP) to prevent defaults by homeowners who are temporarily unable to make payments on FHA-insured mortgages for reasons beyond their control, such as illness or unemployment. Under TMAP, HUD will make payments on behalf of the homeowner, thus avoiding the substantial outlay for the entire mortgage insurance claim.
- It increases FHA mortgage limits for high-cost areas and for mobile homes.

Community Development Programs

- The *Act* reauthorizes Community Development Block Grant (CDBG) and Urban Development Action Grant (UDAG) programs for three years. The FY 1981 level for CDBG is \$3.81 billion; for UDAG, it is \$675 million. Energy planning and conservation activities become eligible for CDBG funds.

Since it was enacted in 1977 at the request of the administration, the UDAG program has served as a major tool of urban revitalization. The first \$1.5 billion of UDAG funds generated \$8.5 billion of private investment and more than 400,000 jobs in distressed cities. The UDAG program is a centerpiece of the President's effort to bring new jobs and private-sector investments to the Nation's most distressed areas.

- It reauthorizes the Section 312 Housing Rehabilitation Loan program for two years at a FY 1981 level of \$144 million.

Condominium and Cooperative Abuse Relief

- The *Act* authorizes condominiums and cooperative unit owners' associations to bring suit in Federal court to have certain long-term leases (most commonly for recreational facilities) declared void under specified circumstances. It also permits those associations to end certain self-dealing contracts for maintenance and management. This fulfills the President's commitment to obtain legislation to provide judicial relief for condominium and coop owners who have suffered financial hardship because of certain long-term leases.

Home Mortgage Disclosure

- The *Home Mortgage Disclosure Act (HMDA)* requires federally supervised lenders to disclose the amount and location of mortgage loans they have made. It reauthorizes and extends the HMDA for five years, thereby preserving this important tool for avoiding redlining, for promoting investment in neighborhoods, and for developing public-private partnerships between community groups and lenders.

Nuggets

A survey by *HUD* and the *Department of Commerce* reported that sales of new, one-family homes dropped 4.9 percent in August, reflecting a new round of increases in mortgage rates. The survey estimated new-home sales during the month at a seasonally adjusted rate of 623,000 a year. That compares with a revised annual rate in July of 655,000 and is 16 percent below the August 1979 level of 738,000 units.

Donna E. Shalala, former assistant secretary for Policy Development and Research, was recently installed as the 10th president of *Hunter College* in New York City. David F. Garrison has been designated by the HUD Secretary to act as general deputy assistant secretary for PD&R.

Industry experts say that only about 15 percent of builders are building passive solar homes because it is an additional and somewhat unknown risk. Others say homes using solar energy are not popular with buyers and builders do not like to experiment. In the Federal sector, however, GSA has announced that it will install solar energy systems for domestic hot water and heating in 123 Federal buildings nationwide under a project financed by a \$4 million grant from the Department of Energy.

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Hud Newsletter

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60 Cities Get UDAG Funds for 78 Projects

HUD recently announced the selection of 60 cities to receive 78 Urban Development Action Grants totaling \$177,190,591. The grants are expected to stimulate some \$1,369,587,107 in new private investment for the cities and to help revitalize neighborhoods and commercial centers. They also are expected to create more than 29,000 new permanent jobs.

Secretary Moon Landrieu said: "The competition for an action grant award has never been greater. We examined 250 applications requesting almost a billion dollars in this quarter alone. But while the competition was strong, so are the final projects selected. In quality of projects, the number of jobs and real impact on urban problems, this may be the action grant program's finest hour."

HUD Files Lawsuit Against Texas Developers

Two Texas subdivision developers in Polk County have been named in a Federal lawsuit charging them with selling land in violation of Federal law. *HUD* filed the suit in U.S. District Court in Houston against Norma Jean Voss and John J. Fiume. Voss operates *Lake Livingston Builders*, and Fiume sold 300 recreational homesites in the *Pine Shadows* and *Commodore Cape* subdivisions. *HUD* contends that the developers failed to register the lots with the Department prior to sale, and that they did not complete improvements to the subdivisions and did not finish homes they promised to build.

The suit results from an investigation conducted by *HUD's* Office of Interstate Land Sales Registration (OILSR) in response to buyers' complaints. Some buyers complained that they had not received title to their lots long after they made purchases, and others complained that their homes were poorly built or not completed. OILSR director said *HUD* is seeking a permanent injunction against the developers preventing them from selling additional lots in the two subdivisions. *HUD* also is asking the court to require the developers to notify purchasers of their right to refunds.

HUD Selects Tom Collier to Head Interstate Land Sales Office

Secretary Moon Landrieu recently announced the selection of Tom Collier as Deputy Assistant Secretary for Regulatory Functions and Interstate Land Sales Administrator.

In his new position, the 29-year old attorney will supervise a staff of about 150 persons responsible for regulating interstate land sales, the production of manufactured housing, the provision of real estate settlement services, and the implementation of building energy performance standards for new construction. He will report to Geno Baroni, Assistant Secretary for Neighborhoods, Voluntary Associations and Consumer Protection.

A special assistant to *HUD* General Counsel Jane McGrew since July 1979, Collier was formerly an associate in the Washington, D.C. law firm of *Steptoe and Johnson*. A native of Memphis, Tenn., he received a B.A. degree from the *University of Virginia* in 1972 and the J.D. degree from the *University of Mississippi* in 1975, with highest honors.

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HUD Outlines Position on Conversions of Condominiums and Cooperatives

Although it has not decided on a final, comprehensive policy, *HUD* has published notice of its position with respect to conversion of existing multifamily projects to condominium and cooperative housing in the *Federal Register*. On July 31, 1980, Lawrence Simons, Assistant Secretary for Housing – Federal Housing Commissioner, issued a notice to all *HUD* field offices explaining that under certain circumstances *FHA* mortgage insurance can be used in connection with the conversion of existing multifamily housing to condominium and cooperative ownership.

That notice responded to a number of requests involving the conversion of existing rental property to condominium and cooperative ownership. The Department says it wants to “avoid conversions that would involve moderate cost rental housing or a significant proportion of tenants with limited financial resources.” At the same time, the Department emphasizes the fact that it does not want to inhibit conversions where those concerns do not apply.

The notice outlined four instances when requests for conversions would receive the Department’s immediate attention and a specific statement of position:

- * The conversion of a multifamily project, which is or has been insured, to a condominium under the Section 234(c) program or to a cooperative using the Section 203(n) program.
- * The conversion of a project that has been insured under Section 207 pursuant to Section 223(f).
- * A transfer of physical assets to a purchaser who intends to convert the property to homeownership.
- * The sale of a *HUD*-owned multifamily property on terms that permit the project to be converted.

The Department said that tenants of units being converted must be provided certain protection and benefits before *HUD* approval is forthcoming. Specifically, *HUD* will require that protection and benefits be provided in the following ways:

- * The Department shall not consider a conversion-related request until the tenants have been given individual notice of the owner’s (or contract purchaser’s) intention to convert. At a minimum, the notice should provide a brief description and schedule of the proposed conversion, including a general description of improvements to be made in connection with the conversion and an estimate of the sales price for various size units. The notice also should include a summary of applicable Federal, State and local laws, *HUD* requirements, and the names, addresses and telephone numbers of the converter and local *HUD* staff where additional information may be obtained.
- * The owner or converter must establish to *HUD*’s satisfaction that he is complying with all applicable laws and requirements and must inform tenants of suitable housing alternatives in the community so that they can more easily obtain housing where they wish or need to do so.
- * For a period of 60 days, a tenant must be provided with a reasonable opportunity to purchase his or her unit at the lowest sales price at which the unit is offered before the unit is offered to others.
- * A tenant who does not wish to purchase shall have the right to remain in his or her unit at the same rent, for a period of six months from the notice of intent to convert or until expiration of the tenant’s current lease, whichever is later.

HUD said these provisions are in addition to the requirements of Federal, State or local laws governing conversion and are not intended to abrogate such requirements. The full text of the notice appears in the *Federal Register* for October 14, 1980, Volume 45, Number 200, pp. 67777-67779.

NAA Lauds Housing Act of 1980

Raymond S. Olsen, executive vice president of the *National Apartment Association (NAA)*, has given his organization's endorsement to the *Housing and Community Development Act of 1980*. Olsen said the Act, which President Carter signed on October 8, "is significant not only for what is included, but also for what is excluded." He said the *NAA* "strongly supports legislation prohibiting access to scarce Federal housing and community development funds to communities which have rent control."

The *NAA*, founded in 1939, represents more than 45,000 builders, owners, and developers of multifamily housing.

FYI

National Leased Housing Association (NLHA). . . A workshop on *FHA* processing. . . New York City, November 14, 1980. Details: *NLHA*, 1800 M Street, N.W., Suite 400-South, Washington, D.C. 20036 (202/785-8888).

National Center for Administrative Justice (NCAJ). . . Administrative and Judicial Proceedings Relating to Military Personnel Matters. . . Washington, D.C. November 17, 1980. Details: *NCAJ*, 1776 Massachusetts Avenue, Washington, D.C. 20036 (202/466-3920).

American Institute for Architects (AIA). . . Conference on Computer Energy Programs for Buildings. . . University of Wisconsin at Madison, November 17-18, 1980. Details: *AIA*, 1735 New York Avenue, N.W., Washington, D.C. 20006 (202/785-7300).

American Bankers Association (ABA). . . Eastern Regional Operations and Automation Workshop. . . Philadelphia, Pa., November 19-21, 1980. Details: *ABA*, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036 (202/464-4000).

Center for Community Development and Preservation (CCDP). . . Seminars on Reducing Housing Development Costs and Saving Rental Housing in Crisis. . . New York City, November 20-21, 1980. Details: Rose Noonan, *CCDP*, 180 South Broadway, White Plains, N.Y. 10605 (914/761-5991).

Nuggets

According to a *HUD* survey of mortgage lending activity for the second quarter of 1980, a total of \$25.4 billion of home mortgages was closed, of which \$3 billion or 9 percent were VA-guaranteed and \$20.2 billion were conventional. The dollar volume of long-term mortgages on one-to-four family homes was 49 percent below the \$50.1 billion of mortgages originated in the second quarter of 1979. Savings and loan associations, the largest home loan lenders, closed \$10.7 billion in home mortgages, down 56 percent from a year ago.

The *Community Services Administration (CSA)* has given the *National Rural Housing Coalition (NRHC)* a six-month, \$110,000 grant to start a national advocacy project for rural housing. Rural housing organizations from 20 States also will participate in the project with the help of *CSA* funds. The *NRHC* will update State groups on Federal legislation and administrative actions affecting rural housing. It also will work to reform State and national rural low-income housing programs. A nonprofit membership group, the *NRHC* is the leading national coalition bringing together a variety of organizations advocating rural housing causes. Founded in 1969, the *Coalition* has been hampered by a general lack of funds in recent years.

The *Energy Productivity Center* of the *Mellon Institute* reports that American homeowners could save as much as \$42.2 billion on their energy bills within the next 10 years by making about \$1,900 worth of home improvements. The study included an outline for energy efficiency improvements in a typical home and estimated that within six or seven years the owner of such a home could recover the cost of improvements. Improvements included caulking and weatherstripping, the addition of an attic, wall and floor insulation, the installation of storm doors and windows, a water heater, a closet thermostat and improved furnaces and burners.

Significant Litigation

Ferrell v. Landrieu, et. al. NO. 73-C-334 (N.D. Ill.)

In this suit brought by *Ferrell* class members to block the sale of their home to third parties, the District Court for the Northern District of Illinois has found that the *Ferrell* Amended Stipulation contains no implied obligation on *HUD* not to sell the property of *Ferrell* class members after September 30, 1979 (the date that notification of the proposed Amended Stipulation was sent to class members) pending a request for reconsideration. However, the Court did imply that *HUD* was obligated not to sell the property of a class member if that member requested an assignment reconsideration prior to the time *HUD* entered into a contract for sale of his/her property. The case now returns to District Court in Boston for an evidentiary hearing regarding whether *HUD* received plaintiff's request for reconsideration prior to the sale of plaintiff's property to third parties.

Patricia Willoughby v. New York City Housing Authority, HUD, et al. C.A. No. 79 Civ. 2811 (S.D. N. Y., filed July 17, 1980)

By Stipulation, the District Court has entered an order approving a discontinuance and settlement of this action. Plaintiff alleged that the *New York City Housing Authority (NYCHA)* denied her application for Section 8 assistance because she owed back rents to it and because the imprisoned father of her children could eventually reside in the unit. She contended that these policies and practices of the *NYCHA*, and *HUD's* acquiescence therein, violated the First, Fifth, Ninth and Fourteenth Amendments to the U.S. Constitution, Section 8 of the U.S. Housing Act of 1937, as amended, and applicable *HUD* regulations and handbooks. The *NYCHA* has agreed to issue plaintiff a Section 8 certificate. It has also agreed not to deny, terminate or condition plaintiff's Section 8 benefits solely on pre-1979 reason concerning her record as a tenant at her existing residence, back rents owed by her to *NYCHA* and her relationship with or residence of the father of her children.

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HUD NEWSLETTER
November 10, 1980
HUD-318-461-ASI



DEPARTMENT OF HOUSING
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Hud Newsletter

NOV 19 1980

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Landrieu Calls FY 1980 Record Year for Assisted Housing Starts

HUD Secretary Moon Landrieu has proclaimed FY 1980 a banner year for federally assisted, multifamily housing starts. Basing his assessment on preliminary year-end figures from *HUD* field offices, Landrieu said initial reports indicate "record or near-record accomplishments" in meeting the Department's goals for construction starts under its programs for Section 8 rental assistance, Public/Indian housing and the Section 202 direct loan program for the elderly.

According to field reports, some 175,538 Section 8 and Public/Indian housing units reached the construction stage. Secretary Landrieu said that total "is 97 percent of the Department's goal for the year and less than 1,000 units below last year's record total of 175,119 starts." He said the expected 40,528 Public/Indian housing starts are an all-time high and represent 101 percent of the agency's FY 1980 goal of 40,091 dwelling units. "Public and Indian housing starts have nearly doubled for each of the past two years," he noted, "moving from 11,330 in FY 1978 to 21,868 units in FY 1979 to more than 41,000 this year."

Landrieu predicted that Section 8 new construction and substantial rehabilitation starts will be about 133,120 units or about 95 percent of the Department's FY 1980 goal. In achieving this level, he explained, 72 percent of the Section 8 reservations on hand at the beginning of the year were converted into construction starts — "an outstanding performance record in this year where securing construction financing has been extraordinarily difficult." Construction starts under *HUD*'s Section 202 program for the elderly handicapped appear likely to exceed 23,015 units, the Secretary said, surpassing the goal of 18,000 and in excess of last year's 21,887 units.

HUD's Section 235 program for low- and moderate-income home buyers hit an all-time high with *HUD* issuing firm commitments for mortgage insurance and interest subsidy for 36,125 single-family homes. This, notes the *HUD* Secretary, represents 169 percent of the agency's 21,350 unit goal for the Section 235 program.

GNMA Auction Set for December 4

Ronald P. Laurent, president of the *Government National Mortgage Association (GNMA)* has announced that the *GNMA* will offer some \$650 million of FHA-insured project mortgages for sale by auction on December 4, 1980. The mortgages were purchased by the *GNMA* through its agent, the *Federal National Mortgage Association (FNMA)*. The *FNMA* will conduct the auction under procedures, terms and conditions described in a bidding invitation to be issued this month. The invitation will list mortgages to be offered for sale.

HUD Steps Up Its Handicapped Hiring Program

Joining other Federal departments and agencies in a commitment to "tear down the social, economic and political barriers that still discriminate against disabled Americans," HUD Secretary Moon Landrieu has called for a concentrated effort to increase the number of handicapped persons employed by his agency. The Department's goal is to insure that 6 percent of all hiring involve substantially handicapped workers. Currently, about 6 percent of HUD's employees report a handicap, but only 1 percent say that they are substantially handicapped.

Landrieu said that HUD "has begun recruiting qualified individuals with substantial disabilities and has established a talent bank in all regional offices." He announced the formation of a Departmental Committee on Disabled Persons headed by David Williamson, director of the Office of Independent Living for the Disabled. The Committee is an outgrowth of a *United Nations* resolution proclaiming 1981 as the "International Year of Disabled Persons (IYDP). The IYDP is dedicated to the full integration of and participation in society of an estimated 450 million handicapped persons.

HUD's Committee, part of the Federal Interagency Committee for the IYDP, will:

- * Review reports on the status of agency programs for disabled persons and suggest new methods to improve the current system;
- * Develop and conduct information programs on the objectives of the IYDP;
- * Encourage and assist HUD-funded organizations in initiating outreach programs to insure maximum participation in HUD programs by the disabled; and
- * Plan and promote special events during the IYDP.

Revised Pamphlet Lists Aids to Understanding HUD

The HUD Library has revised *Aids to Understanding the U.S. Department of Housing and Urban Development* to assist those interested in knowing the laws that govern the agency, how the Department evolved, and how to keep aware of current actions. The 11-page publication contains information on basic congressional and presidential actions establishing major HUD programs, histories and chronologies, influential reports and keeping current with the assistance of housing-related publications.

Copies are available from the HUD library by contacting Helen Boston, Room 8141, 451 Seventh Street, S.W., Washington, D.C. 20410 (202/755-6382).

President Signs Veteran's Disability Compensation and Housing Act

President Carter has signed into law H.R. 7511, the *Veterans' Disability Compensation and Housing Benefits Amendments of 1980* (Public Law 96-386). The Act provides for cost-of-living increases in rates of compensation for more than 2¼ million service-disabled veterans and some 375,000 of their survivors. It also increases maximum loan guarantees for the purchase of condominiums, conventional and mobile homes and permits veterans who have previously used their loan guaranty entitlements to take advantage of reduced lending rates. Certain veterans who are blind or have lost the use of their hands as a result of service injuries are entitled to special housing grants provided for by the legislation.

The President said the benefits "are an expression of our gratitude to the men and women who were injured or died as a result of service to their country. I am proud that annual increases in these benefits have been enacted during each year of my administration."

FYI

Stimulating the Neighborhood Action Process (SNAP). . . National Conference, Ogden, Utah, November 19-21, 1980. Details: *SNAP* Support Systems, 1017 Avon Street, Flint, Mich., 48503 (313/232-1641).

National Leased Housing Association (NLHA). . . A workshop on *FHA* Processing. . . New Orleans, November 19 and San Francisco, November 21, 1980. Details: *NLHA*, 1800 M Street, N.W., Suite 400-South, Washington, D.C. 20036 (202/785-8888).

Government Information Services (GIS). . . A One-Day Seminar on "Protecting Your General Revenue Dollars: Understanding and Implementing the Renewal Law of 1980." . . . Harrisburg, Pa., November 24, 1980. Details: *GIS*, 752 National Press Building, Washington, D.C. 20045 (202/638-5095).

The Washington Monitor. . . "Understanding Congress," A Seminar on the Legislative Process. . . Washington, D.C. December 2, 1980. Details: *The Monitor*, 499 National Press Building, Washington, D.C. 20045 (202/347-7757).

Nuggets

Project notes totaling \$961,066,000 were sold October 15 at an average interest rate of 6.153 percent, *HUD* recently reported. The average maturity of the notes, representing 117 public housing agencies, was 5.6 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 housing projects.

HUD has released its first report of secondary market prices and yields for *HUD/FHA* Section 20c(b) home mortgages since the maximum permissible interest rate for those loans was increased from 12 to 13 percent last September. Nationally, for October 1, the average secondary market yield to investors was 14.26 percent, up by 72 basis points compared to a yield of 13.54 percent for 12 percent mortgages a month earlier. The October average yield was only 37 basis points below the April 1, 1980 record. It was based on an average secondary market price of \$92.9 per \$100 of outstanding loan amounts.

Brenda G. Head has been named deputy regional administrator of the Chicago Regional Office. She began her career with the regional office in 1970 as a personnel intern, serving subsequently as personnel officer and director of administration prior to her recent promotion. A graduate of the *University of Illinois* (Urbana) and *Roosevelt University* (Chicago), she also has served as a visiting professor in the *National Urban League's* Black Executive Exchange Program (BEEP) where she lectured on personnel management and administration.

Norman L. Deas has been appointed supervisor of *HUD's* full service office in Cincinnati. He earlier served as supervisor of the Cincinnati single-family insuring office which will now serve both single-family and multifamily housing programs. A 17-year career employee, Deas is a graduate of *Johnson C. Smith University*, Charlotte, N.C.

President Carter has signed the *Wind Energy System Act of 1980* (H.R. 5892), a bill authorizing a wind energy research, development and demonstration program. The purpose of the *Act* is to accelerate the widespread utilization of wind energy which can play a major role in reaching the national goal which the President set last year of providing 20 percent of U.S. energy needs from solar and renewable sources by the year 2000. It establishes specific objectives for wind-powered electric generating capacity and wind systems costs by 1988 and authorizes financial assistance, including Federal procurement of wind energy systems, to help achieve the national goal.

The *General Services Administration (GSA)* is revising its regulations to include a new "GSA Accessibility Standard" providing minimum standards for the design of Federal buildings and facilities to accommodate the physically handicapped. The new standard provides more enforceable, clear, and up-to-date standards relevant to Federal buildings. Up to now, GSA has subscribed to standards of the American National Standards Institute's "Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped."

According to the *New York Daily News*, a recent survey of mortgage lenders conducted by the *J.J. Kislak Mortgage Corp.* found that most of them expect an average rate of 13¼ percent by the end of the year and that rates will hold at that level through September 1981. The *News* quotes a spokesperson for the *Federal Home Loan Bank Board (FHLBB)* as seeing "some improvement in the cost of funds for lenders next year." The *FHLBB* forecasts year-end rates of about 13 percent but is optimistic that they could ease to about 12 percent by mid-1981.

The *Federal National Mortgage Association (FNMA)* recently reported a net income for the third quarter of 1980 of \$5.9 million or 10 cents per share fully diluted. This compares with a loss of \$16.5 million or 28 cents per share in the previous quarter. The *FNMA's* net income for the first nine months of 1980 was \$13.5 million or 22 cents per share fully diluted, compared to \$124.7 million or \$2.06 per share a year ago. Third quarter earnings, the *FNMA* said, reflected an increase in fee income from \$9.6 million to \$21.6 million. Losses produced by the *FNMA's* mortgage portfolio decreased from \$42.3 million in the second quarter to \$12.7 million in the third quarter.

Lee Gunderson, president of the *Bank of Osceola (Wis.)* has been elected the new president of the *American Bankers Association* for 1980-1981. Also elected at the *ABA's* 106th convention were Llewellyn Jenkins, *Manufacturers Hanover Trust Company's* (New York) vice chairman, as president elect, and Virgil Solso, vice chairman of the *Oregon Bank* (Portland), as treasurer.

President Carter has named three members to the *National Commission for Employment Policy*. They are Pedro Garza, national director of *SER-Jobs for Progress*, Austin, Tex; Eli Ginzberg, special lecturer at *Columbia University*, New York City; and the Rev. Leon Howard Sullivan, pastor of the *Zion Baptist Church* of Philadelphia and founder of the *Opportunities Industrialization Centers (OIC)*. Professor Ginzberg was redesignated chairman of the *Commission*, a position he has held since the group's establishment.

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DEPARTMENT OF HOUSING
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Hud Newsletter

NOV 25 1980

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HUD Earmarks \$687 Million to House Elderly and Handicapped

HUD recently announced the reservation of more than \$687 million to finance some 17,900 housing units for the elderly and the handicapped. The funds will be used either to finance new construction or for substantial rehabilitation of existing structures in 45 States and Puerto Rico.

The direct-loan funding will go to 324 nonprofit sponsoring organizations. A total of 900 applications were received, requesting more than \$2.3 billion for some 63,300 units. **HUD** Secretary Moon Landrieu said he was especially pleased that 53 of the 324 groups are minority sponsors. "In keeping with our policy of encouraging minority participation in the Section 202 program, these minority sponsors will receive \$160.2 million in loan funds to produce a total 3,900 housing units for the elderly and the handicapped," he announced. Eligible applicants may borrow direct from **HUD** up to 100 percent of total development costs for their projects. 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.

Neighborhood Self-Help Projects Get \$5 Million in HUD Awards

HUD Secretary Moon Landrieu has announced \$5.3 million in Neighborhood Self-Help Development Program awards to 56 local groups in urban and rural areas for revitalization projects. The funds will be awarded under the second cycle of the program. Some \$8.6 million was awarded in the first round of funding last May. The latest grant is expected to attract an additional \$46 million from public and private sectors for revitalization projects.

"Neighborhood self-help is one of the most active forces in local communities throughout the Nation," Secretary Landrieu said. "With the same kind of pioneering spirit and commitment used by our ancestors to build this country, citizens are working together in self-help groups to rebuild our cities and towns. The role of the Federal Government is to encourage and support neighborhood organizations in their efforts. The Neighborhood Self-Help Development Program demonstrates President Carter's strong support of local self-reliance and initiative. His *National Urban Policy* stresses the need for working partnerships between self-help groups and the public/private sectors," the Secretary added.

Chang Heads Honolulu Area Office

HUD Secretary Moon Landrieu recently announced the appointment of Andrew I. Chang as area manager of the Honolulu Area Office. Chang will be responsible for carrying out **HUD** policy as well as housing and community development programs in the State of Hawaii.

Chang began his career in housing in 1971 as deputy director for the *State Department of Social Services and Housing* in Honolulu. He served as director of the agency for the last six years. Earlier, he served as director of the Hawaii State *Office of Economic Opportunity*. A graduate of *Oregon State University* where he earned a B. S. degree in 1961, and the *University of Hawaii* where he earned a M. S. W. degree, the 41-year-old area manager is a former captain in the *Army Medical Service Corp.*

Study Encourages Wide Use of Factory-Built Homes

Arthur Bernhardt, a housing consultant, and a team of more than 100 other housing experts have completed a seven-year study of factory-built housing and concluded that the mobile-home industry and conventional builders together hold the key to solving the Nation's housing shortage.

Building Tomorrow: The Mobile-Manufactured Housing Industry, published recently by the *Massachusetts Institute of Technology*, called the manufactured-home industry "the most efficient builders in the world." It suggested that those in other sectors of homebuilding can make money and at the same time provide affordable housing by sharing expertise in a joint effort.

Other conclusions of the report follow:

- * wider use of manufacturing techniques in building houses can reduce the price of a single-family home by 2 percent and greatly increase the output of single-family and multifamily housing in this decade;
- * the mobile home industry's labor productivity is at least twice that of the on-site industry;
- * the complete mobile home, in place and exclusive of the foundation, requires 200 staff hours per 1,000 square feet of net floor space as opposed to 700 to 1,000 or more staff hours for conventional builders; and
- * manufactured homes can be built to look like any other type of home and need bear little resemblance to the older "trailer" image generally associated with mobile homes.

Census Bureau Details Recent Government Studies

A 48-page book of charts and maps presenting the key results of a 1977 census of governments has been prepared by the *Bureau of the Census*. The charts and maps were reproduced from various reports of the census and form a handy summary of major findings in an easy-to-read format. The governmental census is taken every five years.

The book contains national, State and local data on such subjects as organization, taxable property values, public employment, finance, retirement systems, and historical statistics. Single copies of the report, *Topical Studies, Graphic Summary of the 1977 Census of Governments*, Volume 6, No. 5, are available for \$2.50 from the *Superintendent of Documents, U.S. Government Printing Office*, Washington, D.C. 20402, or from *Commerce* district offices in major cities.

HUD Issues Interim Rules on Urban Homesteading Program

HUD has issued interim regulations which permit communities to expand local urban homesteading programs beyond available *HUD*-owned housing stock to include properties from the *Farmers Home Administration* and the *Veterans Administration*. The regulations implement Section 106 of the *Housing and Community Development Amendments of 1978 (P.L. 95-557)*. That section authorizes the agency to use specified funds to reimburse the Administrator of Veterans' Affairs and the Secretary of Agriculture for properties conveyed to a unit of general local government, State or agency for use in a *HUD*-approved local urban homesteading program.

The homesteading program encourages public and private investment in selected neighborhoods by using existing housing stock to provide homeownership. Ninety-three local governments currently operate urban homesteading programs approved for property reimbursement by *HUD*. Under the program, an individual can receive fee simple title to a property by repairing and living in it for three years. The title is offered at little or no cost and the sponsoring governmental unit will maintain neighborhood facilities.

Publications Available

Homeowner's Reminders. . . includes tips for homeowners on home security, water problems, saving energy, termites, contracting for home improvements, etc. Available free from the *American Institute of Architects*, 1735 New York Avenue, N.W., Washington, D.C. 20006 (202/785-7332).

The Historic House Association: Guide to Preservation Literature. . . contains a selective bibliography of significant publications for architectural history, historic preservation and restoration in the United States. Available for \$1 from the *Historic House Association of America*, 1600 H Street, N.W., Washington, D.C. 20006.

HUD Selects 17 Communities in Energy Conservation Competition

HUD has selected 17 communities from a field of 532 to share \$11 million in grants in a competition designed to encourage conservation activities. *HUD* Secretary Moon Landrieu said "The competition was designed to foster the development of strategies that will achieve significant energy savings at the State and local levels. We believe the program should have substantial impact nationwide in the fight to counter dependence on foreign oil and in efforts to eliminate inflation."

The competition, announced last February, invited States and communities to apply for grants to pursue energy activities and alternative energy supply technologies that could be applied to housing rehabilitation, neighborhood revitalization and other community and economic development strategies.

HUD expects that demonstrations funded under the program will produce examples of valid, tested methods for assisting low- and moderate-income persons in energy conservation; encourage the provision of energy conservation services and supplies; and help small and minority businesses achieve energy savings. Secretary Landrieu said grant amounts will be based on detailed information outlining steps grantees intend to take to meet the requirements of the program. He also said that those receiving grants will be required to take part in workshops, conferences and other presentations involving their projects.

Significant Litigation

Nichols v. Landrieu

Civ. No. 79-3094 (D. D.C., Sept. 12, 1980)

Plaintiff challenged the landlord's reduction of her benefits from a three-bedroom to a two-bedroom unit under the Section 8 Existing Housing Program, and *HUD*'s allowance thereof, without notice or hearing, as violative of the due process clause. After the filing of this suit *HUD* granted an administrative waiver which permitted plaintiff to remain in the unit she was occupying. The Department also issued a handbook which provided, in part, that Section 8 tenants had a right to notice of the reasons for any reduction or termination of benefits and an informal hearing before impartial PHA employees. *HUD* then filed a motion to dismiss, claiming mootness.

The District Court for the District of Columbia rejected *HUD*'s mootness argument and granted plaintiff's motion for summary judgment. The Court found that the handbook provisions did not have the force and effect of law because they were not published for notice and comment in the *Federal Register* as required by the *Administrative Procedures Act* and therefore did not guarantee tenants procedural due process. The Court ordered *HUD* to promulgate regulations embodying the provisions of the handbook. The Court also ordered all Section 8 landlords nationwide to advise tenants in the notice of reduction of termination that tenants had a right to request a waiver of the eligibility requirements and the grounds upon which a waiver may be granted.

Cedar Park Community Development Corp., Business Association of University City, et al. v. Landrieu, City of Philadelphia, et al.

No. 80-3725 (E.D. Pa. filed Sept. 26, 1980)

Neighborhood businesses, a nonprofit developer of subsidized housing, and a person eligible for Section 8 housing bring suit against *HUD*, the City of Philadelphia and the *Redevelopment Authority* to enjoin construction of a Section 8 FHA-insured project in Philadelphia. The business plaintiffs seek commercial rather than residential development of the site; the developer desires subsidized housing only at scattered sites and the Section 8 eligible plaintiff seeks Section 8 new construction in her neighborhood.

Plaintiffs allege that: the project is located in an impacted area with an undue concentration of assisted persons; the conditioning of Philadelphia's block grant on the development of housing in non-impacted areas was arbitrary and capricious; and the environmental review was deficient, all in violations of *NEPA*, the *Housing and Community Development Act of 1974*, Title VI of the *Civil Rights Act of 1964* and the *Fair Housing Act*. Plaintiffs' motion for a preliminary injunction was denied on October 7.

Nuggets

University of Illinois Professor David F. Linowes says that there is a "need for a bold, large-scale program to stimulate home buying," and predicts that without such an effort the Nation will not be able to "regain its healthy growth curve." Writing in the *Washington Post*, Professor Linowes said that new houses started last year contributed directly and indirectly more than \$200 billion to the economy. He said that the 1980 slide in housing starts is throwing more than a million people out of work and cutting Federal income-tax collections by some \$2.5 billion. "To bring the economy back into balance requires an imaginative, broad homebuilding program aimed at middle-income America," he reports.

The *U.S. Bureau of the Census* reports that the trend toward bigger and bigger homes may be coming to an end. It said that new homes built in this country last year were only five feet bigger than the new homes of a year earlier. In previous years new homes were anywhere from 20 to 55 square feet larger than the year before. Within the last two years, however, the percentage of new homes with three bedrooms has remained the same, suggesting that builders may be cutting back on the creature comforts of modern life.

The Governor of California has vetoed a bill which would have given State savings and loan associations authority to raise or lower interest rates during the life of a loan based on the cost of the funds to the lenders. The savings and loan industry hopes to garner enough support in the State legislature to override the veto, claiming that it must have such authority in order to remain in the housing market. In vetoing the legislation, the Governor noted that it is possible, under the proposal, for a home buyer to end up owing more money than the original balance after years of prompt monthly payments.

The chief economist for the *Mortgage Bankers Association of America* predicts that housing prices and sales will gain momentum during the final months of 1980. He also predicted that home mortgage interest rates would remain stable at about 12 percent during the next six to nine months. After that period, he expects the housing market to "take off again."

Noting that cement supplies have become tight in many areas, James Steward, chairman of *Lone Star Industries* in Miami, Fla., predicts that cement prices will double within five years. Because cement makes up about 9 percent of the cost of a new house, the price of housing will also increase. Steward said: "It is now an economic certainty that cement will become even more scarce and therefore more valuable in the future. If oil is black gold, cement is certainly gray gold." He expects the cost of a ton of cement to reach \$100 by the end of this year. That amount sold for \$17.50 a decade ago.

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DEPARTMENT OF HOUSING
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New York State, HUD to Study Possibility of a New Insurance Program

In an effort to retain the stability of a neighborhood, *HUD* and the *Office of the New York Lieutenant Governor* recently announced a planned study of a possible new insurance program. The study would look into the feasibility of insuring homeowners against a loss in the value of their property if that loss is triggered by neighborhood changes beyond their control.

HUD Under Secretary Victor Marrero said that the *Department* will seek application from research firms to resolve the design and feasibility issues associated with implementing a prototype home equity insurance program. The research will focus on design elements which relate to the characteristics of transition neighborhoods in New York City and other cities in the State which may be likely sites for a followup demonstration project. An outline of the study and issues to be examined was developed by *HUD's* Office of Policy Development and Research and the Lieutenant Governor's staff.

"The purpose of a property value insurance program is to protect owners' investments in their homes and to deter them from selling hastily in fear of a collapse in neighborhood property values," Marrero said. Lieutenant Governor Mario Cuomo said that "by minimizing individual risk, homeowners' equity insurance has the potential of directly preventing neighborhood decline before the situation becomes unstable."

A similar, locally funded program in Oak Park, Ill., has been in operation for more than two years. Participants pay a modest fee for an independent appraisal upon enrolling. If the home is sold after five years at a price lower than the original valuation, the owner is reimbursed for 80 percent of any net loss, assuming the condition of the property has been maintained.

Under Secretary Marrero said that before a similar pilot program is started elsewhere, several questions must be addressed. "These include," he said, "the types of neighborhoods appropriate for the program, eligibility requirements, the comprehensiveness of coverage, as well as specific aspects related to the design and implementation of a prototype demonstration in New York." He said program research will be supported through a competitively awarded assistance agreement to be administered by the PD&R office.

Qualified nonprofit and university-based research organizations are expected to be the primary respondents to the solicitation. The level of the award will be in the \$75,000 to \$100,000 range to support a study of about eight to 12 months. Applicants will be expected to demonstrate a thorough familiarity with the patterns of neighborhood change in New York State communities and with the other issues involved. Interested groups receiving the *Invitation for Application* may write to:

Charles Taylor, Director
Division of Budget (PD&R)
Room 8230, HUD
Washington, D.C. 20410

New Report Details EHAP's Effects on Housing Consumption

HUD recently released a new report which details the effects of a housing allowance program on housing consumption. The report is based on data from the Experimental Housing Allowance Program (EHAP), and shows how housing consumption of families changes in response to a cash allowance tied to housing requirements. Entitled *How Allowance Recipients Adjust Housing Consumption*, the report was written by a team of researchers from the *Rand Corporation*. Copies may be obtained from the Division of Housing Assistance Research, Office of Research, PD&R, Room 8138, Washington, D.C. 20410 (202/755-5900).

GNMA Announces Interim Funding for Tandem Programs

The *Government National Mortgage Association (GNMA)* has announced the availability of some \$372 million in mortgage purchase authority for its FY 1981 Tandem programs. *GNMA* President Ronald P. Laurent said the funds, which became available last week, will finance production of an estimated 11,000 new and substantially rehabilitated dwelling units. Most of the units will be for low- and moderate-income families in federally-insured multifamily projects.

A total of \$300 million will be made available for *GNMA* commitments to purchase mortgages covering projects with Section 8 Housing Assistance Payments. Of this amount, \$18 million is specially targeted for Section 8 projects located in cities and urban counties meeting the physical and economic distress criteria of the Urban Development Action Grant (UDAG) program and which are receiving UDAG funds. The remaining \$72 million will be made available for commitments to purchase non-assisted mortgages on projects which are located in UDAG cities and are receiving UDAG funds.

After the *GNMA* issues its commitments and purchases mortgages at favorable prices, they will be sold to private investors at periodic auctions. The difference between the purchase price the *GNMA* pays and the sales price it receives is the amount of the subsidy.

HUD Announces Successful Applicants for Special Minority Program

Ten projects in seven States have been selected by *HUD* as eligible for Federal funding under a special demonstration program designed to assist minority developers. *HUD* announced the Minority Business Enterprise (MBE) program last July and agreed to set aside a minimum of \$6 million in contract authority to provide some 1,000 units of Section 8 assisted housing for low- and moderate-income housing. For projects selected in the first round, *HUD* has set aside \$2,866,211 in contract authority for 524 units of new construction and substantially rehabilitated housing units, with 132 of these designated for large families.

Another 500 units, for which eligible participants and projects will be announced later, will be made available through the sale of *HUD*-acquired properties. Additional funding will be provided through a combination of programs involving *HUD* Section 8 housing assistance payments and the *Farmers Home Administration's* Section 515 funds.

HUD Secretary Moon Landrieu said the special demonstration program, which will span fiscal years 1980 and 1981, is "expected to further stimulate the production of Section 8 assisted housing which is *HUD's* primary mechanism for providing assisted, multifamily housing for low- and moderate-income people." The program is scheduled to become fully operational in FY 1983.

Successful applicants will be invited to apply for funds reservation. Projects which can be put under construction without delay will be given priority. The projects selected for first-round funding are located in Springfield and Boston, Mass; Tuscaloosa, Ala; Chattanooga, Tenn; Bowling Green and Shelbyville, Ky; Cleveland and Dayton, Ohio; Gary, Ind; and Reno, Nev.

Nuggets

HUD has issued a proposed rule which would prohibit project owners from taking any actions that would frustrate the efforts of tenants to organize. The rule would implement portions of the *Housing and Community Development Amendments of 1978*. It would apply to multifamily projects which have mortgages insured or held by the Secretary and are assisted under Section 236, Section 221(d)(3) Below Market Interest Rate, Section 221(D)(4) Market Rate – Rent Supplement or Section 231 – Rent Supplement or projects under the above sections which have been sold subject to a mortgage insured or held by the Secretary and an agreement to maintain the low- and moderate-income character of the project.

The *American Land Development Association (ALDA)* says a study it recently published not only documents a remarkably stable market but one which is satisfied with timeshare purchases and seems eager to collect additional timeshares. Resort timesharing is a vacation real estate concept which allows purchasers to own or have occupancy rights at a resort accommodation for a period of time each year for a fraction of the cost to purchase the entire unit. The publication is entitled *The Resort Timesharing Industry: A Socioeconomic Impact Analysis of Resort Timesharing, Volume 1*.

The publisher of *Commercial Remodeling* and *Qualified Remodeler* magazines has predicted that the commercial remodeling dollar volume will total \$43.8 billion in 1981, up 10.4 percent from 1980. Professional home remodeling dollar value will increase 26.7 percent to \$29.9 billion, the publisher said. He also predicted a 25 percent increase in advertising to the remodeling construction market by building materials suppliers and said the increase is indicative of an upward trend in construction remodeling, a recession-resistant industry that has grown steadily for more than 30 years and promises to continue growing at a rate of 10 to 25 percent for the foreseeable future.

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* and *Master Charge*. When ordering, please indicate stock numbers. For additional information, contact J.G. Millis, chief, Documents Control Branch (202/275-3343).

Regional Guidelines for Building Passive Energy Conserving Homes, 023-000-00481-0, \$6.50.

Home Buyer's Information Package: A Guidebook for Buying and Owning a Home, 023-000-00508-5, \$4.95.

The First Passive Solar Home Awards, 023-000-00517-4, \$6.00.

The Energy-Wise Home Buyer, 023-000-00518-2, \$3.00.

Installation Guidelines for Solar DHW Systems in One- and Two-Family Dwellings, 023-000-00520-4, \$4.25.

Protecting Solar Access for Residential Development, 023-000-00523-9, \$4.75.

Lead Poisoning: Watch Out for Lead-Based Paint, 023-000-00527-1, \$.75.

Solar Heating and Cooling Demonstration Program Cycle 4 and 4A Residential Projects, 023-000-00431-0, \$4.75.

Planning for Housing Security Site Security Analysis Manual, 023-000-00533-6, \$2.00.

Planning for Housing Security Site Elements Manual, 023-000-00534-4, \$3.50.

Solar Hot Water and Your Home, 023-000-00538-7, \$1.25.

Site Planning for Solar Access, 023-000-00545-0, \$4.75.

Landrieu Looks at Urban Planning for the Future

HUD Secretary Moon Landrieu recently warned that "The shape of urban America and the price of housing did not come to their present condition because of one or two forces and they will not be improved by a few easily applied or quickly accepted measures." Speaking before members of the *Council on Development Choices for the 1980's*, he said that "No single panacea will shield us from the problems of the next decade."

The *Council*, composed of 37 public and private members, seeks to outline a blueprint for national development during the next decade and beyond. It was established in March of this year and is scheduled to issue its report in January 1981. The formal study is being conducted by the *Urban Land Institute* under a HUD grant.

"Our objective is to be a catalyst for change," Landrieu noted, "serving as the starting gun for a veritable chain reaction of private and other public investment in cities. For we have learned that a successful urban policy respects the diversity of the Nation's communities. And we have recognized that the primary responsibility for rebuilding our cities must remain with the private sector."

Noting that the Nation has a vastly expanded inventory of housing – an astounding rate of homeownership – Landrieu said that we now have "more living space per occupant than our parents or grandparents could have imagined, and unparalleled standards of privacy and security. The increasing abundance of the past 30 years as measured in housing," he said, "will prove a rich legacy if we use it wisely and well."

In keeping with a preliminary *Council* recommendation that energy conservation must be the most important consideration in future development, the Secretary observed: "Many believe that the American public's attention to energy conservation lasts only as long as gas lines. . . It is clear that Americans now understand that how we arrange or rearrange our communities can and should make an important difference in their lifestyle, their pocketbooks and the energy security of the Nation. The deepening American concern about energy conservation adds one more sound reason to accelerate redevelopment of our cities, infill in our suburbs and compact new development in developing towns and counties," he said.

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Hud Newsletter

PD&R Publishes Additional Volumes on Condominium Conversions

The Policy Studies Division, Office of Policy Development and Research (PD&R), has published three additional volumes on condominium and cooperative conversions. The new publications are a followup to *The Conversion of Rental Housing to Condominiums and Cooperatives*, released by HUD last June. That report was a national study on the scope, causes and impact of rental conversions, and refuted the popular belief that such conversions played a major role in the reduction of available rental units. Moreover, the study showed that a strong and increasing desire for homeownership is the usual driving force behind conversions.

The additional volumes provide supplemental information on the conversion phenomenon in local housing markets. Appendices 1 and 2 are expected to be of special interest to local officials, housing specialists and planners. They include statistics and individual case studies in each of the 37 largest metropolitan areas and a detailed description of statutes in the 50 States and local ordinances governing conversions. The third volume is an annotated bibliography on rental conversions, and represents the most up-to-date and comprehensive review of relevant literature in the field. Copies of the study, appendices 1 and 2, and the bibliography are available from the *HUD USER*, P.O. Box 280, Germantown, Md., 20767 (301/251-5154).

Solar House Could Save 80 Percent of Heating Costs

Researchers at the *Brookhaven National Laboratory*, Long Island, N. Y., say that a house built as a demonstration will need 80 percent less heating energy than most other single-family residences of similar construction. The house, designed by *Total Environmental Action, Inc.*, was developed for a cold climate and uses other conservation techniques in addition to passive solar features to reduce consumption of conventional fuels.

Known as the "Brookhaven House," the prototype's annual heating costs will be about one-third of that of a modern home built to the latest New York State Energy Codes and less than one-fifth of that of a home built before present standards were adopted, the researchers predict. It is a two-story, wood-frame structure containing three bedrooms, and was built with readily available materials using current construction techniques. It combines passive use of solar energy with natural thermal storage and employs extensive glazing on the south side.

Greenhouses attached to the main structure permit solar insulation to warm the main living spaces. Thermal-mass walls, including a modified trombe wall, absorb solar heat and store it for use at night. Other features include triple-glazed windows, a woodburning stove and a backup furnace.

HUD Expands Housing Assistance Program for Minority Developers

Secretary Moon Landrieu has announced that **HUD** is adding some 4,000 housing units to a special demonstration program started last July to assist minority developers to enter the mainstream of the housing industry. Landrieu said the additional units of assisted housing, added to the initial 1,000 units, will further stimulate the production of Section 8 assisted housing. He said that Section 8 housing is the Department's "primary tool for providing assisted multifamily housing for low- and moderate-income people and gives minority developers, contractors, managers and other professionals greater access to the housing programs."

Approximately \$17.6 million in FY 1981 contract authority for the additional units will come from the Secretary's discretionary funds and will provide for some 2,000 units of new or substantially rehabilitated units and 2,000 units to be made available through the sale of **HUD**-acquired properties. The program will span fiscal years 1980 and 1981. Additional information on the program may be obtained by contacting Thomas O. Jenkins, director, Management and Field Coordination, Office of Fair Housing and Equal Opportunity, Room 5124, Washington, D.C. 20410 (202/755-9340).

HUD Unveils \$15,000 Demonstration Home

A three-bedroom house costing less than \$15,000 has been unveiled by **HUD** as part of a demonstration program to produce and market smaller, well-designed homes. Built under the Alternative Housing Design Demonstration (AHDD), the house was opened to the public in Metcalfe, Miss. recently.

Michael Stegman, Deputy Assistant Secretary for Research, said the house "is one of 50 homes we will build under the program to make homeownership a reality for families now priced out of the housing market." He said the agency will use three basic designs to test the long-term market for small, low-cost, energy efficient houses suitable for small families, first-time homeowners and elderly couples.

The housing designs were developed for **HUD** by **Rural America**, a nonprofit organization which provides technical assistance and promotes housing development in rural areas. The houses have about 540 square feet of space in a one-bedroom model and about 660 square feet in a three-bedroom model. Deputy Assistant Secretary Stegman said the project "is based on the principles of easy-to-build designs, locally available materials and self-help construction to the extent possible." He said that "while no Federal funds are involved, **HUD** lends its support through its mortgage insurance programs."

The three designs, engineered to give maximum value per dollar spent for materials, feature living areas in a minimum amount of space and inexpensive but durable materials. The house in Metcalfe was built through the joint efforts of two local groups and **Rural America**. It was constructed for an estimated \$11,200 plus \$2,500 for land. Appraised at \$21,000, it will be offered for sale at approximately \$14,000.

The three-bedroom house is heated with a passive solar unit backed up by a masonry wood stove. A reinforced concrete pier foundation reduces the need to excavate the site and the floor deck is designed to reduce installation costs. The basic structure can be expanded easily.

Additional information on the demonstration program may be obtained by contacting Barbara Haug, director, Policy Development Division, Office of Policy Development and Research, **HUD**, Room 8106, 451 Seventh Street, S.W., Washington, D.C. 20410 (202/755-5537).

FYI

National Association of Home Builders (NAHB). . . Seminar on Federal Housing Programs for builders who want to learn more about housing programs. . . Washington, D.C., December 15-17, 1980. Details: **NAHB**, 15th & M Streets, N.W., Washington, D.C. 20005 (202/452-0351).

Nuggets

President Carter has signed into law the *Household Goods Transportation Act of 1980* (S. 1798) which he says will benefit both shippers and consumers. Mr. Carter noted that the Act "addresses the difficulties consumers encounter in the one circumstance that puts them in direct contact with the trucking industry — moving day." It incorporates the reforms of the *Motor Carrier Act*, including changes in the areas of market entry, collective ratemaking and rate flexibility. It also provides for improved consumer information, increased price and service alternatives, and effective remedies for poor service.

Paul Adams has been named *HUD's* deputy inspector general after serving in an "acting" capacity since last May. He will advise the inspector general and assist him in performing organizational responsibilities. He also will manage and direct the office's administrative function in headquarters and in the field.

Emma McFarlin, administrator of *HUD's* Region IX, reports that the installation of "outsulation" on existing masonry-block homes may become popular in Arizona. As the term implies, "outsulation" is insulation installed on the outside of a home. The process involves putting polystyrene foam insulation on walls and covering the foam with a stucco-like material. Experts agree that outside insulation can improve the energy efficiency of a block home. It helps trap cool air inside a house in the summer and warm air in the winter. Although "outsulation" costs about 25 percent more than three-coat stucco normally used on exterior walls, it goes on about 37 percent faster and won't crack. Most companies say they can retrofit a home with outside insulation and stucco in about one and one-half days.

HUD's Office of Policy Development and Research, (PD&R), the National Association of Home Builders (NAHB) and the City of Las Vegas have launched a new demonstration program designed to lower the cost of housing without diminishing its quality. The demonstration, "Approach 1980," includes the building of 38 homes in the Las Vegas area using innovative building materials and methods of construction. Several of the houses are scheduled for completion for display to home builders attending the NAHB convention in Las Vegas next January.

HUD has awarded a \$40,000, six-month planning grant to the North Carolina *State Department of Administration* to be used to develop a comprehensive fair housing strategy. The funds will be administered by a 15-member task force assisted by the State's Human Relations Council. The task force will include representatives from civil rights, community, housing, and civic groups.

HUD has issued a *Notice* (H-80-107) to the field to remind administrators, managers and supervisors that current standards permit the use of woodburning stoves in one- and two-family dwellings. The authority is contained in *Handbook 4900.1, Minimum Property Standards*, Paragraph 615-3.8. The *Notice* is in keeping with the President's goal of meeting 20 percent of America's energy needs with solar and renewable resources by the end of this century. It says that the "burning of wood is a renewable resource technology that is both available today and increasingly cost-effective." *HUD*-approved appliances, however, must meet safety standards developed by the Underwriters' Laboratories.

HUD's Office of Policy Development and Research (PD&R) recently completed a report entitled *Housing Our Families*. The report brings together much of the existing information on the housing status of families and is intended to stimulate discussion on improving the housing opportunities of families with children. One important chapter reports on the practices that restrict the rental housing choices of families with children and another discusses the legal issues involving such practices. Developed as the Department's contribution to the White House Conference on Families, it also presents an assessment of how well *HUD* programs serve families with children. Copies are available from *HUD USER*, P.O. Box 280, Germantown, MD, 20767.

The Housing and Community Development Act of 1980 changes the term "mobile home" to "manufactured home" in all Federal laws and regulations. Walter L. Benning, president of the *Manufactured Housing Institute (MHI)*, sees the change as something more than semantics. He says that the vast majority of mobile/manufactured homes purchased today are never moved again once they have been shipped to the home site. The new name, he says, could help the Nation to recognize the industry for what it is: "A primary form of American housing."

Publications Available

The Housing and Community Development Act of 1980, Public Law 96-399 is available from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. A copy of the *Conference Report on the Act* may be obtained by sending a self-addressed label to the House Documents Room, U.S. Capitol, Washington, D.C. 20515. Ask for *House Report No. 96-1420*.

NVACP Schedules Series of Technical Seminars

The Community-Based Energy Conservation Division, Office of Neighborhoods, Voluntary Associations and Consumer Protection (NVACP), has scheduled the first of a series of technical seminars on Neighborhood Energy Reliance for Self-Help Development organizations on December 11-12, 1980, at the Shoreham Americana Hotel, Washington, D.C. The seminars are aimed at providing guidance to grantees under the Neighborhood Self-Help Development Assistance Program for integrating solar, energy conservation, appropriate technology and ecology features into their housing revitalization projects.

Participation will be limited to the 125 FY 1981 recipients of neighborhood self-help grants and implementing projects. The seminars will be held on a rotating basis in conjunction with week-long orientation and management training sessions, and will include a special presentation on the role of HUD, philanthropic institutions and the private sector in support of community-based energy conservation efforts. Representatives from private foundations and innovative community programs will make recommendations for policy consideration and program support.

Additional information on the seminars may be obtained from the *City Foursquare Foundation Inc.*, 810-18th Street, N.W., Suite 802, Washington, D.C. 20006 (202/232-2006).

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Hud Newsletter

HUD to Amend Assistance Housing Eviction Procedures

HUD has issued a proposed rule which would amend eviction procedures in the Section 8 Existing Housing Assistance Payments Program to provide that the public housing authority (PHA) will have the sole right to issue a "notice to vacate" and to establish modified procedures for issuing such notices.

The Department's current eviction policy, in effect since 1975, requires an owner who wishes to evict a family to furnish both the PHA and the family a written notice stating the grounds for eviction and giving the family 10 days in which to respond. The owner must obtain permission from the PHA before proceeding with the eviction. The PHA, in turn, must review a request for eviction and notify both the owner and the family of its decision within 20 days. If it does not respond within the 20 days, it is "deemed to have authorized the eviction."

Under the proposed policy, the 10-day period for the tenant to present objections to an owner's request for eviction and the 20-day period for the PHA to act on the request will remain the same, but would begin when the PHA notifies the family of the owner's request rather than the date the owner proposes eviction. The provision allowing the owner to proceed with eviction if the PHA fails to act on a request within 20 days has been deleted in the proposed rule. The new rule would explicitly provide that the "notice to vacate," as issued by the PHA under Section 8(d)(1)(B) of the *United States Housing Act of 1937*, is also to be the notice required under State landlord and tenant law. Thus, the owner would delegate to the PHA the right to issue the State notice.

48 Small Cities Get \$44.6 Million in UDAG Awards as Third Year Ends

Forty-eight small cities are slated to receive some \$44.6 million in Urban Development Action Grants (UDAG) to assist their participation in 50 public/private development projects backed by \$259.85 million in private financial commitments.

HUD Secretary Moon Landrieu announced the awards as the UDAG program reached the end of its third full year. Including the latest grants, the program has attracted more than \$10.3 billion in new private investments to 937 joint public/private development projects in 562 large and small cities. When all the projects are completed the program will be responsible for creating more than 260,000 new permanent jobs in the private sector, retaining 107,000 others, and opening 201,000 positions for men and women in the construction industry.

Secretary Landrieu said the fourth-quarter awards will create 8,209 new jobs, save 1,257 others, and provide 3,567 construction jobs when the planned activities are completed. Moreover, the communities will receive more than \$2.6 million in new property and other taxes each year, and the Nation as a whole will benefit from the annual savings of 38,000 barrels of oil or the natural gas equivalent. "The Urban Development Action Grant program has proven it can make a difference for both small and large cities facing problems of physical or economic distress," Landrieu said, "because these awards are made only to the places where the economic base has eroded, neighborhoods deteriorated, and people are in need of decent jobs."

Robert C. Embry, Jr., Assistant Secretary for Community Planning and Development, said "Federal expenditures for the kind of benefits we have obtained over the last three years have been relatively small. In all, we have committed \$1.75 million in Action Grant funds — and obtained more than 5.8 times that amount in private investment." He said that "new private investment is the key to helping cities back to health, and the Action Grant program is the key to bringing that private money back to the distressed communities."

UDAG selections are based on the merits of the projects, but only cities and counties that meet objective criteria for economic and physical distress, and have good overall records for equal housing and employment, are eligible. The program has been reauthorized through 1983, with 25 percent of its funds set aside for small cities.

Nine Neighborhood Groups Get \$600,000 in HUD Grant

Nine neighborhood self-help groups will soon begin revitalization projects in their communities with a \$600,000 grant from HUD's Neighborhood Self-Help Development program. The projects, selected from applicants held over from a recent competition for fiscal year 1980 grants, will be funded under a continuing resolution authorized for the program by Congress.

HUD Secretary Moon Landrieu said "revitalized communities are flourishing across the Nation due to the combined efforts of the Federal Government and the private and public sectors." He said that these groups "have developed projects that keep their residents from being displaced, help low- and moderate-income families acquire property, improve commercial districts, rehabilitate residential property and conserve energy."

Seven of the recently funded projects are located in urban areas and will concentrate on residential and economic revitalization. The other two, located in rural areas, will concentrate on renovating housing for low-income residents and building housing for farmworker families. These awards brought the number of neighborhood organizations receiving funds to 124. More than \$14.5 million has been awarded under the Department's Neighborhood Self-Help Development program.

The new policy would provide that if the PHA issues an eviction notice, it must advise the family in writing about family rights with respect to another certificate. After the notice is served, the owner must proceed with the eviction in accordance with State and local law and the provisions of the lease. If a family is found to be ineligible for a new certificate, it must be given the reasons in writing and an opportunity for an informal hearing within a reasonable time.

The revised rule would apply to all Housing Assistance Payments contracts (HAP) including those executed before the effective day of the new rule.

HUD Files Suits Against Land Developers in Ohio and Indiana

HUD has filed suits against land developers in Ohio and Indiana. In Ohio the Department has asked a Federal court to order the developer to stop violating requirements of the *Interstate Land Sales Full Disclosure Act*. In Indiana, the complaint asks the court to stop sales at a subdivision and to order the developer to remedy past violations of Federal law on land sales.

A Federal court in Cleveland, Ohio will decide if the developer, *Rog-Win, Inc.* can continue to offer lots for sale in a 3500 lot subdivision without registering them with HUD as required by law. The complaint also charges that the defendant failed to furnish prospective lot purchasers with the required property report. Purchasers who bought land less than two years ago may have the right to bring suit for a refund. The Indiana complaint alleges that the developer of the *Lake Helmerich Village* subdivision in southwestern Indiana failed to comply with the registration and property report requirements of the *Interstate Land Sales Full Disclosure Act*. It also alleges that the defendant materially misrepresented features of the subdivision and engaged in practices that resulted in defrauding purchasers.

FHLBB Proposes New Type Mortgage for Moderate Income Home Buyers

The *Federal Home Loan Bank Board (FHLBB)*, the agency that regulates savings and loan associations, has proposed a new Shared Appreciation Mortgage (SAM) to make mortgage money more available to moderate-income home buyers. Under the proposed SAM plan, home buyers would get a lower rate of interest in return for sharing part of the profit with the lender when the house is sold or refinanced. The proposal was offered to help would-be home buyers who are being priced out of the market by the high cost of mortgages.

Currently, home buyers pay principal and interest based on the prevailing rate of interest. When the house is sold, the owner gets any profit from its sale. With the SAM plan, buyers would pay a much lower rate of interest — 9½ percent as opposed to 13 percent, for example — but when the house is sold the savings and loan association would share up to 40 percent of the net profit on the house. If, however, the value of the house remains the same or decreases, the lender would not make any extra money. The net profit on a sold house would be the difference between the buying and selling prices, less the cost of any improvements and selected costs associated with buying and selling the property.

The SAM approach could represent substantial savings for the home buyer. For example, on a 30-year, \$50,000 mortgage with a 13 percent interest rate, the monthly payment would be \$553. That same mortgage at 9½ percent interest would carry a monthly note of \$440. This means that the home buyer could qualify for the house under the SAM plan with a much lower income.

Shared Appreciation Mortgages must be refinanced after 10 years if the house has not been sold. The home buyer would be offered financing at the then-prevailing market rate and the house would be appraised to determine its new value. The shared appreciation payment would then be paid to the lender as part of the guaranteed refinancing. For instance, if the net appreciation on the house is \$50,000 after the first 10 years, the owner would owe the lender up to \$20,000. This amount would be added to the new mortgage which could be for up to 30 additional years at the prevailing interest rate.

To protect buyers, the *FHLBB* has required that savings and loan associations provide comprehensive information on all facets of loans to borrowers who retain unrestricted rights to improve, sell and transfer the property. Lenders may not be part-investors in the houses. The *FHLBB* also administers other types of alternative mortgage plans including the Graduated Payment Mortgage (GPM), the Variable-Rate Mortgage (VRM), and the Renegotiable-Rate Mortgage (RRM). The agency published proposed amendments to these alternative mortgage instruments in the November 3, 1980 issue of the *Federal Register*.

Nuggets

According to a survey conducted by the *Federal Home Loan Mortgage Corporation (FHLMC)*, three out of five mortgage lenders consider energy costs when making loans to home buyers. The *FHLMC* survey also revealed that two-thirds of the lenders instruct appraisers to consider energy efficiency in evaluating homes.

Leading Government and private housing analysts polled recently by the *National Association of Home Builders (NAHB)* predict that housing starts for 1981 will be in the range of 1.5 million to 1.7 million. Analysts expect a total of about 1.2 million starts this year. There were about 1.7 million starts in 1979. The poll was taken at the NAHB's 21st Semiannual Residential Forecast Conference held last month. The NAHB's own forecast of starts for 1980 was 1,220,000, of which 797,500 would be single-family houses. For 1981 the forecast was 1,493,000 units, of which 972,300 would be single-family houses.

Researchers at the *University of New Mexico* have constructed a 45-foot salt water pond behind their physics building in an experiment to see if solar-heated water can be used to heat homes and generate electricity. The salt enables the pool to retain heat from the sun, the researchers say. Last July the temperature in the pool reached 228 degrees Fahrenheit at a depth of 150 centimeters below the surface. Water taken from the pond can be used for heating or generating electricity through heat exchangers. Experiments at the school have shown that operation and maintenance of the pond is economical. It is eight feet deep, shaped like an inverted cone with the top cut off, and is crisscrossed with thin wires for checking temperatures and salt distribution.

The *Department of Energy (DOE)* is conducting a nationwide survey to monitor energy use by householders and to help set policy in such matters as tax breaks for conservation efforts and programs for the poor. It also will be used to determine future needs in energy by types and the building of energy-efficient housing. The survey is being conducted by *Response Analysis Corp.*, of Princeton, N.J.

Publications Available

Selecting and Financing a House. . . contains information on buying a house and the types of mortgages available. Available for \$1.25 cents from the *Consumer Information Center*, Dept. 147H, Pueblo, Colorado.

The Essential Community: Local Government in the Year 2000. . . the result of a two-year study, the book takes a look at the future of U.S. communities. . . it discusses such issues as how local governments will deal with energy shortages, restricted tax revenues, and demographic changes that will challenge them between now and the year 2000. Available for \$16.75 from the *International City Management Association*, 1140 Connecticut Avenue, N.W., Washington, D.C. 20036.

Urban Law: A Guide to Information Sources. . . a convenient handbook containing a wide range of published materials from subject catalogs and legal bibliographies to journal articles and court documents. . . the 11th volume in the Urban Studies Information Guide Series, the handbook provides an overview of and orientation to the study and practice of urban law. Available from the *Gale Research Company*, Book Tower, Detroit, Mich., 48226, for \$30.00.

Unlocking Home Equity for the Elderly. . . discusses current research and experiments on home equity conversion and examines the new options for using home equity to enable older persons to keep their homes while receiving income. Available for \$27.50 from the *Ballinger Publishing Company*, 17 Dunster Street, Harvard Square, Cambridge, Mass. 02138.

Marketing Industrial Buildings and Sites. . . presents a comprehensive study of industrial marketing techniques with emphasis on the promotional aspects of selling industrial properties. . . discusses the methods necessary in organizing for marketing success – the required budget and staff, sales strategy, program elements, promotion projects and corporate surplus property disposal. Available for \$35.00 from *Conway Publications, Inc.*, Peachtree Air Terminal, 1954 Airport Road, Atlanta, Ga., 30341.

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DEPARTMENT OF HOUSING
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Hud Newsletter

HUD Raises Home Mortgage Limits in Designated Areas of Nation

HUD has initiated new, higher mortgage limits for FHA-insured mortgages in designated high-cost areas of the Nation under a provision of the *Housing and Community Development Act of 1980* (P.L. 96-399). *HUD* Secretary Moon Landrieu said the new maximum mortgage limits, proposed in the November 18 edition of the *Federal Register*, are pegged for "the first time to areas where housing sales prices are limiting homeownership opportunities for middle- and moderate-income families."

The *1980 Act* authorizes the *HUD* Secretary, within limits, to increase the existing insurable amounts for FHA-insured, single-family mortgages on an area-by-area basis as needed to meet regional differences in the cost of housing. The *Act* specifies, however, that new maximum mortgage limits shall not exceed 133.33 percent of the current \$67,500 maximum level for a one-family residence or 95 percent of the median sales price of a one-family home in the area, whichever is less.

Depending on locality, the new allowable ceilings can range up to \$74,900 for a single condominium unit, \$90,000 for a one-family residence, \$101,300 for a two-family dwelling, \$122,650 for a three-family unit, and \$142,650 for a four-family residence. The higher mortgage limits are applicable to most of *HUD*'s mortgage insurance programs for homeownership in areas where high housing prices are clearly a limiting factor. In other geographic areas where housing costs are not as high, the maximum amount for an FHA-insured mortgage under the basic Section 203(b) program will continue to be \$67,500 for a one-family unit, \$76,000 for a two-family home, \$92,000 for a three-family dwelling, and \$107,000 for a four-family unit.

A separate, statutory formula for condominiums in high-cost areas sets the new mortgage dollar limit at 111 percent of the present \$67,500 ceiling (\$74,900) or 95 percent of the median sales price of a one-family residence in the area, whichever is less.

The proposed rule went into effect on an interim basis upon publication, but allows for a 60-day period of public comment before publication as a final rule. Interested parties have until January 19, 1981, to comment on the proposal.

HUD Appoints Flores Deputy Regional Administrator

Rueben A. Flores has been named deputy regional administrator of the Seattle Regional Office by *HUD* Secretary Moon Landrieu. Flores became executive assistant to the Seattle regional administrator in December 1977 and since that time he has assisted in the attainment of objectives and goals in the region.

A former member of the *Seattle Human Rights Commission*, Flores also has served as the executive director of the Seattle chapter of the *Service Employment Redevelopment/Jobs for Progress*. He is a native of Texas and received a B.A. degree from the *University of Texas* at El Paso.

HUD Increases Interest Rates For Some FHA Mortgage Programs

HUD has increased the maximum allowable interest rates for most of its *FHA*-mortgage insurance programs. The changes affect insurance programs for single and multifamily housing, home improvement and mobile home loans, mobile home-lot combination loans, and land development loans. The separate rate on interim construction loans for developers of multifamily housing also was raised.

The new mortgage rates are:

<i>Program</i>	<i>New Rates</i>	<i>Old Rates</i>
Level-payment, single-family mortgages	13.5 percent	13.0 percent
Graduated payment mortgage loans	14.0 percent	13.5 percent
Permanent multifamily loans	13.5 percent	13.0 percent
Multifamily interim construction loans	17.0 percent	14.0 percent
Home improvement and mobile home loans	17.0 percent	15.5 percent
Mobile home and lot combination loans	16.5 percent	15.0 percent
Land development loans	17.0 percent	14.0 percent

Max Cleland, administrator of the *Veterans Administration (VA)* announced a similar change in the maximum rate for *VA*-guaranteed, single-family mortgage loans.

The changes were made to adjust to current conditions in the mortgage market. A recent survey of major mortgage companies showed the average discount to be more than 7.5 points under the current *FHA* rates for both level payment and graduated payment mortgages. HUD Secretary Moon Landrieu said the new rates "reflect the realities of the money market and are essential if *FHA*-insured mortgages, with their more favorable terms, are to remain available to American home buyers and sellers, particularly those of moderate income." He said that more than half of the companies surveyed said that "the *FHA* market has deteriorated so badly under current conditions that they were only giving mortgage commitments with points to be determined at the time of closing."

Lawrence B. Simons, HUD's Assistant Secretary for Housing and Federal Housing Commissioner, noted that most lenders have, or are about to, run out of commitments that can be delivered at reasonable discounts, and that many of them have drastically reduced their operations. "The new home loan ceiling rates should significantly ease the constraints that the current high discount points are having on the mortgage market," Simons said. "We will continue to monitor the mortgage market closely and will adjust the rates on our programs as necessary," he said.

26 Selected for Intergovernmental Management Program

HUD has announced the selection of 26 employees – 13 from the Department and 13 from State and local government – to participate in a 12-month Intergovernmental Management Program (IMP). The IMP was established last year to develop a pool of personnel capable of delivering housing and community development programs at the local level.

The program consists of intensive graduate study at the *University of Southern California's* Washington Public Affairs Center, and full-time professional work at HUD's headquarters. Those who complete the work-study program and satisfy all academic requirements will receive a masters degree in public administration.

The *Department* will pay for all costs of training, including tuition, fees and books, and for travel and relocation to and from the Washington area. Participants will continue to be paid their regular salaries. HUD will reimburse State and local governments for 75 percent of the pay for those detailed under the *Intergovernmental Personnel Act*.

Nine women and 17 men make up the new IMP group, including six blacks, four Hispanics, one Native American and one Asian American. The participants were given two weeks of orientation before assuming their new positions.

HUD Makes Two Appointments in the Office of Personnel

HUD Secretary Moon Landrieu has announced the appointments of Frank L. Davis as director of the Department's Office of Personnel and Charles V. St. Lawrence as deputy director of the office.

Davis comes to *HUD* from the *General Services Administration* where he served as deputy director of personnel, supervising a staff of 165, and sharing responsibility for the personnel program with the office director. He served as director of *HUD's* employee relations and equal employment opportunity programs between 1975 and 1978. Beginning his personnel career as a *HUD* intern in 1967, Davis' experience has spanned all areas of personnel administration and he has managed several agency-wide programs. A graduate of *Rutgers University*, New Brunswick, N.J., with an A.B. degree in Latin American studies and history, he attended graduate school at *Howard University*, Washington, D.C.

St. Lawrence is a native of Massachusetts and graduated from the *University of New Hampshire*, following a tour with the *U.S. Navy*. He joined *HUD* in 1969 after serving with the *U.S. Forest Service*, and became deputy director of the Employment Planning and Standards Division, Office of Personnel. He later became the division's director and served until June 1972. A recipient of the Department's *Certificate of Merit* for his work during a 1978 field reorganization, St. Lawrence has held key personnel positions for the past eight years.

FNMA Announces New Home Loan Program

Homeowners who finance the sale of their homes by taking back first mortgages from buyers will be able to use the services of professional mortgage lenders – and convert the loans to cash if they wish – under a new home seller loan program recently announced by the *Federal National Mortgage Association (FNMA)*. Under the new program, a home seller can contract with an *FNMA*-approved lender to perform the services associated with originating the loan and collecting the monthly payments.

The mortgage would be originated using the *FNMA's* standard mortgage documents and in accordance with its credit and appraisal guidelines. If and when the seller wishes to convert the mortgage to cash, it could be done by arranging, through the approved lender, to sell the loan to the *FNMA* which would base its purchase price on current mortgage market rates.

The *FNMA* also announced that it is now willing to buy mortgages made for the purpose of combining assumed first mortgages and purchase money second mortgages made by home sellers into a single loan. Previously, the agency had limited its purchase of refinanced mortgages to those made for the purpose of providing funds for home improvements.

Nuggets

According to the *U.S. Department of Commerce*, the personal income of Americans increased by 1.1 percent in October while their spending rose 1 percent. The Department also said that Americans saved at an annual rate of \$89.4 billion in October, up from \$88.8 billion a month earlier. During the same period, wages and salaries increased \$18.5 billion, up from \$12.8 billion the previous month.

According to *HUD's* November 1 survey of mortgage market conditions, lenders reported further increases in *HUD/FHA* secondary market yields compared to previous months. Nationally, the average secondary market yield to investors for immediate delivery of *HUD/FHA* Section 203(b) 13 percent, level-payment new home mortgage loans with 30-year terms and minimum downpayments was 14.38 percent, up 12 basis points compared to a yield of 14.26 percent on October 1. The November 1 yield was based on an average secondary market price of \$92.3 per \$100 of outstanding loan amounts. The October price was \$92.9. Yields for 90-day delivery of *FHA*-insured new home loans ranged from 14.21 percent in the Southeast to 14.65 percent in the Middle Atlantic region.

A recent study by the Washington-based Center for National Policy Review, *Catholic University*, has concluded that metropolitan-wide school desegregation efforts have helped to integrate housing to such a degree that some areas may need busing only as short-term programs. The two-year, 14-city study involved seven cities that had metropolitan-wide school desegregation programs and seven other cities of similar size, geographic location and racial makeup without busing plans. It found that cities with broad busing plans, for at least five years, experience housing integration at a faster pace than other cities. The broader busing programs also have helped to curb biased real estate practices, the study said.

The *Federal National Mortgage Association (FNMA)* recently announced that it has raised the maximum loan amount of VA-guaranteed mortgages it will purchase to \$110,000. The corporation has traditionally set its VA loan amount limits at four times the amount of a Veterans Administration loan guaranty. A provision of the *Housing and Community Development Act of 1980 (P.L. 96-399)* increased the maximum VA guaranty from \$25,000 to \$27,500.

Significant Litigation

David Eaker, et al. v. Housing Authority of the City of Biloxi, et al.

No. 10370 (Chancery Court for the Second Judicial District, Harrison Co., Miss., October 28, 1980)
(Dismissal of Complaint)

On October 28, 1980, the Chancery Court of Harrison County, Mississippi, entered a Decree dismissing plaintiffs' Complaint as to all defendants. The plaintiffs, citizens of Biloxi, Mississippi, sought to prevent construction of a Section 8, *FHA*-insured housing project in West Biloxi. Plaintiffs asserted that the *Biloxi Housing Authority* acted outside its scope of authority in arranging for the issuance of tax exempt bonds to finance the project through the *Biloxi Housing Development Authority*. Plaintiffs further alleged that *HUD* officials acted improperly and exerted undue influence on the members of the *Biloxi Housing Authority* in order to obtain the Authority's approval of a family housing project in West Biloxi, after *HUD* had disapproved an application to construct a similar project in the downtown urban renewal area.

Pauline Aguilar v. Moon Landrieu, et al.

A-80-CA-370 (W.D. Texas, filed October 23, 1980)

A rent supplement tenant of a Section 236 project seeks a declaratory judgment invalidating 24 C.F.R. §215.25(a) as contrary to Section 101 of the *Housing and Urban Development Act of 1965*, 12 U.S.C. §1701s. She claims that the statute requires that a tenant's contribution toward rent under the rent supplement program be limited to a maximum of 25 percent of the tenant's adjusted gross income. The regulation, however, limits the maximum amount of the rent supplement to 70 percent of the total rental required for the unit. As a result, she alleges, more than 25 percent of her income is being spent for rent. She asks that the Court enjoin enforcement of the regulation and that *HUD* make restitution for the rent supplement benefits withheld by application of the regulation.

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Hud Newsletter

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President Names Members of Advisory Committee on Housing

President Carter has announced the appointment of 48 members to the *Advisory Committee on Housing (ACH)*. The committee, composed of private citizens representing all segments of the housing industry and related interests, was formed to assure that the administration housing task force will have a broad and informed perspective on housing issues.

The *ACH* was created last October at the time the President signed the *Housing and Community Development Act of 1980*. Robert Weaver, the first Secretary of Housing and Urban Development, is chairman of the *Advisory Committee*. At the time of the initial announcement, Mr. Carter called Weaver "the man who set the pattern for the operation of so many programs that are effectively working today" and expressed great pleasure that the former *HUD* Secretary would assist the Government again "in attacking what is a very serious problem for us - one which we know is well within our reach of solution and that is the housing costs that we are facing today."

The *ACH* also includes representatives of *HUD*, the *Department of the Treasury*, the *Council of Economic Advisers*, the *Office of Management and Budget*, the *Domestic Policy Staff*, the *Federal Home Loan Bank Board*, the *Federal Reserve Board*, the *Comptroller of the Currency*, and the *Federal Deposit Insurance Corporation*.

PD&R Releases Reports on Housing Consumption and Minimum Standards

HUD's Office of Policy Development and Research (PD&R) has received two reports from the Housing Allowance Demand Experiment. One report, *Housing Consumption Under the Housing Gap Housing Allowance*, examines how households used housing allowance payments. It addresses such issues as:

- * do allowances induce households to live in standard housing;
- * do allowances induce households to increase their expenditures for housing and, if so, are such expenditures matched by similar increases in the amount of housing obtained; and
- * what proportion of the allowance is used for increased housing expenditures?

The second report, *Minimum Standards Requirements in the Housing Allowance Demand Experiment*, describes each physical and occupancy component of the housing standards used in the Demand Experiment. The report indicates how often the various elements of the standard caused households' units to fail requirements. Special emphasis is placed on those items that accounted for a large proportion of the failures.

A limited number of copies of the two reports are available from PD&R's Division of Housing Assistance Research, *HUD*, Room 8138, Washington, D.C. 20410.

HUD Files Suit Against Virginia Developer for Land Sales Violations

HUD has asked a Federal court in Virginia to order a Virginia developer to stop violating requirements of the *Interstate Land Sales Full Disclosure Act* and to provide relief to purchasers who may have been defrauded. The complaint was filed against *Seaside Properties, Inc.*, a developer of the Chincoteague Bay-Trails End subdivision in Accomack County.

The **Department** contends that the developer made false and misleading statements to prospective buyers in a 2,000-lot camping subdivision located on Virginia's Eastern Shore. The alleged misrepresentation related to the profit purchasers could make by renting or reselling campsites, the availability of lots, and the contract cancellation period. Under current law, consumers have seven days to cancel such contracts.

Under the terms of the *Interstate Land Sales Full Disclosure Act* it is unlawful for a developer of subdivisions containing 25 or more lots to use devices and schemes to defraud the public and to make misleading statements about individual lots or the entire subdivision.

HUD Awards Disaster Funds to Arizona

HUD has awarded \$888,033 in disaster assistance to the State of Arizona to aid the relocation of families in Hound Dog Acres, a community where homes become inaccessible during frequent floodings. About 25 low- and moderate-income families live in the community, located in a floodplain zone in Maricopa County. A flood last February left the homes with cracked foundations, buckled floorboards, water soaked walls and no usable water. Furnishings in the homes were useless.

HUD Assistant Secretary for Community Planning and Development Robert C. Embry said the disaster grant, in conjunction with the Arizona Floodplain Land Exchange Program, will provide the resources to relocate the families to higher ground.

Residents have decided to use the funds to install and maintain their own water works because the private water company which previously served the community is unwilling to replace the water lines. The lines have been broken and repaired three times in the past three years. The relocated homes also will have new septic tanks and leach fields.

HUD's Office of Community Planning and Development (CPD) administers the disaster program for States and units of local government in need of assistance in supplementing their own efforts to alleviate damage, loss, hardship or suffering caused by federally recognized disasters.

NAHC Releases Draft of Cooperative Conversion Manual

The **National Association of Housing Cooperatives (NAHC)** has released a draft of a yet-to-be published manual entitled *The Cooperative Conversion Handbook*. The handbook will be a step-by-step look at the cooperative conversion process and will contain chapters on "Organizing the Residents and Selecting Advisors," "Feasibility Analysis," and "The Process of Conversion and Cooperative Management."

The 184-page text will be complete with case studies, appendices listing technical assistance resources, a summary of financial arrangements, a cooperative plan document, and a bibliography and glossary. It will be available for \$50 to non-members from the **NAHC**, 1012-14th Street, N.W., Suite 805, Washington, D.C. 20005 (202/628-6242).

The **NAHC** is a nonprofit, national federation of regional housing associations, cooperative housing associations and individuals whose goal is to promote the interests of cooperative housing. It represents more than 100,000 families living in housing cooperatives across the Nation.

Nuggets

Jay Janis, chairman of the *Federal Home Loan Bank Board*, has resigned. Janis, a former *HUD* Secretary, served as board chairman for 14 months and helped oversee a deregulation trend for banks and thrift institutions.

The *Census Bureau* reports that it has counted some 226 million people during the 20th census – four million more than it predicted when the national count got underway last April. Of equal note is the fact that most of the four million were found in the South and West, the *Bureau* said. Vincent Barraba, director of the *Bureau*, said that any adjustment to the 226 million final count is likely to be minimal.

President Carter is scheduled to deliver the annual *State of the Union Address* to a joint session of the 97th *Congress* on Tuesday, January 6, 1981. The President is expected to send *Congress* an annual economic report and budget proposals for the next fiscal year on or about January 15. The *State of the Union* address will be given earlier than usual because the congressional body plans to recess between January 7-19. The inauguration of President-elect Ronald Reagan is scheduled for Tuesday, January 20, 1981.

The *Mountain States Resources Corp.* of Salt Lake City has signed an agreement with the *Union Oil Company of California* to drill an exploratory geothermal well in Sevier County, Utah. *Union Oil* will drill and complete the testing of a temperature observation hole some 2,000 feet deep. The test drilling is scheduled to be completed during 1981. During 1982, the company will drill an exploratory well to a depth of 6,000 feet unless adequate geothermal resources are found at a shallower level.

The president of *Qualified Remodeler, Inc.*, predicts that the remodeling construction dollar volume will reach \$100 billion in 1981 and will continue to grow at a rate of 10 to 25 percent each year, surpassing new construction to become the leading segment of the construction industry. The prediction was based on figures from the *U.S. Department of Commerce* and data from major developers, construction firms and building materials suppliers. "All research points to remodeling as the number one growth area in the construction industry," David Sauer said. "While rising land, building materials, energy, and interest costs have led to the widely reported slump in new construction, increasing numbers of planners and developers – as well as individual homeowners – have turned to remodeling existing structures as the most cost-efficient means of meeting their space needs."

A report recently released by the *Environmental Protection Agency (EPA)* says that gas-burning furnaces or boilers are the best bet for those who must replace old heating units. The *EPA* predicted that natural gas would continue to cost less than oil until at least 1990. The study, conducted by *ICF, Inc.*, a Washington research concern, said its findings apply mostly to the northern region of the Nation which accounts for some 64 percent of all gas-heated houses and 83 percent of all oil-heated houses in the country. If every homeowner in the Nation replaced heating units with high efficiency ones, the country would save the equivalent of 725,000 barrels of oil per day, the report said.

Two individuals and 16 industrial concerns have submitted proposals to the *Department of Energy (DOE)* to build synthetic fuels plants on a commercial scale in an effort to share in a \$5 billion kitty of financial assistance. The proposals, for the most part, would employ proven technology in producing the alternative fuels. Most of the proposed plants would cost at least \$1 billion or more and awards are expected to be made shortly. Six of the proposals involve projects relying on the use of coal; six others would extract oil from shale; three involve tar sands, and one each involves peat, hydrogen synthesis gas and waste heat.

A recent edition of *Consumer Reports* says that one out of every 18 adults in California holds a real estate sales license, and that the number of real estate agents in the State has grown from 150,000 to 400,000 within the past 10 years. The average price of a single-family house in Los Angeles County is about \$123,000, the magazine reports. This means that an agent's commission on such a house, calculated at 6 percent, would exceed \$7,000.

A Maryland legislator has announced his intention to introduce a bill designed to regulate the title insurance industry in his State. The bill would place a ceiling on commissions title insurance agencies could receive and would require the State insurance commissioner to review insurance rates periodically. Experts say that title insurance companies and real estate lawyers in the State make between 50 cents and 70 cents of every premium dollar spent. Title insurance is almost always required by lenders as a condition of a mortgage loan. In return, the insurer guarantees the buyer's investment in case a dispute arises over claims to the property.

Land Use Pamphlet to Aid State and Local Officials

A new eight-page pamphlet recently published by **HUD** describes methods by which State, county and municipal governments may increase efficiency and reduce delay in administering zoning, subdivision and environmental regulations.

Entitled *Streamlining Land Use Regulations: What Local Public Officials Should Know*, the pamphlet capsules the findings of a one-year study by the **American Planning Association (APA)** and the **Urban Land Institute (ULI)**. The **APA-ULI** study supports the work of the **Council on Development Choices for the 1980's**, a **HUD**-financed group of State and local elected officials and development industry executives which released its preliminary findings last month.

HUD Secretary Moon Landrieu said that "Cutting bureaucratic red tape is among the fondest wishes of many consumers and developers." A former mayor of New Orleans, Secretary Landrieu cited the benefits of greater administrative efficiency and reduced time devoted to public hearings on proposed developments. He said, however, that the major reason for **HUD's** interest in streamlining development regulation is that it can help mitigate the spiraling price of new housing by reducing the costs of delay.

"The issue," he said "is not whether regulations should be streamlined but how best to do it."

The pamphlet describes actual cases where local and county regulations have been amended to reduce the time factor in zoning boards and planning commissions. It is expected to be in supply for the public next month and will be available from the **HUD USER**, P.O. Box 280, Germantown, Md., 20767 (301/251-5154).

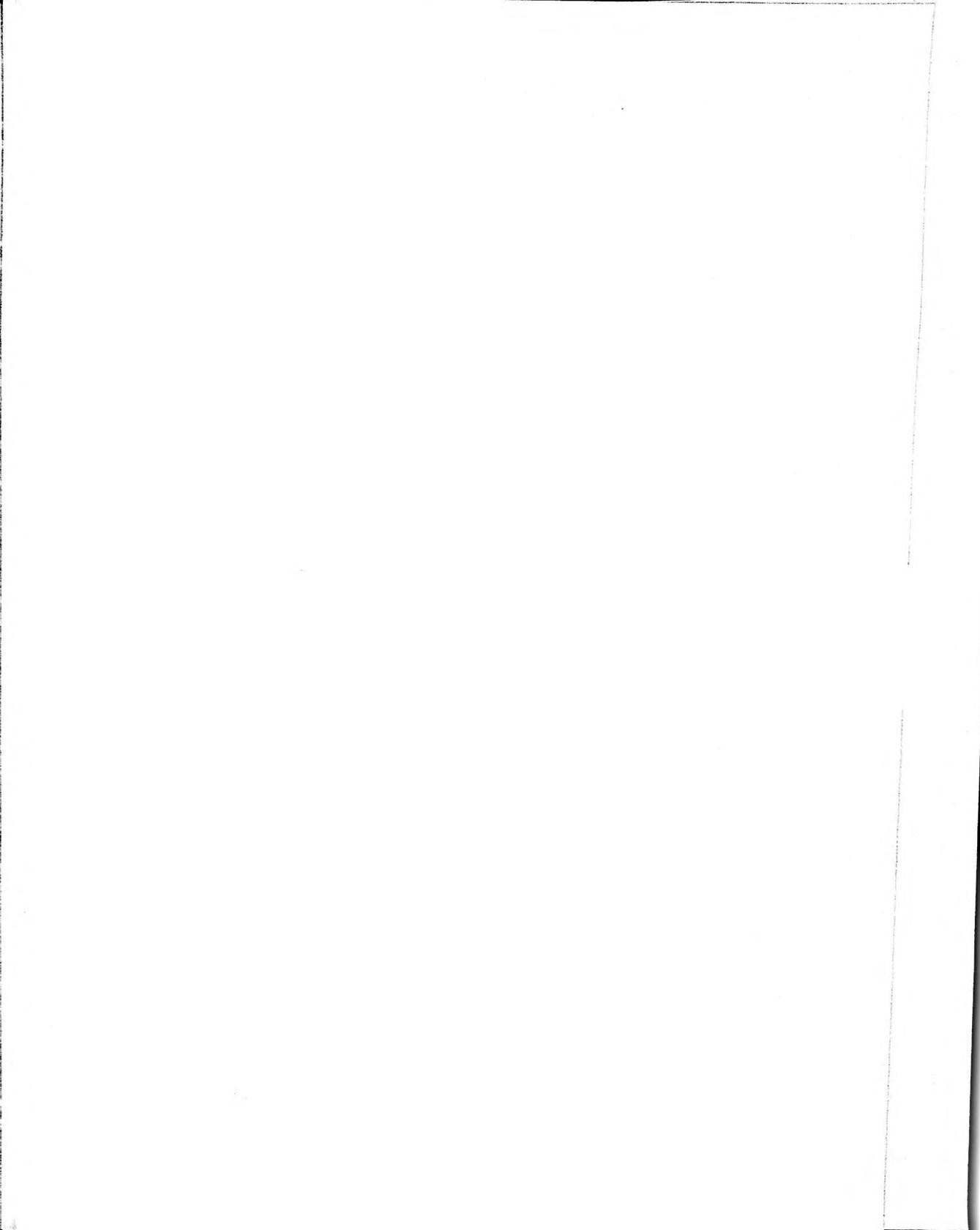
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