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January 1, 1973

Vol.4 No. 1

Current Trends

Private housing starts... seasonally adjusted... again increased slightly in November to an annual rate of 2.445 million units... less than one percent above the revised October rate of 2.435 million units. Permits issued for new units declined in November to an annual rate of 2.163 million units... 2 percent below the October rate. Actual starts in November were 190,900 units... 8 percent above the number started in November 1971 and was once again the highest starts level on record for any November. Total starts (private plus public) for January through November reached 2.227 million units, compared with 1.929 million units for the same period last year. Total starts for the full year 1972 will almost certainly be in the 2.38 to 2.4 million units range.

Most current indicators point to continuing strong housing demand and high production levels in the months immediately ahead. Sales of both new and existing homes are high... as is the rate of new apartment rentals... though mobile home shipments have leveled off. Builders' plans also are at a high level. The supply of mortgage funds remains ample and interest rates appear to be relaxing.

Single family home sales soared to another record in October... evidencing continuing strong demand for homes and bearing out the optimistic forecasts of most recent consumer buying surveys. Sales of new one-family homes jumped to an annual rate of 853,000 units in October... 10 percent above the previous record rate of 774,000 units set in August. Actual new home sales numbered 67,000... well above the previous record for October, set last year... of 52,000. In the existing home market, sales in October were 17 percent above the year-earlier level... according to the National Association of Real Estate Boards.

Mobile home shipments... while still strong... are showing signs of leveling off. Shipments in October were at an annual rate of 540,000 units... up from 502,000 in September but below the 570,000 unit rate sustained during the first 9 months of the year.

A total of 190,500 new housing units were completed in October... the highest level on record with the exception of September, 1972.

The supply of mortgage funds remains plentiful and there are some signs that mortgage interest rates are declining slightly. Savings inflows during November for each of the major types of thrift institutions equaled or exceeded inflows during the same month a year ago. Deposits at S&L's rose \$1.7 billion... a new record for the month. FNMA auction yields declined for the third successive time in the December 11 auction... reaching 7.68 percent... down from a peak of 7.74 percent at the end of October. HUD's survey of effective interest rates on FHA-VA home loans found the yield of new loan commitments down to 7.54 percent in November... compared with 7.60 percent in October.

Project notes... totaling \$392 million... representing 118 local issuing agencies were sold at an average interest rate of 3.1058 percent.

GNMA has issued \$42.4 million of 4-month commitments to purchase government-backed home mortgages at an average yield of 7.683 percent... compared to 7.702 percent two weeks earlier.

New Capital Source for S&Ls

The Federal Home Loan Bank Board has announced regulations to permit... for the first time... issuance of subordinated debentures and capital notes by savings and loans. The Board has responded to the long-recognized need of the Nation's rapidly growing savings and loan associations to bring in capital of a type which would augment net worth. The new instruments would rank below saver deposits and certificates in the event of liquidation.

Record housing production in 1972 has been matched by record lending volume by savings and loans and long-term debt issues subordinated to saver claims add a new 'capital cushion' to support future expansion of savings and loan mortgage portfolios. While the debentures lack Federal insurance... it is believed private placements of large denomination subordinated debentures will be welcomed by institutional and individual investors. The new regulations call for the new securities to be uninsured... have minimum \$50,000 denominations... at least 7-year term... and will be counted as net worth up to an amount not in excess of 20 percent by the FSLIC. Commercial banks have had similar authority for some time, and a few have used it to bring in capital to fuel their deposit growth. Insured S&Ls will be able to apply for approval for the issuance of such securities beginning on January 8, 1973.



Report Discusses Regional Code Enforcement

Regional Code Enforcement... a report on the administration of construction codes in three Mississippi Counties... Hancock, Harrison, and Jackson... has been issued. The report... financed in part through a contract funded by HUD under the Comprehensive Planning Assistance and Comprehensive Planning Research and Demonstration Program... was prepared by the Coast Code Administration for the Governor's Emergency Council and the Mississippi Research and Development Center of Jackson. Purpose of the report is to provide guidelines for other areas which may want to institute a new or radically revised code and code enforcement program... or are forced to do so because of disasters like Hurricane Camille.

Copies of the report are available from the National Technical Information Service, Springfield, Va. 22151; 95 cents for microfiche, \$3.00 for hard copy.



BREAKTHROUGH To Provide College Housing

Negotiations for the sale of the Operation BREAKTHROUGH development in Indianapolis, to a nonprofit corporation serving the college housing market have begun. The endorsement of the sale by the University of Indiana's Board of Trustees has cleared the way for the final negotiations.

There are 295 units on the Indianapolis site... and 192 will be purchased by Adult Student Housing, Inc., of Portland, Oregon... under the terms of the College Housing Act of 1950... if an acceptable agreement can be reached. The 192 units include 140 townhouses and 52 apartments... all of which would be made available to adult students and their families at the University of Indiana and Purdue University of Indianapolis. The firm is now successfully involved in 10 similar projects in Hawaii, Oregon, Tennessee, and Washington.

A limited partnership composed of principals from the housing firm is interested in purchasing the remaining single family homes on the Indianapolis site.



Lumber Supply Endangered

The U.S. Forest Service reported... that under present management practices in the Nation's forests... the timber supply will fall short of needs before the end of the century. Supplies can be increased by improved management practices in both public and private woodlands. Intensified cutting in violation of the "sustained yield" provisions of the law will not relieve the situation... the Service said.

Ford Foundation Grants

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The Ford Foundation has made two grants in connection with the management of publicly assisted housing and the expansion of low- and moderate-income housing in the suburbs.

To the *National Association of Housing and Redevelopment Officials (NAHRO)* ... \$50,000 for training managers of public housing and other government-aided projects. The management of such housing... in which 20 million Americans are expected to live by 1980... entails far more than the customary custodial and mechanical duties. Such managers must be prepared to deal with complex financial, social, and sometimes political problems as well. For present and prospective housing managers, NAHRO will conduct courses in four cities, one each in the East, South, Midwest, and West. The courses will include classroom instruction and on-the-job training at the trainee's place of employment. The faculty will be composed of scholars and experienced managers, who will explore such subjects as planning housing developments, preparing buildings for occupancy, budgeting, personnel administration, and community relations.

NAHRO hopes that within a year enough housing agencies, development corporations, and nonprofit housing sponsors will include management training costs in their budgets to make the training program self-sustaining.

The movement of many companies away from the cities creates a need for low- and moderate-income housing for many of their employees in the suburbs. But attempts at social or economic integration of suburbs sometimes meet resistance.

In the Chicago metropolitan area the *Leadership Council for Metropolitan Open Communities* has organized a coalition of public and private agencies to develop a plan for meeting the region's housing needs. Modeled after a similar plan in Dayton, Ohio, the agencies will investigate regional housing needs and set housing production goals for 11 subregions in Illinois and Indiana. The municipalities within each subregion will be asked to build their "fair share" of low- and moderate-income housing.

The coalition, which includes a steering committee of 12 local mayors and the Northeast Illinois Planning Commission, is financed primarily by local foundations, Federal planning funds, and the State of Illinois. A \$100,000 grant will help the Leadership Council provide necessary staff assistance at the regional and local levels.

The Foundation also renewed its support for an innovative neighborhood activity. When a new black cultural center opened in the Adams-Morgan area of Washington, D. C., in 1967... children in the neighborhood kept asking, "What's that new thing up the street?" In this way, the center adopted its title, the *New Thing Art and Architectural Center*, and began its program of helping children, teenagers, and adults in this predominantly black area of Northwest Washington create a positive image for themselves.

The *New Thing*... still a source of wonder to neighborhood children and still growing... has received a new grant of \$50,000 to assist its many activities—from morning tutoring and counseling for high-school dropouts, to afternoon workshops for children over six, to evening arts, graphics, photography, and music courses for teenagers and adults. The center's classes and events are held in four locations, one of them a converted church and another a store front. About half of some 40 adults who work with the participants are volunteers, contributing their knowledge in skills ranging from filmmaking and creative writing to African drumming and dancing.

The center has also launched a radio station that broadcasts over a 10-block radius, providing referral information on community problems—child care, money management, drug addition, welfare rights, health and medical needs, career advice, birth control, legal aid, and housing.8

\$28 Million D.C. Grant

HUD has approved a \$28 million urban renewal grant to enable construction to begin on the Fort Lincoln New Town development... a major element of President Nixon's Bicentennial program for the Nation's Capital. The HUD grant to the D.C. Redevelopment Land Agency, will cover the cost of site preparation and land development activities on the 360-acre tract in Northeast Washington. It will pave the way for Building Systems International, of Dallas, Texas, and Washington, D.C., to begin construction of elements of its comprehensive community development plan for the site.

The land development will include public utilities, internal road systems, and site grading for public buildings. Construction of the first of three elementary schools will begin shortly after the first of the year. Residential construction is scheduled to begin during the fall of 1973.

The planned 'New Town-In-Town'... one of the first of its kind in the United States... is seen as an exciting initiative to solving some of the problems of our Nation's inner city areas. Innovation will be emphasized at Ft. Lincoln... and will include new approaches to transportation, education, homeownership, minority involvement, community social services, intercommunications, and utility systems. The project will utilize the resources of both Federal and D.C. agencies to create a better urban environment for thousands of people. The Departments of Transportation; Health, Education and Welfare; Labor; Interior; Justice; Small Business Administration; and General Services Administration will be involved.

Approximately 16,000 residents will occupy some 4,500 residential units when the project is completed... with 70 percent of the units for sale to both moderate- and middle-income buyers. Three community malls... including shopping and public service facilities will be located on the site to meet the needs of Fort Lincoln residents and adjacent neighborhoods. There will be three elementary schools, one secondary school, and possibly a satellite campus of the Federal City College. Office space for 6,000 Federal employees... many of whom will live in the Fort Lincoln residential community... will be provided in the Town Center.

Additional features include commemoration of the original Civil War fort site, a comprehensive system of open and recreational space, and proposed mass transit linkages between Fort Lincoln and the Washington metropolitan area.



Operation BREAKTHROUGH Roundup

Reports of current BREAKTHROUGH activities show that in its Phase III volume production and marketing stage... 28 housing projects are now under construction... involving 6,900 BREAKTHROUGH set-aside units. Two projects are completed... with their 200 units occupied. Scheduled to begin construction before June 30, 1973, are an additional 110 projects... comprising 19,000 set-aside units of subsidized low- and moderate-income housing... utilizing Section 235, 236, and public housing funds. BREAKTHROUGH housing systems producers now participating in Phase III are also marketing an additional 6,500 units of subsidized and market-rate housing... for a total of 32,600 units... now in processing or development. There are now 17 producers actively engaged in Phase III... and three others have indicated tentative plans to commence volume marketing in the next year. The value of the 32,600 units is in excess of \$700 million.

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U.S. Department of Housing and Urban Development
Washington, D.C. 20402

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HUD newsletter

OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280



January 8, 1973

Vol. 4 No. 2

Current Trends

The rate of absorption of new apartment units remains strong... particularly in view of the large number of units coming into the market. About 73 percent of the privately financed units completed during the quarter ending in July 1972 were rented within 90 days. This compares to a year ago... when apartment absorption was equally strong... but completions were only at 84 percent of their current level.

The revised November rate of savings and loan deposit inflow of \$1.8 billion breaks all previous records for the month... and brings the total 11-month growth to \$29.4 billion... also a record... according to the U.S. Savings and Loan League. The League estimated that the December savings rise will be \$3.6 billion... accounting for a yearly total increase of \$33 billion... 19 percent above 1971. Lending on mortgages for the 11-month period was a record \$46.9 billion... with a probable total for the year of \$51.6 billion.

A study made by a large West Coast bank discloses that mobile home sales... which have run nearly half a million units annually... will likely remain high for the rest of the 70's. Major growth factors are increasing size, attractiveness, and durability of the mobile home; low initial price and better value for the shelter dollar; and, growth in the number of young marrieds and retirees (who represent 75% of mobile home buyers). Other influences are the increasing cost of conventional housing and the fact that mobile home parks are becoming increasingly more attractive.



Mobile Home Amendments Proposed

HUD has proposed new amendments to the loan regulations for mobile homes. The proposal appeared in the *Federal Register* on December 14, 1972... page 26620 (Docket No. R-72-221).

One proposed change would "permit acceptance of a used mobile home in lieu of the minimum required cash downpayment where the bluebook value of the mobile home being offered as a trade-in is equal to or greater than the minimum cash downpayment."

This would result in savings to consumers as the sales on the new mobile home being purchased would be reduced by an amount equivalent to the tax on the value of the trade-in.

A second amendment would permit insured lenders to accept dealer financial statements which have been prepared by a licensed public accountant.

Comments on the proposals are invited not later than Jan. 16... addressed to the Rules Docket Clerk, Office of the General Counsel, Room 10256, HUD, Washington, D.C. 20410.



Housing Ban Ruled Unconstitutional

The Harvey Illinois City Council's resolution prohibiting the construction of houses under Section 235 has been held unconstitutional by a U.S. District Court. The resolution which would have prohibited the issuance of building permits for Section 235 homes was voided and... building permits required to be issued.

Ford Foundation Grants

The Ford Foundation has announced the following grants in the field of housing and urban affairs. Further details may be obtained from the Foundation, 320 E. 43rd St., New York City, 10017

Athens Technological Organization, \$250,000 supplement over two years, for the urban research, training, and information activities of the Center of Ekistics, directed by Constantinos Doxiadis.

University of Colorado, \$22,765 over one year, to plan a comprehensive research project on the impact of air pollution on Denver residents. The project will investigate why certain health hazards induce more community concern than others.

Columbia University, \$25,000 over one year, for stipends to enable about 15 law students to intern part-time during the 1972-73 academic year with four community development corporations (CDCs) in New York City. The program equips the students with supervised clinical legal training, provides the CDCs with talented legal assistance, and trains a pool of potential CDC staff members.

University of Hawaii, \$150,000, partial support for the Hawaii Environmental Simulation Laboratory, which was formed last year with Foundation assistance to analyze the environmental effects of alternative water and land use plans. Funds will provide professional assistance to a Community Advisory Committee recently formed to translate the laboratory's technical data, environmental models, and simulation games into terms that will help local officials, citizen's groups, and individuals apply the information.

National Council for Equal Business Opportunity (NCEBO), \$300,000 over 18 months, for support of the council's technical assistance program. NCEBO assists community organization in minority economic and entrepreneurial development.

Tenant Affairs Board, \$130,000, to establish an experimental tenant management corporation to run two public housing projects in St. Louis. Ten elected building captains from each project and a staff manager and assistant will have full management responsibility, including supervision of security, social and health services, and tenant-association activities. The experiment is part of an effort to stem the deterioration of the city's public housing by giving residents greater voice and responsibility in the daily management of their buildings.



Notes From Here and There

John B. Williams, Executive Director of the Oakland Redevelopment Authority, has become president of the National Association of Housing and Redevelopment Officials for 1973.

The first residential development planned to satisfy Philadelphia's ecology-oriented zoning requirement has been approved by the city. The development is Greentree Run, a 600-unit condominium complex that will be located on a 38-acre wooded site overlooking the Schuylkill River in the Shawmont section. In order to meet the requirements of the zoning classification, the developers had to plan the community so that disturbance of the trees and three streams on the site would be minimal.

The average dwelling-unit cost of Section 312 rehabilitation loans remained almost constant in FY 1972. The average loan was \$4,184 for the 45,579 dwelling units covered by the rehab loan program since its start in 1965. At the end of FY 1971 the average loan figure was \$3,993. The increase in the year was less than one-half of one percent.

Largest Governmental Units Spend \$2.7 Billion on Environment

The Nation's largest governmental units spent \$2.7 billion during fiscal 1970-71 on water and air quality control and solid waste management. . . according to a report released by the Census Bureau. Expenditures and employment by the Federal Government, the 50 State governments, the 48 largest cities, and 58 largest counties, and other local governments in the 38 largest Standard Metropolitan Statistical Areas (SMSA's) are covered. . . as well as data on revenues produced through the levy of sewerage and sanitation charges by selected local governments.

A total of \$1.6 billion was expended on water quality control, \$974.4 million on solid waste management, and \$114.9 million on air quality control. These same governments had a full-time equivalent employment of 113,744 persons. The \$2.7 billion expenditure in 1970-71 topped the previous fiscal period's by 12.5 percent and was 38.2 percent greater than the total expenditure of \$1.9 billion for fiscal 1968-69.

Copies of the report, *Environmental Quality Control Finances and Employment for Selected Large Governmental Units: Fiscal 1970-71*, are available for 55 cents each from the Superintendent of Documents, Washington, D.C. 20402.



Joint USA-USSR Report

HUD is completing a report on potential U.S.-U.S.S.R. large city information systems exchange areas. The report includes recommendations for continuing joint U.S.-U.S.S.R. activities. The report was prepared by a special team including computer systems heads and representatives of large U.S. cities.

The activity is an outgrowth of U.S.-U.S.S.R. conferences in Moscow in May 1972, during which a Joint U.S.-U.S.S.R. Agreement on Cooperation in Science and Technology was signed. A Joint U.S.-U.S.S.R. Working Group on Application of Computer to Management was subsequently formed to explore potential exchanges. One of this Joint Working Group's areas of interest is *The Use of Computers for the Management of Large Cities*.

The report describes existing information systems in large U.S. cities; information systems management topics of potential U.S. and U.S.S.R. joint interest; and lists information systems topics which the U.S.S.R. has performed which may have potential interest to large U.S. cities.



FYI

Apartment Owners & Managers Association of America. . . Fourth Annual National Apartment Conference, January 28-31, Miami Beach. Information from AOMA, 65 Cherry Avenue, Watertown, Connecticut 06795. Phone: (203) 274-2589.

Mobile Homes Manufacturers Association. . . National Mobile Home Show . . . Louisville, January 15-21. Details: MHMA, Box 201, 14650 Lee Road, Chantilly, Virginia 22021. Phone: (703) 968-6970.



New Publications

Condominiums—How to Create and Convert An Existing Apartment Building To A Condominium. A guide for attorneys, architects, engineers, builders, title insurers, banks, and savings and loans. Robert W. Duff & Associates, P.O. Box 1242, Santa Ana, California 92702. \$3.50 each.

The Tenants Guide to Rent Controls issued by HUD in conjunction with the Price Commission's Rent Advisory Board. The booklet provides answers to most of the questions tenants may have about rent controls. Free from Distribution Center, Room B-256, HUD Building, Washington, D.C. 20410.

Chicago's Rehabilitation Program

For the past four years, the Department of Urban Renewal (DUR) of the City of Chicago has been engaged in a prototype housing rehabilitation project to restore over 500 living units in 144 buildings in a deteriorating area... the Lawndale neighborhood. The neighborhood is generally stable; the buildings average about 50 years old; and the income level of residents who live in the area would be classified as low to moderate.

Phase I of the program has been completed, and the subsequent phases are well underway. A total of 145 units have been restored and reoccupied by low- and moderate-income families from the neighborhood. Eight buildings, containing 123 units, have been sold to the Douglas-Lawndale Corporation, a nonprofit organization made up of tenants of the buildings and other residents of the community.

DUR has helped form tenant groups or building clubs to oversee the maintenance of the buildings and to handle other problems in the neighborhood which affect the tenants. DUR provides special training courses to tenants prior to their moving into the rehabilitated buildings to teach housekeeping, nutrition, and other basic skills necessary to the maintenance of the rehabilitated units and to upgrading the general health and living conditions of the families.

Very little use was made of "industrialized" building products or techniques since these were found not feasible for the older and considerably deteriorated buildings of standard construction.

About 120 additional units will come under HUD's Section 312 low-interest loans or Section 115 grants to homeowners for rehabilitation. The bulk of the program represents an innovative attempt by the city to make use of various Federal, State, and local programs and funding sources to achieve rehabilitation of an entire neighborhood on a scale large enough to have a positive impact on the entire community.

HUD provided major assistance to this program by granting the city a \$6-million set-aside of 221(d)(3) funds in 1968 to provide for the rehabilitation and sale of the first 294 units.

A report on the project... prepared by Lewis W. Hill, Commissioner of Urban Renewal for the City of Chicago, and Frankie M. Boylan, Coordinator of the Lawndale Area... appears in the latest issue of *Planners Notebook*, published by the American Institute of Planners. Copies are available at \$2.00 each from AIP, 1776 Massachusetts Ave., N.W., Washington, D.C. 20036.



Fed Chief Favors Wider S&L Lending

Dr. Arthur F. Burns... Chairman of the Federal Reserve Board... has told the Subcommittee on Priorities and Economy in Government of the Joint Economic Committee that he feels that the availability of mortgage funds would be greater if savings and loans were permitted to make consumer loans. Dr. Burns suggested that the associations be permitted to put a modest portion of their assets into consumer loans... and if this were done the associations' earnings would improve... permitting them to increase interest rates on deposits... and thus attract more savings.

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January 15, 1973

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

Vol. 4 No. 3

Mr. Romney Reports

JAN 12 1973

Secretary Romney has reported on some of the highlights of his four years in office. Mr. Romney said that the years 1969 through 1972 showed an auspicious record of achievement... and although the record was marred by some serious inherited flaws... the four years set the stage for significant long-range benefits. Among the more significant items he pointed to were:

- The movement of decision-making from Washington to the States and local communities... with financial and technical assistance from the Federal Government... along with the streamlining and decentralizing of HUD by creating 77 Area and Insuring Offices supervised by 10 Regional Offices... so that more than 90 percent of the Department's program funds are now being committed at the field level.

- The growing awareness of the 'Real City' Concept... calling for the application of 'Real City' solutions to the problems of the metropolitan... rather than a limited city area. Also... the acceptance of the fact that the urban problem of housing cannot be solved by housing alone... but requires remedial efforts for social ills as well.

- The demonstration that housing production in this country can be stimulated by sound monetary and fiscal policies... and made more stable through tapping new sources of mortgage money. Housing production in the past two years has attained new heights. 1972 production is expected to reach almost 3 million units... including 550,000 mobile units. In 1971... production was approximately 2.6 million... and in 1969 and 1970 it was below 2 million. Subsidized housing... which was produced at record levels in the past four years... reached 226,400 in 1969... 471,000 in 1970... 465,400 in 1971... and something over 300,000 in 1972. Part of the reason for the record-setting housing production during this period has been the activity of HUD's Government National Mortgage Association (GNMA)... which developed a number of new financial devices to attract new mortgage money resources. This contributed to the record of the past four years... during which more subsidized housing was financed and started than in the entire history of Federal housing assistance programs... and to the overall housing production records of the past two years.

- Operation BREAKTHROUGH... which dramatized the need for basic improvements in housing technology, marketing, land use, and management... and has resulted in some 2,900 housing units nearing completion on nine demonstration sites... and more than 30,000 additional units in various stages of planning and development. In addition... 27 States have enacted statewide industrialized housing laws or general purpose building codes... where none existed before BREAKTHROUGH.

- The adoption of fair housing standards... which were needed to overcome racial discrimination and assure equality of housing choice to every American.



25 States Have Housing Agencies

In 1972... six additional States (Georgia, Idaho, Kentucky, Louisiana, Virginia, and Wisconsin) created State housing finance agencies... or similar bodies... to assist in providing housing financing for persons of low or moderate income... bringing to 25 the number of States having such agencies. The other 19 States are: Alaska, Connecticut, Delaware, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Vermont, and Virginia.

HUD Water Pipeline Grants

Because the well water supply was in short supply due to excessive amounts of fluorides and sulphates in Eagle Butte, South Dakota... the Cheyenne River Sioux Tribe's application for up to 240 units of low-rent Indian housing could not be considered. To solve the water shortage... HUD has approved a \$1.3 million grant to the Tribe for building a 21-mile, 14-inch pipeline to serve the areas between and around Eagle Butte from the Oahe Reservoir. The reservoir is 120 miles long and three to five miles wide... extending from Pierre, South Dakota, to Mandan, North Dakota. The dam for the reservoir is the largest earth-rolled structure of its kind in the world. Construction of the pipeline will provide over 300 new job opportunities for Indians located in the area.



Architects Install

S. Scott Forebee, Jr., FAIA, of Charlotte, North Carolina... has been installed as 1973 President of the American Institute of Architects... the 24,000 member national professional society. Other officers installed were... Archibald C. Rogers, FAIA, of Baltimore... as first vice president and president-elect; three vice presidents... Louis de Moll, FAIA, of Philadelphia; Van B. Bruner of Haddonfield, New Jersey; and David A. Pugh, FAIA, of Portland, Oregon; and secretary... Hilliard T. Smith, Jr., FAIA, of Lake Worth, Florida.



Personal Alarm System to be Tested

A pencil-shaped device... which can be kept in a pocket... or attached to a necklace... and which provides a personal alarm system in emergencies... will be tested at the Operation BREAKTHROUGH site in Sacramento. Particularly useful for elderly residents of high-rise apartment buildings... the device can be used in cases of accidents, sudden illness, threats to safety, or other emergencies anywhere in the building. A user simply presses a button and the transmitter flashes an alert to a control panel... which is manned 24 hours a day. The exact location where the help is needed is shown on the board. The person at the control board can telephone the police, a doctor, or hospital... as required.

The equipment... which has already been installed on an experimental basis... will be tested under a \$98,000 contract funded by HUD. Under the terms of the contract... the contractor will familiarize the occupants of the building with the system, train operators to monitor and evaluate it, and carry out any modifications that are needed. In addition... the contractor will evaluate all emergency response systems... including the already-installed portable alarm signal system... fire alarms, and elevator alarms to determine which will best serve the needs of the elderly.



Fed Denies Acquisition

The Federal Reserve Board has said "no" to the acquisition of a mobile home sales finance company by a bank holding company. First Commercial Banks, Inc. of Albany, N.Y. had requested authority to acquire Schenectady Discount Corporation... which finances mobile homes. In denying the application... the Fed said that to permit the proposed transaction would "adversely affect the further development of competition in the mobile home sales finance business in the Albany regional market and other regional markets in the State."



First Housing Units to be Built by Indian Labor Dedicated

The first prefab house completed by the Blackfeet Indian Developers, Inc. was dedicated in December in Browning, Montana. Five units were to be finished by Christmas. Work will continue during the winter months on prefab units in the plant. By next July... 55 units are expected to be finished. 200 will be built in 1973, and 125 in 1974. Another 125... for a total of approximately 500 units... are expected to be built by 1975. Only Indians are employed in the house factory. As the houses are finished, they are turned over to the Tribal Housing Authority for low-rent housing rental.

At the dedication, Tribal Chairman Earl Old Person said, "We want to be recognized as people able to compete in the American way of life. I believe that someday, all people are going to be proud of the American Indian."

High Income Households in Newer Housing

People living in newer housing have incomes generally higher than families and individuals in older housing... according to the Census Bureau. A 1970 Census report shows that households in housing built during 1960-68 had the highest median income, (\$11,500) at the time of the census; for housing built during 1950-60 the median was \$11,100; and the figure for households in the very newest housing... built during 1969 and the first quarter of 1970... was a little lower, \$10,500. Households in housing built earlier than 1950, however, had a 1970 median income of \$8,100.

Total owner-occupied units counted in the census was 39.9 million; renter-occupied units number 23.6 million. The median income for all owners was \$9,700 and for all renters, it was \$6,300.

Mobile homes have a strong appeal for young homeowners. Of 1.8 million mobile homeowners counted in the 1970 census... 13 percent or about 232,000 were husband-wife families with the husband under 25 years of age. The proportion of all owner-occupied... both mobile and non-mobile... units belonging to husband-wife families with the husband under 25 was only 2 percent or about 800,000 of the total 39.9 million owner-occupied units. Mobile homes are also popular with husband-wife families with the head 25 to 34 years old. About 21 percent (364,000) mobile homes) were in this group. Another 19 percent (334,000) belonged to husband-wife families with the heads 45 to 64 years old.

Copies of *Metropolitan Housing Characteristics, U.S. and Regions HC(2)-1* may be obtained for \$3.50 from the Superintendent of Documents, Washington, D.C. 20402.



Report on Housing in Sweden Issued

HUD International Brief No. 15... Housing and Urban Development in Sweden has been issued by HUD's Office of International Affairs. The 34-page report... was compiled by a team of officials from HUD and the National Bureau of Standards during a two-week visit to Sweden in October 1971.

HUD International Briefs are designed to promote the exchange of housing and urban development information between the U.S. and foreign countries, and disseminate this information to potential U.S. users. *Brief No. 15 (Stock No. 2300-0197)* is for sale by the Superintendent of Documents, Washington, D.C. 20402. Price 30 cents.



Publications Available

Pocket Guide to Low-Income Housing Programs... a 48-page loose-leaf compendium of information relating to the various HUD housing programs. For sale for \$3 by the NAHB Journal of Homebuilding, 1625 L Street, N.W., Washington, D.C. 20036.

Credit Risk Analysis and Servicing of Delinquent Mortgages... a lender's guide... reports practices of U.S. mortgage lenders and instructions issued by HUD's FHA. The publication... among other things... discusses sponsors and contractors, income considerations, closing the loan, evaluating the risk, and offers advice to borrowers and lenders. An appendix contains samples of agreements pertaining to bonds, escrow, completion assurances, forbearances, and default notices. For sale at 75 cents by the Superintendent of Documents, Washington, D.C. 20042. (Stock No. 2300-00203).

Fifth Annual Report of the New Jersey Department of Community Affairs... covers the fiscal year ending June 30, 1972. Free from the Department, 363 West State Street, Trenton, N.J. 08625.

Design of Housing for the Elderly... A Checklist. Published by the National Association of Housing and Redevelopment Officials. 19 pages, paper. \$1.50 from NAHRO, 2600 Virginia Avenue, N.W., Washington, D.C. 20037.

Urban Model to be Tested

Lowell, Mass., has been chosen for a test of a theoretical urban dynamics model as an aid to urban administrators against the current problems of a medium-sized city under a HUD contract. The Massachusetts Institute of Technology... which received the \$210,000 contract from HUD... will conduct the test. MIT also will consider any changes or improvements in the model which may be dictated by the experiment.

The model was designed by Dr. Jay Forrester as a tool to stimulate the policy development and decision making processes in local government... and has been widely publicized in academic journals. Dr. Forrester also is the author of a book which stirred waves in housing and urban planning circles in 1969.

As part of the study, MIT professors will work with the city to define a set of goals for the community and to test the soundness and effectiveness of the theoretically-developed model as a means of evaluating a range of urban management actions.



State Tax Collections Rise

State governments collected \$59.8 billion in taxes during the 1972 fiscal year... an \$8.3 billion or 16.1 percent increase over fiscal 1971... the Census Bureau reports. General sales and gross receipts taxes were the leading tax revenue source during fiscal 1972. The 50 States collected \$17.6 billion in this category... up 13.9 percent over fiscal 1971. Corporate net income taxes and individual income taxes showed the highest percentage boost over fiscal 1971... 28.6 percent and 28 percent, respectively. Major tax revenue sources and their fiscal 1972 and 1971 totals follows:

	1972	1971
General sales and gross receipts	\$17.6 billion	\$15.5 billion
Individual income taxes	13.0 "	10.1 "
Selective sales and gross receipts		
Motor fuels	7.2 "	6.6 "
Tobacco products	2.8 "	2.5 "
Alcoholic beverages	1.7 "	1.5 "
Insurance	1.7 "	1.3 "
Corporation net income taxes	4.4 "	3.4 "
Property taxes	1.3 "	1.1 "
Death and gift taxes	1.3 "	1.1 "
Severance taxes	\$758 million	\$733 million

Nearly one-half of all State tax revenue was collected in seven States. New York collected the largest sum... a total of \$7 billion. California collected \$6.7 billion; Pennsylvania, \$5.9 billion; Illinois, \$3.4 billion; Michigan, \$3 billion; Texas, \$2.6 billion, and Ohio, \$2.2 billion. The largest proportionate increase occurred in Montana, where the total was 34.6 percent greater in fiscal 1972 than in the previous fiscal period. Per capita sums collected ranged from less than \$200 in two States to \$300 or more in 19 States. The figures show only tax revenue. States also receive income from the Federal government, insurance trust sources, and from charges and miscellaneous sources.

Copies of the report, *State Tax Collections in 1972, GF 72, No. 1*, may be obtained for 50 cents each from the Superintendent of Documents, Washington, D.C. 20402.

HUD newsletter
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
U.S. GOVERNMENT PRINTING OFFICE: 1969

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Use of funds for printing this publication approved by the Director of the Bureau of the Budget November 21, 1969.

January 22, 1973

New Commitments Halted

A temporary "freeze" of new HUD commitments for subsidized housing, college housing, water and sewer grants, open-space grants, and public facility loans has been issued... effective January 5. No date has been set for the end of the temporary suspension of new authorizations... during which time the various HUD programs involved will be studied and evaluated to determine whether they should be improved, replaced, or terminated. The "freeze" does not affect commitments made prior to January 5.

It is also proposed that new commitments covering Community Development Programs... which will be "folded into" Special Revenue Sharing... will also be suspended on July 1.



Current Trends

FNMA has issued \$66.3 million worth of four-month commitments to purchase government-backed home mortgages. The average yield of accepted bids was 7.685 percent... which converts to a price of 94.99 for 7 percent FHA/VA home mortgages. The range of accepted bids was from 7.671 (95.09) to 7.699 (94.89). The accepted range in the previous FHA/VA auction on December 11th was from 7.668 (95.11) to 7.698 (94.90) and the average was 7.683 (95.00).

FNMA received 140 bids totaling \$108.7 million and accepted 102 bids... including 72 by noncompetitive bidders who agree to accept the auction's average price for mortgages they deliver.

Project notes of Public Housing Authorities... totaling \$515.2 million were sold on January 3... at an average interest rate of 3.153 percent. This compares to the December sale average of 2.923 percent.

GNMA will hold an auction of unsubsidized project mortgages from its Special Assistance portfolio on February 4. The effect of the auction will be to reduce the Government's investment in long term mortgages and release additional funds for other Governmental purposes. The mortgages to be sold total \$93 million... and bear interest rates from 6 percent to 8½ percent. All are insured by FHA and have varying periods to maturity. A total of 84 mortgages will be sold.



FYI

National Association of Home Builders... Seminar... How to Rent and Manage Apartments... Dallas... February 14, 15, and 16. Enrollment: Department of Seminars and Workshops, NAHB, 1625 L St., N.W., Washington, D.C. 20036. ✓

International Union of Building Societies and Savings Associations... annual conference... Bournemouth, England... May 16-17, 1973. Details from Norman E. Griggs, Secretary General, 14 Park Street, Mayfair, London W1 4 AL.

National Conference of States on Building Codes and Standards... 6th Annual Meeting... Hartford... May 6-11. Registration: NCSBCS Secretariat, Center for Building Technology, National Bureau of Standards, Washington, D.C. 20234.

Subsidized Starts To Remain High

Speaking at the annual convention of the National Association of Home Builders in Houston... Secretary Romney made his annual prediction of housing starts... estimating that starts in 1973 "will exceed 2 million units for the third year in a row, and that subsidized housing starts would continue at an annual rate of 250,000 for the next 18 months... despite a temporary halt in approving new commitments."

"Recent weeks have been filled with many rumors and stories as to the future level of Federal support for housing and community development programs," he said. "Until now it has not been wise to comment specifically on the rumors because final fiscal decisions had not been made. Now... these final decisions have been made. These decisions are based on the premise that the time has come to pause, to re-evaluate, and to seek out better ways regarding housing."

"But you can count on this: where HUD has made commitments to builders, sponsors, and local governments, we're going to keep those commitments, as well. All applications which have received feasibility approval, or in the case of public housing, a preliminary loan contract approval, will proceed to completion. In addition... those projects which are necessary to meet statutory or other specific program commitments will be approved in coming months."

Mr. Romney said that recent rumors also involved community development programs and pointed out that President Nixon for the past two years has urged that present categorical programs be folded into a Community Development Revenue Sharing package. "The President remains firm in his commitment to this approach at a significant level of funding, and will so indicate in his forthcoming budget message," the Secretary declared.

"However, we have ordered a temporary holding action on new commitments for water and sewer grants, open space grants, and public facility loans until these activities are folded into the Special Revenue Sharing program."

The Secretary said that during "this coming period of searching evaluation, and hopefully new program enactment... it is not considered prudent to continue business-as-usual with respect to new commitments... because business-as-usual is not the road to fundamental reform."

"The President's 1974 budget is designed to avoid another cosmetic face lift and summon the courage and strength to face underlying critical issues we have postponed for too long."



BREAKTHROUGH Design Gains Acceptance

New modular garden apartments... featuring second-floor balconies, private patios, enclosed staircases, and improved kitchen and bath design were displayed by General Electric at the NAHB Convention in Houston.

The apartments incorporate such features as durable seamless walls with steel studs, central utility core, and elastomeric roofing.

Assembly line manufacture provides product quality control and production efficiency. Every element that goes into these apartments... roof, floor, walls, electrical and mechanical systems, appliances and fixtures... are installed under precise, controlled factory conditions, sheltered from the hazards and delays of inclement weather.

Since 1970... General Electric has built over 1300 dwelling units which have been erected in the following communities: Chatham Village (Providence, R.I.), Taunton Gardens (Taunton, Mass.), Brook Village North (Nashua, N.H.), Bayberry Crest (Middletown, Conn.), Sierra Nevada Arms (Las Vegas, Nev.), Victorville, and San Bernardino, Calif., and Operation BREAKTHROUGH sites in Memphis, Tenn. and Indianapolis, Ind.

Car-Free New Town Approved

Approval of Federal aid for an auto-free new town on an historic island in New York City has been announced jointly by Secretary Romney and New York Governor Nelson Rockefeller.

Welfare Island... a new community being developed on an island in the East River... between Manhattan and Queens... will cover most of the island's 143 acres and accommodate some 17,000 residents and neighborhoods served only by electric mini-buses. Private automobiles will not be allowed beyond a parking garage at the island's entrance.

The Welfare Island project... the second HUD-assisted new community backed by the New York State Urban Development Corporation (UDC)... will include apartment buildings ranging from four to 22 stories containing 5,000 dwelling units... more than half of them for low- and moderate-income families. Schools, shops, and other facilities will be integral parts of the residential buildings. Parks, promenades, open space, and streets will take up more than half of the island's land... providing recreation areas for a variety of outdoor activities.

Existing hospitals... occupying 21 acres... are expected to provide jobs for about 5,000 of the 7,500 people who will work on the island and, in many instances, become new town residents.

Private automobiles, banned from Welfare Island streets, will park at a 2,500-car "motorgate" garage near the Welfare Island Bridge. Electric mini-buses, will provide access to all housing complexes and facilities. By 1980, a new subway station planned for the center of the island will connect with Manhattan and Queens. Express buses will provide 25-minute service to the United Nation's Plaza in Manhattan until the subway link is built.

The first phase of development—building 2,100 dwelling units in North Town—is already underway and scheduled for occupancy in 1974. Subsequent development will begin in 1975 with all 5,000 units completed by 1979.

300 dwelling units for the elderly will be built in the first phase. Another 100 specially-designed units will house the handicapped, with an additional 150 units scheduled for the second phase.

Apartment buildings are stepped down along the river frontage so as not to obscure waterviews. The U-shaped buildings will create grassy courts opening to the water. A walkway system will link buildings, parks, community facilities and promenades along the river fronts. Also... among the new town's innovations will be a pneumatic refuse collection system using underground vacuum tubes to a central station, avoiding traffic and eliminating noise and odor.

Federal aid for Welfare Island will consist of supplementary grants of up to 20 percent from 13 basic Federal aid programs for such facilities as water and sewer lines, schools, libraries, health care, outdoor recreation, urban mass transit, open space land, highway planning, and construction and higher education facilities.



Partnership Head Praises 236

George W. DeFranceaux, Chairman of the National Corporation for Housing Partnerships, told the NAHB Convention in Houston that the Corporation... in its two years of operation... had committed itself to 135 projects with 23,495 units in 32 States. Almost 18,000 of these units... in 93 projects... involve the FHA Section 236 subsidy program. Stating that his Corporation... which was created by Congress to stimulate low- and moderate-income housing... feels that recent criticism of Section 236 is unwarranted when one considers that only 4 to 5 percent of such projects are in default. "It's hard to argue that a 95 percent successful program should be scrapped," Mr. DeFranceaux said.

Publications Available

1972 Annual Report of the Housing Authority of the Birmingham District. Free from the Authority, 600 North 24th Street, Birmingham, Alabama 35203.

The Community Services Program of the City of Indianapolis. A brochure describing the CSP... funded under a HUD Model Cities grant. Free from CSP, 1601 City-County Building, Indianapolis, Indiana 46204.

Action... a handbook of "how-to's" for effective community action. Copies 50 cents each (discount for larger quantities) from the League of Women Voters, 1730 M Street, N.W., Washington, D.C. 20036.

Measuring the Effectiveness of Local Government Services: Transportation... outlines how local officials can gain a more accurate picture of their city's overall transportation system. Emphasized are data collection methods which are both practical and within the reach of most city budgets. The book does not discuss how local transportation difficulties can be remedied, but simply how they can be accurately identified and monitored. Written by Richard E. Winnie and Harry P. Hatry. 84 pages. \$1.95 paper... from Urban Institute, 2100 M St., N. W., Washington, D.C. 20037.

Housing Market Opportunities... a collection of papers presented at several conferences during 1972... which were designed to examine market opportunities in (1) industrialized housing, (2) new towns and (3) rehabilitation of housing. Topics covered include: consumer attitudes toward industrialized housing; design, product development, and marketing; successes and failures in industrialized housing; large corporation and new community development; financial planning; ecology and community development; what we can expect from new towns in this decade; HUD programs for rehabilitation; redevelopment of urban areas; and tax benefits of investing in rehabilitated housing. Available from the Industrial Development Division, Institute of Science and Technology, University of Michigan, 2200 Bonisteel Blvd., Ann Arbor, Michigan 48105. Price \$4.00.



Notes From Here and There

The U.S. Civil Service Commission has issued figures showing that 82,557 engineers, 1,415 architects, and 534 landscape architects are employed by the Federal Government.

14 title insurance companies... that insure over 80 percent of all titles in California... have been sued in a class action... in the Los Angeles Superior Court. The suit alleges that because there is no competition in price among these companies... almost a million and a half homebuyers have been overcharged an average of \$36 each during the past four years.

Discussing the use of public relations in marketing... Douglas G. Hearle, Vice President of the New York public relations firm of Hill & Knowlton, said in a recent address before an American Management Association seminar: "What a company does about such matters as low-cost housing, air and water pollution, urban renewal, employment of minority workers, and education of the disadvantaged are just as much a part of company's ability to sell as are advertising, publicity, merchandising and sales training. Studies have documented that shoppers in department stores, or purchasing agents, are strongly influenced by what they know—or think they know—about a company's policies and practices in regard to national issues."

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HUD

DEPARTMENT OF HOUSING newsletter

OFFICE OF PUBLIC AFFAIRS
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January 29, 1973

WASHINGTON, D.C. 20410

Vol. 4 No. 5

Current Trends

The President has ended mandatory price and wage controls...except for those covering food, health care, and construction...and has substituted voluntary compliance. Rent control is among the controls no longer in effect. In his action, Mr. Nixon also abolished the Pay Board and the Price Commission. In their place, the Cost of Living Council will monitor compliance with voluntary standards. John T. Dunlop... who has been serving as Chairman of the Construction Industry Stabilization Committee since it was created in 1969... has been appointed Director of the Cost of Living Council.

The United States started the new year with a population of more than 210 million, according to the Census Bureau. The estimate includes the population of the 50 States and the District of Columbia, the Armed Forces, and Federal employees overseas and their dependents living with them. During 1972, the net gain in population was estimated to be 1.6 million... compared with 2.0 million in 1971... and 2.2 million in 1970. The largest net annual increase ever recorded was 3.1 million in 1956. The rate of gain during 1972 was 0.8 percent compared with 1.0 percent during 1971. During 1947-61, the annual rate of gain ranged from 1.6 to 1.8 percent.

HUD's January 1, 1973 survey of mortgage market conditions indicated a slight rise in secondary market prices for home mortgages insured by FHA... the first monthly improvement in price since April 1972. With this increase... the national secondary market price for immediate delivery of HUD-insured 7 percent new-home mortgages with 30-year terms and minimum downpayments averaged \$95.4 per \$100 of outstanding loan amount. The equivalent gross yield to investors dropped to 7.56 percent compared to 7.57 as of December 1 and 7.59 percent on January 1, 1972. For the 11th consecutive month... virtually all (99 percent) of the HUD Area and Insuring Office Directors indicated that mortgage funds were generally adequate for the financing of mortgages under Section 203(b).

Major lender groups acquired \$7.8 billion in residential mortgage loans in October 1972... 28 percent more than the year earlier level... a HUD survey indicates. Long-term home loans were up 32 percent to \$6.8 billion... and apartment loans up 9 percent to \$1.0 billion. October's lending pace was down slightly from the exceptionally high September levels... reflecting seasonal slowing in mortgage lending activity.

The Fed has increased the discount rate to 5 percent from 4½ percent. The lower rate had been in effect since August 15, 1971.

GNMA has sold at auction \$46 million of 7 percent mortgages acquired under its Tandem Plan for unsubsidized home mortgages at an average yield of 7.60 percent. A total of \$258.4 million in bids were received. Accepted bids ranged from 95.10 to 96.75, resulting in an average accepted price of 95.60. The previous auction of this type of mortgage was held on February 10, 1972, and resulted in an average price of 96.75 or a yield of 7.439 percent.

Project notes totaling \$357 million... representing 99 local issuing agencies were sold on January 9... at an average interest rate of 3.229 percent. The average maturity for the notes was 8.9 months. The average interest rate for notes sold in December was 3.1058 percent.

Senate Housing Committee Named

The size of the committee has been enlarged from 15 to 16 members and three new members have been added to the Senate Committee on Banking, Currency, and Urban

Affairs: J. Bennett Johnston (La.); William D. Hathaway (Maine); and Joseph R. Biden (Del.) are the new members. Senator John Sparkman (Ala.) was reelected chairman. Carrying over from the 92nd Congress are: William Proxmire (Wisc.); Harrison A. Williams (N.J.); Thomas J. McIntyre (N.H.); Alan Cranston (Calif.); Adlai Stevenson (Ill.); John G. Tower (Texas); Wallace F. Bennett (Utah); Edward W. Brooke (Mass.); Bob Packwood (Ore.); William V. Roth, Jr. (Del.); Bill Brock (Tenn.); and Robert Taft (Ohio). Senators who served on the Committee in the 92nd Congress but are missing in the 93rd are: David Gambrell (Ga.), who was defeated for reelection; and Walter Mondale (Minn.), who shifted to the Finance Committee.



New Secretary to be Super-Secretary

The President has named four of his Cabinet members and Cabinet officers-to-be (including HUD Secretary-designate James Lynn) to be Counselors to the President. He has asked these Cabinet members to coordinate functions which cut across departmental lines. Mr. Lynn will oversee all Federal community development activities. . . whether or not they are administered by HUD. Among the programs: community planning, regional development, disaster relief, housing (including rural housing), highways, and public transportation.



Farm Home Activity Frozen

The temporary suspension of new commitments for housing under HUD assistance programs has been applied as well to rural and farm housing. . . administered by the Farmers Home Administration. Also suspended are new commitments for loans and grants to build farm labor housing facilities, and water and sewer grants to small communities (10,000 or less in population).



GNMA Activity To Continue

GNMA will continue its mortgage financing assistance under existing programs. GNMA President Woodward Kingman said the corporation's Mortgage-Backed Securities Program would not be interrupted by any pause in activity such as has been planned for other housing programs that are being re-evaluated. GNMA Tandem Plan support for subsidized mortgages will continue at levels tied to the level of HUD subsidized housing activity during the remainder of fiscal year 1973 and during fiscal year 1974. What happens after that depends. . . of course. . . on the results of the study and evaluation of present housing programs. Also. . . GNMA Tandem Plan support for unsubsidized mortgages will continue throughout the remainder of fiscal year 1973. In fiscal year 1974. . . GNMA will continue to have available authority to support unsubsidized mortgages. . . and will utilize that authority to the extent necessary.

Under the Mortgage-Backed Securities program. . . \$5.8 billion in pass-through securities have been issued as well as another \$2.6 billion in GNMA-backed bonds. . . providing assistance for approximately 420,000 units. Since the inauguration of the Tandem Plan. . . GNMA has committed to buy \$9.5 billion in mortgages covering 475,000 housing units. Of this amount. . . \$6.3 billion was for subsidized mortgages and \$3.2 billion on unsubsidized.

Under the Tandem Plans. . . GNMA agrees to buy FHA-insured and VA-guaranteed mortgages at prices favorable to the sellers and sponsors of housing. When resold to private investors. . . GNMA absorbs any difference between the purchase price and selling price. The Mortgage-Backed Security program enables private mortgage holders to pool such mortgages and to sell securities against them. . . thus increasing the supply of funds for additional home financing. GNMA guarantees the securities with the full faith and credit of the United States.

Less Than Half of Eligible 18-20 Year Olds Voted

About 48 percent of the 11.0 million persons 18-20 years of age eligible to vote did so in November.

The Census Bureau has reported that the total 18-20 year olds who said they voted was 5.3 million. The total 21 to 24 years who said they voted was 51 percent of 13.6 million in that age bracket. Voter participation was highest among persons 45 to 64 years. . . 71 percent of whom reported having voted in November.

Overall. . . 63 percent of the population of voting age was estimated to have participated in the November election. The rate was 64 percent for men and 62 percent for women. Four year earlier. . . in a similar survey, the Bureau found that about 68 percent of the eligibles said they voted in the 1968 Presidential election.

Copies of the report, *Voter Participation in November 1972, P-20, No. 244*, may be obtained for 15 cents from the Superintendent of Documents, Washington, D.C. 20402.



Fifth Anniversary of U.S. Fair Housing Law

Members of the staff of HUD's Office of Equal Opportunity conferred in New York with representatives of the National Association for the Advancement of Colored People (NAACP) on plans for the 5th Anniversary of the U.S. Fair Housing Law in April 1973. One of the objectives of the campaign will be to acquaint minority group members with their rights under the Fair Housing Law and to get them to exercise those rights through increased efforts to obtain housing of their choice and location.



Urban Strategy Center Opens

The U.S. Chamber of Commerce has created a new service to help business firms and voluntary organizations concerned with community social problems. Known as the Urban Strategy Center. . . manned by a team of professionals. . . the Center will promote a greater understanding, expansion, and effectiveness of business involvement in community affairs. . . and to improve the climate in which business operates. The Center is prepared to help National Chamber members meet identified needs in the area of community affairs. . . and to involve and increase business leadership in alleviating the social problems of communities. Within the coming year, the Center will be designing and publishing step-by-step guidelines to help organization and business leaders meet their program needs.

The Center also maintains close working relationships with representatives of national organizations and Federal officials. Through these contacts, it can help identify public and private resources available to business-led community projects.

For more information on the programs or services of the Urban Strategy Center, write Owen Kugel, Director of the Center, at the Chamber, 1615 H St., N. W., Washington, D. C. 20006.



Seattle Opportunities Industrialization Center

Groundbreaking ceremonies for the Seattle Opportunities Industrialization Center Skill Center were held in January. When completed. . . the four-story Center will be the largest minority-controlled enterprise in the City of Seattle and will represent one of the largest capital investments in the 137-acre Yesler-Atlantic Neighborhood Improvement area. Cost of the building is estimated at \$3.5 million. An Economic Development Administration grant of \$1.8 million plus a \$1.2 million local share, and \$192,000 from the Seattle Model City program will be used.

The Center. . . the designated Manpower Development Training Act Skill Center for the Puget Sound area. . . will be able to train 1,200 persons in the facility in a variety of manual, office, and professional skills.

First State-Wide Housing Counseling Service

The first statewide housing counseling service has been initiated. The North Dakota Division of Vocational Rehabilitation has signed a contract with HUD. . . which will provide a housing counseling service for North Dakota residents who have trouble obtaining home financing because of poor credit history or who have irregular income patterns.

16 VISTA Volunteers. . . selected from all over the country have been trained in home ownership counseling and will be located in the State's eight Vocational Rehabilitation Centers. The project is a combined effort of Federal (HUD, OEO) and State agencies.



Notes From Here and There

Late in 1972. . . VA's home loan guaranty program guaranteed the 8 millionth G.I. home loan. . . bringing the total amount of loans guaranteed by VA since the program began in 1944 to over \$93 billion. The prediction made in early 1972 that VA would guarantee at least 300,000 G.I. home loans in 1972 was too conservative. VA guaranteed more than 356,000 loans. . . or about 30 percent more than in 1971. . . and the 1972 loan activity was at the highest level in 15 years. Donald E. Johnson, Administrator of Veterans Affairs, predicts that without question it will be even higher in 1973.

Theodore R. Britton, Jr., HUD Deputy Assistant Secretary for Research and Technology, has been named Acting Assistant Secretary following the resignation of Assistant Secretary Harold B. Finger. . . who has retired after 29 years of Federal service to become an executive of the General Electric Company.

About 30 Maryland lending institutions have applied for certification under the new Maryland Housing Fund. . . which is expected to be in operation soon. The General Assembly authorized the \$7 million fund last year as an aid to home buying for Marylanders.

The distribution of the first batch of questionnaires for the every-5-year Economic Census has begun. . . with 2.1 million of the Nation's largest firms receiving the forms. The Census will record the volume of business, number of employees, amount of wages, etc. for 1972 of 5 million of the Nation's firms. Approximately 3 million smaller firms will be sent their forms in the near future. The Economic Census covers five areas of activity. . . manufactures; mineral industries; transportation; construction; and retail, wholesale, and service businesses. The results will be announced in the Fall.

Over 30 Maine banks participated in the largest FHA-assisted project ever processed in that State. The \$5 million mortgage insurance commitment was issued on the cancer diagnostic clinic of the Maine Medical Center in Portland. . . under the Section 242 Hospital Assistance Program.

The 106,000-member National Association of Real Estate Boards. . . meeting in Honolulu last month. . . elected J.D. Sawyer of Middletown, Ohio, as its president for 1973. Joseph B. Doherty of Andover, Massachusetts, was elected vice president, and Philip C. Smaby of Minneapolis was reelected treasurer. The Association also changed its name . . . effective January 1, 1974. . . to the National Association of Realtors.

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February 5, 1973

FEB 6 1973

Vol. 4 No. 6

Current Trends

LIBRARY

Private housing starts... seasonally adjusted... rose slightly in December to an annual rate of 2.392 million units, compared with the revised November rate of 2.388 million units. Total starts (including public housing) for all of 1972 reached 2.377 million units... 14 percent higher than the 1971 record of 2.084 million. Actual starts were 152,700 units in December... 2 percent below December 1971... the first such year-to-year decline in two-and-a-half years.

Major housing market indicators paint a mixed picture of the immediate outlook. Sales of new and existing homes eased significantly in November... but mobile home shipments set a record. Consumer homebuying plans indicate near-record intentions to buy homes. The number of units in the construction pipeline continues to rise... while completions of new units have slowed. Mortgage loan funds remain ample at fairly stable interest rates. Taken together... the indicators suggest some easing of housing starts in the months ahead.

Sales of new single-family homes dropped 13 percent in November to a seasonally adjusted annual rate of 715,000 units... down from 823,000 units in October. This is the most substantial month-to-month drop in nearly three years. Actual sales numbered 50,000 units in November... equaling the sales in November 1971... but the lowest for any month in 1972. While sales still remain high by any but the most recent standards... November's sudden drop highlights the potential inventory problem facing builders. The number of unsold homes under construction or completed rose to an all-time record of 340,000 units at the end of November. As a result... the ratio of homes for sale to homes sold also rose to a record 7.1... up from 5.8 at the end of October... the biggest one-month jump in nearly three years. NAREB reports that existing home sales were 7 percent above the November 1971 level... compared with an average increase of 15 percent during the prior three months.

The supply of mortgage loan funds continues to be ample... according to virtually unanimous reports from builders and lenders. The sizable flows of funds have held mortgage interest rates down despite increases during recent weeks in other capital market rates. HUD's survey of effective interest rates on FHA-VA home loans showed the rate on new loan commitments up just one basis point in December to 7.67 percent, while the January 1 HUD opinion survey indicated no perceptible change in the yield on FHA new home loans.

HUD's monthly survey of builder plans... as yet shows no indication of planned cutbacks in home starts. 68 percent of the field office respondents in the January 1 survey reported no changes in builders' starts plans in their areas... while 27 percent reported increased home building plans... essentially the same proportions as have been reported over the past five months. In contrast... in a recent survey by the National Association of Home Builders of its larger members... about half the builders reported they expect homeowner starts to decline in their local areas, though most believe this decline will be less than 10 percent. Nearly one-third of the builders surveyed expect rental units starts to decline more than 10 percent from year-ago levels... and another one-fourth expect them to decline between 1 and 10 percent. Nearly half of the respondents felt there was overbuilding of moderate and high rent apartments in their areas.

Rehabilitation Handbook Issued

A pilot demonstration project... designed to meet the need for the training of qualified personnel in the growing field of housing rehabilitation... has been completed. The project was conducted by the Massachusetts Bay Community College... under a demonstration grant of \$87,923 from HUD's Office of Research and Technology. The training program developed is designed to provide trainees with a practical knowledge of the building trades; familiarity with legal, social, and financial problems; an understanding of tenant, landlord, and owner problems; and an ability to coordinate the work of the contractor, code inspector, social worker, and banker. The course was attended by 75 students from local agencies... with instructors furnished by various municipalities in the Boston metropolitan area.

The project produced a *Handbook for Housing Rehabilitation Specialists*... intended for local public and private agencies concerned with housing code enforcement, renewal, and residential rehabilitation... and a classroom training model... *The Rehabilitation Specialist Program*... which can be adapted to meet the training needs of public agencies anywhere. Single copies of these reports are available free from George Rogers, Massachusetts Bay Community College, 57 Stanley Avenue, Watertown, Mass. 02172.

Alternatives to Property Tax



The State of Vermont is examining the possibility of replacement of the State property tax. A package of three substitute taxes is proposed for examination: (1) an ad rem or land use tax; (2) a property transfer tax; and (3) a town income tax. The State has prepared an extensive research proposal to HUD to refine and stimulate the new tax system. Special attention would be paid to the effects of the new system on private developments; State and community planning; development control; and special population groups, such as the poor and the aged.

State Budgets Rise



The governors of the two most populous States... California and New York... have submitted their annual budgets to their respective legislatures. California's budget for the next fiscal year is \$9.258 billion... while New York State... number two in population... expects to spend \$8.88 billion. Expenditures for most activities closely parallel each other in the two States. For example... one of the major items in both budgets... social welfare... is \$1.49 billion in California and \$1.35 billion in New York.

Prevention of Abandonment Planning



HUD is participating in the total program proposed by the Greater Hartford Process, Inc. A grant of \$75,000 was made to Hartford Process to support a program to stabilize and prevent abandonment of the Upper Albany and Asylum Hill neighborhoods in the city. With \$27,000 from other sources... the \$102,000 will finance the planning activity. No commitment has been made for funding the implementation phase. However... Hartford Process has agreed to design the program to meet the requirement of the overall Prevention of Abandonment Research Program, which also includes an experimental effort now designed for the Crown Heights section of Brooklyn. HUD's Hartford Area Office is coordinating the abandonment activity with other aspects of the Hartford Plan.

Girl Scout Week



HUD encourages Local Housing Authority managers to cooperate with and provide meeting space for character-building organizations for residents of low-rent projects... among them the Girl Scout Movement. March 11-17 will be observed as Girl Scout Week... marking the 61st anniversary of the founding of the largest voluntary organization for girls in the world. Troops in a number of HUD-supported projects will mark the week with appropriate ceremonies. Nearly 32 million girls have been members of the organization since its inception. The Girl Scouts of America is linked to the Girl Scout and Girl Guide movements in 91 countries.

Census Publications Available

A number of reports have been issued...covering various tabulations of data assembled in the 1970 Decennial Census of Population...and the concurrent Census of Housing. These reports are available from the Superintendent of Documents, Washington, D. C. 20402, at the price shown for each. They are not available from HUD.

Population and Housing Characteristics for the U.S., By State, 1970, PC (S 1)-29 contains summary tables of data on population and housing in a format to make easy comparisons with data for census tracts. Census tracts are small areas of about 4,000 persons into which the metropolitan areas of the United States have been subdivided for statistical purposes. Tract statistics have already been published for 238 Standard Metropolitan Statistical Areas (SMSA's). Such statistics are useful for sociological analysis of neighborhoods within metropolitan areas and cities. The new tables make for easy comparison between neighborhood and State and national figures. Price \$1.25.

We, the Americans—Our Homes... the third in a series of reports on the 1970 census intended for school students. The 16-page booklet...summarizes important 1970 census results and presents them in a form readily absorbed by teenagers. *Our Homes* uses bright colors, many illustrations and simple graphs, and easily understood language to tell new facts about America's housing.

Among highlights from the census in *Our Homes* are figures showing:

- There were 10.4 million more homes in 1970 than in 1960.
- For the first time in U.S. history, there were more housing units in the suburbs than in central cities.
- Blacks became home owners at a faster rate than whites during the decade.
- Great increases in the number of apartments and mobile homes.

The booklet also shows how the value of American homes and the cost of rent increased during the decade for each State.

Single copies are 35 cents. A discount of 25 percent will be applied to all orders of 100 or more booklets going to the same address.

Census Data for Community Action... a practical guide to use of 1970 census figures...intended chiefly to help local leaders utilize the data in solving community problems. The booklet provides background and examples of the application of data to community problems so users can obtain maximum benefit from 1970 census reports. It lists all items of information collected about the population and its housing in the 1970 census...and reviews, briefly, the types of questions asked on the census questionnaire...and points to the geographic areas covered...such as States, Congressional districts, counties, and wards...which are political units...and for statistical units...such as Standard Metropolitan Statistical Areas (SMSA's), census tracts, and city blocks. Price 50 cents.



Alternative Development Patterns to be Studied

A \$150,000 study on the costs of alternative patterns of neighborhood and community development will soon be awarded to the Real Estate Research Corporation. The project is jointly supported by HUD, the Council on Environmental Quality, and the Environmental Protection Agency. The study is to be completed by June 30, 1973. Some of the development alternatives which will be examined are those of single-family detached housing, row housing, cluster or planned unit developments, and highrise neighborhoods. Calculations will also be made on the costs of urban sprawl both of the contiguous and of the leapfrog variety, and for planned communities.

New HUD Publications

The following are for sale by the Superintendent of Documents, Washington, D.C. 20402. They are not available from HUD.

1971 HUD Statistical Yearbook. . . brings together comprehensive and detailed data on the program and financial operations of the Department for the calendar year 1971. Price \$3.75.

Planned Variations: First Year Survey, a 211-page survey of the first year of the Planned Variations Demonstration. The program. . . now is in its second and final year. . . was designed to demonstrate what local government can accomplish in solving urban problems when given greater freedom from Federal regulations. The main objectives of the program. . . which includes 20 Model Cities. . . are to enable cities to improve their coordination of Federal funds in solving urban problems, to increase their ability to set local priorities, and to reduce paperwork and overcome delay. Price \$2.75.



Land Sales Session Scheduled

On February 9. . . HUD's Office of Interstate Land Sales will conduct a one-day session in Kansas City, Missouri, to discuss requirements and technical aspects of registration under the Interstate Land Sales Full Disclosure Act. While the meeting is open to the public. . . members of the bar, land developers, and others. . . especially persons from Missouri, Kansas, Iowa, Arkansas, Nebraska, and Oklahoma are particularly invited to attend. The meeting will begin at 9:30 A.M. in the Auditorium, Room 140, New Federal Building, 601 East 12th Street, Kansas City, Missouri.



FYI

Washington Operations Research Council. . . Symposium on Urban Growth and Development. . . Washington, April 16-17. Details: Paul Hughes, c/o Booz, Allen Applied Research, 4733 Bethesda Avenue, Bethesda, Md. 20014.

U.S. Bureau of Outdoor Recreation and Park Maintenance Magazine. . . Park, Recreation, and Environment Design Symposium. . . Cincinnati, February 26-March 1. Registration: Symposium, P.O. Box 409, Appleton, Wisc. 54911.



Notes From Here and There

New Jersey's 567 municipalities spent \$1.078 billion in 1971. . . the first year such expenditures reached a billion dollars. . . and 12 percent above the 1970 level. The largest amount was devoted to public safety. . . \$329 million.

Ralph T. Walker. . . who in 1957 was named "Architect of the Century" by the American Institute of Architects. . . is dead at the age of 83. He had been a member of the firm of Voorhees, Walker, Smith & Smith of New York City until his retirement several years ago.

Senator Lowell P. Weiker, Jr. (Conn.) has been added as a minority member of the Senate Committee on Banking, Currency, and Urban Affairs.

The HUD-FHA Insuring Office of Hempstead, New York, is being closed and its activities are being transferred to the HUD Area Office in New York City.

HUD newsletter

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HUD newsletter

OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280



February 12, 1973

Vol. 4 No. 7

Secretary Confirmed

On January 31... the Senate confirmed President Nixon's nomination of James T. Lynn as Secretary of HUD.



Current Trends

On January 29, 1973... FNMA began issuing 12-month convertible standby commitments to purchase mortgages. FNMA is prepared to give FNMA-approved lenders prior approval of the property alone... either individually or on a subdivision basis... and whether existing or proposed construction. The commitments will be issued under a procedure similar to the one used by FNMA for its 12-month convertible standby program for government-backed (FHA/VA) home mortgages, in which these one-year commitments are available over the counter at posted prices. Upon the approved lender's request, the 12-month standby commitment is convertible to a 4-month commitment at a yield equal to the average accepted yield at the latest conventional auction.

FNMA also took steps that could lead to lower mortgage rates for buyers financing their home purchases with 95 percent conventional loans. One potential cost-cutting move was the announcement that FNMA would... at its next auction... accept commitments for 95 percent mortgages at the same yield as for 90 percent loans. Two other changes in the yield required on convertible standby commitments are also expected to lower mortgage costs. In announcing the steps, Oakley Hunter... Chairman of FNMA, said: "The lower yields in the standby programs will enable lenders to work more effectively with home builders and help combat the instability of money costs in mortgage financing."

The F.W. Dodge Division of McGraw-Hill has released figures for construction contracts for the year 1972. The total was a record \$91.2 billion... up 14 percent from 1971's \$80.2 billion. The figure for December 1972... \$6.5 billion... showed a tapering-off of new contract activity, which led George A. Christie, Dodge's Chief Economist, to predict: "Events of the last couple of months strongly suggest that this lower level of contracting will be the norm for 1973."



1974 HUD Budget Submitted

The Federal Budget for Fiscal Year 1974 has been submitted to Congress. The portion of the proposed budget covering HUD takes into account the temporary hold placed on subsidized housing programs on January 5 to permit re-evaluation of these programs. It also is geared to bridging the termination of most Community Development programs during the coming fiscal year... with an expected start of Urban Community Development Revenue Sharing on July 1, 1974... at a \$2.3 billion level for FY 1975. Requested HUD appropriations for FY 1974 are set at \$2.684 billion... compared with the estimated total of \$4.292 billion in FY 1973... and the actual \$3.832 billion in FY 1972. Budget authority of \$3.713 billion is proposed for FY 1974... compared with an estimated \$5.048 billion in FY 1973... and an actual \$4.081 billion in FY 1972. Budget outlays for FY 1974 are estimated at \$4.768 billion... compared with an estimate of \$3.364 billion in FY 1973... and an actual \$3.642 billion in FY 1972.

(continued)

1974 Budget—cont'd.

The decrease in FY 1974 appropriations and budget authority is due primarily to the virtual elimination of requested appropriations for Community Development programs... for which \$2.16 billion was appropriated in FY 1973. This elimination does not mean that such activity will stop in FY 1974. During the transition to Urban Community Development Revenue Sharing... there will be about \$7.4 billion of outstanding obligated balances in these programs which have not yet been used by the grant recipients.

Despite the temporary hold on subsidized housing programs... it is anticipated that housing starts will be maintained at an average annual rate in excess of 250,000 over the next 18 months. If the re-evaluation of the subsidized housing programs should lead to the reinstatement of these programs in FY 1974... there is ample carryover contract authority in most programs for that purpose... \$431.1 million for about 480,000 units. Should the public housing program be reinstated during FY 1974... additional contract authority would have to be requested.

The suspension does not affect the provision of operating subsidies for units already in or coming into management. In FY 1974... \$280 million is budgeted for this purpose... compared with \$260 million for FY 1973 on a comparable basis. At the end of FY 1973... it is estimated that 1.8 million units will be under subsidy payments... and this total is expected to rise to 2.2 million units by the end of FY 1974... with payments increasing from \$1.8 billion in FY 1973 to \$2.1 billion in FY 1974.

Other appropriations proposed for FY 1974 are: \$20 million for the Flood Insurance Program... primarily to permit expanded studies and surveys necessary for the conduct of the program.

For Research and Technology \$71.4 million... an increase of \$18.4 million over FY 1973. The increase is made up of \$5 million to maintain the present research activity level and \$13.4 million for housing research and demonstration programs formerly performed by the Office of Economic Opportunity.

For maintenance of the Department's civil rights and Equal Opportunity programs in the fields of housing, employment, and implementation of Federal assistance programs, \$9.85 million.

The budget also proposes a broadened Comprehensive Planning and Management program at a level of \$110 million to strengthen the role of States and Governors in the allocation of resources. Legislation will again be proposed in this area.

Also proposed are guarantee commitments for 10 New Communities and authorizing legislation will be needed for a portion of such guarantees. Supplementary grants for public facilities in the New Communities will be terminated June 30, 1973 because "new communities may finance such facilities under the guarantee program," as well as using other Federal programs. Also slated for termination are the Community Development Training and Urban Fellowship programs because of "the low priority uses of Federal resources in a time of severe budgetary limitations" and the availability of other Federal programs. It also reflects the termination of the College Housing program; and the suspension of the Public Housing Modernization program on June 30, 1973 pending a study of the Federal role in this area.

The number of full-time employees of the Department is expected to be reduced to 13,868 by June 30, 1974... a drop of 1,968 from the expected June 30, 1973 level. Virtually all of this decrease will result from changes in the staffing of Housing Production and Community Development programs as a result of the reduced workload in these activities.

College Creates First Experimental Park

Establishment of the Nation's first experimental park... a 100-acre center to train park and environmental education personnel has been announced by Dr. Richard E. Hamlin, president of George Williams College in Downers Grove, Illinois. The college has also entered into a cooperative agreement with the National Park Service for a project to further Park Service interpretive and environmental education programs... which serve people in the cities in addition to environmental program in all of its parks. The \$3 million park laboratory will be funded by contributions raised by the college. It will be located on 100 acres adjoining the college's campus in Downers Grove, 20 miles west of Chicago. The college... founded in 1890... concentrates on education for human service and effective citizenship in a changing society. Its 1100 students in seven undergraduate and seven master's degree programs graduate into careers in youth and community organizations, education, mental health, YMCAs, Scouting, and similar "people serving" occupations. Some 4,500 alumni serve throughout the world in private and public agencies.



Cities Lose Glamor

A recent Gallup Poll asked the question: "If you could live anywhere in the U.S. that you wanted to... would you prefer a city, suburban area, small town, or farm?" The responses showed only 13 percent would choose a city... 31 percent a suburb... 32 percent a small town... and 23 percent a farm... with 1 percent having no choice. This compares to similar surveys in previous years. In 1971... 17 percent preferred a city... 18 percent in 1970... and 22 percent in 1966.



New Office to Promote New Housing Techniques

HUD has created an Office of Advanced Housing Concepts... under the jurisdiction of the Assistant Secretary for Housing Production and Mortgage Credit... to continue the Department's emphasis on using innovative housing production technology in HUD operating programs, which has been greatly stimulated under the Department's Operation BREAKTHROUGH.

Arthur S. Newburg has been named Acting Director of the new Office. He is currently Director of Operation BREAKTHROUGH and will continue to direct the final stages of that research effort as well. The newly-created Office will work to facilitate the application of innovative technology, volume production techniques, new materials, and high standards of design in the Department's housing production programs. In addition... the Office will work with State and local governments to develop workable building code requirements, transportation regulations, and other items which currently hinder high volume housing production with the highest possible standards.



House Banking Committee Named

The House Banking and Currency Committee... which handles HUD's programs... has been enlarged for this Congress from 37 to 39 members. Rep. Wright Patman of Texas has been reelected chairman. Committee members in the 92nd Congress... who are not on the current Committee are: Congressmen Griffin (Miss.); Curlin (Ky.); and Chappell (Fla.). New members are: Messrs. Andrew Young (Ga.); John J. Moakley (Mass.); Fortney H. Stark (Calif.); and Walter E. Fauntroy (D.C.); Democrats. The new Republican members are: Clair W. Burgener (Calif.); John B. Conlan (Ariz.); Angelo D. Roncallo (N.Y.); and Matthew J. Rinaldo (N.J.).



An Interesting Switch

The landlord isn't expected to organize tenants but that's just what has happened at Hope Village in Richmond, Va. Board members of Hope Housing, Inc.,... sponsored by six religious groups... met with tenants of the racially integrated project to help them with such matters as budgeting, health, and education. There are 100 families in the \$1.5 million project and 65 more will occupy a \$1 million addition now under construction on an adjacent site.

AIA Seeks \$600,000 for Scholarships

The American Institute of Architects is seeking to continue a scholarship program for minority disadvantaged architectural students... and has launched a \$600,000 fund-raising drive for the AIA Minority Disadvantaged Scholarship Program... which will continue the program funded jointly through 1972 by the Institute and the Ford Foundation.

In the three years of the AIA/Ford program... 96 students have been given scholarships to 37 schools of architecture. They are students from minority groups who because of their economic status would not have been able to attend college at all... much less enter the five- to six-year architectural curriculum.

At present... it is estimated... only from 1 to 2 percent of all architects belong to minority groups. The percentage of those being trained... though somewhat higher, in part because of the AIA/Ford program... still stands at about 4 percent.



New Publications

Pringle Creek Urban Design Study, Salem, Oregon. Prepared for Salem Urban Renewal Agency. Mitchell, McArthur, Gardner, O'Kane Assoc., 813 S.W. Alder, Portland, Oregon 97205. 66 pp. Illustrations. \$9.

The City of Highland Park Neighborhood Development Program has issued a *Relocation Brochure* which outlines HUD regulations under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The *Brochure* photographically describes both what the law mandates and shows a number of families receiving these benefits. The publication is for sale for \$2.00 by the Department of Community Development, City of Highland Park, 399 Glendale Avenue, Highland Park, Michigan 48203.



Pacific Islands Show Interest in Title VIII

HUD's San Francisco Regional Office staff have held talks with representatives of the governments of Hawaii, Guam, and Samoa to discuss use of Community Development Training Program assistance in those areas.

The Governor of Samoa plans to use the training as a tool in achieving his goal of self-governing capability for the people of the Islands by 1976. Guam... with its heavy commitment to HUD-assisted housing and community programs... desires to utilize Title VIII Training to support these and related program activities. This is the first time that Guam and American Samoa will use Title VIII assistance.

Hawaii is interested in developing a problem-solving workshop for State and local governmental staff... focusing on rural development problems and exploring the possibility of utilizing the New Community Program to solve the serious problem of declining agricultural activity in the State.



Rehabilitation Loan Record

The largest dollar amount of rehabilitation loan commitments under Section 312 for any monthly period occurred in October 1972. \$11,653,150 of the \$50,000,000 apportioned for 312 loan activities in FY 1973 was committed by HUD during October. The previous high for this type of activity occurred in October 1971... when \$9,442,950 in commitments were issued. The first commitments for the Section 312 program were approved in late 1965.

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Current Trends

The U.S. District Court in St. Joseph, Mo., has handed down a three-year sentence to a Missouri land developer for violations of the Interstate Land Sales Full Disclosure Act. . . which HUD administers. Robert V. Steinhilber was sentenced to serve six months in a Federal prison and an additional 30 months on probation as a result of being found guilty of knowingly making false statements in the Statement of Record with regard to the manufacturing and installation of water purification and storage facilities, covering two subdivisions located in Cass County, Mo.



New HUD Program to Aid Cities

HUD will make available full-time urban specialists to help small and medium-sized cities prepare for President Nixon's proposed Community Development Revenue Sharing program. HUD has awarded a \$392,400 contract to Marshall Kaplan, Gans, and Kahn of San Francisco to furnish this assistance which will help the cities improve their planning, management, and evaluation capacity to meet the challenges of revenue sharing.

The new program. . . called Urban Technical Services. . . will provide 200 trained urban specialists expert in various areas affecting communities. . . including public administration, city planning, law, economics, health, urban geography, business, engineering, architecture, political science, social work, and education.

Further information may be obtained from: David Boorkman, Project Director, Marshall Kaplan, Gans, and Kahn, 560 Pacific Ave., San Francisco, Calif., 94133, (415) 433-4814.



Code Enforcement Symposium Held

A symposium. . . *Educating and Training Code Enforcement Officers*. . . conducted by the National Academy of Code Administration (NACA) and sponsored by the National Conference of States on Building Codes and Standards (NCSBCS), in cooperation with the Texas Department of Community Affairs. . . was held in Austin. HUD Assistant Secretary Samuel C. Jackson, Governor Preston Smith of Texas, and B.R. Fuller, Executive Director of the Texas Department of Community Affairs, addressed the symposium.

Richard L. Sanderson, NACA President. . . in his keynote address stated "as a Nation, we cannot afford to continue the haphazard selection, education, and training of code enforcement officers that currently exists." The symposium marked the first time that leaders in the field of building officials' education. . . from all over the country. . . met to define the needs and direction to be taken in this unexplored-area.

A major purpose of the symposium was to make possible a coordinated effort to examine the fragmented educational programs and information currently available. Representatives of Federal, State, and local governments; industry, professional, and public interest groups; and the academic community. . . discussed their experiences with educational programs, the needs as they saw them, and the actions that should be taken to develop a body of professional code administrators.

A compilation of papers presented at the symposium, abstracts, and workshop recommendations are available for \$15.00 a copy from the National Academy of Code Administration, 1313 East 60th Street, Chicago, Illinois 60637.

1973 Seen As Another Record Industrialized Housing Year

Marsh P. Trimble... executive director of the *Industrialized Building Exposition & Congress*... has forecast that 1973 will be the best year ever for industrialized housing. While total housing starts are expected to show a slight drop... most builders are turning increasingly to various forms of factory systems building to hold down costs by reducing the amount of site labor required on their projects. The builder now is offered a growing list of factory systems produced products... including building components, panelized packaged homes, and modular-sectional housing.

It is estimated that more than 90 percent of the conventionally built housing construction employs industrialized components such as roof trusses, gable-end, wall or floor panels, eave or rake ladders, partitions, pre-hung doors, kitchen cabinets and pre-assembled cabinet modules, pre-glazed trimmed windows or window panels, and pre-assembled plumbing rough-in walls.

Mr. Trimble's forecast is based on a study by the Bureau of Marketing Research in Chicago... that for the year... over 2 million new housing units will be all or partly produced in factories... with a total value of \$10.3 billion. Broken down... this total includes more than 1 million units using factory-made components (\$3.1 billion); 425,000 packaged homes (\$3.4 billion); 615,000 mobile homes (\$2.7 billion); and 100,000 modular-sectional units (\$1.1 billion).



HUD Warns Servicemen of Land Schemes

Thousands of people every week are being misled or cheated when buying lots for recreational, retirement, or investment purposes through the widespread use of fraudulent and deceitful sales tactics currently in vogue.

Soldiers overseas are particularly vulnerable since they do not have an opportunity to see what they are buying before they sign contracts obligating themselves to pay thousands of dollars for parcels of land which may... in actuality... be swamp or desert, completely unimproved and inaccessible and... perhaps... never usable by anyone.

HUD has jurisdiction over U.S. interstate land sales even though the contract may be signed in a foreign country and... under the law... requires such foreign marketers to provide a Property Report to each purchaser before the contract of sale is signed. The Property Report explains the basic nature of the land being sold, including when improvements will be made and what liens and obligations are involved.

Military personnel who have complaints against land developers or their salesmen should bring them to the attention of their local Armed Forces Disciplinary Control Board or their base commander. In addition, formal written complaints may be made to HUD's Office of Interstate Land Sales Registration, Washington, D.C. 20410.



FYI

The Changing Housing Industry—Problems, Profits—a one-day conference sponsored by the National Association of Building Manufacturers, the Michigan State Office of Economic Expansion, and the University of Michigan's Industrial Development Division... Ann Arbor, April 25. Registration: Lawrence Crockett, Institute of Science and Technology, U of M, 2200 Bonisteel Blvd., Ann Arbor, Michigan 48105.

American Society of Planning Officials... 39th annual convention... Los Angeles, April 7-12. Details from ASPO, 1313 East 60th St., Chicago, Illinois 60637.

National League of Cities—U.S. Conference of Mayors... 7th Annual Congressional City Conference... Washington, March 4-6. Details: National League of Cities, 1612 K Street, N.W., Washington, D.C. 20006.

Publications Available

Selecting Urban Renewal Projects in Small Cities, a two-volume study designed to help smaller communities develop urban renewal projects tailored to their own needs, has been published by the Redevelopment Agency of the City of Santa Maria, Calif. The study was undertaken with a HUD demonstration grant of \$128,990. The general approach and the techniques developed should be useful to cities of 50,000 population or less engaged in urban renewal and other community development activities.

Single copies are available free from: Mr. Thomas P. Weldon, Jr., Executive Director, Redevelopment Agency of the City of Santa Maria, 201-B East Main St., P.O. Box 224, Santa Maria, Calif. 93454.

The Urban Housing Dilemma... by George Sternlieb, Director of the Center for Urban Policy Research of Rutgers University. Reports on the dynamics of New York City's Rent-Controlled Housing. Exhibits, tables, and charts. 748 pages. \$20 from Rutgers University, New Brunswick, N.J. 08903.

Management Information Service Reports... published monthly by the International City Management Association... are intended primarily to provide timely information on subjects of practical interest to local government administrators, budget and research analysts, administrative assistants, librarians, and others responsible for and concerned with the operational aspects of local governments. Reports are issued as part of a subscription service that includes answers to inquiries and other publications.

Subscription rates, based on population of subscribing jurisdictions, will be furnished on request. Selected individual reports may be ordered from ICMA, 1140 Connecticut Ave., N.W., Washington, D.C. 20036. Reports are \$5 for the first copy and \$2 for each additional copy.

Single copies of the following HUD publications are available free from the Publications Service Center, HUD, Room B-258, Washington, D.C. 20410.

Management of Housing for the Elderly... what has been learned from several years of experience in the management of housing projects for the elderly and how these projects remain viable and achieve appropriate living environments for an older population are found in this guide... issued by HUD for the benefit of private nonprofit sponsors developing or managing insured multifamily projects and for Local Housing Authorities operating housing for the elderly.

Why Tenant Organizations?... a new HUD publication calls for joint management-tenant efforts to make rental housing complexes a home rather than only a place of low cost shelter. The 8-page pamphlet describes the steps for establishing a tenant organization and the benefits that can be realized by management as well as residents in resolving problems of mutual concern.

Get the Facts Before Investing in Land... a folder describing the do's and don't's in buying land in a subdivision... and describing HUD's role under the Interstate Land Sales provisions.



Iowa's First Capitol to be Preserved

A \$313,660 HUD Historic Preservation grant has been approved for the restoration of Iowa's "Old Capitol Building" in Iowa City. The building which is on the campus of the University of Iowa... and was built in 1841... was the territorial Capitol and then the Capitol of the newly formed State of Iowa... until the State Capital was moved to Des Moines in 1857. It then became the first building owned by the University... and was used as the administrative headquarters of the institution for 113 years.

The Old Capitol will be restored to reflect and preserve the heritage of the period when it was used first as the territorial... and then the State Capitol... and will house a library and museum containing records and artifacts of the early days of Iowa.

Lead Poisoning Drops

New York City's Health Services Administrator has announced that the incidence of lead poisoning among children in the city has dropped dramatically. In three years... the number of children found to have dangerous levels of lead in their blood has dropped from 3 percent to 0.9 percent. The lower incidence in 1972... showed up when more than 100,000 children were tested in the "lead belts" of Harlem, the Bronx, Queens, Staten Island, and Brooklyn.



Experimental System Made Permanent

A HUD-funded Research and Technology project to create a pilot urban development information system in Fairfax County, Virginia, has been formally incorporated into a new office in the County government. The pilot information system was designed to help the County officials and Board of Supervisors understand the type, place, and rate of growth occurring in the County... and to balance this with public plans and capital improvements policies. The County is assuming the continuing support of the new urban growth management system. The successful demonstration has attracted national interest and was written up in numerous articles... including a special paper by *The International City Managers Association* issued in the Fall of 1972.



Notes From Here and There

The Weyerhaeuser Foundation has made a \$100,000 grant to the Boy Scouts of America to finance programs to serve youths living in low-income housing projects.

One of the largest Section 242 hospital mortgages ever insured by FHA has been approved. A \$34.5 million mortgage... covering a \$40.7 million project... has been insured for a 255-bed addition to the Faulkner Hospital in Boston.

In Fiscal Year 1972... prime contracts were awarded for 1,280 units of Mutual Help Housing for the Cherokee and Ponca Indian Housing Authorities in Oklahoma. Of these... 150 units went to an Indian contractor. Thus far in FY 1973... 916 units have been awarded, of which 306 went to Indian contractors and 100 to a black contractor.

FNMA has taken another step to expand its market for nongovernment-backed (conventional) home mortgages. Effective February 1 the corporation started purchasing home mortgages written on mortgage forms developed by the Federal Home Loan Mortgage Corporation (FHLMC). However... FNMA will not enforce two requirements of the FHLMC forms that are inconsistent with FNMA's forms.

When a mortgage utilizing the FHLMC notes, mortgage, and deed of trust documents is sold to FNMA... the borrowers will be notified in writing that FNMA will not enforce two provisions... 1) the requirement for a prepayment penalty in the event the borrower wants to pay off the mortgage within the early years of the mortgage (a differing number of years according to the State)... and 2) the requirement that the entire outstanding mortgage balance becomes immediately due and payable upon the sale of the home... which means that the original mortgage cannot be "assumed" by a new purchaser of the existing home, without the lender's prior approval. Homeowners will also be informed that if FNMA should later sell mortgages written on FHLMC forms, the two provisions would be subject to enforcement by the new purchaser of the mortgage.

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HUD newsletter

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February 26, 1973

Vol. 4 No. 9

Current Trends

The Federal Home Loan Bank Board will conduct public hearings on its proposed conversion regulations on March 12 and March 13, 1973, at 10:00 a.m. in Room 630 of the Board's headquarters building at 101 Indiana Avenue, N.W., Washington, D.C. The purpose of the hearings is to obtain further comment on proposed regulations, published in the *Federal Register* on January 11, 1973, that would govern conversions to State-chartered stock form by federally chartered savings and loan associations and by State-chartered mutual savings and loan associations.

GNMA sold at auction \$179 million of 7 percent mortgages under its Tandem Plan for subsidized home mortgages at an average yield of 7.62 percent. A total of \$650 million in bids was received in this fifth auction of subsidized 7 percent FHA home mortgages. Accepted bids ranged from a high of 97.06 to a low of 94.72, resulting in an average price of 95.47. In GNMA's previous auction of subsidized mortgages in December, the average price of bids accepted by GNMA was 96.08 and the average yield was 7.53 percent. FNMA's most recent auction of FHA mortgages resulted in an average price of 94.81 and an average yield of 7.71 percent.

FNMA received \$101 million in offers in its latest conventional mortgage free-market system auction... the highest volume of offers received since FNMA entered the conventional field. FNMA accepted \$62.8 million of the offers at a weighted average yield of 7.889 percent, up from the 7.842 percent in the last previous conventional auction, which was conducted in January. Offers received in the January auction totaled \$39.3 million.

FNMA has issued \$65.4 million in four-month commitments to purchase government-backed home mortgages... at an average yield of 7.711... which converts to an average price of 94.81 for 7 percent FHA/VA mortgages. The range of accepted bids was from 7.702 (94.87) to 7.731 (94.67). In the previous FHA/VA auction for commitments, on January 22, the range was from 7.689 (94.96) to 7.719 (94.75) and the average was 7.695 (94.92).

Urban Renewal project notes totaling \$294 million... representing 104 local issuing agencies have been sold at an average interest rate of 3.4525 percent. Maturities of the 111 issues sold ranged up to one year. The average maturity for all notes, to be dated March 6, 1973, was 9.2 months. The average interest rate for the \$357 million of project notes sold in January was 3.229 percent.

Mortgage loans closed by S&Ls totaled \$4.4 billion in December... 27 percent more than a year earlier... brought total lending volume for 1972 to a record \$50.0 billion... 30 percent more than in 1971.

Average effective interest rates on conventional home mortgages increased slightly in December. While conventional mortgage interest rates have drifted upward since last spring... the most recent averages were below year-earlier levels—by 11 basis points for new home loans and by 5 basis points for existing home loans.

A research grant of \$80,000 has been awarded for a study of the 10 best State systems for supervising and assisting local governments in property tax administration... and for the drafting of model State legislation and administrative procedures for improving property tax administration. The LBJ School of Public Affairs of the University of Texas is performing the work. The Tax Council of Texas Cities may use the results of the study in their tax reform efforts. The scheduled completion is December 1973.

Flood Insurance Program Increased

Legislation increasing the overall limitation on the size of the Federal insurance program has been completed in Congress and signed into law by President Nixon. The previous limitation of \$2.5 billion was increased to \$4 billion. . . and should be adequate to meet program demands until about June 30, 1973.

The flood insurance program has shown significant growth since the ravages of Hurricane Agnes last summer. The total amount of insurance in force has increased from \$1.5 billion at the time of the Agnes storms to almost \$2.5 billion at the end of January. There are almost 150,000 flood insurance policies in force today. . . as compared to 95,000 last June.

There are now more than 1,500 communities in the 50 States participating in the program. These communities are enacting and enforcing land-use and land-management measures designed to reduce or eliminate losses from disastrous floods, and accordingly are eligible for subsidized flood insurance coverage for property within their areas of jurisdiction.



Trend Toward Housing Courts Continues

New York State has joined Massachusetts in creating a special State Housing Court to deal with the problems associated with judicial enforcement of local housing codes and landlord-tenant laws that affect owners and occupants of substandard urban rental housing. City Housing Courts exist in Boston, New York City, Baltimore, Chicago, and Pittsburgh. Proposals for establishing similar Housing Courts in Philadelphia, Toledo, San Francisco, and Washington, D.C. indicate a widespread acceptance of this concept.

Professor Frank Grad, of Columbia Law School. . . a leading advocate of this approach toward housing code enforcement. . . has written extensively about the inadequacy of the traditional reliance upon the use of criminal sanctions against the owners of substandard housing. Grad has proposed the substitution of a variety of civil remedies to replace unenforceable criminal penalties. . . and has recommended instead. . . a civil housing court of broad jurisdiction that could deal effectively with all of the parties involved in a housing case: the owner, the tenants, and the municipality. Furthermore. . . the court could take into account in its sanctions and remedies. . . both the police and the service functions of the municipality in relation to housing.



HUD Sponsors Black College Consortium

HUD is backing a plan to enlist the manpower and academic resources of black colleges in improving community development activities. . . and has awarded a \$65,000 contract to the Technical Assistance Consortium to Improve College Services (TACTICS) to involve at least 40 predominantly black colleges throughout the Nation.

Some of the aims of the TACTICS program are to: provide a focal point for the development of a consortium of these colleges; provide the machinery for coordinating their basic professional manpower so that the various skills and expertise may be directed toward the areas where they are required; develop new and better relationships with predominantly white colleges and universities by working together and collaborating with them in helping to solve community development problems; collect data on the procedures and technical assistance in use as a result of the black college urban participation, and to circulate nationwide the results of these activities to other colleges and universities and local governments; and develop and broaden current and traditional programs of community service.

The HUD Office of Community Development. . . which is providing the funds. . . said other organizations involved in developing the concept of the consortium are the American Council on Education, and the Southern Regional Education Board.

Planned Community Would Help State But Not Local Government

A study of the fiscal impact of Hollymead... a planned community north of Charlottesville, Va. by the Urban Institute under a Ford Foundation grant indicates suburban growth is a liability for local government but an asset for a State. Projecting the impact of the first phase, about 30 acres of commercial development and about 800 residential units of which 360 would be single family dwellings, the report estimates the project would generate about \$503,000 yearly in local taxes, nearly \$102,000 less than what it would cost Albermarle County in services. On the other hand, the State would gain a surplus of about \$45,000 when revenues are compared to State-provided services. The county master plan envisions a community of 18,000 in the area by the year 2000. Hollymead is the first in a cluster of new communities planned in the Charlottesville area.

Majority Sees Discrimination in Housing



Most Americans... 52 percent... feel that blacks are discriminated against in housing. A recent Harris Poll... questioned a cross-section of people (black and white) across the country... and found that only in housing does a majority of Americans feel bias is present... while lesser percentages think that discrimination is practiced in other areas. When asked about discrimination in the following specific areas... the percentage of those who believed discrimination was present was: in decent housing, 52; full equality 44; white collar jobs 44; skilled labor jobs 42; treated as human beings 41; in hotels and motels 33; in public education 32; in labor unions 30; in treatment by police 29; in wages paid 26; in manual labor jobs 23; in prices paid in grocery stores 18; and treatment by Federal Government 13. An earlier poll in 1969... found that 50 percent of those questioned believed at that time that discrimination was present in housing.

AIA Elects Honorary Fellows



The American Institute of Architects has announced the election by the Board of Directors of the 24,000-member national professional society of 10 architects from other countries as Honorary Fellows of the Institute. They are: Nikolai B. Baranov, U.S.S.R.; Justus Dahinden, Switzerland; Robert LeRicolais, France; Nikola Nikolov, Bulgaria; Fabio Pentead, Brazil; Roland Rainer, Austria; Cyril Frederick Thomas Rounthwaite, Canada; Takeo Satow, Japan (posthumously); Manuel de la Sierra-Amieva, Mexico; and Sir John Newenham Summerson, United Kingdom.

The title of Honorary Fellow, currently held by only 150 others is reserved exclusively for "architects of esteemed character and distinguished achievement" who are not U.S. citizens and do not practice in this country or its possessions.

The Institute also elected to honorary membership three women and seven men who have made distinguished contributions to the architectural profession... or to allied arts and sciences. The honorary memberships... are extended to persons outside the architectural profession.

The 10 new honorary members are: Lt. General Frederick J. Clarke, Chief of Engineers, U.S. Army; Ben E. Graves, project director, Educational Facilities Laboratories, Chicago office; Nancy Hanks, chairman, National Endowment for the Arts; Vernon E. Jordan, Jr., executive director, National Urban League; Rita E. Miller, executive secretary, Southern California Chapter, AIA; and Arthur F. Sampson, administrator, General Services Administration.

Also elected were Betty Silver, executive secretary, North Carolina Chapter, AIA; Herman D.J. Spiegel, dean, Yale School of Architecture; James Johnson Sweeney, former director, Museum of Fine Arts, Houston; and Paul N. Ylvisaker, dean of the graduate school of education, Harvard University.

The honors will be bestowed on the recipients at the 105th Annual Convention of AIA in San Francisco, May 7-10.

Notes From Here and There

The National Association of Realtors... formerly the National Association of Real Estate Boards... anticipates hiring a full-time "Equal Opportunity Manager" for the organization. This staff person would be responsible for a wide variety of equal opportunity efforts being undertaken or planned by the Association and would work directly with the Association's existing Equal Opportunity Committee.

Proposals to create a State Housing Development Authority as part of the answer to Nebraska's housing needs have been introduced in the Nebraska State Legislature. Four bills... all sponsored by an interim study committee... would create the Authority; permit Authority tenants to serve as commissioners; create a State building code to develop minimum building requirements; and require the Department of Economic Development to conduct evaluations of housing needs. The Housing Authority would build with private financing and would not use State tax funds. The Authority could build structures in those areas where no local housing authorities now exist and could work with existing housing authorities.

There has been a problem regarding plumbing codes in cities in Iowa... especially those participating in renewal programs funded by HUD. All Workable Program certifications and recertifications were denied these cities... because of the mandatory and restrictive State Plumbing Code. In December... the Iowa State Plumbing Code Committee adopted a new rule... approved by the Department Rules Review Committee. The new rule... now in effect... permits adoption of provisions of the Uniform Plumbing Code, which is acceptable to HUD, by the local communities.

Two private development firms are about to initiate flood-control measures in Tulsa, Oklahoma. The companies will improve 3.5 miles of flood-prone creek frontage to provide flood protection for a projected 100-year period... a project State, Federal, city, and county governments have thus far been unable to undertake.



FYI

Producer's Council... Annual Meeting... Chicago, March 21-23. Registration: Producer's Council, 1717 Massachusetts Avenue, N.W., Washington, D.C. 20036.

National Academy of Sciences... Annual Meeting... Washington, April 23-25. Details: NAS, 2101 Constitution Avenue, N.W., Washington, D.C. 20418.

National Academy of Engineering... Annual Meeting... Washington, May 3-4. Registration: James H. Mulligan, Jr., Executive Secretary of the Academy, 2101 Constitution Avenue, Washington, D.C. 20418.

American Industrial Development Council... Annual Meeting... New Orleans, May 20-23. Registration: AIDC, 230 Boylston Street, Boston, Mass. 02116.



Publication Available

Federal Notes... an interpretive biweekly newsletter covering major Federal and private foundation grant programs... which recently suspended publication... is again being issued. A nonprofit publication... initiated in 1968... it is priced at \$35 per year from Federal Notes, 907 Fox Plaza, San Francisco 94102.

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HUD

newsletter

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Current Trends

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Private housing starts... seasonally adjusted... increased in January to an annual rate of 2.468 million units, up 5 percent from the revised December rate of 2.344 million units. The gain was concentrated in 1-4 family home starts... which rose 19 percent from the December level. Multifamily starts declined 13 percent from December to January... but the January rate nevertheless was slightly higher than in January 1972. Actual starts (including public housing) numbered 145,300 units in January... 4 percent lower than in January 1972. Actual starts of 1-4 family homes equaled the January 1972 level... while actual multifamily starts were slightly below January 1972. Permits issued for new units slipped in January to an annual rate of 2.185 million units... down 8 percent from December... and 1 percent below January 1972. As with starts... the decline in permits issued was entirely attributable to a decline from December to January for new multifamily construction. The majority of indicators continue to show a high and stable volume of housing market activity.

New home sales were at a seasonally adjusted annual rate of 724,000 units in December... 1 percent above the November rate but somewhat below the very high rate for August through October. The current sales pace is 5 percent higher than a year ago. Sales of existing homes in December also were 5 percent above the year-earlier level, according to NAREB.

Consumer homebuying intentions remain steady at a high level according to the Census Bureau's January survey of consumer buying expectations. The supply of new housing entering the market is sharply higher than a year ago. A total of 190,300 new units were completed in December... the highest for any December in the four-year old series... and 14 percent above the year-earlier level. Completions of multifamily units are rising much faster than completions of 1-4 family homes; the 115,000 homes completed in December was only 2 percent above the year-earlier level, while the 72,500 private multifamily units completed was 46 percent above the December 1971 level.

In spite of the massive flow of new units into the housing market... vacancies remain at low levels. The nationwide homeowner vacancy rate was 1.0 percent in the fourth quarter of 1972... essentially unchanged over the past five years. The nationwide rental vacancy rate stood at 5.6 percent in the fourth quarter... about the same as over the past year. Though the current rental vacancy rate is above the low of 4.7 percent reached in the fourth quarter of 1969... it remains well below the 7 to 8 percent levels that prevailed in the early and mid-1960's.

Project notes totalling \$563,310,000 representing 87 local housing authorities were sold on February 14 at an average interest rate of 3.389 percent. Bids ranged from 2.90 percent to 3.56 percent. The average maturity for all notes sold was 8.1 months. Proceeds of the note sale will be used to reimburse the Federal Government for funds advanced to local authorities and to refund maturing notes for low-rent housing projects.

In the first auction by GNMA of Special Assistance multifamily mortgages... \$170.8 million in bids were received in the auction of \$92.4 million mortgages bearing interest rates from 6 percent to 7 percent. The mortgages were sold at prices reflecting an average yield of 7.57 percent based on a 40-year term prepaid in 20 years.

HUD Guarantees 15th New Town

Approval of a \$40 million Federal guarantee to help build Shenandoah, Georgia, a new town to house 70,000 residents near Atlanta, has been announced. The new community will be developed over a 20-year period on a 7,200-acre site bordering Interstate Highway I-85 in Coweta County. . . 35 miles south of downtown Atlanta. Its 23,000 homes will house families of all income levels. . . including 6,900 units for persons of low- and moderate-income and the elderly. 25 percent of the land in the new town will be developed for recreational and open-space uses.



New Appointments to FNMA Committee

Oakley Hunter, Chairman of the Board and President of FNMA has announced the appointment of a new chairman and 11 new members of the FNMA Advisory Committee. Clarke C. Stayman, Senior Vice President of the First National Bank of Chicago, becomes the Committee Chairman. . . succeeding Albert M. Cole. . . former Administrator of the Housing and Home Finance Agency, predecessor agency to HUD.

Newly appointed committee members to two-year terms are:

Richard M. Adams of Belvedere, California, President, Lexington Homes, Inc.; and a partner in the law firm of Adams & Hobbs, San Francisco, California. Gordon A. Blunden of Riverside, California, President and Managing Officer, Provident Federal Savings and Loan Association of Riverside. Harry F. Brush of New Rochelle, New York, President, Chief Executive Officer and Trustee, Eastchester Savings Bank, Mount Vernon, New York; President, Savings Banks Association of New York State; and Director, National Association of Mutual Savings Banks. Dr. Martha Derthick, Senior Fellow in Governmental Studies, The Brookings Institution, Washington, D.C., and former member, President's Commission on Campus Unrest. John E. Horne of Washington, D.C., Chairman of the Board, Investors Mortgage Insurance Company of Boston; and former Chairman, Federal Home Loan Bank Board. Kenneth J. Jackson of Madison, New Jersey, Vice President, The Prudential Insurance Company of America. Benjamin F. Leaman of Birchrunville, Pennsylvania, Corporate Vice President-Marketing and National Affairs, Certain-teed Products Corporation, Valley Forge, Pennsylvania. James B. Mayer of Phoenix, Arizona, Chairman of the Board, Valley National Bank of Phoenix. Ed Mendenhall, a High Point, North Carolina, Realtor; Chairman of the Board, Perpetual Savings and Loan Association; and former President, NAREB. J.S. Norman, Jr., of Houston, Texas, attorney; President, Norman Enterprises, Inc., land developers, builders, and general contractors; and 1973 Vice President and Treasurer of NAHB. Frank P. Smeal, Executive Vice President and Treasurer, Morgan Guaranty Trust Company of New York; and Director, American Re-Insurance Company.

Continuing committee members in addition to Stayman, are:

Eli Broad, Chairman of the Board, Kaufman and Broad, Inc., Los Angeles, California. Emanuel M. Brotman, Chairman of the Board, J.I. Kislak Mortgage Corporation, Newark, New Jersey. Willis E. Carson, President of the National Association of Real Estate Brokers; and President, Carson Realty Company, Los Angeles, California. Lewis Cenker, partner in the law firm of Smith, Cohen, Ringel, Kohler, Martin and Lowe, Atlanta, Georgia; and 1973 First Vice President, National Association of Home Builders. The Rev. Nicholas Hood, minister of the Plymouth United Church of Christ, Detroit, Michigan; President Pro Tem of the Detroit City Council; and President of the Nonprofit Housing Center, Inc. in Washington, D.C. Joseph Keenan, International Secretary, International Brotherhood of Electrical Workers, Washington, D.C. Henry Kingman, President, Farmers and Mechanics Savings Bank, Minneapolis, Minnesota. Albert Rains, former chairman of the House Banking Committee's Housing Subcommittee; and Chairman of the Board, First City National Bank, Gadsden, Alabama. Albert N. Rohnstedt, Chairman of the Board, Lomas and Nettleton Company, New Haven, Connecticut. Robert Swinarton, Senior Vice President of Dean Witter & Company, New York, New York. J. Stanley Baughman, a former President of the Federal National Mortgage Association, is an honorary member of the Advisory Committee.

HUD Seeks Ways To Improve Facilities for the Handicapped

HUD has commissioned a study of ways to create a more usable and comfortable outdoor environment for the handicapped. This is a relatively unexplored field... except for a few studies in some States... and these have not resulted in any coordinated research to make the handicapped more self-reliant in enjoying the outdoors. While much technical progress has been made in building design for the handicapped... outside of their homes they face a modern civilization geared almost exclusively to the needs of the physically sound.

Their difficulties are highlighted by the unexpected steps confronting the blind, the merry-go round unusable by the crippled child, and the drinking fountain inaccessible to the wheelchair-bound war veteran.

In a move to reduce some of these hardships, HUD has awarded a \$107,000 contract to the American Society of Landscape Architects Foundation... to measure the scope of the problem and develop solutions... and to prepare a comprehensive guidebook of all available data on the design of outdoor facilities and layouts to make them usable by the handicapped. The report will be available in late 1974.

For further information: Gary O. Robinette, Executive Director, American Society of Landscape Architects Foundation, 1750 Old Meadow Road, McLean, Virginia 22101.



Spanish Officials Attend HUD Training Course

Two representatives of the Spanish Ministry of Housing attended the 9th annual Housing Market Analysis Course conducted by HUD. Sponsored under provisions of the U.S.-Spain Friendship and Cooperation Agreement of 1970... the Ministry staff members, Juan Rafols Esteve and Manual Esparrago Patino, will spend three months at HUD's Washington headquarters... and in the field.

The initial phase of the program... to be conducted in Washington... will provide a general introduction to the principles and theory of housing market analysis and will include practical application of the basic techniques. The second phase will involve performing a housing market analysis study of a medium-size city as the basis of a report to be submitted by each participant on the area studied. A review and critique of the reports will conclude the course.

The Spanish participants are to attend the same classes as their American colleagues... and on completion of the course... they will return to Spain to apply what they have learned to local situations. An American expert will accompany them to Spain and assist with modifications which will be necessary before adapting U.S. housing market analysis techniques to Spanish requirements.



Information Systems Grant Made

A \$30,000 HUD grant has been made to the Census Bureau to analyze census data... and the uses metropolitan planning agencies are making of it... in fulfilling the 701 housing element responsibilities.

The project will also produce a work program for a demonstration of how the census geographic base files and computer programs for matching locally-collected government data with census data at the block level can be more effectively used in comprehensive housing planning and programming. The pilot project will be conducted by the Indianapolis Census Use Study Laboratory and the Indianapolis Metropolitan Planning Department. The project will be coordinated with the HUD Indianapolis Area Office to determine the extent to which a metropolitan planning agency can assist an Area Office with needed housing data... and HUD's Office of Community Planning and Management will supervise the potential demonstration.

Survey of Consumer Buying Continues

The Federal Government's survey of consumer buying habits in the United States has entered its second year. The nationwide survey is conducted by the Census Bureau... acting as data collection agent for the Department of Labor's Bureau of Labor Statistics.

The program... called the *Survey of Consumer Expenditures*... is conducted to provide information on current purchasing patterns of consumers. The data enables BLS to update its *Consumer Price Index* which measures month-to-month price changes... including housing costs. A sample of about 17,000 households in 78 metropolitan statistical areas and 100 other areas... both rural and urban... have been scientifically selected to provide a representative sample of all households in the Nation. The sample has been divided into two equal groups. Interviewing for one group began in January 1972 and will continue through March of this year. Each household is interviewed five times at three-month intervals. Following the same pattern, the second group will be interviewed quarterly through March 1974.

Another 19,000 households within the same areas are taking part in a related survey which was initiated last June and will continue into June 1974. These householders are asked to record daily expenditures over a 14-day period in a diary. This survey will provide data needed on the many small day-to-day purchases that people cannot be expected to recall over a longer period.



Notes From Here and There

The Housing Assistance Council has announced the approval of \$595,488 in interest-free loans to groups in 13 States planning to build or rehabilitate over 800 units of subsidized housing for low-income residents in rural areas. This makes a total of 60 loans the Council has approved... for the purpose of aiding production of new and rehabilitated low income homes in 28 States and the Virgin Islands. This has been made possible through the Council's \$3 million loan fund. The Council is a private, nonprofit organization, funded by the Office of Economic Opportunity to provide interest-free loans and technical assistance to groups building low-cost homes in rural areas.

Ground was broken in February for the construction of a 14-story Medical-Surgical Tower at St. John's Hospital in Tulsa. The Tower... to cost more than \$40 million... has an FHA Section 242 insured mortgage. This is the largest FHA hospital mortgage insured west of the Mississippi... and the second largest in the Nation.

The Housing Act of 1970 authorized FHA mortgage insurance coverage for congregate housing for senior citizens, the handicapped, and displacees who require food and other supportive services. A year-end survey shows that 18 congregate housing projects have been provided under the Act... with 3,206 units. There are 2,313 units under Section 236... 209 units under Section 221(d)(3)... and 684 under low-rent public housing.

FHA Title 1... property improvement and mobile home loans... numbered 344,159 in 1972... 8.4 percent more than the 317,397 loans approved in 1971. In 1972... the loans reached \$805 million... 19.3 percent higher than the 1971 total of \$674 million.

FNMA's mortgage portfolio... including construction loans... has exceeded the \$20 billion mark... as of February.

Applications to GNMA for the issuance of Pass-Through Mortgage-Backed Securities has passed the \$10 billion mark. Of the total \$10.1 billion applied for... \$6.266 billion has been sold.

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Current Trends

Average effective interest costs for conventional home mortgages rose slightly in January... but still remained below the year earlier level... according to the FHLBB. The small January rise... as was the case with earlier small increases... appears to have reflected in part an increase in the average loan-to-price ratio of mortgage loans made.

The average effective interest rate on newly-built, single-family homes with conventional mortgages was 7.68 percent in January... 2 basis points higher than in December. The average effective interest rates on conventional mortgage loans for previously-occupied homes increased 1 basis point in January... but... at 7.60 percent... was still 2 basis points below the previous year.

The Fed increased its discount rate from 5 to 5½ percent... and a number of banks raised their prime from 6 to 6¼ percent... with the approval of the Federal Committee on Interest and Dividends. Whether these increases will affect the mortgage money market is not yet apparent.

A NAREB report indicates that the median price of single-family existing homes remained relatively stable during most of 1972. The end of the year median was \$27,160... an increase of 8.9 percent over the fourth quarter of 1971... but up only slightly from the \$27,010 level of the second quarter of 1972. The report also noted a slackening in the rate of increase in the volume of sales in the last two months of 1972 compared to the same months in 1971... 7 percent in November... and 5 percent in December.

Union building trade wage rates increased 7.1 percent in 1972... according to the Labor Department. This compares to a 10.2 percent rise in 1971. In both years the Consumer Price Index rose 3.4 percent. On January 2, 1973... the average hourly rate in cities of 100,000 or more for all building trades was \$7.51. The average ranged from \$5.79 per hour for laborers... to \$8.47 for electricians.

The largest sale of Local Housing Authority bonds in history will be held on March 21. Sealed bids will be accepted on that day by authorities in 21 States and the Virgin Islands for 39 tax-exempt bond issues totaling almost \$320 million. This is the largest offering of these bonds... used to reimburse the Federal Government for funds advanced to Local Housing Authorities... since the long-term bonding system was established in 1951. Prior to that... the housing was financed with short-term notes. Since 1951... a total of \$9 billion in these bonds has been sold... and over a billion has been retired.



It's Officially "Fannie Mae"

For clarity and other corporate business reasons, FNMA recently secured legal protection for its nickname *Fannie Mae* in the form of a trademark from the U.S. Patent Office. It also secured a trademark certificate on the font of type and symbol for its logo-type, or logo.

In the past... the spelling of the nickname has varied from publication to publication.

Ford Foundation Grants

The Ford Foundation has recently announced the following grants:

A one-year supplemental grant of \$200,000 to help the Minority Contractors Assistance Project of Washington to expand its national office to deal with the increased volume of activity of local contractors associations now located in seven cities across the country. The project... begun in 1970... provides technical and financial assistance to help minority contractors get a bigger share of the construction market.

Center for Community Change, Washington, D.C. \$650,000, for continued support for technical assistance to local community development organizations. The center provides services in program planning and development, help in negotiating and administering grants and contracts, and assistance in seeking public and private sector funding. It also published a newsletter with information on federal programs offering money or services to community groups.

Center for Law in the Public Interest, \$309,000 two-year supplement, for support of public interest law activities in the Los Angeles area. The grant will enable the center to extend its work beyond cases in the environmental field to administrative reform and consumer protection.

The Housing Development Corporation of the Council of Churches of New York City, \$70,000 over 12 months, for tenant-related social services in some 1,100 subsidized housing units managed by the corporation's subsidiary, Urbano Management Services. Funds will support staff to work with tenant councils and building managers in handling problems related to drug abuse, health care, and building safety.

United Nations, \$64,000 six-month grant and \$39,600 one-year Foundation-managed project, for partial support of future planning by the staff of the United Nations Conference on the Human Environment, following the June 1972 meeting in Stockholm. The grant will enable the staff to continue operations until the General Assembly can act on the conference's recommendation that a permanent organization be funded by the UN.

Watts Labor Community Action Committee, \$650,000, for a fourth year of support for the central administration of this community development corporation. Funds will also support project planning, land acquisition, surveys, and research connected with a projected 170-acre commercial-residential center near the new Martin Luther King Hospital in south central Los Angeles.



IRS Tax Ruling on Relocation Payments

HUD has recently been advised by Internal Revenue Service that certain relocation payments under Section 114(c) are not subject to Federal income tax. This information has been transmitted to all HUD offices in connection with any questions that may arise with respect to an *Additional Relocation Payment* or a *Replacement Housing Payment* made under Section 114(c).

A similar ruling respecting payments made pursuant to the *Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970* is not required because Section 216 of that Act specifically provides that no payment received under Title II shall be considered as income for purposes of the Internal Revenue Code of 1954.



TV Town Meetings Begin

The first presentation of a series of TV Town Meetings jointly sponsored by HUD and a number of private firms... titled *Choices for '76*... will begin in the Connecticut, New Jersey, New York areas beginning March 17. The showings are scheduled for March 17-19; March 31-April 2; April 14-16; April 28-30; and May 12-14. Local viewers should check newspapers for channel and time.

Purchasing Power Nearly Doubles In 24 Years

The purchasing power of American families has nearly doubled in the past 24 years, according to the Census Bureau.

Median family money income...in terms of constant 1971 dollars...has increased from \$5,480 in 1947 to \$10,290 in 1971. This is a compounded annual rate of increase of about 3 percent since 1947. Unadjusted for price change...median family income has actually more than tripled...from \$3,030 in 1947 to \$10,290 in 1971. Although some of the increase was eroded by rising prices, there was still a substantial net gain in real purchasing power.

This sustained rise in family income has had a marked effect on income distribution. While the total number of families increased from 37.2 million in 1947 to 53.3 million in 1971...the number of families with incomes below \$4,000 (in constant 1971 dollars) declined from 11.9 million to 6.9 million over this period. At the same time the number of families with incomes of \$10,000 or more rose substantially from 5.7 million in 1947 to 27.6 million in 1971. In terms of what they could actually buy at 1971 prices, twice as many had incomes under \$4,000 as had incomes about \$10,000 in 1947, but almost four times as many had incomes above \$10,000 as had incomes below \$4,000 in 1971.

A second Census Bureau reports shows that since 1959, there has been a sizable reduction in the number and percent of persons who are below the federally defined low-income or poverty level—from 22 percent in 1959 to 12 percent in 1971. The number of low-income persons declined over the past 13 years...from 39.5 million in 1959 to 25.6 million in 1971...so that the composition of the low-income population has changed considerably. For example...the proportion of poor people who were 65 years old and over increased from 14 percent to 19 percent between 1959 and 1970. However...the number of aged among the low income bracket decreased by 520,000, or about 11 percent, between 1970 and 1971, reducing the proportion of elderly among the poor from 19 percent to 17 percent in one year. This marked decline in a relatively short time appears to be related to the fact that Social Security payments increased by about one-fourth between December 1969 and March 1971.

About 10 percent of all families had incomes below the low-income level in 1971, as compared to 18 percent in 1959.

Copies of the reports *Money Income in 1971 of Families and Persons in the United States*, P-60, No. 85; and *Characteristics of the Low-Income Population: 1971*, P-60, No. 86, may be obtained for \$2.00 each from the Superintendent of Documents, Washington, D.C. 20402.



Report on Auto-Free Zones Issued

In spite of widespread skepticism...the establishment of vehicle-free zones in urban areas has had beneficial rather than adverse effect on commercial activities. A 51-page report, *Vehicle-Free Zones in City Centers*...published as *HUD International Brief No. 16*...summarizes the European experience in banning vehicular traffic from busy shopping streets.

The Sector Group on the Urban Environment of the Organization for Economic Cooperation and Development in Paris...concluded that in streets that are banned to vehicular traffic, air pollution can be reduced by as much as two-thirds, and noise levels by as much as five or more decibels...as well as creating an improved pedestrian environment.

The cities studied include: Copenhagen, Denmark; Essen, Germany; Goteborg, Sweden; Rouen, France; and Norwich, England.

Copies of *HUD International Brief No. 16* (Stock No. 2300-0194) are for sale by the Superintendent of Documents, Washington, D.C. 20402. Price 40 cents.

FYI

American Institute of Architects and Consulting Engineers Council of the U.S. ... Sixth Annual Public Affairs Conference. . . Washington, March 19-20. Details: Consulting Engineers Council, 1155 - 15th Street, N.W., Washington, D.C. 20006. (202/296-1780)

Producer's Council. . . Third National Conference for the Building Team. . . Chicago, April 13-14. Registration: PC, 1717 Massachusetts Avenue, N.W., Washington, D.C. 20036. (202/667-8727)

National Association of Housing and Redevelopment Officials. . . Property Rehabilitation Financing Institute. . . Rochester, N.Y., May 1-4. Reservations: NAHRO Rehabilitation Institute, Suite 404, Watergate Building, 2600 Virginia Avenue, N.W., Washington, D.C. 20037. (202/333-2020)

American Society for Public Administration. . . 1973 Conference. . . Los Angeles, April 1-4. Registration: ASPA, 1225 Connecticut Avenue, Washington, D.C. 20036. (202/785-3255)



New Publications

Housing: A Community Handbook. . . covers the history of subsidized housing, the programs available, the development process, analyzing community needs, local sponsors, community support, and the planning context of housing. The first in a series of how-to-do-it housing guides for local communities. . . written and published by the Illinois Housing Development Authority (IHDA) and the Northeastern Illinois Planning Commission (NIPC).

Copies are available at \$3 each from IHDA, 201 North Wells Street, Chicago 60606, or from NIPC, 400 West Madison Street, Chicago 60606.

Busing and Backlash: White Against White in an Urban School District. . . by Lillian B. Rubin. 257 pages. Price: \$2.45 (paper). University of California Press, 2223 Fulton Street, Berkeley, California 94720. (415/642-4562)

A Compendium of Reports Resulting From HUD Research and Technology Funding . . . covers HUD projects funded through November, 1972. For sale by the Superintendent of Documents, (Stock No. 2300-00211), Washington, D.C. 20402. Price \$2.10.



State Training Program Begins

New Jersey has begun a Public Service Institute. . . designed to be the comprehensive service center for the recruitment and training of public employees for the administration of the State's 21 counties, 567 municipalities, 603 school districts, and 620 special districts and authorities. Funded in part under HUD's Title VIII Community Development Training Program. . . the Institute generally will oversee both the training of new employees and the periodic retraining and updating of the skills of existing personnel. With headquarters in Princeton. . . the Institute will also provide training programs for principal administrators, middle management, and elected officials in New Jersey and its political subdivisions. . . in locations throughout the State.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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HUD newsletter

OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280



March 19, 1973

Vol. 4 No. 12

President Names HUD Officials

The President announced that he will fill five top vacancies in HUD... and will send the following names to the Senate for confirmation:

Floyd H. Hyde, as Under Secretary. Mr. Hyde... presently HUD Assistant Secretary for Community Development... is a lawyer and former Mayor of Fresno, California. Michael H. Moskow, as Assistant Secretary for Policy Development and Research... has been Assistant Secretary of Labor for Policy, Evaluation, and Research... and prior to that Deputy Under Secretary of Labor and a Senior Staff Economist with the Council of Economic Advisors. H.R. Crawford will be Assistant Secretary for Housing Management. He has for many years been engaged in managing public and private housing developments... and is currently president of H.R. Crawford, Inc., of Washington, D.C., a management and development company which manages the largest single federally-subsidized development in the District of Columbia. Sol Mosher will be named Assistant Secretary for Legislative Affairs, a new position. Since 1969, Mr. Mosher has been Special Assistant to the Secretary of Commerce for Congressional Relations. James L. Mitchell, who will be General Counsel of HUD, has for the past year been Special Assistant to the Secretary of Commerce for Policy Development. Prior to coming to Washington, he was a partner in the Chicago law firm of Mayer, Brown & Platt. He is a graduate of Cornell and the Yale Law School.

Current Trends



The Commerce Department reports that construction spending in January totaled a seasonally adjusted annual rate of \$134.9 billion... 2 percent above December's revised rate of \$132.3 billion... and 4.4 percent above November's \$126.7 billion. The rate for January was 12 percent above January, 1972. The increases for December and January were the largest ever recorded by the Department. Private construction... seasonally adjusted... in January came to an annual rate of \$102.1 billion... up 4 percent from December 1972... and 15 percent above January 1972. Public construction dropped in January... 4 percent below December's rate of \$34.1 billion. In constant (1967) dollars... January's construction expenditures were \$94.6 billion... 1 percent above December's.

The F.W. Dodge Division of McGraw-Hill has listed the 10 most active housing construction areas in 1972. They were: Chicago, New York, Washington, Los Angeles-Long Beach, Houston, Denver, Miami, Phoenix, San Francisco, and San Diego.

In the fourth quarter of 1972... according to NAREB... the median price of single-family existing housing was \$27,160... up 8.9 percent from the \$24,950 recorded in the fourth quarter of 1971. During the 1972 quarter... sales were highest in the \$30,000-\$39,999 category (20.6 percent)... with sales in the \$25,000-\$29,999 category next (16.7 percent). In major price groupings... the \$25,000-and over sales represented 57.8 percent of the total... \$15,000-\$24,999 was 30.8 percent... and the under-\$15,000, 11.4 percent.



Grievance Procedures Published

The Grievance Procedures Relating to Claims and Payments under the Uniform Relocation and Real Property Acquisition Act of 1970 were published in the *Federal Register* on February 26 (38 FR 5168). The Regulations become effective on March 26, 1973.

The President Reports on Urban America

On March 4... President Nixon addressed the Nation on the quality of life in our cities and towns. The following is excerpted from that statement:

A few years ago we constantly heard that urban America was on the brink of collapse. It was one minute to midnight, we were told, and the bells of doom were beginning to toll. One history of America in the 1960s was even given the title "Coming Apart."

Today, America is no longer coming apart. City governments are no longer on the verge of financial catastrophe. Once again the business world is investing in our downtown areas.

What does all this mean for community life in America? Simply this: The hour of crisis has passed. The ship of state is back on an even keel, and we can put behind us the fear of capsizing.

We should be proud of our achievements; but we should never be complacent. Many challenges still remain. In approaching them, we must recognize that some of the methods which have been tried in the past are not appropriate to the 1970s. One serious error of the past was the belief that the Federal Government should take the lead in developing local communities. America is still recovering from years of extravagant, hastily-passed measures, designed by centralized planners and costing billions of dollars—but producing few results.

Last October, at Independence Hall in Philadelphia, I signed into law a General Revenue Sharing Bill. This bill allocates 30 billion Federal dollars over the next five years for State and local governments to use however they like.

Revenue sharing represents a new Declaration of Independence for State and local governments. It gives grassroots governments a new chance to stand on their own feet.

Let me emphasize one point which is often misunderstood. General Revenue Sharing money is new money. It was never intended to replace programs we are now cutting back. To replace those programs, I am asking the Congress to create four new Special Revenue Sharing programs.

One of these new revenue sharing bills, the Better Communities Act, would provide \$2.3 billion in its first year of operation. This aid will have no strings attached as long as it is used for community development. Your local leaders can go on spending it the way Washington was spending it if they like. But they would also be free to work out better plans without having to get Washington's approval.

Too often, people think of community development solely in terms of the big city. In fact, less than 30 percent of our people live in places with a population of more than 100,000. This is approximately the same number who live in rural America. The proportion of our people living in cities with a population of over 1 million is no greater today than it was 50 years ago.

In an age when people move a great deal, the growth of our cities and that of our smaller communities are directly linked. A balanced approach to community development must keep small-town America clearly in sight.

Our Administration will use every effective means to help develop smaller communities, to bring new vitality to the American countryside. If the spirit of community means anything, it means a spirit of belonging, a spirit of responsibility, a spirit of participation. Restoring this "spirit of community" is the ultimate purpose of all the community development efforts of our Administration.

Secretary Lynn Addresses Mayors

On March 5... HUD Secretary Lynn... who is also Counsellor to the President for Community Development... made his first major address since taking office. He spoke to the Annual Congressional Conference of the National League of Cities/Conference of Mayors. The following is excerpted from his remarks.

We all know that in modern times communities have concerns in common—housing, jobs, environmental problems, education, transportation, health and recreational facilities, personal security, essential social services. But even here the problems and the appropriate solutions vary from community to community, and each municipality has its own characteristics—its own goals, its own preferences, its own opportunities and challenges, its own traditions and values. When Washington ignores the individuality of local communities, as it is forced to do by the nature of administering Federal programs, things inevitably go awry. And in many cases local officials have been discouraged from showing initiative and imagination in dealing with Federal programs.

We now face a period of transition in putting the community betterment part of the New Federalism into effect. The President's Fiscal 1974 budget specifically reasserted his commitment to a Federal role in housing. In our evaluation, in the months immediately ahead, of how best this role can be played, we want and will seek your advice.

Incidentally, let's make one thing absolutely clear about this so-called moratorium. We're not talking about 18 months or anywhere near it—to come up with our proposals to the Congress. We're not talking about 18 months, we're not talking about 12 months, we're talking about a matter of months, and I would hope that within the next week we will have an announcement as to our target date in getting those proposals to the Hill.

In the meanwhile, before you start talking too much about how this suspension of time to allow us to look at these programs is hurting city development take a hard look—at the lead time that it takes—between an application and actually putting a spade in the ground. I think that you will find that with the pipeline that's already there in housing starts, which means that the subsidized starts for this year are going to be bigger than they were the year before—bigger than '72—that you take a hard look at that situation before you start making noises with regard to it.

Also, I would suggest, that you wait for us to come up with what we're going to do on specific program commitments before you start complaining too loudly about it. I am very hopeful that in the course of this coming week, two weeks at the most, we'll be making announcements that will go a long way toward alleviating some of the sound and fury that I've been hearing over the past three to four weeks.



Housing Allowance Evaluation Set

Salem, Oregon, has been chosen to be the locale of the first housing allowances experiment. The overall test program will eventually include up to eight cities, counties, towns, and rural areas... involving approximately 8,000 families... and eight agencies... two State agencies, two county agencies, two Local Housing Authorities, and two welfare agencies. The experiment is being financed with HUD Research and Technology funds... and will provide for the evaluation of the effectiveness of differing approaches to administering a housing allowance program.



Sears Enters Housing Field

The Allstate Insurance Company... the Nation's second largest insurer of homes and cars... a subsidiary of Sears, Roebuck... the world's largest retailer... is about to enter the housing business. A new firm will be formed by Allstate... with three former officials of Levitt & Sons as top executives. The firm will develop both commercial real estate ventures and "Quality-Oriented" residential projects... and will be known as the Gale Organization, Inc. with Robert J. Gale... former president of Levitt Multihousing Corporation... as chief executive.

Significant Court Decisions

Housing Authority of the City of Omaha, Nebraska, et al. v. United States Housing Authority, et al. The U.S. Supreme Court has denied plaintiff appellants' petition for certiorari. This leaves standing the decision of the 8th Circuit upholding the validity of HUD's model lease and grievance procedure circulars for low-rent public housing, and permits their enforcement.

Cuyahoga Metropolitan Housing Authority v. Richard Harmody, et. CMHA v. City of Cleveland, et al. U.S.C.A., 6th Cir., Nos. 72-1686 and 72-1687. The Court of Appeals has affirmed the District Court's Order holding that the City of Cleveland was without power to cancel its Cooperation Agreement with CMHA on the grounds that such a cancellation would constitute an unconstitutional impairment of the obligation of a valid contract and that it would frustrate State and National plans and policies with respect to low-rent housing.

Mahaley, et al. v. CMHA, et al., Harrison, et al. v. CMHA, et al. U.S.D.C., N.D. Ohio E. Div., C.A. C71-251 and C72-67. An Opinion by a three-judge court upheld the constitutionality of the Cooperation Agreement requirement in the Housing Act of 1937, as amended. The District Court Judge then found that patterns of housing segregation in Cleveland and its suburbs, the need for low-income housing in the area, and the largely black waiting list of CMHA, made the refusal of the suburbs to execute Cooperation Agreements with CMHA explicable only as racially discriminatory actions. The Court ordered CMHA to prepare a plan for scattered site units in the suburbs. The Court will review the plan and the suburbs will be permitted to raise objections to the plan. However, unless a compelling interest for rejecting a quota of public housing is shown, appropriate judicial action will be taken.



Notes From Here and There

Approximately 900 applications for Urban Studies Fellowships have been received. They are now being evaluated prior to Board review. About 100 Fellows will be selected.

Preliminary discussions are being held by HUD Community Planning and Management staff and representatives of the Department of the Interior's Office of Regional Planning ... in an attempt to work out joint coordinated guidelines for Section 701 and Land Use Planning Programs. Ultimately... Secretaries Lynn of HUD and Morton of Interior will meet to resolve basic policies governing the two programs.

The State of Florida has instituted new uniform planning regions by dividing the State into 10 Regional Districts largely centered around SMSA's... the new districts do not affect existing Regional Planning Agencies.

The La Junta (Colorado) Urban Renewal Agency has obtained approval for the first combination HUD Section 115 rehabilitation grant and Farmers Home Administration Section 504 rehabilitation loan within Region VIII... and perhaps in the Nation... to rehab a home to Property Rehabilitation Standards in the city's Neighborhood Development Program.

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HUD

newsletter

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March 26, 1973

Vol. 4 No. 13

Current Trends

Bids totaling \$813 million were received for the \$293 million of 6 percent mortgages offered in GNMA's March 7 auction. Bids ranged from 87.20 to 91.00... resulting in an average accepted price of 87.83... for a yield of 7.68 percent.

GNMA will hold an auction on April 4 to sell \$272 million of residential mortgages under FHA Sections 203(b) and 222. The mortgages bear interest at 6 percent... average \$11,000 in outstanding amount. Any FHA-approved mortgagee is eligible to bid.

The U.S. Savings and Loan League reports that 1972 was another "best-ever" year... the second-in-a-row record year for the savings and loan industry. A year ago... the League reported that 1971 was the "best ever" up to that time. Assets grew during the year almost \$38 billion... almost 19 percent over 1971... and reached \$207.3 billion.

At the same time... the National Association of Mutual Savings Banks... reporting on its members' activities for 1972... reported a new record in the 156-year history of mutual banks. In December 1972... total assets passed the \$100 billion-mark... up 12 percent from the December 1971 level of \$89.6 billion.

In the past year... the price of lumber has been one of the most volatile of commodity prices... rising nearly 17 percent. In some types of lumber... the rise has been as much as 50 percent. This has been a major factor in the increase in housing construction cost... and industry spokesmen see no immediate relief.

Urban Renewal Project notes totaling \$236.4 million were sold on March 6... at an interest rate of 4.05 percent... up from the 3.45 percent February rate... and the highest since February 1970... when the rate was 4.2 percent. This contrasts to the November 1972 rate of 2.9 percent. Total sales of these notes since the fiscal year began in July has been \$3.2 billion.

Under Pennsylvania State law... the maximum interest rate on a home mortgage of up to \$50,000 cannot exceed 8 percent. A group of Pennsylvania financial, real estate, and home building executives has requested the Legislature to amend the law... which expires next July... to limit the interest rate only on the first \$10,000 of a mortgage.



Navajos are Largest Indian Tribe

More than a third... (34 percent)... of all American Indians are Navajo, Cherokee, Sioux (Dakota), or Chippewa. About 20 percent of the 763,594 American Indians counted on Census Day 1970 did not belong to a tribe.

The Navajo tribe makes up about 13 percent of the total American Indian population. Cherokees... comprise 9 percent of the Indian total... and Sioux (Dakota) and Chippewas have 6 percent each; while the Apaches, Choctaws, and Pueblos, each represent 3 percent of the total.

18 States have an Indian population of 10,000 or more... with Oklahoma having the largest Indian population... followed by Arizona, California, and New Mexico.

Six Appointed to Housing Partnership Council

Five mortgage bankers and a housing consultant have been appointed for two-year terms to the Associates Advisory Council of the National Housing Partnership. The Council consists of 12 leaders selected from the 537 NHP Associates in 216 communities in 44 States... and provides guidance on policies and practices of NHP, a private corporation created by Congress to stimulate housing for low- and moderate-income families by private enterprise.

New appointees are:

Lawrence Blake, Vice-President, Washington Mortgage Company, Seattle; Robert Boucher, President, First Denver Mortgage Company, Denver; Lyndell Lay, President, L.E. Lay & Company, Little Rock; Jack Lee, President, Nashville Mortgage & Realty Company, Nashville; Robert Wertheim, President, Knutson Mortgage & Financial Corporation, Minneapolis; and Enoch H. Williams, President, Enoch Williams & Associates, New York.

The remaining members of the Council who will serve their second year in 1973 are:

Raymon Bostic, President, Ohio Financial Service Corporation, Columbus; Richard Crissman, Director of Project Mortgages, Ralph C. Sutro Company, Los Angeles; Donald J. Reape, Upper Darby, Pa.; Ernest Tharpe, President, Tharpe & Brooks, Inc., Atlanta; Dempsey Travis, President, Sivart Mortgage Company, Chicago; Henry Trione, Senior Vice-President, Sonoma Mortgage Company (Division of Wells Fargo Bank), Santa Rosa, Calif.

As of February 15, 1973... NHP had commitments for participation in 133 projects in 32 States providing 22,034 units at a total cost of about \$450 million.



Over 30,000 Scouts in Public Housing

The latest report of the Boy Scouts of America shows 30,733 youths are now members of Boy Scout, Girl Scout, and Explorers (co-ed) troops sponsored by Local Housing Authorities in the U.S. In 1972... 3,300 new members joined the troops. This does not include members who may be affiliated with troops not sponsored by LHAs. The close cooperation between LHAs and such character-building organizations as the Scouts has long been encouraged by HUD. Among other things... meeting and activity rooms for these groups are provided within housing projects by many LHAs... and at the beginning of 1973... there were 1,350 Boy Scout troops in projects... up 28 percent over 1972.



HUD Suspends Lot Sales By Arizona Developer

HUD's Office of Interstate Land Sales Registration (OILSR), has issued an order suspending future lot sales by Consolidated Mortgage Corporation at its Chino Meadows subdivision in Chino Valley... 20 miles north of Prescott, Arizona. The suspension of the development... also known as Chino Valley Estates... will remain in effect until the Phoenix-based land company meets requirements of the Interstate Land Sales Full Disclosure Act of 1969... by accurately reflecting the facts affecting the subdivision in its filings with OILSR and provide "full disclosure to the public."

In December 1972, OILSR had issued a Notice of Proceedings to the developer in an administrative effort that could have led to suspension. At that time, Consolidated Mortgage was charged with failure to disclose material information in its Property Report and Statement of Record on file with HUD. The omission included the terms of a water service agreement with the City of Prescott, the status of certain recreational facilities in the subdivision, the availability of the utilities in the subdivision, and the legal condition of access roads serving the subdivision.

On the basis of the developer's submission of new amendments to its previous filing... and due to the complexity and severity of the issues involved... HUD issued the suspension order as being "urgent and necessary in the interest of the land buying public."

Seattle To Preserve Market

Plans are underway for the preservation of the 7-acre Pike Place Market Historical District in Seattle... which is within the Pike Place Project... a 22-acre urban renewal project. The project surrounds and includes the historic Pike Place Public Market located on an incline at the edge of Seattle's downtown shopping district, overlooking the harbor and waterfront of Elliott Bay on Puget Sound. The project... approved for funding in 1969... called for preserving the Market core area... but would have permitted high-rise hotels, plazas, and a major parking facility in the project area. Many felt that this plan would jeopardize the historic character and function of the Market. In a November, 1971 election the citizens voted to create a 7-acre preserve under the jurisdiction of an appointed 12-member Market Historical Commission.

The Historical District has been nominated for inclusion in the *National Register of Historic Places* and Regional HUD officials are following the necessary procedures for compliance with the National Historic Preservation Act of 1966... which requires that the National Advisory Council on Historic Preservation be afforded the opportunity to comment on all Federal undertakings which may affect *National Register* properties. The revised plan is expected to be ready for approved by the City Council in April.



Harvard Graduate Program Scheduled

A Summer 1973 Continuing Professional Education Program sponsored jointly by the Graduate School of Design Association and the Graduate School of Design, Harvard University... has been announced. The course is intended for architects, landscape architects, city and regional planners, urban designers, and professionals in related fields. The schedule is: Air Photographic Interpretation and Terrain Analysis, June 18-22; Landscape Architecture Resource Analysis, June 18-22; Legal Problems in Professional Practice, June 25-29; Implementing Electronic Data Processing in the Design Office, July 16-17; Graphic Display of Spatial Data, July 16-20; The Management of Design and Planning Organization, July 6-13; Design/Video Workshop, July 23-August 3; and for young people... Career Discovery Apprenticeships in Architecture, Environmental Design, and City & Regional Planning, July 9-August 10.

For further information and applications: Director, Continuing Professional Education Program, Graduate School of Design, Gund Hall, Harvard University, Cambridge, Massachusetts 02138. (617/495-4122)



Recent Ford Foundation Grants

To the National Committee Against Discrimination in Housing (NCDH)... the principal national organization working in the field... is now launching a major legal attack directed at mandating metropolitan and regional efforts to break down discriminatory housing patterns. Assisted by a new Ford Foundation grant of \$223,000, NCDH is establishing a legal office in Washington, D.C. staffed by five attorneys, to coordinate and improve private litigation efforts aimed at better enforcement of fair housing laws, and challenging suburban zoning limits on low-income housing. It will also investigate the possibility of legal action against corporate locations in all white upper-middle income suburbs. For further information: Norman Amakar, National Committee Against Discrimination in Housing, 1425 H St., N.W., Washington, D. C. 20005. (202/787-3880)

One of the more active metropolitan-wide agencies promoting suburban as well as inner city housing development for minority families is the Philadelphia Council for Community Advancement. The Council has concentrated almost exclusively on low-income housing, which is acutely scarce in the Philadelphia area. Aided by a \$130,000 Ford Foundation grant... the Council will continue its work with 57 nonprofit projects to produce some 2,200 housing units representing a total investment of \$44 million. Many of the units will be in suburban counties where minority housing has not existed. For further information: W. Wilson Goode, Philadelphia Council of Community Advancement, 1601 Walnut Street, Philadelphia, Pa. 19102. (215/563-7260)

Coordination Needed in Planning for Housing

The conclusions drawn in a four-year study of housing and reported in *Housing in Metropolitan Areas: Roles and Responsibilities of Five Key Actors*. . . are that the roles of the "key actors" must be strengthened and coordinated to achieve progress in the orderly identification, planning, and supply of housing for metropolitan areas. The study was made under a HUD research grant by the National Association of Housing and Redevelopment Officials (NAHRO). The "actors" referred to are the local government's chief executive, the comprehensive planner, the community development and housing administrator, the housing developer, and the housing consumer advocate.

The conclusions are based on individual studies made by the Department of Community Affairs of the State of Connecticut; the Department of Planning of Dade County (Miami) Florida; and the Metropolitan Council of the Minneapolis-St. Paul Twin Cities Area. The report points out that fragmentation among the five actors in the metropolitan area housing function "is essentially a political one...and must be solved where it was created... in the State Legislature."

Single copies of the 75-page publication are available free from NAHRO, 2600 Virginia Avenue, N.W., Washington, D.C. 20037.

FYI



National League of Insured Savings Associations. . . Executives Washington Seminar . . . Washington, April 8-11. Registration: NLISA, 1200 17th Street, N.W., Washington, D.C. 20036. (202/659-1955)

What's Ahead in Housing—Now. . . a seminar sponsored by the National Association of Building Manufacturers, the Michigan State Department of Commerce, and the University of Michigan Institute of Science and Technology. . . Ann Arbor, April 25. Registration: U of M Conferences and Institutes, 412 Maynard Street, Ann Arbor, 48104.



Notes From Here and There

Ms. Patricia McKinney, formerly with the Urban Institute. . . has been appointed to head the newly-created Office of Consumer Affairs of the National Association of Home Builders. The new office will work with NAHB members and local affiliates in matters concerned with builder-buyer relations.

A bill has been introduced in Congress calling for the establishment of a national policy encouraging States to develop and implement land-use programs. Also, hearings have been concluded on a proposal to authorize the Secretary of the Interior to make grants to States to assist them in establishing and implementing land-use procedures.

Pennsylvania will soon be in the mortgage business. The new Pennsylvania Housing Finance Agency will begin offering mortgages at 6 or 6.25 percent in June. The director of the agency said he hoped this would take up some of the slack caused by the freeze on federally subsidized housing. The new agency is now determining income limits for families and individuals who would qualify for State mortgages and will be ready to start processing rental housing mortgage applications in a month or two. Priority will be given to the two largest urban areas of the State. . . Philadelphia and Pittsburgh. . . and to the flood areas, as well as to urban ghetto areas.

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U.S. Department of Housing and Urban Development
Washington, D.C. 20402

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HUD newsletter

OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280



April 2, 1973

Vol. 4 No. 14

Current Trends

Private housing starts declined slightly in February on a seasonally adjusted basis, but nevertheless were above the rate for the full year 1972. The February rate of 2.444 million units... 2 percent below the January rate of 2.496 million units... was nonetheless about 4 percent higher than full year 1972 private starts of 2.355 million. Permits issued for new units... sometimes a leading indicator of future starts levels... slipped 3 percent in February on a seasonally adjusted basis, to an annual rate of 2.155 million units.

Housing demand remains high, with sales of new and existing homes, rental absorption of new apartments, and mobile home shipments all at near-record levels. The seasonally adjusted annual rate of sales in January was 735,000 units... essentially the same as the 737,000 unit rate in December... and about 2 percent above a year earlier. The number of new homes available for sale rose to a seasonally adjusted level of 420,000 units at the end of January, higher than it has ever been and 41 percent above the January 1972 inventory.

The median price of new homes being sold is rising sharply; the January median of \$30,400 was more than 20 percent above the year-earlier median of \$24,700. The higher prices apparently are more a reflection of buyers shifting toward larger and better outfitted homes than they are a reflection of generally higher price levels. The median price of all new homes available for sale was just \$28,500 at the end of January and had risen only 8 percent over the prior year. Demand for existing homes remains exceptionally firm. NAREB reports that existing home sales in January were 17 percent above the year earlier level... up from an average increase of 10 percent during the prior three months.

High rental vacancy rates exist in some metropolitan areas, usually in older neighborhoods, but are not a widespread phenomenon. In its recently completed semi-annual survey of individual housing markets, the Advance Mortgage Corporation found apartment vacancy rate of 12 percent or more in sections of Atlanta, Dallas-Fort Worth, Houston, Los Angeles, and San Diego, but noted that multifamily production already has been reduced in most of these cities. According to the report... vacancy rates are highest in the central cities... not in the suburbs, where most new construction is taking place, suggesting that the new construction is accelerating the flight to the suburbs and hastening the abandonment of inner-city properties.

The number of housing units completed in January again set a record for the month, but the number of units in the construction pipeline declined somewhat during the month inasmuch as completion exceeded starts.

An increase in the prime lending interest rate has been announced by a number of major banks... from 6½ to 6¾ percent. The Federal Committee on Interest and Dividends has summoned bank officials to Washington to justify this action.

The supply of new housing entering the market... as measured by completions of new units... continues at a record pace. A total of 159,000 units were completed in January... 8 percent above January 1972 and the highest for any January in the four-year old series. The total inventory of new units under construction at the end of January inventory nevertheless was lower than in December... inasmuch as completions exceeded starts during the month.

Secretary Makes First Congressional Appearance

On March 20... Secretary Lynn made his first appearance before a Congressional Committee since taking office. Appearing before the Subcommittee on Housing of the House Committee on Banking and Currency... the Secretary emphasized three matters. He reported on the January 8 suspension of subsidized housing programs, the transition cities are facing as a result of the changeover from categorical grant programs to the revenue sharing provisions of the proposed Better Communities Act, and HUD's evaluation of existing programs. The following is excerpted from the Secretary's statement:

I want to make a few comments about the effects of the January 8 suspension of subsidized housing programs. Notwithstanding this suspension, we expect that subsidized housing starts during calendar year 1973 under HUD programs will be about 274,000 units. This compares with about 252,000 units for calendar 1972. Even without regard to prospective policy recommendations, the present pipeline of approved applications and program commitments will result in a starts rate through fiscal 1974 at close to the current rate of subsidized housing starts.

In addition, it should also be noted that the total housing starts during 1973 are expected to exceed 2 million for the third year in a row. Over and above this figure, mobile home output for calendar 1973 is expected to be approximately 625,000 units. This favorable outlook for housing production provides a particularly timely opportunity to evaluate what we have been doing.

The reason that the suspension has been instituted is the mounting evidence that the present program structure we now have cannot yield effective results even with the most professional management. Given this situation, we do not believe we should continue business as usual, merely piling more of the taxpayers' money on top of existing subsidy commitments for HUD programs—estimated between \$62 billion and \$90 billion over a 40-year period.

Our efforts in housing are part of the President's broader objective of redirecting our basic approach to urban problems from one of devoting additional billions to old discredited solutions, to one of developing fundamental broad new approaches at all levels of government. The broader approach involves transportation, jobs, health, and law enforcement, in addition to housing and other elements necessary to meet our communities' problems.

A third topic you have asked for my comments on is transition questions resulting from the move from community development categorical grants to the revenue sharing provisions of the proposed Better Communities Act. An important aspect of the President's New Federalism policy, the Better Communities Act, is an effort to return power to State and local governments in order to return the decision making to those governments closest to the people directly affected by decisions.

Under the Better Communities Act, many current categorical programs would be replaced, allowing local government to make decisions on the most effective use of the funds. The \$2.3 billion funding, to begin July 1, 1974, actually exceeds the amount appropriated this fiscal year for the programs to be replaced. We do not foresee substantial problems arising nationally during the transition from the present time to the start of the Better Communities Act in July 1974.

Many of the complaints coming from communities involved in Urban Renewal and Model Cities are completely unrelated to the program terminations. They have arisen, instead, because of HUD management efforts to tighten the administration of these programs. In the Model Cities program, for example, a small number of cities are taking a substantial cut in operating level because of their poor track record to date. A handful of cities are being dropped entirely from the program because of even poorer performance. This winnowing out process would have taken place regardless of the shift from categorical grant programs to revenue sharing.

Boys' Club Week

The 57th Annual National Boys' Club Week... sponsored by the Boys' Clubs of America... will be observed April 8-14. The Boys' Clubs of America... of which President Nixon is Honorary Board Chairman... operates on a national scale... and has 52 clubs within HUD-assisted housing projects... with an average of 500 members in each club. In addition... Boys' Clubs operate seven multi-service buildings... financed by HUD Neighborhood Facilities grants... which serve an average of 1,500 boys each... many from low-rent housing projects. The Week will be observed with Open House activities, special athletic contests, musical concerts, etc.



HUD Disaster Activities

Approximately 150 homes were rendered uninhabitable and 300 homes were damaged in a series of tornadoes that swept across Texas March 11. The devastation was greatest in Burnet and Hill counties... which the President declared to be disaster areas. A HUD disaster team was sent to the area... and the preliminary survey indicated a need for about 150 mobile homes. Vacant mobile homes from previous disasters in Texas, Mississippi, and South Dakota are available to be moved to the tornado area for immediate use. In some cases... it will be possible for the mobile homes to be placed on victims' own property, using existing utilities, water, and sewer.

HUD's Emergency Preparedness Staff has met with Office of Emergency Preparedness officials in the Great Lakes area to discuss plans for meeting the needs posed by the threat of imminent floods in the Lake Ontario-Lake Erie area... later this Spring. Other agencies involved are the Army Engineers... the Small Business Administration... and the Environmental Protection Agency. Existing rehousing resources and potential mobile home sites are being identified and plans being made to move in if the need arises.



HUD Suspends 107 Land Developers

Land sales by 107 developers have been suspended by HUD for failure to comply with regulations of the Interstate Land Sales Full Disclosure Act. An additional 30 developers voluntarily suspended their land sales... and corrective efforts are underway in a number of other cases.

Altogether... nearly 450 developers were notified by HUD of their failure to comply with the Act's regulations... and 280 Notices of Proceedings were issued.

The amended regulations require full disclosure of the organization and operation of property owners' associations, the availability of water and sewer facilities, and the existence of nuisances and other hazards relating to the location of the development.



Mortgages Continue Upward Movement

From 1960 to 1971... the percentage of homes in the U.S. with mortgages increased from 57 to 61 percent... according to the Census Bureau. The average amount of the outstanding mortgage also rose during the period from \$7,400 to \$11,300. About 94 percent of the home mortgages were on single-family dwellings. The total indebtedness on mortgaged nonfarm homes in 1971 was \$303 billion... more than double the \$144 billion in 1960. FHA insurance or VA guarantees covered 35 percent of the mortgages in force... 39 percent were held by savings and loans... 16 percent by commercial banks... 14 percent by mutual savings banks... 10 percent by life insurance companies... and the remainder by individuals, retirement systems, and others.



Indian Chief Joins Regional Planning Board

One of the less numerous ethnic minority groups in New York has been recognized by the Genesee-Finger Lakes Regional Planning Board which has designated Chief Ellsworth George, one of six chiefs of the Iroquois Indian Nations, as an ex-officio member. Chief George also will participate in the activities of the board's policy and goals committee.

HUD's Under Secretary Honored

Floyd H. Hyde... HUD's new Under Secretary... and for the past four years Assistant Secretary for Community Development... has been honored by his native city... Fresno, California... on his 52nd birthday. The city named a park in honor of Mr. Hyde... who served as Mayor of Fresno from 1965-1969... in recognition of his work in making possible the conversion of the 16-acre former city dump into a lovely green area. The newly-completed Hyde Park was formerly known as "Mount Vesuvius"... because of the sky-high piles of burning refuse... visible for miles around. The blighted area... which for 58 years was used as a dump... has now... with the assistance of a HUD grant... been made available for horseshoe pitching, kite flying, picnics and barbecues, strolling, checker playing... or just plain sitting and enjoying the outdoors.

Experimental Allowance Program



HUD has signed a contract with the Illinois Department of Local Governmental Affairs for a \$1.9 million contract to conduct an Experimental Housing Allowance Program. 900 families in Peoria and Woodford and Fulton counties will receive allowance payments to rent modest houses or apartments.

A contract also has been signed with the Massachusetts Department of Community Affairs for an experiment to be conducted in the Springfield metropolitan area.

Similar programs are underway in Pittsburgh, Phoenix, Jacksonville, and Salem (Ore.).

Notes From Here and There



HUD's Region V... based in Chicago... has named Ms. Carmen Hoepfner as Consumer Relations Advisor... to coordinate the activities of the 10 field offices within the Region. She will be responsible for evaluating how consumer relations are handled... and to recommend any needed changes in policies and actions.

The House Appropriations Subcommittee on HUD-Space-Science-Veterans has scheduled hearings on the HUD Budget for FY 1974 during the two weeks beginning April 30th.

The Mayor and other representatives of Dubuque (Iowa) made a presentation to members of the American Revolution Bicentennial Commission, and HUD staff of their proposed *Five Flags Civic Center*. The local citizens have raised \$700,000 for one-third local share and hope to receive a two-thirds HUD Open Space Grant for Historic Preservation. They hope to have official endorsement of the project from the Bicentennial Commission and possibly from HUD, and to be considered for funding should funds become available. HUD was represented by the Intergovernmental Relations Division, Community Development, and Legislative Affairs.

The United Nations has released a new *Demographic Yearbook*... which contains population statistics for the entire world. Its listing of the 10 largest cities in 1970 shows Shanghai first with 10,820,000 people... followed by Tokyo with 8,841,000... and New York City third, with 7,895,000. The remaining cities in the "Big 10" are Peking, 7,750,000... London, 7,349,000... Moscow, 7,050,000... Bombay, 5,969,000... Seoul, 5,536,000... Sao Paulo, 5,187,000... and Cairo, 4,961,000. The *Yearbook* also lists Belgium as the most urban country with 86.8 percent of its population in cities. By contrast... the U.S.A. has a 73.6 percent urban population.

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April 9, 1973

Vol. 4 No. 15

Current Trends

Following a meeting with Dr. Arthur F. Burns... who serves as Chairman of both the Fed and the Committee on Interest and Dividends... a number of banks which had previously raised their prime rate one-half point to 6½ percent... have agreed to roll back the increase to 6¼ percent.

Veterans Administration officials reported GI home loans in January rose 4 percent over a year earlier... sustaining a six-year generally upward trend... and 30,600 loans were approved in January compared to 29,600 in January 1972. The December total was 32,600. On a yearly basis... loans last year climbed to nearly 300,000... a 25 percent increase over 1971. Included in the total were 5,500 mobile home loans, a 162 percent hike over 1971.

Housing Authority bonds... totaling \$310 million... were sold on March 21, 1973... at an average net interest cost of 5.2543 percent compared to the 4.8798 percent at the December 6, 1972 sale. This was the 76th bond sale since 1951 and brings the amount marketed to \$9.280 billion. This record \$310 million sale topped the December 6, 1972 sale of \$268 million and brought the amount sold in FY 1973 to \$835 million.

HUD's March 1 survey of mortgage market conditions showed a slight drop from a month earlier in secondary market prices for FHA-insured home mortgages. After two consecutive monthly increases of one-tenth of a point in the national average secondary market price for immediate delivery of HUD-insured 7-percent new-home mortgages with 30-year terms and minimum downpayments... the price dropped by the same fraction to \$95.4 per \$100 of outstanding loan amount. The equivalent gross yield to investors increased to 7.56 percent, compared to 7.55 percent a month earlier.

Project notes totaling \$731 million... representing 88 local housing authorities were sold March 13... at an average interest rate of 4.087 percent. The interest rate last month was 3.389 percent. The average maturity of the notes sold was 7.3 months.

A continuing high rate of mobile home shipments further underscores the buoyancy of the market for new housing. Factory shipments... which are closely tied to dealer sales levels... were at a seasonally adjusted annual rate of 648,000 units in January, the second highest month on record... and about 22 percent higher than a year earlier. Shipments were especially strong in the Southeast... Florida, Georgia, Alabama, and the Carolinas... while in the West they were somewhat below year ago levels.

In 1972... residential mortgage loans totaled an unprecedented \$91.0 billion... more than a third above the previous year. Mortgage loans on 1-4 family properties amounted to \$77.7 billion... 36 percent more than in 1971... and multifamily acquisitions totaled \$13.3 billion—28 percent higher.



FYI

Realtors' Week... May 20-26... will have as its theme Pride In... Respect For The Property of America.

Indian Tribes in Joint Planning Program

The Assiniboine and Sioux Tribes of the Fort Peck Indian Reservation in Montana have entered into a unique Section 701 Planning program. The difference from conventional planning programs is the inclusion of in-service training opportunities for tribal members ... under the direction of the Tribal Planning Department... instead of using the usual "outside consultants." Each of the three professional staff planners will select one Tribal member as an assistant... and each assistant will be trained in the techniques and methodology of comprehensive planning. In addition... the trainees will be offered the opportunity of obtaining further formal education. Several universities have set up Masters' degree programs... and also classes are being conducted for the trainees at the National Indian Training Center in Brigham City, Utah, the Tri-State Tribes in Montana, along with seminars by Montana colleges and universities.

It is hoped that this program... together with the planning objectives of the Fort Peck project... which includes community environmental planning, Reservation-wide development and land use planning, planning for additional housing, historical preservation, and community facilities and services... will provide a cadre of planners that will remove the dependence on "outside planners" in Tribal activities.

The HUD 701 grant is for \$119,235... and the Tribes have added \$39,750 to finance the project.



State of Washington Begins Volunteer Programs

A HUD Research and Technology contract to develop a statewide Housing Information Service has been executed with the State of Washington, Office of Volunteer Programs. A unique feature of the project is the utilization of some 75 to 200 elderly volunteers, who will man the telephones. This was made possible through the implementation of the national agreement among HUD, ACTION, Administration on Aging, and the National Center for Voluntary Action. The Housing Information Service and Data Center will provide information and referral services to the general public. The Department will benefit by data indicating the effectiveness of HUD housing programs through "feed-backs" from the consumers. Also, information from the project will be utilized by HUD to improve public housing management and operations.

Research problems to be tested include a survey of the capabilities of such a communication network, the question of possible assistance in emergency preparedness programs, and testing of this communication tool as a complement to an "early warning system." The project is scheduled to receive its first calls from the general public on June 1, 1973.

In another volunteer activity... HUD Regional Staff members joined ACTION Regional and Central Office officials at a Renton, Washington open-house to mark the official opening of the *Program For Local Service*. Washington's Governor Evans participated in the ceremonies to kick-off this experimental program.

PLS will enable 350 Seattle and South King County residents to participate in year-long, full-time volunteer assignments. These young people will work in their own community in a variety of ways to alleviate poverty. ACTION will pay a living allowance to volunteers, provide health insurance and other benefits, and support the training necessary for effective work.



First Title XI Mortgage Insured

The first mortgage under Title XI of the National Housing Act... which provides for mortgage insurance on Group Medical Practice Facilities... has been approved. Group Health Cooperative of Puget Sound is the sponsor and mortgagor of the first-in-the-Nation \$2.3 million project in Seattle. The cooperative has three other applications pending for Group Facilities... a second in Seattle, and one each in Olympia and Redmond, all in Washington.

Interagency Review

The Ninth Urban Information Systems Inter-Agency Committee (USAC) Inter-Consortia Panel (ICP)—the semi-annual program review session—will be held April 11-13, 1973, at the Western White House in San Clemente, California. Theodore R. Britton, Jr., HUD Deputy Assistant Secretary for Policy Development and Research, will host this meeting of representatives from the 10 agencies and organizations that comprise USAC... the Departments of HUD, HEW, Labor, Commerce, and Defense; the Office of Management and Budget, and the Office of Economic Opportunity; the National Science Foundation, and the Law Enforcement Assistance Administration; and from the USAC project sites in Charlotte, Wichita Falls, Long Beach, Dayton, Reading, New York City, Des Moines, and Los Angeles.



78,268 Governmental Units in U.S.

Governmental units in the United States totaled 78,268... a decline of 3,031 during the last five years... according to a preliminary report on the 1972 Census of Governments. The decrease resulted principally from a continuing decline in the number of school districts because of consolidations and reorganizations. There were 15,780 school districts at the beginning of 1972... compared to 21,782 in 1967 when the previous Census of Governments was taken. In 1962... the figure was 34,678.

While the total of school districts declined... the number of special districts increased from 21,264 in 1967 to 23,886 in 1972. School and special districts combined accounted for over half of all governmental units.

Illinois, with 6,385, had the most local governments... and Hawaii had the fewest with only 19. Eight other States had more than 3,000 local governments... California, Kansas, Minnesota, Nebraska, New York, Ohio, Pennsylvania, and Texas. These States account for nearly half the national total of governments.

The report... *Governmental Units in 1972... Preliminary Report No. 1*, is available at 10 cents from the Bureau of the Census, Washington, D.C. 20233.



Housing Assistance Office

The Housing Assistance Council... headquartered in Washington... provides assistance to groups and organizations developing housing for low income people in rural areas and provides interest-free loans for development costs incurred in seeking Federal housing subsidy programs. It also offers technical help and training services. The Council has opened a Southwest regional office at 1404 San Mateo, S.E., Albuquerque, New Mexico 87108. (505/268-4351)

The Director of the office is Lenin Juarez... assisted by Roland Chico. Mr. Juarez... who has been with the Housing Assistance Council since its inception as Assistant Director for Field Operations... is a former housing specialist for the Office of Economic Opportunity and held the position of research associate for the Southwestern Cooperative Laboratory in Albuquerque. Mr. Chico... a Zuni Paiute Indian... was the Housing Director for the Utah Migrant Council. He is a graduate of the Housing Specialist Institute of Washington, D.C.



Disaster Activities

HUD has moved into the Texas tornado area... of Burnet and Hill Counties... and a number of sites are now ready to receive the mobile homes being sent from former disaster areas. It is anticipated that the homes will be in place and all the families moved in just three weeks after the President's disaster declaration of March 13. Also... several counties in Tennessee, New York, Alabama, and Mississippi were declared disaster areas following flooding... and HUD is proceeding to furnish temporary housing in these areas.

FHLBB Council Named

The Federal Savings and Loan Advisory Council for 1973 has been announced by the FHLBB. Council members serve for a calendar year and constitute an official group of advisers empowered by statute to consult with and advise the Board on general business conditions affecting the 12 Federal Home Loan Banks and their member thrift and home financing institutions.

Those appointed by the Board are:

James V. Rice, First Vice President, The Producers Council, Hamilton, Ohio; **Ross M. Blakely**, President, Coast Federal Savings and Loan Association, Los Angeles, and immediate past president, National League of Insured Savings Associations; **John P. Farry**, President, First Federal Savings and Loan Association, Albert Lea, Minn., and immediate past president, U.S. Savings and Loan League.

Those elected by the 12 Federal Home Loan Banks are:

Boston: **Malcolm W. Russell**, President and Board Chairman, Waltham Federal Savings and Loan Association, Waltham, Mass.; **New York:** **Robert J. Grogan**, President, Lakeland Savings and Loan Association, Dover, N.J.; **Pittsburgh:** **Robert G. Baesman**, President, Commonwealth Federal Savings and Loan Association, Norristown, Pa.; **Atlanta:** **Robert W. Hester**, President, First Federal Savings and Loan Association of Mid-Florida, Gainesville, Fla.; **Cincinnati:** **Clarence P. Bryan**, President, Cuyahoga Savings Association, Cleveland; **Indianapolis:** **Ernest H. Collins**, President, Greencastle Federal Savings and Loan Association, Greencastle, Ind.; **Chicago:** **Judson J. Ridders**, President, First Federal Savings and Loan Association of Fond du Lac, Wisc.; **Des Moines:** **John M. Grove**, President, Northwestern Savings and Loan Association, Fargo, N. Dak.; **Little Rock:** **John C. Fuchs, Jr.**, President, Continental Savings and Loan Association, New Orleans; **Topeka:** **John C. Dicus**, President, Capitol Federal Savings and Loan Association, Topeka, Kans.; **San Francisco:** **Sherman Miller**, President, Nevada Savings and Loan Association, Las Vegas, Nev.; and **Seattle:** **Gene Donovan**, President, Prudential Federal Savings and Loan Association, Salt Lake City.

Significant Decision



Mary Fletcher, et al. v. The Housing Authority of Louisville, et al. (Incl. HUD) U.S.D.C., W.D. Ky., C.A. 7399-G. The Court upheld the validity of HUD Circular HM 7465.12 *Housing a Cross-Section of Low-Income Families in Low-Rent Public Housing*, rejecting the argument that it denies plaintiffs equal protection and violates the Civil Rights Acts. The Court found that an income mix policy could disadvantage higher as well as lower income applicants, and that in the interest of financial solvency of the Housing Authority such a policy was defensible. The Court also upheld HUD's discretion in making the Circular non-obligatory, which made it unnecessary to comply with the notice and hearing requirements of the Federal Administrative Procedures Act.

Rent Task Forces Organized



The National Association of Real Estate Boards is organizing rent task forces to assist in obtaining voluntary compliance from landlords in keeping rents down. It is hoped to have these task forces in operation on a national basis... with initial groups already formed in Washington, D.C. and in New Jersey. **Fred C. Tucker, Jr.**, immediate past president of NAREB and a member of the Rent Advisory Board that functioned under Phase II is spearheading the effort.

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HUD newsletter

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April 16, 1973

Vol. 4 No. 16

Current Trends

Mobile home shipments in 1972 reached an all-time high... the third successive year this has happened. The 1972 record was 601,250 units... compared to 507,220 in 1971... and 401,190 in 1970. The industry is predicting shipments of 623,000 units for 1973. Of all homes built or produced in 1972... 96 percent of those priced under \$15,000 and 75 percent of those priced under \$20,000 were mobile homes.

Construction outlays in February... according to the Commerce Department... fell 0.3 percent below January's revised seasonally-adjusted rate of \$135.7 billion. The February rate of \$135.3 billion was 11 percent higher than the \$121.8 billion rate for February 1972. The drop was the result of a reduction of 5 percent in the public construction expenditure rate in February.

Short-term Treasury bills were sold early in April at their highest levels since July 1970. The 13-week bills brought an average yield of 6.531 percent... up from the previous sale of 6.251 percent. Yields on the 26-week bills rose to 6.814 percent... the highest yield since June 1970... when the rate was 6.929 percent.



HUD's International Role

A member of the HUD staff attended a recent meeting of the UN Economic Commission for Europe... where it was agreed that the U.S. would prepare a paper describing national and regional policies to be used as a framework for local planning development in the U.S. and Canada... with particular emphasis on local codes. This paper will be one of eight to be presented at an ECE seminar in Finland in 1975 on *National and Regional Planning as Frameworks for Local Planning*. It is expected that the work in this area will assist in the preparation of the 1974 *President's Report on National Growth*.



Secretary on TV

Secretary Lynn will be one of the panelists on an ABC TV network program... *The Building Innovators*... to be aired Saturday, April 28... from 10-11 P.M. EST.



Recent Court Decision

National Association of Housing and Redevelopment Officials, et al v. The Secretary of HUD, et al. U.S.D.C., D.C., No. 1080-72. The Court has denied the plaintiffs' motion for preliminary injunction seeking to compel the Secretary to set aside adequate contract authority for payment of operating subsidies to all local housing authorities and the specific amounts demanded by the five local housing authorities who are named plaintiffs in the suit. The Court noted that all contract authority under Section 19(e) of the United States Housing Act of 1937 has been allocated by the Secretary for Fiscal Year 1973, and held that for the purposes of preliminary injunction he would be guided by the literal language of Section 10(e). The Court interpreted Section 10(e) as a restriction on the Secretary's authority to make commitments to pay annual contributions in any one year... rather than a limitation upon the amount of annual contributions which HUD may actually pay in any one year.

Secretary Clarifies Program Re-evaluation

Appearing before the Subcommittee on Housing and Urban Affairs of the Senate Committee on Banking, Housing, and Urban Affairs... Secretary Lynn reported on the re-evaluation of subsidized housing programs, the impact of the suspension of certain housing programs, and other actions taken with respect to the Department's community development programs. The Secretary told the Committee that work is in progress in the re-evaluation... and that the study will focus on the following:

- First, the roles of government in housing and housing finance. Are they complementary or conflicting? What have been the effects of these roles? How efficiently have they been performed?
- Second, what should be the role of government in housing and housing finance?
- Third, what changes in policy and programs are necessary to achieve the appropriate role of government in housing and housing finance?

Mr. Lynn also announced that the Department had inserted a Notice of Request for Comments and Information in the *Federal Register* of April 5... soliciting from all organizations and individuals any comments or information they consider to be pertinent to the study. Such comments should be addressed to the HUD Housing Policy Review Team, Room 4102, HUD, Washington, D.C. 20410... not later than April 30, 1973.

Referring to the hardships that may have been created by the January 8 cutoff of approved projects and commitments, the Secretary told the Committee that he has taken the following actions:

- For those builders who had counted on the normal HUD "over-the-counter" procedure in the 235 program and held either a commitment under Section 203(b) or a Veterans Administration Certificate of Reasonable Value, instructions have been issued to allow a Section 235 reservation;
- In the Public Housing program instructions were issued to make it clear that those Turnkey developers who, following the procedures set forth by HUD, had been notified that they had been selected to construct a project will be permitted to proceed even though no contract had yet been signed.

The Secretary further said:

Thus far I have been discussing projects that will be allowed to proceed because, generally speaking, they reached a certain stage of processing in HUD offices. But as I said earlier, we are also going to honor, as promised by Secretary Romney, bona fide commitments irrespective of the processing stage the projects satisfying such commitments had reached on January 5.

The areas in which these commitments fall include: Project Rehab, Operation BREAKTHROUGH, State and local government arrangements, Indian housing, New Communities, disaster areas, Urban Renewal, and housing for the elderly. I might categorize all these situations as one in which, either because of normal HUD procedures or communications by officials authorized to make such commitments, developers, sponsors, or units of government were entitled to believe that they had a commitment that the Department would make units available for specified purposes.



Latest News From HUD

HUD has installed a *Spotmaster*... a telephone-actuated tape unit... on which is recorded a "voice actuality" of some event or speech related to HUD activities. The message is changed daily. If you want to know what is happening at HUD, you may call... toll free... (800) 424-8530.

Increased Flood Insurance Asked

Secretary Lynn has announced that the Administration has proposed legislation providing home owners and businessmen with much greater Federal insurance protection against flood losses by doubling the limits of coverage for single family homes... and expanding coverage even more dramatically for other buildings. Commercial, public, and multi-family residential properties could obtain protection up to \$200,000.

Perhaps most importantly from the viewpoint of the small businessman who invests his entire capital in current stock... the limit of flood insurance coverage for the contents of damaged commercial buildings would increase 20 fold... and also to \$200,000.

To cover extension of the program... the limit on the amount of coverage outstanding would be raised from \$4 to \$10 billion.

There are currently more than 1,700 communities in the National Flood Insurance Program... which represents less than half of the more than 5,000 flood-prone communities in the Nation. While 175,000 people have purchased almost \$3 billion of flood insurance... this also represents only a small percentage of those actually exposed to flood losses.

Here is a comparison of the old... and the proposed new limits of coverage for Federal flood insurance:

	Subsidized Coverage		Total Coverage	
	Old Limit	New Limit	Old Limit	New Limit
Single family residential	\$17,500	\$ 35,000	\$35,000	\$ 70,000
Other	30,000	100,000	60,000	200,000
Nonresidential	30,000	100,000	60,000	200,000
Contents, residential	5,000	10,000	10,000	20,000
Contents, nonresidential	5,000	100,000	10,000	200,000



Swift Enters Development Field

Swift & Co., known principally as one of the largest of the meat packing firms... and which recently expanded into other food fields, as well as into chemicals, petroleum, and insurance... has announced it will build a new privately-financed community in Plant City, Florida. The new community... covering 2,000 acres... is to be built 17 miles east of Tampa... and will cost between \$150 and \$200 million. This first community to be built by Swift's subsidiary... Nationwide Property Development Co. of Florida... will include single-family homes, townhouses, cluster homes, garden apartments, central recreational and open space, lakes, a golf course, shopping, and industrial areas.



Keep America Beautiful Participation

Keep America Beautiful has invited entries in its 1973 Awards Program for superior environmental efforts of citizens groups, government, and industry... and in its photography contest for pictures illustrating community improvement programs. Any organization conducting an ongoing litter-control program as an integral part of a long-range environmental improvement effort is eligible to enter the KAB Awards Program. Awards are offered in the following categories: State, community, county, regional, business, government agency, media, private organization, and youth.

The Photography Contest is an effort to stimulate visual documentation of effective community efforts. Photographers may submit entries in black and white and/or color categories for a series of photographs depicting "before, during, and after" scenes of a project. Entry forms for the Awards Program and the Photography Contest are available from Keep America Beautiful, Inc., 99 Park Avenue, New York, N.Y. 10016. Nominations must be received at the KAB office in New York City by August 31, 1973. Awards will be presented at a special banquet climaxing Keep America Beautiful's Twentieth Anniversary Meeting at New York City's Biltmore Hotel, December 5-6, 1973.

"Wait and See" Under Secretary Tells Officials

Speaking to the Federal Regional Council briefing of State and local officials in Austin, Texas. . . HUD Under Secretary Floyd H. Hyde said:

The potential long-term benefits of the community development revenue sharing approach will far outweigh the temporary problems of transition from the present categorical grant programs. But the potential will be fully met only if you use your time to the best advantage between now and July 1, 1974. You must get on top of the management of existing programs and plan and set priorities for those revenue sharing funds.

For our part, HUD is providing planning assistance funds and stands ready to work with you to solve or minimize your transition problems.

We have a good bit of money in the housing pipeline, enough that subsidized housing starts in calendar year 1973 will exceed starts in calendar year 1972. We'll have more than 300,000 starts in all, counting some in departments other than HUD.

Further, the new approaches. . . will be along in a very few months. Obviously, we expect those new approaches to involve more realism and less red tape, else we never would have undertaken our study.

So wait and see what we come up with. Wait and see whether commitments won't get a speed-up in the long run. Wait and see if all the fear and frustration unleashed by the suspension wasn't really excessive.



One-Fourth Of Spanish Origin Persons Live in Los Angeles and New York

More than one-fourth of all persons of Spanish origin in the U.S. live in two metropolitan areas. . . New York City and Los Angeles. . . and two of every five persons of Cuban origin live in Greater Miami. A total of 1,289,079 persons of Spanish origin lived in the New York City SMSA in 1970. . . almost 70 percent of whom. . . 887,119. . . were of Puerto Rican origin.

In the Los Angeles SMSA, Spanish origin residents make up more than 10 percent of the Nation's total. Of 1,051,409 persons of Spanish origin in metropolitan Los Angeles, 822,310 were of Mexican ancestry—the largest concentration of such persons in the country.

Of 544,627 persons of Cuban origin living in the U.S., 218,754 resided in the Miami SMSA on Census Day 1970. . . and follow the historical pattern that persons of Spanish ancestry still live mainly in areas where they originally entered and settled in this country.

Mexican origin persons are most numerous in Arizona, California, Colorado, New Mexico, and Texas; and those of Cuban origin mainly in Florida.

Four identifiers were used in the survey. . . origin, surname, language, and birthplace. . . and slightly more than 9 million persons reported themselves of Spanish origin—4,532,533 Mexican, 1,429,664 Puerto Ricans, 544,627 Cubans, and 2,566,394 persons of Central or South American or other Spanish background. About 4.7 million persons living in the five southwestern States were identified as having a Spanish surname.

Copies of the report, *Persons of Spanish Ancestry, PC (S1)-30*, are available for 50 cents from the Superintendent of Documents, Washington, D.C. 20402.

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HUD newsletter

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Washington, D. C. 20410 (202) 755-5280



April 23, 1973

Vol. 4 No. 17

Current Trends

Bids totaling \$974 million were submitted in GNMA's auction of mortgages on April 4. Bids were accepted for the \$272 million of 6 percent mortgages offered. Accepted bids ranged from 86.38 to 89.04, resulting in an average accepted price of 86.85 for a yield of 7.83 percent. Another sale of home mortgages totaling \$415 million will be held on May 2. The 6 percent mortgages average \$13,500 in outstanding amount and are insured by FHA under Sections 203(b) and 222 or guaranteed by the Veterans Administration. Any FHA-approved mortgagee is eligible to bid.

The Maryland Legislature has enacted a State-wide rent-control bill. It calls for a one-year ceiling... effective July 1 of rent levels no more than 5 percent above those in effect January 11, 1973... when Federal Phase 2 regulations were suspended.

Urban renewal project notes totaling \$362 million representing 117 local issuing agencies were sold on April 3, at an average interest rate of 4.0795 percent. Maturities of the 118 issues ranged up to one year. The average interest rate for the \$326 million of project notes sold in March was 4.0517 percent.

For the first time in 21 months... overall HUD-FHA mortgage insurance activity on a daily workday basis showed a rise. Total applications for February were 16 percent higher than for January; total starts were up 36 percent over the previous month. This reverses a 20-month downward trend in total unit applications.

Thomas R. Bomar has been named Chairman of the Federal Home Loan Bank Board. Bomar has served as the Executive Vice President of the FHLMC Corporation since its inception two and one-half years ago.



HUD Assists in Consumer Protection

A mini-sized brochure entitled *Dreaming of a New Home?* will soon be inserted in all water bill mailings in the Kansas City, Missouri area. The brochure was developed from HUD's booklet *Wise Home Buying*, and HUD's Region VII worked with the Kansas City Office of Consumer Protection to reduce the original multi-page booklet to a four-page mailable pamphlet.



Model Cities Funding Approaches \$2 Billion

HUD has approved over \$1.9 billion for the Model Cities Program from its inception in 1967 through December 31, 1972... to 147 cities... which are at various stages of the demonstration program. No new Federal commitments will be made for the program after June 30, 1973... and local activities may be continued during FY 1974 at the option of the cities, using funds available from previous commitments.

Model Cities-type activities will continue to be eligible for Federal assistance under the proposed Better Communities Act, which is scheduled to begin on July 1, 1974. Assistance under the Better Communities Act will replace funding presently being offered by HUD under seven categorical community development programs.

HUD's Labor Activities

A special working conference has been arranged by HUD with the Department of Labor for HUD Regional Labor Relations Officers. Topics to be covered will include residential wage rate surveys, labor standards enforcement, decentralization, and enforcement of apprenticeship and trainee regulations.

HUD's Labor Relations staff attended the AFL-CIO's first Housing Conference on April 11th and 12th. The Conference covered the union role in housing, the housing moratorium, and co-operative housing. Other invitees included international unions and State and local central bodies of the AFL-CIO in a 22 State area. Senator Sparkman and Representative Barrett spoke at the Conference luncheon.

FHLMC Committee Appointed

Membership on the Advisory Committee of the Federal Home Loan Mortgage Corporation has been accepted by 12 leaders of the savings and loan industry.

The Committee... provides FHLMC with policy and program guidance reflecting the interests of the savings and loan industry and the public at large.

The members are:

Howard H. Howes, Stamford, Conn.; Louis P. Bell, Norristown, Pa.; Andrew R. Neidert, Cincinnati; George M. Zeltzer, Southfield, Mich.; Richard C. Cross, Minneapolis; Merle C. Carpenter, La Junta, Colo.; Anthony M. Frank, San Francisco; Robert Barber, Jr., Gulfport, Miss.; William E. Scheu, Rochester, N.Y.; Roland J. Barstow, Chicago; T. William Blumenauer, Washington, D.C.; and Dr. Richard Pratt, Salt Lake City.

HUD International



The first Soviet group to visit the United States under the US-USSR Agreement on Cooperation in the field of Environmental Protection... which was signed during the President's visit to the Soviet Union in May 1972... has arrived for a two-week stay. Following meetings with US officials at HUD headquarters, the groups will visit Atlanta, San Francisco, Columbia, and Reston. During their stay... Soviet and US officials will examine areas in the field of urban development such as: comprehensive planning and development solid waste management, noise abatement and control, the impact of transportation on the environment, planning and development of new communities, and construction and solid waste management technologies in permafrost terrain. A US delegation will visit the Soviet Union later in the year to examine Soviet efforts to improve the urban environment.

Four representatives of the Spanish Ministry of Housing are visiting HUD for three days under sponsorship of the U.S.-Spain Friendship and Cooperation Agreement of 1970. Purpose of the visit is to review the progress and current status of cooperative projects between HUD and the Spanish Ministry of Housing in the general area of housing and urban planning.



Revised HUD Regulations Strengthen Fire Protection

Additional requirements for life-saving fire protection devices and systems in homes, apartments and high-rise buildings, will be included in the newly revised *Minimum Property Standards* being issued by HUD.

According to the Department... the new requirements are the result of many months of study by the HUD-FHA Office of Technical and Credit Standards. When in use they will offer vastly increased protection to occupants from death due to fires.

Announcement of the proposal will appear in the *Federal Register* shortly. Copies of the proposed revision will be available for public examination at all HUD field offices.

Architecture Task Force Appointed

A Federal Architecture Task Force of leading design professional, distinguished legislators, and prominent citizens has been appointed. Charged with the responsibility of updating the 1962 publications, *Guiding Principles for Federal Architecture*... the Task Force will be chaired by Nancy Hanks, Chairman of the National Endowment for the Arts.

The Task Force was created in response to President Nixon's recommendation ... contained in his Design Message of May 1972... that the Endowment establish an ad hoc task force committee to review and expand the 1962 document... which set forth broad aesthetic recommendations of considerable value, but was not intended to serve as a comprehensive regulatory model.

The members named are:

Senator Howard Baker, Jr., Tennessee; Ms. Florence Knoll Baker, Florida, Co-founder of Knoll International, Ltd.; Dr. Edward Hall, Chicago, Professor of Anthropology, Northwestern University, author of *The Silent Language* and *The Hidden Dimension*; Lawrence Halprin, San Francisco, Landscape Architect; Jerome Lindsey, Washington, D.C., Dean, School of Architecture and Planning, Howard University; Eliot Noyes, New Canaan, Connecticut, Architect/Industrial Designer; Ioh Ming Pei, New York, Architect; Richard Ravitch, New York, Principal in HRH Construction Company; Chloethiel Smith, Washington, D.C., Architect; Frank Thomas, Brooklyn, New York, Director, Bedford Stuyvesant Restoration Corporation; Congressman Frank Thompson, Jr., New Jersey; Walter Wagner, New York, Editor, *Architectural Record*; and Harry Weese, Chicago, Architect. Charles Eames, California, Architect/Industrial Designer and O'Neil Ford, San Antonio, Architect, are Special Advisors.



Realtors Support Revenue-Sharing

After four days of meetings in Washington... the Realtors Legislative Conference called for broad industry support for the objectives of President Nixon's community development and housing subsidy initiatives. The conference heard HUD Secretary James T. Lynn discuss the various aspects of the President's revenue sharing policies.

The Realtors legislative recommendations were:

- Support for revenue programs that would redistribute federally collected dollars to State and local governments for community development.
- Support for the initiative taken by the Administration in its anti-inflationary freeze on housing subsidy programs.
- Support for Secretary Lynn's assertion that he would not "dismantle" the Federal Housing Administration because of its "enormous contributions" to housing growth in America.

The Realtors Legislative Committee that sponsored the meeting was substantially enlarged this year to reflect the expanded legislative program of the National Association of Realtors. The Realtors organization will become the largest business association in the world next January 1 when 400,000 Realtor Associates... real estate salespersons... join the existing membership of 110,000 Realtors.



Mexican-American Participation Rises

The HUD Region VIII Office in Denver has been making an all-out effort to increase minority entrepreneurship in all HUD programs... and has succeeded in increasing the degree of Mexican-American sponsor and contractor participation to what it believes to be the highest in the Nation... in both units and dollars. In calendar 1972... the dollar involvement was almost \$25 million. Of this amount... three Mexican-American firms handled contracts under HUD-FHA programs totaling \$12.2 million... covering 177 units under Section 235... 825 Section 236 units... 197 Section 221(d)(3) units... and 70 Turnkey units. 35 Mexican-American subcontractors took part in the year's activities.

FYI

The American Institute of Architects. . . 1973 National Convention and Exposition . . . San Francisco, May 7-10. Registration: AIA, 1785 Massachusetts Ave., N.W., Washington, D.C. 20036.

National Association of Housing and Redevelopment Officials. . . Mid Atlantic Regional Conference. . . Lancaster, Pa., May 16-18. Registration: MARC Conference, c/o Chester Redevelopment Authority, 815 Fidelity Bldg., Chester, Pa. 19013.

Programming Environments for Human Use. . . Massachusetts Institute of Technology, Cambridge. . . July 24-August 2, 1973. A special summer session that will focus on emerging techniques for preparing environmental programs for projects ranging in scale from individual buildings to development areas. Registration: Director of the Summer Session, M.I.T., Room E19-356, Cambridge, Massachusetts 02139.

National Association of Minority Contractors. . . Annual Convention. . . Chicago, June 19-23. Registration: NAMC, 3000 Wentworth Avenue, Chicago 60616. 312/225-4100.



Need for Flood Insurance Stressed

The Governors of all 50 States, members of Congressional committees, and major segments of the insurance industry were invited to attend an emergency session in Washington on April 7 . . . to call national attention to the need for more extensive purchase of available Federal insurance coverage against what may be record spring floods in many parts of the country.

With flood waters already inundating areas bordering the Great Lakes and the Mississippi River, and expected momentarily along rivers throughout the United States, HUD has alerted property owners everywhere to the need for protection against heavy losses such as occurred as a result of Tropical Storm Agnes last year. That storm caused \$3 billion in damage and only \$5 million was covered under the federally subsidized flood insurance program. Tornadoes can be expected again this year in Gulf Coast areas as early as June.

In addition to the Governors, State Insurance Commissioners, State coordinating agencies, and trade association. . . personal invitations were sent to all members of the Banking and Currency and Public Works Committees of both houses in Congress. Although more than 1,700 communities are now participating, they represent only about one-third of the more than 5,000 flood-prone communities across the country.



Notes From Here and There

Mrs. Richard M. Nixon has accepted the post of Honorary Chairman of *Keep America Beautiful Day*. . . April 28. . . which will be marked by special programs all over the U.S.

The UN General Assembly has proclaimed 1974 as *World Population Year*. Fact sheets and other materials in English, French, and Spanish are available from the Press Section, Office of Public Information, United Nations, New York.

The Farmers Home Administration has issued a set of new regulations pertaining to site development policy and planning. . . containing explicit requirements for streets, water and sewer systems, utilities, lot, layout, access to community facilities, grading, and drainage. Issued as *FmHA Instruction 424.5*. . . it is available from FmHA, Washington, D.C. 20250.

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April 30, 1973

Vol. 4 No. 18

Current Trends

Housing starts in March were at an annual rate of 2.259 million units... 200,000 below the February rate. The March drop was the first of any significance in more than a year... and follows the record-breaking 2.357 million starts for the 12-month 1972 period. Building permits... an indicator of future starts... also declined in March... but the drop was lower than the actual starts figure for the month.

The March decline reflected lower starts rates for both homes and multifamily units. Actual starts of private and public units numbered 201,200 units in March... barely below the March 1972 level of 205,800 units... and thus the second highest March starts level on record.

New homes sales were at a seasonally adjusted annual rate of 718,000 units in February, virtually the same as in January and also equal to the sales rate a year earlier. Current new home sales, nonetheless, are running six percent below the record sales pace sustained during the last five months of 1972. Sales of existing homes in February were about 8.5 percent above the year earlier level, according to NAREB.

Builders' inventories of new homes for sale dropped in February for the first time in 24 months. A total of 409,000 units were available for sale at the end of February, down from 417,000 at the end of January, but nevertheless the largest number for any other month on record. The ratio of homes for sale to homes sold is at 7.3.

Mobile home shipments were again very strong in February. Shipments in February were at a seasonally adjusted annual rate of 642,000 units, essentially unchanged from the January level and about 11 percent above the full year 1972 shipments level of 576,000 units. The high levels of mobile home deliveries are being sustained primarily by record sales in the South. Shipments to Georgia, North Carolina, Florida, Alabama, Texas, and Arizona accounted for 41 percent of total February deliveries.

According to the bi-monthly survey of The Conference Board, 3.1 percent of all households interviewed in February planned to buy a home within six months. This ratio is down from 3.6 percent in the December survey and also lower than the average during all of 1972 of 3.3 percent, but it remains fairly high by historical standards. The Census Bureau's January survey of buying plans showed a leveling out, but no significant decline, in families' intentions to buy a house within six months.

A total of 139,500 dwelling units were completed in February, down 12 percent from January and below February 1972 completions of 144,800 units. Completions of multifamily structures dropped from 58,000 units in January to 46,800 units in February.

Home mortgages totaling \$174 million will be auctioned May 9 by GNMA. The 5½ percent mortgages average approximately \$10,150 in outstanding amount... and are insured by FHA under Sections 203(b) and 222. Any FHA-approved mortgagee is eligible to bid.

An innovative plan for the restructuring of Federal assistance payments to States and local communities was sent to Congress by President Nixon on April 19... in the proposed Better Communities Act. See pages 2 and 3 for more details.

The Better Communities Act

On April 19... President Nixon sent to Congress his proposed Better Communities Act... which will provide \$2.3 billion of shared revenues to cities, urban counties, and States for community development activities, beginning July 1, 1974.

Funding for community development from HUD is now divided among a number of inflexible and fragmented categorical grant-in-aid programs.

The following existing programs are replaced by the Better Communities Act: Urban Renewal (including Neighborhood Development Programs, Code Enforcement, Demolition Grants, and Interim Assistance); Model Cities; Neighborhood Facilities; Water and Sewer Grants; Open Space and Historic Preservation; Rehabilitation Loans; and Public Facility Loans.

Funds already obligated under these existing categorical programs will remain available for localities' use in accordance with the terms of the programs. As of June 30, 1973... the total unspent money in community development categorical programs already obligated to communities will be about \$7.4 billion.

A community will be able to convert urban renewal projects to Better Communities funding by closing the project's financial records and converting the assets and liabilities of the projects to assets and liabilities against the community's future shared revenue entitlement.

HUD's subsidized housing programs, which were suspended January 8, pending a major review by the Administration, are not directly affected by the proposed Better Communities Act.

The major features of the Better Communities Act are:

- A single fund of shared revenues administered by HUD;
- All activities now authorized under programs to be replaced will continue to be authorized;
- Funds allocated by a formula based on need;
- New role for Governors and State government;
- Automatic entitlement each year to Metropolitan Cities and Urban Counties;
- Hold harmless provision to provide funding at least equal to recent annual funding under categorical grants;
- Federal concerns protected by means of post audits, reporting, and advance plan disclosure to local citizens of proposed use of funds;
- Elimination of requirements for matching Federal money with local funds.

How Are Funds Distributed Under the Act

Annual Entitlements. Initially... all Metropolitan Cities and Urban Counties will share a large portion of the funds appropriated... with each community's "annual entitlement" determined by a "need formula." By the fifth year of operation, at an annual level of \$2.3 billion... over three out of every four dollars will be distributed in this manner. For those Metropolitan Cities and Urban Counties which receive more funds than they received in prior years, there will be a two-year transition to their full formula share.

(continued)

The Better Communities Act—cont'd.

Hold Harmless Protection. On the other hand, for those Metropolitan Cities and Urban Counties whose "hold harmless calculation" exceeds their annual entitlement. . . a hold harmless provision will assure that they do not receive less in the years immediately following enactment than they received from the categorical grants at the "prior program levels."

Smaller communities which are not Metropolitan Cities or Urban Counties and, therefore, do not receive an annual entitlement also qualify for hold harmless protection if they have ongoing Model Cities, Neighborhood Development, or Urban Renewal programs funded in the last five years.

(Inasmuch as the Model Cities Program was intended as a five-year demonstration . . . the hold harmless provision of Model Cities grants will apply only to the extent that each of the Model Cities will receive annual funding five times, through any combination of Model Cities funding years and Better Communities Act funding years.)

States' Funds. Ninety percent of the funds not distributed—as annual entitlements to Metropolitan Cities or Urban Counties or needed to meet the hold harmless provision—would be distributed to the States on the basis of the need factors applied to their SMSA population. Half of each of the State's funds must be redistributed within the specific SMSA's whose need factors caused the funds to be allocated to that State. The Governor may select any community within the particular SMSA. The other half of the Governor's funds may be redistributed to any community within the State. . . within or beyond the SMSA's in that State.

HUD Funds. The remaining funds will be utilized at the discretion of the Secretary to meet special needs.

Local Activities Eligible for Assistance

In addition to new approaches devised by locally elected officials, communities may continue to acquire, clear, and renew real property and land; purchase and develop open space, historic sites, parks, and playgrounds; relocate people and businesses displaced by community development activities; build streets, malls, neighborhood and community centers, and recreation areas; rehabilitate residential or commercial properties; eliminate harmful physical conditions that endanger health or safety; or provide community services considered necessary to carry out the community development objectives of the particular community.

Role of the Federal Government

Unlike the existing categorical grant programs. . . each of which requires a separate complex application which must be reviewed and approved by various Federal officials. . . the Better Communities Act recipients will simply provide the Secretary in advance of funding a statement of community development objectives and the proposed use of funds. Before the statement is finalized it would have to be published at least 60 days before submission to the Secretary to permit public comment and potential revision. HUD will provide assistance needed for strengthening the capacity of State and local governments in planning and administering general Federal assistance programs including community development activities. To provide this needed aid on a more effective basis, the Administration will soon send to the Congress a proposed *Responsive Governments Act*. HUD also would audit local financial records to assure proper use of the funds.

FYI



American Bankers Association. . . 13th National Mortgage Conference. . . San Francisco, May 6-9. Registration: Roger Hawkins, ABA, 1120 Connecticut Ave., N.W., Washington, D. C. 20036. (202/467-4192)

National Association of Home Builders. . . Seminar on Consumer Relations and the Builder. . . Washington, May 16-17. Details: Department of Seminars and Workshops, NAHB, 1625 L St., N. W., Washington, D.C. 20036.

News From HUD

The HUD *Spotmaster* number... which was given in the April 16 Newsletter... cannot be reached from telephones in the Washington, D.C. Metropolitan Area. In the Washington area... please call (202) 755-7395.



Publications Available

The 1973 NACo Fact Book... 150-page listing of the Nation's communities and basic data regarding them. Price \$6.50... \$4.50 for NACo members. National Association of Counties, 1735 New York Ave., N.W., Washington, D.C. 20006.

Urban Renewal and Planning in Boston... a view of the past and a look at the future. \$5 from Citizens Housing and Planning Association, 7 Marshall Street, Boston, Massachusetts 02108.

The 1973 Municipal Year Book... the authoritative reference on trends and developments in American cities... now in its 40th year... provides useful, timely, and comprehensive information and statistics on city finances, national and State legislative developments, and many other aspects of municipal government in the United States and Canada. Published by the International City Management Association, 1140 Connecticut Ave., N. W., Washington, D. C. 20036. Price \$19.50 (\$18.00 if payment accompanies order).

Study on Tax Considerations in Multifamily Housing Investments... just released... shows that tax considerations play a large role in investment in multifamily properties. The study... made for HUD by Touche Ross & Co., an international public accounting firm... covers intensive interviews with 137 investors, supplemented by actual experiences with 434 properties they own in six cities—Atlanta, Chicago, Houston, Los Angeles, New York, and Washington, D.C.

This study was undertaken by HUD in order to assemble realistic information on actual real estate investor practices regarding... and attitudes toward tax incentives for housing.

The report... Stock Number 2300-0191, may be purchased from the Superintendent of Documents, Washington, D.C. 20402, for \$3.00 a copy.



One Quarter of 1972 New Housing Was in California and Florida

More than 25 percent of all new housing units authorized by permits in 1972 was concentrated in California and Florida... according to a preliminary report issued by the Census Bureau. Of the 2.150 million units authorized nationwide in 1972... 562,000 were in the two States. The total for Florida was 282,000, and California was second with 280,000. Other States with big totals were Texas, 128,000; New York, 91,000; and Ohio, 85,000.

The metropolitan areas that had the greatest number of units... Chicago, 55,000; Los Angeles, 53,000; New York, 51,000; Miami, 50,000; and Tampa-St Petersburg, 47,000.

Details are available in *Construction Report C40-72S*, entitled *Housing Authorized by Building Permits and Public Contract, 1972* for sale for \$1.25 by the Superintendent of Documents, Washington, D.C. 20402.

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May 7, 1973

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Current Trends

Project notes totaling \$631 million... representing 98 local housing authorities were sold on April 10... at an average interest rate of 3.790 percent. Proceeds of the sale will be used to reimburse the Federal Government for funds advanced to local authorities and to refund maturing notes for low-rent housing projects. The bids were down from the March sale's 4.087 percent.

More than 86,000 Title I property improvement loans were insured during the first quarter of 1973... an increase of about 8,000 loans over last year's volume for the comparable period.

At the end of March... the FNMA had an authorized limit of \$22.725 billion. Of this amount... \$22.725 billion had been obligated... leaving a balance of \$4.775 billion unauthorized.

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

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WASHINGTON, D.C. 20410

Housing Experiment Begins

The housing allowance experiment... mandated by Congress... is about to begin. The studies will be conducted over the next five years in 12 areas of the country: San Bernardino; Jacksonville; Peoria; Springfield (Mass.); Durham; Tulsa; Salem (Ore.); and a group of rural counties in North Dakota. An experimental pilot project had been started earlier in Pittsburgh... and related studies will be undertaken in Phoenix; Saginaw (Mich.); and Green Bay.

Some 20,000 families in the above areas will be given annual Federal grants... averaging \$1,000 each... with which to buy or rent standard housing of their own choosing. The families selected to participate will be chosen on a scientific basis... and will be in the \$7,500 to \$10,000 annual income range. The results of the studies will be used to guide Congress in determining the feasibility of nationwide housing allowance program.



New HUD Grant

HUD has awarded a \$50,000 research grant to the American Society of Planning Officials to examine the relationship of community and neighborhood planning to the changing roles of women in American society. Unique in its scope... the HUD-funded study will seek to determine whether current planning practices present an erroneous view of communities by failing to consider the rapidly changing roles of women within those communities. The ASPO study is being conducted at a time of heightened consciousness among women in the United States as more and more women are demanding greater control over their life styles. This material will be tested and expanded upon in a major workshop consisting of 50 to 100 women and organized by ASPO. The final report on the study will be published in the Spring of 1974.

For further information: Israel Stollman, Executive Director, American Society of Planning Officials, 1313 East 60th Street, Chicago, Illinois 60637.

'Holder in Due Course' Repeal Favored

Speaking to a National Home Improvement Council convention recently... Mrs. Virginia Knauer... President Nixon's Consumer Affairs Assistant... said she favored Federal and State proposals to remove the 'holder in due course' defense in home improvement financing.

Under existing law... the holder of a note signed by the purchaser of goods or services can collect under the note even though the goods or services may have been faulty... or never even delivered. *The effect of eliminating the holder in due course doctrine from home improvement sales*, Mrs. Knauer said, *will be to make the buyers of notes much more careful about the reputation of the remodeler. It will be the unscrupulous competitor who suffers from the caution*, Mrs. Knauer added.

She also spoke in favor of the truth-in-lending and three-day rescission which have come under fire from some members of the industry.

If the consumer really wants and can afford what you have sold him, she said, *he is not likely to change his mind in three days.*

☆

Estimated Population... February 1, 1973

The total population of the U.S. (including Armed Forces overseas) was about 209,821,000 on February 1, 1973. This represents an increase of 1,621,000 or 0.8 percent, over the estimate for the corresponding month a year ago; and an increase of 109,000 over the previous month. The monthly gain was the result of a natural increase of 80,000 (excess of births over deaths), and an estimated net civilian immigration of 29,000. The February 1, 1973, total population represents an increase of 5,487,000 over the population on Census Day... April 1, 1970... of 203,235,298.

☆

ASPO Elects

Grady Clay... of Louisville... a journalist who specializes in urban affairs... has been elected president of the American Society of Planning Officials, and Harvey S. Perloff, Dean of the U.C.L.A. School of Architecture and Urban Planning, vice-president for the coming year.

☆

Assistant Secretary Warns on Defaults

H.R. Crawford... HUD's newly appointed Assistant Secretary for Housing Management addressing the first graduates of the training program conducted by the year-old National Center for Housing Management... said: *Default and foreclosure rates are rising at an alarming rate. What distresses me is the complacency expressed by some sponsors and others working in this field who should know better. Their attitude is, let the projects go into default or foreclosure. HUD will then have to wash out the loss and resell the projects with a lower mortgage. The tenants, they say, will be no worse off.*

Citing a rise in subsidized multifamily defaults from 73 mortgages involving 7,500 units in 1970... to 439 mortgages involving 43,000 units today, Mr. Crawford warned:

Neither the taxpayer, nor the Administration, nor the Congress, can possibly be expected to tolerate programs that are riddled with failure. Good management can make the low and moderate income housing programs work. Good managers make sure that their projects remain financially viable. They recognize that if their development goes bankrupt, all the social concern in the world won't do any good. That's why good managers insist that if their residents want to stay, they simply have to pay. Nonpayment of rent is the surest road to bankruptcy. Also... good managers screen applicants to keep out hoodlums, vandals, drug pushers, and other criminals... and they move fast to evict those who have gotten in. Above all, good managers care about the welfare of their residents. They recognize that housing management is not a nine-to-five job.

Rent Range Was \$50 to \$150 for Most Americans in 1970

The bulk of Americans who rent housing paid gross monthly rents of between \$50 and \$150 when the 1970 census was taken. About two-thirds of all renter household... 14.8 million of the total of 22.3 million households... fell within this range. Another 1.4 million households paid less than \$50 a month... and about 4.8 million paid \$150 or more.

Median gross rent... which includes not only housing but utilities as well... was \$108 at the time of the census.

The data are contained in *General Housing Characteristics HC(1)-A1* and *Detailed Housing Characteristics HC(1)-B1, United States Summary*... available for \$2 from the Superintendent of Documents, Washington, D.C. 20402.



Department of Interior to Implement HUD-Funded Concept

Secretary Rogers Morton of the Department of Interior has released a report... *The Chicago School of Architecture*... which proposes saving Chicago's historic architecture through the adoption of a development rights transfer plan, a concept which has been developed with a \$76,000 grant from HUD to the *National Trust for Historic Preservation*.

Secretary Morton has made a proposal to Mayor Richard Daley to test the development rights transfer plan there. The proposal involves establishing a "National Cultural Park" and designating the Loop as a special "Architectural District." Implementation of the proposal would involve amending the Department of Interior's basic historic preservation legislation.

The National Trust will publish the HUD-supported report, *The Transfer of Development Rights: A Solution to America's Landmark Dilemma*, later this year.



Notes From Here and There

The largest sale of a HUD-held property acquired by foreclosure has been made by HUD. Green Valley Apartments, of Green Valley, Arizona, was sold in April for \$12.7 million... all cash.

The Disaster Assistance functions of the Office of Emergency Preparedness will be transferred to HUD... effective July 1, 1973... pursuant to the President's Reorganization Plan No. 1 of 1973. Plans are now underway for the transfer of personnel, funds equipment, and records to HUD... both in Washington and in Regional Offices.

The city of Milan, Italy, held a follow-up to last year's "Meeting of Mayors of the World's Great Cities" on April 16 and 17. The Mayor of Milan invited the Mayors of Boston, New York, Washington, Chicago, Cleveland, San Francisco, Detroit, Los Angeles, Philadelphia, and Indianapolis from the U.S. A total of 120 mayors from 58 countries were invited to attend the conference which coincided with the Milan Trade Fair.

The Office of the HUD Assistant Secretary for Policy Development and Research is performing a short-term, in-depth review of governmental policies and programs affecting housing. The review will encompass all housing activities of the Federal Government, including those of HUD, the Department of Agriculture (Farmers Home Administration), and the Veterans Administration. Team leaders have been selected for each of the four study groups which will participate in the review, and the study teams are presently being staffed.

The first of a series of letters have been sent to thousands of lawyers, accountants, bankers, realtors, and title companies throughout the country, pointing out the adverse effects of non-registration of subdivisions that fall under the jurisdiction of the Interstate Land Sales Full Disclosure Act. The letter emphasizes the civil and criminal penalties for those who fail to implement or advise their respective clients on the requirements of the Act.

A Significant Project Report

HUD has recently published *An Educational Response to the Urban Challenge* ... which describes in detail a unique Urban Development Assistance Program under a \$67,894 HUD grant.

The five-year project resulted in the development of a curriculum that has already been adapted by 22 community colleges across the United States. The program was initiated to train candidates for aide-level positions in planning and housing agencies... and to examine ways of dealing with the acute shortage of sub-professional assistants in city planning, administration, and related areas of urban development. In addition to the Federal funding, local funding assistance was received from the Baltimore Regional Planning Council and the Greater Baltimore Committee. More than 200 students from the Baltimore metropolitan area participated in the program which offered the first two-year planning and development curriculum available anywhere in this country.

The summary of the program during its operation at the Community College of Baltimore and Essex Community College has been published in a 53-page publication which reports the steps in the development of the curriculum and gives an in-depth evaluation of the program. Single copies may be obtained from the Office of the President, Essex Community College, Baltimore County, Maryland 21237.



FYI

U.S. Conference of Mayors... Annual Conference... San Francisco, June 16-20. Details: U.S. Conference of Mayors, 1612 K St., N.W., Washington, D.C. 20036.

American Institute of Architects... Conference on *The Architect and Ecology* ... Washington, D.C. ... June 7-8. Will focus on ways architects can act constructively to ease tensions created by the conflicting demands and ideas of environmentalists and developers. For further information: Carter McFarland, AIA, 1735 New York Ave., N.W., Washington, D.C. 20006.



New Publications

The Environmental Media Guide... a new directory of more than 500 environmental books and 630 environmental films is now available. Books and films contained in the 40-page directory cover the entire sphere of ecological concern... and are organized in 21 classifications. For sale for \$2.50 from Environment Information Center, Inc., Media Services Dept., 124 East 39th St., New York, New York 10016. 212/685-0845

Urban Careers Guide... a 142-page directory of educational and training opportunities in the fields of housing, housing management, urban renewal, community development, and housing code enforcement. Developed cooperatively by NAHRO and Southern Illinois University at Edwardsville... with the assistance of the public management services division of the Westinghouse Corporation. Copies at \$5.00 each from: Publications Division, NAHRO, 2600 Virginia Ave., N.W., Washington, D.C. 20037.

Federal Research Report... published twice a month... a concise independent summary of government activities related to funds for research, education, and associated areas. One year \$20; two years \$34 from: Federal Research Report, Suite 725, 104 South Michigan Avenue, Chicago, Illinois 60603.

HUD newsletter
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF COMMUNITY PLANNING AND URBAN DEVELOPMENT
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May 14, 1973

Current Trends

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WASHINGTON, D.C. 20410

Vol. 4 No. 20

Funds allocated during the current fiscal year for Section 312 rehabilitation loans has broken all previous records. On April 13... the allocation for the year reached \$60.4 million... compared to the \$50 million record during the two previous fiscal years... 1971 and 1972.

GNMA... in its March and April auctions... sold \$564 million of 6 percent home mortgages.

To date... GNMA has received 2,407 applications for the issuance of pass-through mortgage-backed securities. The applications total \$11 billion... of which \$6.7 billion have been sold.

HUD staff members have met with representatives of the Office of Land and Water Use Planning of the Interior Department... to discuss HUD-Interior coordination in the administration of the Land Use Policy Act. Joint meetings of the two groups will be held to assist in the development of program guidelines and to review amendments proposed by Congressional committees.

George A. Christie... Vice President of McGraw-Hill's F.W. Dodge Division... one of the Nation's leading construction economists... predicts that the Southeast section of the country... which has led the Nation in construction volume in the past two years... can expect a "leveling-off of activity in 1973."



Flooding Affects Wide Area

The President has issued declarations of disaster areas in 12 States... due to high water and flooding in many areas of the country... particularly in the Great Lakes and the Mississippi and Missouri Valleys. The Governors of nine other States have asked to have their States declared disaster areas so they may also be eligible to receive special Federal assistance. The 12 declared as of May 1: Tennessee, New York, Mississippi, Alabama, Georgia, Michigan, Missouri, Illinois, Louisiana, Arkansas, Ohio, and Wisconsin. Those pending on that date: Virginia, South Carolina, New Mexico, North Carolina, Maine, Texas, Colorado, and Kansas. California is also awaiting declaration because of threats of fires. HUD is responsible for providing emergency temporary housing for victims of floods or other presidentially-declared disasters... and teams of HUD disaster experts have moved into the affected areas and have begun their efforts to rehouse the victims.



New Planning Council Formed

The Panhandle Resource Conservation Development, and Planning Council will soon come to fruition as the result of 18 months of restructuring. The new organization will complete the shift from the Planning Council which was formed four years ago as a USDA Soil Conservation Service Resources and Development District... into an areawide planning organization. The Panhandle RDC&PC as projected will encompass 11 counties in western Nebraska and will carry out areawide planning and represent areawide interest at the State and national levels. This formation is part of a national movement toward new patterns in governmental structure based more on economic unity than the political entity.

HUD Budget Hearings Begin

Secretary Lynn made his first appearance before the House Committee on Appropriations on May 2... testifying in connection with the proposed HUD Budget for FY 1974. The following is excerpted from Mr. Lynn's statement to the Subcommittee:

The budget proposal we have submitted takes into account the suspension or termination of a number of current HUD programs. Another important aspect is the community development revenue sharing proposal called the Better Communities Act... designed to put local and State government in control of community development activities that previously were controlled by the Federal bureaucracy. It is scheduled to become effective on July 1, 1974 with an appropriation of \$2.3 billion for FY 1975.

The suspension of the subsidized housing programs has been the subject of considerable comment. On the one hand, it is true that these programs have provided a large number of subsidized units in a relatively short time, in fact, more in the last four years than in the prior 34 years. On the other hand the effort has been a costly one—both for present and for future budgets. The question we must all address now is whether these units have contributed to achievement of the goal of a decent home and a suitable living environment for every American family in the most equitable and cost-effective fashion. In our judgment additional funds should not be committed before other and possibly better alternatives are fully considered.

Our current re-evaluation of the housing programs ranks as a top priority at the Department. Assistant Secretary for Policy Development and Research, Michael H. Moskow is directing our review and evaluation of existing housing programs, identification of alternatives, and development of policy recommendations. The other top officials of the Department will also participate in this effort. I expect to spend substantial time on it as well.

Plans for the study have been completed and work is in progress. Comments have been requested from all interested groups, and we have invited the participation of the appropriate Committees of Congress.

As the President announced in his Community Development Message, he will have policy recommendations before the Congress by September 7.

While the study is being conducted, the suspension of subsidized housing programs will be in effect.

First, during this period, we will, of course, continue our assistance on subsidized housing which has already been built, as well as on housing which has been approved for construction, including the continued provision of operating subsidies for public housing authorities. Further, the unsubsidized FHA programs will not be affected.

Second, notwithstanding the suspension, we expect that subsidized housing starts during calendar year 1973 under HUD programs will continue at substantial levels. Even if no further action whatsoever were taken with respect to subsidized housing, the pipeline of approved applications and commitments should result in a starts rate through fiscal 1974 at close to the current rate of subsidized housing starts.

It should also be noted that the total housing starts during calendar 1973 now are running at very high levels and are expected to exceed 2 million for the third year in a row... a production record for the housing industry. Over and above this figure, mobile home output for calendar 1973 is expected to be approximately 625,000 units, also a new record.



Riverton New Community

The first grant by the Bureau of Outdoor Recreation, Department of the Interior, has been made to a HUD-assisted New Community. A grant of \$498,000 was made to assist a \$996,000 recreation project in the Riverton, New York, New Community. The project will also be eligible for supplementary grant assistance of about \$198,000.

Housing Partnerships Issues Report

In the past year... almost 10,000 persons have moved into decent housing in 3,200 low and moderate income units produced through the efforts of the National Corporation for Housing Partnerships... the stockholders of NCHP were told at their second annual meeting.

The achievements of NCHP since this time last year were cited:

- There were outstanding commitments in 32 States compared to 27.
- Projects have increased by 53... from 84 to 137.
- Dollars committed have risen from \$14.5 million to almost \$32 million.
- Costs of committed projects on completion have risen from \$300 million to \$470 million.
- Number of units for which equity funds have been committed has risen from approximately 15,000 to almost 23,000.
- Over 14,000 housing units are either under construction or completed.

With the original capital of \$42 million supplied by 170 of the Nation's leading corporations, labor unions, and financial institutions... NCHP enters into partnership with local builders, developers, or nonprofit organizations for projects that will provide housing for families of low or moderate income. It provides seed money as a loan, equity, market analysis, site evaluation, and other services.



Chamber of Commerce of U.S. Elects

Edward B. Ruse... president and chief executive of State Farm Insurance Companies, of Bloomington, Ill., has been elected the 46th President of the Chamber of Commerce of the United States... for 1973-1974. He replaces William S. Lowe, chairman of the board and chief executive officer of the A.P. Green Refractories Co. of Mexico, Mo. Other new officers: Archie K. Davis, chairman of the board, Wachovia Bank and Trust Co., N.A., Winston-Salem, N.C., becomes the new chairman of the Executive Committee, and Charles H. Smith, Jr., chairman of the board, SIFCO Industries, Inc., Cleveland, takes office as the new treasurer.



Ford Foundation Grant

The AIA Research Corp., a nonprofit educational corporation set up by The American Institute of Architects... has received a \$43,560 grant from The Ford Foundation Energy Policy Project for a study of energy conservation in buildings and the options available to the architects, the engineer, the contractor, and the building owner or occupants for reducing the use of energy. The study will have two facets: technological options for reducing energy and institutional constraints to using these options.



AIA Announces 1973 Honor Awards

Twelve structures... from the dramatic and light-filled studios and offices for urban design students at Harvard University to a serene and enclosed monastery for Benedictine monks in Illinois... have been selected to receive the Nation's highest awards for architectural excellence... the 1973 Honor Awards of The American Institute of Architects. The winners were announced at the 1973 AIA Convention, May 7-10, in San Francisco. Pietro Belluschi, FAIA, winner of the 1972 AIA Gold Medal was chairman of the awards jury. The Honor Award winners: George Gund Hall, Harvard Graduate School of Design, Cambridge, Mass.; St. Francis de Sales Church, Muskegon, Mich.; Woolner Residence, Chilmank, Mass.; Julian A. McPhee College Union, California Polytechnic State University, San Luis Obispo, Calif.; Faculty Housing, Radcliffe College, Cambridge, Mass.; Public Housing for the Elderly, Wayne, Mich.; St. Procopius Abbey, Lisle, Ill.; Vacation/Weekend Residence, San Mateo County, Calif.; Beach House, Santa Cruz, Calif.; Fountain Square Plaza, Cincinnati; American Can Company, Greenwich, Conn.; and the Time & Life Building, Chicago.

Increase in Property Tax Base Recorded

The property tax base in the U.S. increased 95 percent between 1961 and 1971, the Census Bureau says. The assessed value of property... from which the bulk of local tax revenue is realized... was \$717.8 billion in 1971... compared to \$367.3 billion 10 years earlier. The increase for 5 years... 1966 to 1971... was \$219 billion or about 44 percent. Locally assessed realty... which constituted almost 80 percent of the 1971 property tax base... increased from about \$270 billion in 1961 to \$553 billion in 1971... or 105 percent. The increase from 1966 to 1971 was 46 percent.

Even though property taxes remain the prime source of revenue for local governments... they are now a smaller percentage of the total revenue than 10 years ago. The proportion of property tax revenue to all tax revenue decreased from 46% in 1961 to 40% in 1971... which intergovernmental revenue has increased from 27 to 34 percent during the same period. Education still takes the largest chunk out of local government property taxes with local schools receiving approximately half of all local property tax revenue.

The report... *1972 Census of Governments, Vol. 2, Part 1—Taxable and Other Property Values*... is available from the Superintendent of Documents, Washington, D.C. 20402, at \$1.25.

FYI



Cornell University... Summer Institute... Historic Preservation Planning... Ithaca, June 10-15. Details: Extension Programs in Planning and Public Affairs, 726 University Avenue, Ithaca, N.Y. 14850

The National Urban Coalition... National Conference on Revitalization of the Cities... Washington, May 30-June 1. Registration: Mrs. Evelyn Armstrong, NUC, 2100 M St., N.W., Washington, D. C. 20037

Successful Aging... A national conference sponsored by the Duke University Center for the Study of Aging and Human Development... Durham, June 7-9. Enrollment: Mrs. Carol Pauk, Duke University Medical Center, Box 2914, Durham, N.C. 27710

Environmental and Social Planning in Britain... fourth annual summer program... University of Manchester, July 1-28. Further information: Division of Study Abroad Programs, Institute of International Education, 809 United Nations Plaza, New York 10017



New Census Publications

A new Bureau of the Census subscription package has been announced... designed to help users of census statistics keep informed of the release of new computer data tapes, key printed reports, and other Bureau programs and services. The publications, *Small-Area Data Notes*, and *Data Access Descriptions*, are aimed at the requirements of users of small-area data... information about such areas as counties, cities, census tracts, and city blocks. Such users include community planners, marketers, social analysts, and government officials, among others.

The publications are being offered as a package subscription for \$5.50 per year... from the Publications Distribution Section, Department of Commerce, Washington, D.C. 20233.

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OFFICE OF PUBLIC AFFAIRS
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HUD newsletter

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May 21, 1973

Vol. 4 No. 21

Current Trends

Several major New York banks have raised their prime rates from 6½ to 7 percent. Observers feel that no change in the interest rate for home mortgages should be anticipated.

During 1972... the year housing volume broke all previous records... building products manufacturers enjoyed a 36 percent increase in sales and 16 percent in profits over 1971.

A total of \$1.7 billion in bids was submitted in the May 2 auction of home mortgages of HUD's GNMA. Bids were accepted for \$392 million of 6 percent mortgages offered. Accepted bids ranged from 85.90 percent to 89.52, resulting in an average accepted price of 86.45 for a yield of 7.894 percent.

Urban renewal project notes totaling \$396 million... representing 120 local issuing agencies, were sold on May 1... at an average interest rate of 4.006 percent. In the last sale on April 3... \$361.8 million in notes were sold at an average interest rate of 4.0795 percent

Applications and starts under HUD-FHA mortgage insurance programs were higher in March than in February... but sharply below March 1972. The annual rate for new-home applications... at 93,000... again fell to a new low in 10 years of record.

A total of 340 letters have been received in response to HUD's request for comments and suggestions on the six-month housing study. These responses are being made available to the various team leaders for evaluation.



More Mortgage Funds Made Available

In a move aimed at increasing the supply of money available for residential mortgages... the Federal Home Loan Bank Board has reduced the percentage of funds savings and loan associations are required to keep in their liquidity reserves from 7 to 6½ percent. The lowering of the reserves the associations must keep in short-term form has the effect of increasing the amount that can be put into long-term mortgages. In a related move... both the FHLBB and the Federal Committee on Interest and Dividends (which Arthur F. Burns, Chairman of the Fed heads)... jointly asked mortgage lenders to exercise restraint and moderation in setting interest rates. *The Committee said it expected a steady flow of funds for home mortgages to be made available in accordance with the established practices of the various types of lenders.*



Maryland Home Loan Program Begins

In 1972... Maryland's General Assembly authorized a State Home Finance Program which provides for direct loans to home purchasers with down payments and interest charges as much as 25 percent below prevailing commercial rates. The program is being administered by the Department of Economic and Community Development... and went into operation on May 1 with a backlog of about \$1 million in applications.



Sale of Mobile Homes to Occupants

As of April 30, 1973, 418 Government owned mobile homes in 11 disaster areas have been sold to disaster victims under HUD's disposition policy. The units were sold for the aggregate amount of \$1,120,025, an average sales price of \$3,971 per mobile home.

EO Assistant Secretary Named

President Nixon has nominated Dr. Gloria E.A. Toote to be Assistant Secretary of HUD for Equal Opportunity. Dr. Toote will be responsible for administering HUD's civil rights and equal opportunity programs in housing, employment, and business opportunity.

She comes to HUD from ACTION where she served as Assistant Director and directed the Office of Voluntary Action Liaison since November 1971. In that capacity, she was concerned with developing private sector interest in ACTION programs relating to all former volunteers of the Peace Corps, VISTA, and five other voluntary agencies.

Prior to joining the Administration, Dr. Toote was President of Toote Town Publishing, Inc. and engaged in the private practice of law in New York City. She was president of Town Sound Recording Studios, Inc. from 1966 to 1970. A native New Yorker, Dr. Toote is a former aide to New York Governor Nelson Rockefeller.

A scholarship student at the Howard University School of Law, Dr. Toote was the youngest graduate in the history of that school when she earned her J.D. degree in 1955. She received her LL.M. degree from the Columbia University Graduate School of Law in 1956. Dr. Toote worked with several law firms in New York, and is a former member of the editorial staff of the National Affairs Section at *Time Magazine*.



Land Sales Safeguards Broadened

Additional safeguards to protect the public against abuses were announced by George K. Bernstein, HUD's Administrator of Interstate Land Sales Registration, at a seminar of the American Land Development Association in Washington. The announcement was coupled with an attack on the continued failure of the industry and most States to effectively police unscrupulous land developers and salesmen. Mr. Bernstein again urged the States to take eight specific steps to correct abuses in their jurisdictions. The Administrator expressed regret that legitimate developers failed to act "against those in the industry who operate in reckless disregard of the public interest." They share the stigma of the wrongdoers, he said.

Some major changes in the regulations governing the basic descriptive information on the land that must be given to each purchaser before or at the time of signing a contract have been proposed. . . and were published in the *Federal Register* (38 FR 11096) of May 4. Interested persons are invited to submit written comments before June 15.



Publications Available

High-Rise Building Fires and Fire Safety. 164 pages. . . a compilation of 27 articles on some of the major fires in tall buildings from 1967-1972, on problem solving concepts and on research and testing. \$3.50 per copy (NFPA No. SSP-18) from the National Fire Protection Association, 60 Battery March Street, Boston, Mass. 02110.

National Minority Business Directory. . . lists over 65 categories of products and services for 875 minority firms. Limited supply. . . free. . . from K.S. Vandergrift, H490, Manager, Small Business Utilization Programs, McDonnell Douglas Corporation, P.O. Box 516, St. Louis, Mo. 63166.

2c. → *Public Housing: Where It Is and Isn't*. . . has been published by the Housing Assistance Council. Compiled by the research staffs of HAC and the Rural Housing Alliance. . . the study reveals that the overwhelming number of public housing units have been located in urban areas and that rural districts have not received their proportionate share. The study refers to a "rural wasteland". . . an area consisting of almost half of the Nation's counties in which there is no federally assisted public housing. . . and the study states that the short supply of public housing in rural areas is due largely to the non-existence of the strong institutions necessary to deliver it, or any other type of housing assistance.

Single copies may be obtained from the Housing Assistance Council, 1601 Connecticut Ave., N.W., Washington, D.C. 20009.

483 1426

Significant Decisions

Jones, et al. v. Lynn, Jersey City Housing Authority, et al. U.S.D.C.; D. N.J., No. 416-73. A preliminary injunction to halt demolition by the city of a low-rent housing project, Marion Gardens, has been denied. The Court based its order on a finding that the plaintiffs were not likely to succeed on the merits of the case if it went to trial. The Court added that, under the Annual Contributions Contract, responsibility for maintaining the project is in the Local Housing Authority and stated that it was unaware of any decision which would require HUD to provide monies to permit the Authority to rehabilitate the project.

Barrick Realty, Inc., v. City of Gary, Indiana, 354 F. Suppl. 126. The U.S. District Court denied a real estate broker's claim for declaratory and injunctive relief against a city ordinance that prohibits the display of "for sale" or similar signs on houses in residential areas. The Court stated that the ordinance was directed at preventing panic-selling and achieving stability in racially changing neighborhoods and held that the ordinance was neither unreasonable nor arbitrary, but rather an appropriate means of achieving important governmental objectives.

Sanborn v. Wagner, 354 F. Suppl. 291 (1973). The U.S. District Court in Baltimore, Maryland, held that a real estate agent's remarks to a homeowner to the effect that "blacks are moving in. . . you should sell while you can still get a good price. . . the neighborhood is getting black and would be unsafe to live in. . ." constituted the type of representation declared to be unlawful by the anti-blockbusting provisions of the Federal Fair Housing Law of 1968. Suit was brought by the white homeowner and the Court awarded the plaintiff \$300 as compensatory damages, \$500 in punitive damages, and allowed \$750 for attorney's fees. The Court also retained jurisdiction of the case to assure that the plaintiff not suffer any financial loss as a result of not performing a contract to sell and a contract to buy another house, the contracts being entered into on the bases of the blockbusting statements by the defendant.

The Greater Gadsden Housing Authority (GGHA) of Gadsden, Alabama, has been ordered by a U.S. District Court to carry out a policy that would lead to desegregation of its public housing and to comply with HUD requirements that applicants be assigned on a racially non-discriminatory first-come, first-served basis. The court rejected the Housing Authority's argument that adoption of the HUD plan would weaken its financial condition. GGHA is forbidden to practice future discrimination and must take affirmative steps to eliminate the continuing effects of past discrimination.



HUD To Preserve Historic Mill

HUD representatives met for two days with city officials of Laconia, New Hampshire, and members of a local group who are attempting to save the Belknap-Sulloway Mill. A HUD Open Space/Historic Preservation grant of \$100,000 has been approved. The mill. . . built in 1823. . . is situated in the Winnepesaukee River Urban Renewal Project and is slated to be sold to the city. It is proposed that the mill be restored for use as a cultural center. The restoration and sale of the historic mill would represent the last major activity needed to complete the renewal project. . . which has completely redeveloped and restored the city's center. The efforts to provide for the development of the mill site. . . however, has been protracted. The mill is listed in the *National Register of Historic Places* and requires extensive repairs in order to make it usable. Restoration work is costly. . . and until the possibility of a HUD Open Space/Historic Preservation grant arose. . . it did not appear that the mill could be saved. Various ways for the restoration of the mill have been suggested. The technique now under consideration would involve a sale by the city to a nonprofit restoration group. . . with a preservation easement ensuring the maintenance of the mill as a historic structure.



Smaller Families Favored

The Census Bureau reports that small families continue to gain favor. Seventy percent of U.S. wives in the 18- to 24-year group surveyed in 1972 said they expected to have no more than two children. A similar study in 1967 showed that only 44 percent of young wives expected to have no more than two children.

Manufactured Home Statistics

The Manufactured Housing Newsletter's Directory of Manufactured Housing has tabulated some previously unpublished statistics.

- 92 percent of the firms listed reported wood... or a combination of materials including wood... as the principal materials used in their manufactured houses;
- 71 percent reported their units conformed to FHA, State, and local codes... or a combination of these codes;
- 60 percent said they were owned independently... being neither subsidiaries of larger corporations or corporations owning subsidiaries;
- Only 1 percent said they marketed their products exclusively in federally subsidized housing programs;
- 14 percent of the 192 firms marketing building systems use a European system... 53 percent use a system devised by the firm itself... and 23 percent market a metal building system;
- 24 percent of the firms marketing components sell panels, trusses, and doors and/or windows... and 10 percent market 3-dimensional kitchen/bath/mechanical core units;

The Directory includes listings of 2,522 modular, mobile, packaged (pre-fab, pre-cut, panelized), systems and component manufacturers... up 20 percent from the 1971 edition.

The fall-out of modular producers in the past two years is shown... 22 percent, 457, of the 2,055 listing in 1971 represented firms engaged exclusively in modular production... compared to 14 percent... 351 listing... now so classified. Mobile home firms producing modulars numbered 152 in the earlier edition... are down to 105 in 1973. Packaged housing firms also producing modulars reverse the trend. There were 72 such listings in 1971, vs. 82 in the current edition.

Listings of packaged builders have increased from 620 to 756; mobile home producers have increased from 643 to 877; firms doing systems work only numbered 101 in 1971 vs. 167 now. There are 194 listings of firms which market components exclusively, a category not included in the 1971 directory.

California has the largest number of listings, 211. A list of the top 10 includes, in order: Pennsylvania, 130; Indiana, 156; Texas, 154; Georgia, 130; Florida, 126; Ohio, 121; Michigan, 115; New York, 95; and North Carolina, 87.

Firms whose production is shown in the *Directory* reported the manufacture of 95,021 modular units; 467,710 mobile homes, and 199,139 packaged housing units annually.



California Cities Dominate Cities Ranked by Income

Four California cities are among the top 10 in median family income of the Nation's 50 largest cities... 1970 census data shows. The cities are San Jose, 2nd; Los Angeles, 6th; San Francisco, 7th; and Long Beach, 9th. In addition, two other California cities... San Diego and Oakland... ranked 13th and 26th.

The list shows Honolulu, with a \$12,539 median income in first place... some \$600 ahead of second place San Jose.

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May 28, 1973

Vol. 4 No. 22

Current Trends

The American Bankers Association reports that almost \$6 billion... nearly 10 percent of outstanding bank installment loan business in 1972... went into mobile home loans. These loans have become the fastest growing segment of bank loan business. ABA predicts that the number of Americans living in mobile homes will rise from the current seven million to 20 million in the next 10 years.

The FHLBB reports savings inflows to S&Ls considerably below a year ago... which could cause a drop in available mortgage funds for housing. In the first 10 days of April... savings receipts were down to \$300 million... compared to \$1 billion in the same period of 1972. For the year 1972... inflows reached a record \$32.9 billion resulting in a year-end savings total of \$207.3 billion... a 19 percent increase over the 1971 year-end figure. This increase was comparable to the high rate of savings growth experienced by associations in the early 1950's.

The U.S. Savings and Loan League reports that at the end of 1972... the Nation's S&L's held 53 percent of the outstanding mortgage debt on single-family homes... up from the 51 percent in 1971 and 30 percent in 1950. In number of mortgages... including apartment projects... S&L's held 44 percent of all outstanding mortgages. At the end of 1972... commercial banks held 18 percent of the residential mortgages... mutual savings banks 13 percent, and life insurance companies 7 percent. S&L's accounted for 67 percent of the increase in private home financing last year... with 71 percent of the mortgage money going into loans on existing dwellings.

Effective interest rates on FHA and VA home loans increased slightly during April. FHA-VA homebuyers paid an average effective interest rate of 7.70 percent on loans made during the first week of April... compared to 7.68 percent a month earlier. Effective interest rates also increased on new commitments to make FHA-VA home loans... rising to 7.64 percent for commitments made during the first week of April... compared to 7.61 in March.

The F.W. Dodge Division of McGraw-Hill reports that construction material and labor costs rose 9.3 percent in the year ending March 31, 1973... compared to the level a year earlier. Materials increased 9.8 percent... and labor 7.3 percent. In the March 1971-72 period... wages had risen 9.2 percent. Costs rose most in New England (10.7 percent)... with the Metropolitan New York-New Jersey Area second (9.6)... followed by North-eastern and North Central States (9.5)... Pacific Coast and Rocky Mountain States (9.4)... Southeastern and South Central (9.2)... and Mississippi River and West Central States (8.2). The highest increase for any city was Kingston, N.Y... where the rise was 17.2 percent... and Philadelphia was second... 16.6 percent... compared to the 9.3 percent national average.

Housing starts in April fell to an annual rate of 2.103 million... 6.4 percent below the March level. According to the Commerce Department report... all types of housing activity dropped during the month except for two-to-four unit structures. The South... which has been the area with the highest volume of housing activity in the recent past... showed the largest decrease in starts... 23 percent below the March rate.

HUD's Disaster Activities

On May 16... HUD was operating 33 housing application centers in 14 disaster areas in 13 States. (There are two areas in Tennessee.) Approximately 8,300 families in these areas suffered residential damage or destruction... which made them eligible for emergency rehousing. On May 16... 3,100 of these families had been rehoused. The 14 areas that have been declared disaster areas by the President are: Tennessee (2); New York; Mississippi; Alabama; Georgia; Michigan; Illinois; Missouri; Louisiana; Arkansas; Wisconsin; Ohio; and Kentucky. Eight other areas had applied for declarations of disaster... and these applications were pending on May 16: Missouri (tornado); South Carolina (heavy snow); Hawaii (earthquake); Texas, Florida, Iowa, and Colorado (flooding).



Disaster Act Goes to Congress

On May 8... the President sent to Congress the Disaster Preparedness and Assistance Act of 1973. The proposed legislation centralizes in HUD the major disaster activities... now divided between several Federal agencies... including the Farmers Home Administration and the Small Business Administration. It also provides for the establishment of a single revolving fund for all disaster loans and for specific disaster assistance through low-income and emergency housing grants... and streamlines the management of the disaster program by standardizing the assistance benefits and by providing uniform criteria for disaster declarations. The Act proposes a greater management role and discretion over the use of disaster assistance by State and local governments... and strengthens the disaster preparedness program at both Federal and State levels.



A Weekend In a Project

Twenty HUD housing management officials got a first-hand look at conditions in public housing recently. They spent a night and a day living in Frederick Douglass Dwelling, a project in Washington, D.C.

H. R. Crawford, Assistant Secretary for Housing Management, and the group spent Friday night crowded into a typical three-unit building. They slept on cots... two and three to a room... in the unheated building. Staff members of the National Capital Housing Authority participated in the sessions. The group toured a number of public housing and federally subsidized projects throughout Washington... met with tenant representatives, and broke into two-man teams to visit and discuss problems with tenants in their homes. Mr. Crawford organized the trip so that his staff members could see public housing problems at first hand... and get a feel as to how it is to live in a project area. It was the first such visit for Federal housing management officials.



Mortgage Bankers Develop Fair Loan Guaranty

Supporting a nationwide effort to eliminate discrimination in housing... the Mortgage Bankers Association of America has adopted a *Fair Loan Availability Guaranty (FLAG)* policy. This policy would apply at all times under specific loan processing and servicing situations... such as when a broker receives a loan application or inquiry; analyzes an applicant's qualifications at the underwriting state; decides on a loan-to-value ratio for mortgage; discounts a loan to meet market conditions; calculates impounds, escrows, fees, or other settlement costs; and provides service during the life of the mortgage or deed of trust.

Persons who feel they have been discriminated against are urged to contact the management of the company in question, in addition to contacting HUD/EO, or the MBA.

In addition... the Bankers Association is considering developing an equal Housing Opportunity poster carrying on one side a replica of the HUD Fair Housing Poster as required by law... and on the other side, the *FLAG* policy. These posters would be placed in their 2,800 member firm offices.

SMSA Changes

The Office of Management and Budget has announced four new Standard Metropolitan Statistical Areas (SMSAs) and the combining of 12 existing SMSAs into six. This brings to 267 the total of SMSAs in the United States and Puerto Rico.

Other decisions also affect the definitions of 98 SMSAs; 14 existing areas were given a change of title. The actions are the result of a comprehensive review of all SMSAs which have been designated over the past two years and reflect the application of criteria based on the 1970 population census.

The four designated as new SMSAs are: Burlington, North Carolina, consisting of Alamance County; Fayetteville-Springdale, Arkansas, consisting of Washington and Benton Counties; Kingsport-Bristol, Tennessee-Virginia, consisting of Sullivan and Hawkins Counties, Tennessee, Scott and Washington Counties and Bristol City, Virginia; and St. Cloud, Minnesota, consisting of Benton, Sherburne, and Stearns Counties.

The six new SMSAs, formed by combining 12 existing areas, are: Charlotte-Gastonia, North Carolina... formerly Charlotte, North Carolina and Gastonia, North Carolina, consisting of Mecklenburg, Gaston, and Union Counties; Dallas-Fort Worth, Texas... formerly Dallas, Texas and Fort Worth, Texas, consisting of Dallas, Tarrant, Collins, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, and Wise Counties; Greenville-Spartanburg, South Carolina... formerly Greenville, South Carolina and Spartanburg, South Carolina, consisting of Greenville, Spartanburg, and Pickens Counties; Raleigh-Durham, North Carolina... formerly Raleigh, North Carolina and Durham, North Carolina, consisting of Durham, Wake, and Orange Counties; Salt Lake City-Ogden, Utah... formerly Salt Lake City, Utah, and Ogden, Utah, consisting of Salt Lake, Weber, Davis and Tooele Counties; Northeast Pennsylvania... formerly Scranton, Pennsylvania and Wilkes-Barre-Hazleton, consisting of Lackawanna, Luzerne, and Monroe Counties.

A full list of the actions taken and of previously designated SMSAs is available from the Statistical Policy Division, Office of Management and Budget, Washington, D. C. 20503.



HUD Energy Study

HUD is currently conducting an experimental total energy project that could help alleviate America's energy and environmental problems. The \$2.4 million demonstration project in downtown Jersey City, N.J. will use advanced technology to conserve energy supplies and protect the environment, while reducing the cost to consumers. The basic philosophy of total energy is to get the most out of every drop of fuel consumed. Typically about 70 percent of the heat from an electric power plant's burning fuel is discharged into the air or into lakes and rivers. A total energy system... on the other hand... puts this waste by-product to use. Buildings are heated with waste heat from the engines during the winter, and air-conditioners operate with energy supplied from waste heat during the warm months.

To apply the total energy concept... remote electric power plants are replaced by smaller generating plants located in or near apartment complexes, office buildings or other community developments. With the power plant close by, the waste heat normally thrown into the environment in the form of pollution is instead rechanneled through the system. The net effect is the conservation of energy and more efficient service. Current estimates project a 25 percent savings each year in operating and maintenance costs. An overall savings of one-third in energy is also projects when this system is compared with a conventional system.

To assure reliable data on the Jersey City Total Energy system, HUD's Office of Policy Development and Research has funded a comprehensive evaluation of the project by the National Bureau of Standards. The study will be conducted for a minimum of three years and will document construction costs, operating costs, reliability, and performance data. The NBS study will cost \$400,000 during its first year and \$150,000 each year for subsequent years. When finished, it will provide the first complete evaluation of a total energy system in the United States.

Publications Available

Community Development Corporations. . . A Strategy for Depressed Urban and Rural Areas. . . describes a major program of support directed toward building the capacity of local community development corporations to improve conditions of life in minority communities. The program. . . to be funded with \$75 million of Ford Foundation money over the next five years. . . consisting of grants, investments, and technical assistance arrangements. The report may be obtained free from the Office of Reports, Ford Foundation, 320 East 43rd Street, New York 10017.

Housing Characteristics by Household Composition HD(7)-1. . . the first in a series of reports based on the housing questions in the 1970 Census. . . presents statistics on household composition, rent paid, value of owner-occupied property by income, available plumbing, number of rooms available, and by number of children under 18 years. Totals are shown for the U.S., for all SMSA's, for central cities, and for areas outside SMSA's. For sale for \$5.90 from the Superintendent of Documents, Washington, D.C. 20402.

Trends in Federal Pollution Control. . . a 60-page study that analyzes what new legislation, regulations, testing procedures, and technology developments mean to industrial executives and environmental specialists. Covered are: recent Federal, State, and municipal election results and their implications; the fate of environmental legislation in the 92nd Congress, including a synopsis of 82 key bills, 50 of which became law; a roster of currently pending bills; a breakdown of State pollution control expenditures, according to pollution sources, and a directory of State pollution control officials. For sale for \$2.75 from Environment Information Center, Inc. Special Studies Dept., 124 East 39th Street, New York, N.Y. 10016.

Two publications have been published by the New Jersey State Community Action Training Institute. Please send orders with check or money order to CATI, P.O. Box 2446, Trenton, N.J. 08608.

The Model Cities Council Member: A Guide to Rights and Responsibilities. . . was written especially for the Model Neighborhood resident. It explains the purpose of Model Cities and the role of citizens in the planning process. 75 cents each. . . more than 20 copies, 60 cents each.

Organizing Groups: A Guide for the Organizer. . . is intended to help the organizer by outlining the stages of group development and pointing out different actions he can take to spur the process. \$1.50 each. . . more than 20 copies, \$1.20 each.

FYI



University of Delaware. . . Management Training Seminar in Low- and Moderate-Income Housing. . . Newark, June 9-11. Funded with HUD Title VII funds. . . there is no registration fee. Information from: Fred Brown, Department of Continuing Education, Newark, Delaware 19711.

TO OUR READERS

Does the *Newsletter* tell you what you want to know? Can we improve the flow of news you get? We would appreciate hearing from our readers. Please write to the Editor, *HUD Newsletter*, Washington, D.C. 20410.

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June 4, 1973

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Current Trends

The House has passed... and sent to the Senate... the extension for one year of HUD's authority to insure mortgages and the rent and interest subsidy programs for low-income families. The existing authority expires on June 30.

Home buyers must be told all the details of the terms of any mortgage involved in the home purchase... but not necessarily before the closing date... according to a decision of the U.S. Court of Appeals of the District of Columbia. The Court ruled that if the disclosure of credit terms is given to the home buyer at the time of settlement... the requirements of the Truth in Lending Act are satisfied. The decision came in connection with a Fed regulation under the Act... which required disclosure "before the transaction is consummated." The regulation was adopted to give the home buyer sufficient time to shop around for other available credit if he was not satisfied with the terms he was being given. The Court held this was not necessary.

HUD now has 34 active housing missions operating in Presidentially-declared disaster areas... engaged in providing temporary emergency housing for the approximately 8,000 families who are victims of the disasters.

A total of 456 comments have been received in response to HUD's request for comments and suggestions on the six-month housing study now underway. The responses have been made available to the various team leaders for evaluation.

HUD's May 1 survey of mortgage market conditions showed a decline in secondary market prices... a downward trend in availability of funds for HUD-insured home mortgages... and advancing rates for conventional home mortgages. For the third consecutive month... there was a decline in the national average secondary market price for immediate delivery of HUD-insured 7 percent new-home mortgages with 30-year terms and minimum downpayments. The latest decrease (.7 of a point) dropped the national average to \$94.1 per \$100 of outstanding loan amount. The equivalent gross yield to investors was up to 7.73 percent, 10 basis point from May 1, 1972.

GNMA will hold an auction of subsidized home mortgages June 6. Any FHA-approved mortgagee will be eligible to bids in the auction. The mortgages... totaling \$197 million bear interest at the rate of 7 percent... are insured by FHA under Section 235 and cover new construction rather than existing homes. All mortgages offered are eligible for inclusion in pools of mortgages which support issues of GNMA-guaranteed mortgage-backed securities. A total of 10,400 mortgages will be sold in the auction... which will be the last held by GNMA in this fiscal year.



More Home Builders Use Components

A survey of the 1973 *Blue Book of Major Home Builders* shows that about 42 percent of the new housing currently being produced by the 500 major builders of the country will utilize components and modules as one way of countering cost pressures. This is a significantly greater use of factory-produced components than in earlier years. In 1969... the use was 24 percent; in 1970... 30 percent;... and in 1971 and 1972... 35 percent.

Property Tax Studies Completed

Two HUD-financed studies. . . both related to property taxes in blighted areas. . . have been completed and summaries published.

Owners of housing in poor and blighted neighborhoods are paying property taxes at substantially higher rates than owners in other neighborhoods. . . according to the first study. Michael H. Moskow, Assistant Secretary for Policy Development and Research, said that the primary purpose of the study was to examine the relationship between property taxes and urban blight. An important conclusion was that higher tax rates on property in poor neighborhoods result when local property assessments fail to keep pace with changes in property values. In most blighted neighborhoods, the property values are declining or close to zero.

Conducted by Arthur D. Little, Inc., the HUD study involved intensive interviews with local public officials and 228 property owners in Atlanta; Baltimore; Chicago; Detroit; Nashville; Oklahoma City; Philadelphia; Portland (Ore.); Providence; and San Francisco.

Although it is generally believed that properties in poorer neighborhoods are "milked" by their owners for maximum short-run cash flow, the study found this practice greatly exaggerated. Long-range investments in fact predominated in blighted neighborhoods—as in all others. Rehabilitation had been performed recently on 47 percent of the blighted properties covered in the study.

The second study shows that property incentive programs have had only limited success in encouraging rehabilitation and new construction in blighted areas. According to Mr. Moskow. . . the study concluded that other factors, including the improved administration of conventional property tax programs, may be more important than tax incentives in upgrading blighted neighborhoods.

Price Waterhouse and Company conducted the comprehensive study for HUD in nine cities, each with a distinctive type of property tax innovation in effect at the time of the study. The nine cities surveyed were: New York; Newark; Boston; St. Louis; Honolulu; Pittsburgh; Southfield (Mich.); Arlington (Va.); and Fairhope (Ala.).

The study revealed a number of problems inherent in local property tax systems which could impede the effectiveness of a local or national program of property tax incentives to promote rehabilitation and new construction. For example. . . property taxes are levied on many different bases throughout the country, and property valuations vary widely even within the same tax jurisdiction. In addition. . . tax incentives shift the tax burden to other taxpayers who cannot or will not take advantage of the incentive program.

Arrangements are being made to publish both reports. . . *A Study of Property Taxes and Urban Blight* and *A Study of the Effects of Real Estate Property Tax Incentive Programs Upon Property Rehabilitation and New Construction*. Until the full reports are available. . . a summary of each may be obtained from the Director, Office of Economic Analysis, Room 7156, HUD, Washington, D.C. 20410.

FYI



National Association of Minority Contractors. . . MOVE Convention (Minority Opportunities in a Viable Economy). . . Chicago, June 19-23. Registration: United Builders Association of Chicago, 3000 South Wentworth Avenue, Chicago 60616.

The Producers' Council. . . Construction Products Institute. . . Syracuse University, June 26-29. Details: Registrar, Producers' Council, 1717 Massachusetts Ave., N.W., Washington, D. C. 20036.

American Institute of Architects. . . Conference on the Architect, the Engineer, and the Occupational Safety and Health Act of 1970. . . Washington, June 25-26. Information: AIA Special Projects, 1735 New York Ave., N.W., Washington, D. C. 20006.

More Land Sale Suspensions

A few years back it was quite common for purchasers of vacation land to find that the land they bought was under water. Recently... there has been a new twist.

If you buy land at English Mountain, near Gatlinburg, Tenn., you may not find enough water to support the needs and amenities of life. Somehow that item failed to get mentioned in the official documents required to be filed by the developers of the property with HUD's Office of Interstate Land Sales. So HUD has filed a notice of proceedings against the developers... Peoples Protective Corp... and its subsidiary, Preferred Development Corp... charging omission of material facts in its statement of record.

Adequate and potable water is essential to any development in which people plan to build, OILS Administrator George K. Bernstein said. If there is not enough water to support the lot owners... or if the water available is not fit for human consumption... then buyers should know about it.

Under the OILS rules... the developers have 15 days after receiving the notice to respond and request a hearing.

Still another developer was suspended for omitting relevant information in its statement of record to HUD... the Land International of Missouri, Inc., owner of Peaceful Valley Estates in Owensville, Mo., about 50 miles from Jefferson City. The developer defaulted on a deed of trust for the property, raising some question about its ownership. The matter of the default was not disclosed in the statement required by law to be filed with HUD.

Also... Mr. Bernstein said... the corporation failed to disclose in its statement that a golf course and swimming pool, slated for completion by the end of 1972, have yet to pass the planning stage. Under Federal regulations, Bernstein emphasized, these facts must be recorded in both the statement of record and the property report issued to prospective customers prior to sale.

Until this is accomplished, he said, the suspension will remain in effect.



Fair Housing Regulations Published

HUD has issued a pamphlet describing what lenders must do to meet Federal requirements against discrimination in the making of housing loans. The publication is a compilation of fair housing loan regulations which apply to the nondiscriminatory lending requirements of the Civil Rights Act of 1968... and which have been published in the *Federal Register* during the past year by six Federal financial regulatory agencies.

The federally supervised institutions governed by the regulations are commercial banks, savings banks, savings and loan associations, certain insurance companies, credit unions, and banks and associations supervised by the Farm Credit Administration. The agencies which issued the regulations are the Comptroller of the Currency; Federal Deposit Insurance Corporation; Federal Reserve System; Federal Home Loan Bank Board; Farm Credit Administration; and the National Credit Union Administration.

Also in the pamphlet are related documents such as Title VIII... the Fair Housing portion of the Civil Rights Act of 1968... and other basic requirements for fair selling and lending in housing... including HUD regulations on real estate advertising; complaint procedures; and affirmative fair housing marketing. The regulations are aimed at enabling all persons of like incomes in a housing market in the same area to obtain FHA-insured housing without regard to race, color, religion, or national origin.

Copies of the pamphlet may be obtained by writing HUD, Office of Equal Opportunity, Room 5202½, Washington, D. C. 20410.

Under Secretary Named to Finance Boards

President Nixon has appointed HUD Under Secretary Floyd H. Hyde to the Board of Directors of two Government-affiliated finance agencies... the Federal National Mortgage Association and the Environmental Financing Authority. FNMA is a privately-owned corporate instrumentality of the United States, serving primarily as a mortgage market facility. It deals in insured mortgages, providing a degree of liquidity for residential mortgage financing.

The Environmental Financing Authority, created by the Environmental Financing Act of 1972, is intended to assure that inability to borrow on reasonable terms does not prevent any State or local public body from constructing eligible waste treatment works.

At FNMA... Mr. Hyde will be one of five Presidentially-appointed directors on the 15-member board. At EFA... Mr. Hyde will be joined by the Administrator of the Environmental Protection Agency, the Under Secretary of the Treasury for Monetary Affairs, the General Counsel of the Treasury, and the Deputy Secretary of the Treasury... who serves as Chairman of the Board.



S&L Institute Installs New President

Donald F. Morton, a one-time custom home builder, is the new president of the American Savings and Loan Institute. He was selected to serve at the Institute's annual conference in March. Morton is president of Arlington Federal Savings, Arlington Heights, Ill.



Another Boom Year For Housing

Subsidized housing starts for Fiscal Year 1973 will total about 265,000 units... despite the current suspension of federally subsidized housing programs... which are undergoing study and review... and while no new applications are being accepted... there are enough units in the pipeline to reach the expected level.

Speaking to the annual convention of the Financial Analysts Federation of America in Washington, Woodward Kingman, President of HUD's Government National Mortgage Association and HUD Acting Assistant Secretary for Housing Production and Mortgage Credit, also forecast that for the third year in a row total housing starts in 1973 would exceed 2 million units. In addition... it is expected that 600,000 mobile homes will be produced. The level of subsidized housing starts in calendar year 1973 will be close to that of calendar year 1972.



Low-Cost Advice to Home Buyers

HUD's Chicago Area Office and the Chicago Bar Association are jointly providing an innovative advisory service to potential buyers of homes foreclosed by FHA. For a fee of \$15... one of the 100 lawyers participating in the program will brief families on such matters as analyzing whether the house represents good value, the cost of home ownership, and whether or not the house being looked at meets the family's needs and budget. The lawyers involved are members of a young lawyer's group... all of them under 36... who hold a prepurchase consultation with prospective FHA home buyers. In a joint announcement... John L. Waner, Director of HUD's Area Office, and Philip H. Corboy, President of the Bar Association said: *As a general rule, the family buying its first home is unaware of all the obligations involved, and too often the real estate broker doesn't take the time to cover all aspects. HUD makes its own appraisals of the houses foreclosed and has asked the City Building Department to inspect and certify that the structures meet the housing code and contain no defects.*

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Vol. 4 No. 24

Current Trends

The National Association of Realtors survey for March showed "a brisk pace" of home sales... 8 percent above the rate in February. The median price of houses sold during the first quarter of 1973 was \$28,120... 9 percent higher than the \$25,780 figure in the first quarter of 1972. The price went up for each of the three months of the quarter... \$27,580 in January... \$28,180 in February... and \$28,540 in March. By comparison... the median was \$27,290 in December 1972.

Reductions in lumber and plywood prices... which reached all-time highs earlier in the year... have begun to appear. Industry sources feel that the downward trend is likely to continue. This will have no immediate effect on housing prices as the lumber used in houses now underway or being completed was purchased at the higher prices in effect several months ago.

Applications and starts under HUD-FHA mortgage insurance programs in April were lower than in March 1973 or in April 1972. Seasonally-adjusted annual rates for new- and existing-home applications and new homes started were lower... as were the annual indicators for multifamily applications and starts. Unit applications... 37,500... were down 29 percent from March and were less than half the number reported for April of last year. Home applications totaled 27,200 for April... some 10,800 below those reported for March... and 38,700 less than for April of last year. Unit starts... at 18,200... were down from March and from April 1972.

The F.W. Dodge Division of McGraw-Hill construction contract report for April shows an increase of 7 percent above the April 1972 level... \$8.8 billion... compared to \$8.2 billion last year. The figure was lower than that for March 1973... however... reflecting a 16 percent decline in homebuilding between March and April... but was still 14 percent above April 1972.

The Conference Board reports that the Nation's 1,000 largest manufacturers had set aside \$9.5 billion for capital improvements in the first quarter of 1973... 45 percent above the figure for the same period in 1972.

A Joint Congressional Resolution... which increases the amount of flood insurance HUD is permitted to guarantee from \$4 billion to \$6 billion... has been approved by both Houses and has gone to the White House for Presidential approval.



Recent Decision

Gautreaux, et al. v. The Secretary of HUD, U.S.C.A., 7th Cir. In a 2 to 1 decision, the Seventh Circuit has affirmed Judge Austin's Order directing the Chicago Housing Authority to by-pass a State law requirement for approval of sites for public housing projects by the Chicago City Council. One opinion for the majority rested on the fact that the City Council was a joint participant with CHA in the discrimination as to sites. The second opinion concluded that the City's failure to alleviate racially discriminatory residential patterns in Chicago constituted a separate violation of equal protection. The dissenting opinion would have reversed, and alluded to the difficulties in financing of public housing projects that would result from the Court's decision to permit a by-pass of the State law requirement for site approval by the City Council.

NHP Involved in 7 New Projects

The National Housing Partnership and the John B. May Company of Little Rock (as local partner and builder-developer) will provide 740 units of housing primarily for low- and moderate-income families in one Texas and six Arkansas projects. Cost of the projects will be more than \$11 million.

L.E. Lay & Company, Inc., Little Rock, mortgage bankers... a local NHP associate which participated in the development of the projects... ranks first nationally among the 450 NHP associates in the number of projects it has undertaken with NHP.

Three of the projects... (344 units) are in Fayetteville, Arkansas... and each of the other four is in a different city... Little Rock (96 units); Ft. Smith, Ark., (128 units); Van Buren, Ark., (72 units); and Texarkana, Tex., (100 units). All of the projects are under construction.

These seven projects are among the 143 projects with 23,700 units in 33 States to which NHP has committed its participation thus far.



ULI Elects

Hunter A. Hogan, Jr. of Norfolk, Virginia, has been elected President of ULI—the Urban Land Institute, at the annual meeting of the ULI Board of Trustees. Hogan is Vice President of Goodman-Segar-Hogan, Inc., Norfolk, Virginia, which, with its subsidiaries, specializes in property management, chain store leasing, and shopping center development. Mr. Hogan assumes his new duties July 1. Other officers elected at the meeting were: First Vice President, Thomas F. Murray, Senior Vice President and Chief Investment Officer, Equitable Life Assurance Society of the U.S., New York City; Second Vice President, Andrew R. Evans, President, First Federal Savings and Loan Association of Pittsburgh; Secretary, Franklin L. Burns, President, The D.C. Burns Realty & Trust Company, Denver; and Treasurer, N.S. Ridgway, Jr., Vice President, Fritz B. Burns & Associates, Los Angeles.



AIA Gives 25-Year Award

Taliesin West... built in 1938 as a desert camp in Arizona by Frank Lloyd Wright and his associates and students... has received *The American Institute of Architects' 25-Year Award*. This honor... given in recognition of architectural design of enduring significance... is restricted to structures at least 25 years old. Taliesin West... now the site of the Frank Lloyd Wright School of Architecture and the southwestern headquarters of the architectural firm that bears Wright's name, is the fourth recipient of the honor. The 1973 award was conferred during the Institute's recent national convention in San Francisco.

In announcing the selection the jury's chairman, Pietro Belluschi, FAIA said: *The years have not diminished the elemental quality of Taliesin West. More than other works by this master it shows how to grasp the mood of the land and transform it into a place of harmony and beauty. Here one understands the magic of man's primeval relationship to nature.*



Secretary Questions Housing Goals

Secretary Lynn... testifying before the Senate Appropriations Subcommittee... raised the question as to whether the numerical housing goals (26 million units in 10 years) in the Housing Act of 1968... are still valid. In the hearings in connection with the HUD budget... Mr. Lynn asked if it is appropriate to come up with fixed goals... and if it is, what those goals should be. A study should be made whether the goals we set in 1968 are too high, too low, or right on target. Such a study would answer whether or not numerical goals make sense.

Rural Housing Loans Made

Interest-free loans totalling \$759,390 to nine rural housing organizations in eight States has been announced by the Housing Assistance Council, Inc. . . a private, nonprofit organization funded by the Office of Economic Opportunity to provide interest-free loans, technical assistance, and training to groups developing homes for the rural poor.

The loans announced are:

\$100,000 for the Arizona Housing Development Corporation, Phoenix, to purchase a 40-acre site and to develop 64 lots for homes for flood disaster victims. . . with FmHA Section 502 loans.

\$233,890 for Self-Help Enterprises, Inc., Visalia, California, for projects in Waterford, Pixley, Mendota, Tulare, Merced, and Corcoran with FmHA Section 502 and HUD Section 235 loans.

\$130,000 for Colorado Housing, Inc., Denver, for a project in Rocky Ford. The loan will be used for pre-development costs for a project of 72 units on a 12-acre site donated by the City of Rocky Ford. Five Federal programs will be used to finance the project: FmHA Section 514-516 farm labor housing loan and grant; FmHA Section 515 cooperative housing (without interest credit); FmHA Section 502 homeownership; and public housing. The project will be maintained by the Rocky Ford Housing Authority. Most of the units will be for Chicano families.

\$47,750 for Appalachian Human Development and Economic Community Organization, Portsmouth, Ohio. . . to build up to 40 single family units in several southern Ohio counties. FmHA Section 502 loans with interest credit subsidies will finance the units.

\$102,000 for Freedom Village, Greenville, Mississippi, an organization composed of black ex-sharecroppers funded by the National Council of Churches. The loan will be used for purchase and development of a site for 84 units. FmHA Section 502 loans will finance the units. The project will use the self-help method for some units. Others will be constructed by a contractor.

\$37,000 for the National Spanish-Speaking Housing Development Corporation, Del Rio, Texas, for pre-development costs for a site for 20 lots. Units will be financed by HUD Section 235 loans with self-help labor.

\$50,000 for Buffalo Housing, Inc., Montgomery, W.Va., for a project to serve flood victims in Logan county. This local corporation plans to build 25 single-family units to be financed by Small Business Administration loans for flood victims and by FmHA Section 502 interest credit loans.

\$50,000 for Tech, Inc., Montgomery, W.Va., for land acquisition and materials . . . using subsidized labor in a factory that produces panels and roof trusses for assembly on housing sites. Units are to be financed by FmHA Section 502 loans.

\$8,750 Peshtigo Housing Corporation, Marinette, Wisc. This nonprofit housing corporation plans to use the HUD rent supplement program for a 40-unit elderly project. The loan will be used to purchase land and for architect and legal fees.



Construction and the Energy Shortage

Nello L. Teer, Jr., . . . President of the Associated General Contractors. . . has predicted that fuel shortages will cripple the construction industry with layoffs. . . with a 'ripple' effect on employment throughout the Nation. "Hundreds of construction projects will be stopped before they start. . . for lack of fuel to move the scrapers, bulldozers, dump trucks, and paving machines necessary to do the work." Mr. Teer reported that rationing of diesel fuel has already occurred in some places.

Publications Available

International Urbanization Survey. Within the next decade, the majority of the world's urban population will be clustered in the towns and cities of Asia, Africa, and South America... and the impact of urbanization will press most heavily upon the less-developed countries which are presently deficient in the economic, technological, and managerial resources required to maintain and improve the complex system of urban living. In an effort to fix the dimensions of these pressures... the Ford Foundation has conducted a two-year survey of urbanization in the developing countries. Working papers were prepared in the course of visits to various countries, and special studies were made on relevant topics.

A Summary Report... and an order form for surveys of individual countries are available free from the Office of Reports, Ford Foundation, 320 East 43rd Street, New York, N.Y. 10017.

Rehab Kits.... NAHRO has available a limited supply of extra kits that were given to persons attending the recent institute on rehabilitation financing in Rochester, New York. The kits include information and other material on alternate means of financing rehabilitation, a variety of local rehabilitation financing innovations, and... as an added attraction... materials that were brought to the institute by some of the participants but not included in the original kit material. The extra kits are available from NAHRO Publications Division, 2600 Virginia Ave., N.W., Washington, D.C. 20037, at \$7.50 each while the supply lasts. Orders must be accompanied by check or money order.

The Environment Regulation Handbook.... a reference tool that permits engineers, management executives, and legal staff to identify and act on the environmental controls that affect them is now available. An 800-page updatable binder, it contains a complete set of Federal environmental regulations and major laws... indexed, cross-referenced, and analyzed. The *Regulation Handbook* retails for \$95 (\$85 prepaid). New subscribers receive free update service for the balance of 1973... and can avail themselves of document retrieval and literature searches through EIC's data bank of 100,000 environmental documents. Information from Environment Information Center, Inc., 124 E. 39th St., New York, N.Y. 10016.

Comparative Urban Research.... the official newsletter of the Comparative Urban Studies Committee of the American Society for Public Administration and the Committee for Community Research of the International Sociological Association... and sponsored by CUNY's Comparative Urban Studies Program. An international journal of news and ideas in the comparative study of urban areas throughout the world. Published three times a year.

Scholars and others interested in the comparative study of urban areas are invited to send manuscripts, bibliographic items, abstracts, news and notes to *Comparative Urban Research*, The City University of New York, 33 West 42nd Street, New York, New York 10036. Subscriptions: Individual, \$3.00 (\$6.00 for three years); Institutional, \$6.00 (\$10.00 for two years).



FYI

U.S. Department of Agriculture.... Rural Development Leaders School... University of Nebraska, Lincoln... August 5-11. Details: Rural Development Service, 242E USDA, Washington, D.C. 20250.

HUD newsletter
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF COMMUNITY DEVELOPMENT AND URBAN ENTERPRISES
WASHINGTON, D.C. 20402

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June 18, 1973

Vol. 4 No. 25

Mortgage Tightening Seen

Short-term interest rates have jumped substantially in recent weeks due to a slowing of the flow of lendable funds to banks. Interest on negotiable 90-day notes has risen to 8 percent... bankers' acceptances and Treasury bills have likewise gone up. In an effort to obtain additional funds... some banks are offering 8 percent... or slightly more... for 90-day certificate of deposit funds of \$100,000 or more. It is not unusual for a shortage of long-term money and a consequent increase in interest rates to follow the trend of short-term loans... and this is causing concern among home builders who are fearful of another money crunch. NAHB President George C. Martin said builders are becoming increasingly uneasy about the situation. He noted that an increase in one percentage point in mortgage rates would be enough to cause housing starts to drop by 150,000 units. Housing production... he said... could exceed the 2 million units predicted for 1973 provided money for mortgages remains available at reasonable rates in the months ahead.

On June 4... the *Wall Street Journal*... in a lead article... cited reports it had received from various sources... that home mortgages are becoming scarcer and that interest rates are going higher... while the demand for home loans remains high. The article quotes leading economists as predicting "even harder times ahead." Most of the comments point to the reduced flow of savings into the thrift institutions as the cause of the problem. According to the FHLBB... savings receipts of insured savings and loan associations dropped sharply during April... falling to their lowest level since September 1970. However... S&L mortgage lending activity reached near record levels during the month. The savings decline is attributed to rising interest rates on short-term marketable securities and increased consumer spending. Net savings receipts amounted to about \$750 million during April... less than half the March 1973 and April 1972 figures. Even after the April totals were seasonally adjusted... they reflected a 32-month low.

Mortgage loans closed by S&L institutions in April totaled \$4.8 billion. This is a 30 percent increase over one year ago and approximately the same level of activity as March. However... since lending usually increases somewhat from March to April, the \$4.8 billion figure constitutes a moderate decline on a seasonally-adjusted average. Outstanding commitments to make mortgage loans rose to \$14.6 billion at the end of April... an increase of \$500 million over the March figure and a 35 percent increase over April 1972. When adjusted on a seasonal basis, though, the commitment level was about 7 percent below the February peak due to smaller than usual increases reported for April and March.

The associations increased borrowings to supplement the reduced inflow of savings... from the FHLBanks by \$1 billion and from other sources by \$400 million.

The *Journal* article reports that not only are mortgages harder to get... and at higher interest rates... but some of the other terms are getting stiffer. Higher downpayments are being required... in some cases 25 percent... compared to 5 to 10 percent earlier this year. Also... prepayment penalty fees... usually waived when lenders have plenty of money... are again being imposed. Another leading economist feels that in a few months the various Federal agencies involved in housing and mortgage lending "will come to the rescue" and ease the situation... but in the meantime... home buyers will have to shop around for their mortgage money.

Arizona Development Suspended

The first suspension of a development on charges of misleading advertising has been announced by HUD. The suspension order was issued to Gilbert H. and Elma V. Beck, trustees for Colin Van Way Coffey of Scottsdale, Ariz., . . . developers of Pebble Lake, in Mohave County, Ariz., . . . because there was "little or no resemblance" between the promoter's advertising and the actual condition of Pebble Lake, as reflected in the statement of record filed with HUD.

The ads depicted a lake, pure, untreated drinking water, paved streets, and utility lines already installed on the property. According to the official statement, however, the lake and other assets existed only in the mind of the developer. The water actually required treatment to offset excessive deposits of sulfates. Otherwise those who drank it might experience some uncomfortable moments.

Well over 200 companies have been suspended by HUD. . . but this was the first for false or misleading advertising. The suspension was ordered after the developer failed to respond to a notice of proceedings affording him an opportunity for a hearing to answer charges of inconsistent claims and statements.



New Assistant Secretary Named

President Nixon has nominated Sheldon B. Lubar, 44, of Milwaukee, Wisconsin, to be HUD Assistant Secretary of Housing Production and Mortgage Credit-FHA Commissioner. Mortgage banker. . . Mr. Lubar will be responsible for administering the Department's programs which assist in the production and financing of housing, and the programs assigned to HUD's Federal Housing Administration.

Mr. Lubar is the Chairman and Chief Executive Officer of Mortgage Associates, Inc., a Milwaukee-based mortgage banking company. . . which operates nationwide. He has been with Mortgage Associates, Inc. since 1966.

Prior to that. . . from 1960 to 1966, Mr. Lubar was President of Marine Capital Corporation. . . a \$10 million small business investment company, whose assets were distributed to shareholders in 1966. . . and from 1953 to 1961 he was with the Marine National Exchange Bank of Milwaukee. . . and was elected Vice President for Commercial Loans in 1958.

Mr. Lubar earned a Bachelor of Business Administration degree from the University of Wisconsin in 1951, and a Bachelor of Laws degree from the same university in 1953.



1972 Growth Lowest Since 1930's

During 1972. . . the population growth rate in the country dropped to its lowest level in 35 years. . . according to the Census Bureau. The population of the United States was estimated at 209,717,000 on January 1, 1973—a gain of 1,628,000 during the previous 12 months. This is the lowest numerical increase since 1945. It represents a growth rate of 7.8 persons per 1,000 of population. . . the lowest since 1937's 6.7 per 1,000.

During 1972 there were an estimated 3,256,000 births, more than one million under the 1957 peak of 4,332,000, and the lowest total of births since 1945. This resulted in an estimated fertility rate for 1972 that was the lowest in American history.

The reports presents data on the estimated population and the components of change, concentrating on the 1960-1973 period, but including data from 1930.

Copies of the report, *Estimates of the Population of the United States and Components of Change: 1972 (With Annual Data From 1930)*, Series P-25, No. 499, are available for 45 cents from the Superintendent of Documents, Washington, D.C. 20402.

Recent Ford Foundation Grants

The Ford Foundation has made the following housing-related grants:

To the Center for Residential Security Design. . . affiliated with New York University . . . \$40,000 to explore design ideas leading to a model security code for new apartment houses. The new code will specify standards for site planning, building design, hardware, construction materials, and electronic systems.

Other factors in the safety and livability of apartments especially low-income housing, include improved management and broader tenant cooperation. . . are the focus of new grants to the Hough Area Development Corporation in Cleveland (\$67,700) and Cornell University (\$125,000).

Funds for the Cleveland group. . . which is a federally supported community development corporation, will help to expand its management service for low-moderate income housing sponsors. Based on the agency's success in managing its own housing units, the service will help other sponsors select tenants, train resident managers, improve maintenance and accounting, and plan tenant councils and social services.

The Cornell project. . . conducted with New York State's Urban Development Corporation, will design education programs for tenants who plan to move into new housing. Pamphlets and other materials will be developed on such topics as furnishing of interior space, money management, and tenant-management relations. Researchers will also study the "chain of moves" effect of new housing. In Rochester, Buffalo, and other cities, they will find out who moved into the former homes of new housing tenants, who moved into theirs, etc., to discover whether housing conditions improve for individual families and whether rent-income ratios change.

Connecticut Housing Investment Fund. . . \$100,000 over 21 months. . . to provide families with second mortgage loans to finance moves that would promote racially open neighborhoods. Since it was started in 1968, the program has assisted more than 1,000 families to purchase homes and has served as a model for similar programs in Chicago, Westchester, Boston, and Providence.

National Council of Negro Women. . . \$110,000 over 15 months to promote home ownership opportunities for low-income families utilizing *Turnkey* public housing programs. The *Turnkey* programs give families an opportunity to own their homes through a formula that combines credits for maintenance services and government subsidies.

The Fund for the City of New York. . . which seeks to improve city government services through grant-making and program development. . . has initiated and will continue conferences between union and city officials on questions of productivity in municipal functions. The Fund also supports important community institutions, such as the minority-run Community News Service and an East Harlem environmental organization that employs community residents in housing repair, maintenance, and rat control. In addition, the Fund conducts special studies—for example, on broader legalized gambling as a means of combating organized crime.

The Fund was established by the Ford Foundation in 1968. . . and this fifth annual grant of \$1,150,000 will enable it to continue these and new programs, including a plan to back up city workers with volunteers and citizen organizations.

Public Technology, Inc. . . established in 1970. . . a \$300,000 supplement over two years. . . to continue the application of technology to urban services. Its program to date includes work on a new breathing device for firemen, adapted from equipment developed by the National Aeronautics and Space Administration, and the use of computer models for routing vehicles, guiding maintenance, and planning the location of public facilities. With the new funds PTI will hold advisory discussions between State and local officials and technological experts. It aims also to develop a product-testing capability in order to help its municipal clients evaluate hardware and supplies they now use or intend to purchase.

Realtors Approve State Land Controls

The National Association of Realtors... while continuing to support local control ... has recognized the right of States to develop land use plans in areas of heavy public facility concentration and overriding environment concern.

This action assures general backing by Realtors of present legislation pending in Congress which is supported by Senator Henry Jackson of Washington and the Nixon Administration.

Realtors' President J.D. Sawyer announced that the Association's Board of Directors recognizes a growing need for an overall land use policy to promote more effective land use planning by State and local governments... and amends an earlier statement of policy. It identifies fundamental areas of agreement with Congress and the Administration in developing pending land use policy... while at the same time continuing to disagree with any plan by government to usurp local controls in matters of strictly local concern. The Board acted, in part, to indicate support for policies to avoid for the future the present heavy increase in sewer and no-growth moratoriums, and extensive delays and litigation causing cancellations of significant residential, commercial and industrial developments because of unsettled environmental questions which have created uncertainty and even chaos in many areas of the country, the Realtors' President said.



Urban Studies Fellows Named

Secretary Lynn has approved the nomination of 96 applicants selected for Fellowships by the Advisory Board for Urban Studies Fellowships for the 1973-74 academic year.



Catalog of HUD Library Available

The Dictionary Catalog of the United States Department of Housing and Urban Development Library and Information Division has been published. The 19-volume collection is particularly strong in the areas of city planning and contains two noteworthy collections which are not available from any other source: Comprehensive Planning Reports and Model Cities Reports, both of which are HUD-sponsored studies. A comprehensive index contains American and foreign publications which are oriented towards housing, urban and suburban community planning or lack of planning, metropolitan areas, and the total-built environment. Due to a large number of requests, the publisher is making Volume 19 available separately. This volume contains 27,000 citations of Planning Assistance Reports produced by, or on behalf of, State, regional, metropolitan, or local planning agencies with HUD grant assistance. The citations are arranged in two computer-arrested indexes: One by geographic place name and the other by keyword-in-context (KWIC). The bibliographic data included in these two indexes are: title, State, geographic place name, imprint, and accession number. The balance of the 40,000 reports that have been issued, and future ones, will appear in supplementary volumes to the catalog.

The complete catalog is available in the U.S. for \$1,425 and \$1,567.50 elsewhere. Volume 19 is available separately in the U.S. for \$70 and \$77 elsewhere. The approximately 294,000 cards in the main catalog have been reproduced by offset on permanent/durable, acid-free paper with 21 cards per 10" x 14" page. Volume 19 contains 944 pages. All volumes are bound in Class A library binding.

For sale by G.K. Hall & Co., 70 Lincoln Street, Boston, MA 02111. (617/423-3990).

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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HUD newsletter

OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280



June 25, 1973

Vol. 4 No. 26

Current Trends

During the last quarter of 1972... according to a joint HUD-Commerce Department report just issued... privately-financed apartments built during the three-month period had been rented within three months of completion. The median asking rent for the apartments was \$190 per month. The rental rate for apartments completed during the quarter compares with 69 percent in the third quarter... 73 percent in the second quarter... 61 percent for the first quarter of 1973... and 62 percent during the fourth quarter of 1972.

Sealed bids will be opened on June 27, 1973, by local housing authorities in 22 States on 35 tax-exempt bond issues totaling approximately \$265 million. Proceeds of the bond sales will be used to reimburse the Federal Government for funds advanced to local authorities for low-rent housing projects that have been completed and to provide additional funds to complete projects. This is the latest in the series of bond sales totaling \$9.3 billion which have been issued since July 1951. Over \$1 billion has been retired.

The Federal Home Loan Bank Board eased terms that federally insured savings and loans associations may grant on loans to buy mobile homes... the Board said S&Ls may finance a new mobile home over a 15-year period, instead of the present 12... if the homes have at least 900 square feet of floor space. The 12-year limit will continue for smaller mobile homes... the Board also lifted the current eight-year maximum on loans to purchase used mobile homes. The new limit will range up to 12 years, depending on the homes' age.

April shipments of mobile homes increased 15 percent to 61,560 from 53,710 a year earlier, the Mobile Home Manufacturers Association said. Shipments in the first four months rose 15 percent to 202,210 from 176,270 a year earlier.

Seventy-eight local housing authorities sold \$462.6 million of tax-exempt notes at an average interest rate of 4.341 percent, up from 4.030 percent at last month's sale... the rate is the highest since a 4.8 percent average in July 1970.

Interest rates rose at the Federal National Mortgage Association's latest auction of four-month commitments to buy home loans... Fannie Mae said it issued \$142.2 million in commitments to buy government-backed mortgages at an average yield of 8.04 percent, up from 8.001 percent at the previous auction and the highest since 8.12 percent in July 1971. The agency received 224 bids, totaling \$184.5 million. It accepted 191, with yields ranging from 8.015 percent to 8.138 percent... FNMA issued \$74.1 million in commitments to buy conventional loans—those that aren't backed by the government—at an average yield of 8.442 percent, up from 8.388 percent at the prior sale and the highest since Fannie Mae began issuing such commitments more than a year ago. It received 159 bids, totaling \$110.1 million, and accepted 126 at yields ranging from 8.401 percent to 8.529 percent.

The President has transferred from the Office of Management and Budget to the General Services Administration the responsibility for Government-wide leadership and coordination under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. HUD will continue to participate in the Interagency Relocation Assistance Implementation Committee... with the Committee operating under the administrative direction of GSA.

Land Sales Hearing

The pros and cons of greater Federal disclosure activities in interstate land sales will be discussed at a public hearing on proposed new regulations, Friday, June 29, in Washington, D.C.

Because of mounting interest in the event, George K. Bernstein, Interstate Land Sales Administrator in the U.S. Department of Housing and Urban Development, announced that the time limit for submitting comments on the regulations has been extended to the date of the hearing.

The changes are designed to put more teeth in both the property report, which developers are required to show to prospective customers before purchase, and in the statement of record, which developers must file with Bernstein's Office of Interstate Land Sales Registration (OILSR).

Under the current regulations, both the property report and statement of record must accurately describe the property offered for sale. Under the proposed changes both documents, in addition to describing the land, must also disclose the developer's plans for improving the property, the possibility of litigation, the status of licenses and permits that may be needed to develop the property, and any record of previous violations or bankruptcies filed with State or Federal agencies.



Administration Plans Cited

HUD Under Secretary Floyd H. Hyde cited Administration plans at a recent national conference on the role of minorities in management and related fields in Washington, D.C.

Among Administration projects on behalf of minorities, Hyde reported ... commitments to spend \$3.2 billion for civil rights activities in fiscal 1974, including half a billion dollars for enforcement... about \$43 million to be spent to operate the Equal Employment Opportunity Commission... \$1.2 billion to be spent by the Office of Minority Business Enterprise... expansion of loans and guarantees from the Small Business Administration to \$649 million.

The Under Secretary acknowledged, however, that lack of employment and management and ownership opportunity is still a cause for impatience among minority groups. Other ills including those in government, call for remedy at the same time efforts are being made to eliminate discrimination.

He prescribed the President's New Federalism as the cure for proliferating Federal grants, by sending power and responsibility back down to the elected officials nearest the people.

One protest we hear, and one none of us deny, he said, is that the new revenue sharing concept—the shift of authority under the New Federalism—might diminish Federal opportunities to encourage equal minority opportunities in employment and business management. Yet we are confident that this responsibility will pass to State and local officials who will accept it and live up to it. This, fortunately, is not the American of some years ago, when racial injustice was rampant and minorities were powerless. Now minorities are ever more woven into the leadership fabric and the decision-making machinery of States, counties, and communities.

State Housing Authorities Created

South Dakota and West Virginia have enacted legislation creating statewide public housing authorities with the same powers and duties as local housing authorities and redevelopment commission. A major role of the new authorities will be to help fill the void in rural areas, where local housing groups are often unable to obtain the resources to develop adequate programs.

In West Virginia, the new law broadens the duties and powers of the West Virginia Housing Development Fund granting it wide development and land acquisition rights. Also, the new State budget designates \$2 million in Federal revenue sharing money for a special revolving fund from which loans may be made for land development... including water and sewer facilities, off-highway street development, and other facilities. The allocation... in the form of a loan... will become available after July 1.

In passing the bill, the Legislature reported, *There exists in the State a serious shortage of sanitary, decent, and safe residential housing available at low prices or rentals to persons and families of low and moderate income. This shortage... is especially critical in the rural areas.* It also noted that local housing groups and authorities... if they exist... are unable, even with Federal assistance, to fulfill the need for the construction or rehabilitation of low-income housing.

In South Dakota, the Legislature created a new agency... the Housing Development Authority. The Authority is given strong powers of land acquisition and development. The HDA powers are statewide and can help meet the critical lack of nonmetropolitan public housing in predominantly rural South Dakota. The new agency eventually could provide services such as technical assistance to local housing groups, low-cost mortgage financing, and a legal mechanism for the development and administration of both Federal and State housing programs. So far... the South Dakota Legislature has appropriated no funds for the HDA... but may consider a request in June.

South Dakota and West Virginia join seven other States which have statewide public housing authorities: Alaska, Delaware, Hawaii, Idaho, Maine, South Carolina, and Vermont. About 26 States also have established housing finance agencies, which generally are more limited in power and responsibility than statewide authorities.

Nearly 50 percent of all rural counties in America lack public housing authorities. Through the creation of statewide authorities, South Dakota and West Virginia are reaching beyond city boundaries, in recognition of the rural housing crisis. They have begun to provide for important elements in the rural housing delivery system that most states lack. And, the new statewide machinery will enable them to better utilize revenue sharing funds and post-freeze subsidies.



Vietnam Added 4.5 Million Veterans

In the 10-year census period from 1960 to 1970... 4.5 million veterans were added to the Nation's total as a result of the Vietnam conflict... bringing the new total to 28.1 million.

Old soldiers of World War I are "fading away," showing a 39 percent decrease from 2.6 to 1.6 million veterans during the 1960-70 decade. All of the World War I veterans are over 65 years old, most of them closer to 75.

World War II GI's make up the biggest veteran population of all wars. They... along with Korean veterans (a total of 18 million)... are mainly in their middle years, 35 to 54, and many are in the upper income bracket, earning \$15,000 or more annually.

Copies of the report *Characteristics of Civilian Male Veterans for the United States: 1970, PC(S1)-33* may be obtained for 20 cents from the Superintendent of Documents, Washington, D. C. 20402.

Report on New Communities

Testifying before the Subcommittee on Housing of the House Banking and Currency Committee on May 31... Secretary Lynn reported on the current status of the New Communities Program... which was created in 1970. The following is excerpted from the Secretary's statement:

To date, 15 commitments have been offered for projects with a peak population in 20 years of an estimated 870,000 on some 85,000 acres. These projects should demonstrate that large-scale development serving national goals of opening up a better living environment for Americans of all races and classes is possible.

Because of their large size and the relatively "clean slate" with which they start, and planning control by a single owner, new communities can present a valid testing ground for new ideas in solving urban problems. These communities are expected to provide jobs, housing, and other opportunities for a wide spectrum of people. We are studying new educational, health, cultural, and safety applications for wide-band cable TV; innovative internal transportation systems; vacuum solid waste disposal systems; and a proposal for the burning of solid waste to create heat, cooling, and electricity in a part of the country which is in an acute fuel crisis. To test new approaches to all new communities and continually reassess our way of doing things, we are undertaking research in economic and financial feasibility and in governance of new communities to assess the best ways of providing services and working with local governmental entities.

Although 12 of the 15 new communities are satellite developments, in or near suburban areas of major cities, we have approved two new-towns-in-town (Welfare Island, New York, and Cedar-Riverside in Minneapolis) and one free-standing new community (Soul City). We need to explore a full range of such developments. Our total guarantee exposure is now \$293 million of which \$197 million in bonds have actually been sold. This has had no adverse budgetary impact to date. Our revolving fund from fees and charges have accumulated some \$8 million which would be available for meeting defaulted payments on guaranteed debt, provision of technical assistance and services and other uses.

In light of the emphasis of the Administration on establishing a stronger role for the States in the New Federalism, it is entirely appropriate that we seek a stronger State role in the field of new communities. No other States have yet followed the lead of New York in actually creating a State land development agency which undertakes new communities, although several have been considering such legislation. All States have strong influence over existing and proposed new communities in that they establish the regulatory and tax framework in which they operate. We need to explore what is necessary to strengthen the direct role of the States in supporting existing and proposed new communities. The action should be consistent with Administration-supported legislation in improving State land use and environmental analysis, policy and regulation.

FYI



The American Bar Association... Annual Meeting... Washington, August 6-9. Details: Meeting Department, ABA, 1155 East 60th Street, Chicago 60637.

Land Development and Vacation Housing Conference... sponsored jointly by the University of Michigan's Industrial Development Division, American Land Development Association, and the Michigan Land Development Association... Bellaire, Michigan, August 14-15. Registration: University of Michigan Extension Services, Conference and Institutes, 412 Maynard Street, Ann Arbor 48104.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Washington, D.C. 20402

June 25, 1973
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HUD newsletter

OFFICE OF PUBLIC AFFAIRS
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July 2, 1973

Vol. 4 No. 27

Current Trends

Housing starts in May reversed a three-month downward trend and turned upward to an annual rate of 2.43 million units... compared to the 2.14 million rate in April... a 15.5 percent rise. It is expected that the total production of new housing for 1973 will be about 2 million units... below the level of 1971 and 1972... but still a healthy record by comparison with the 60's.

A major Chicago bank raised its prime rate to 7½ percent... a ¼ point rise over the prevailing level. Analysts predict this will spread to other cities.

A nationwide survey conducted by HUD, with the assistance of the Veterans Administration... at the request of the Committee on Interest and Dividends... showed effective interest rates on FHA and VA home loans closed during the first week of May averaged 7.74 percent, four basis points higher than the 7.70 percent rate in early April. For new commitments to homebuyers... the effective interest rate for FHA-VA loans rose to 7.71 percent in May, compared with 7.64 percent in April and 7.61 percent in March. Rates for loans on new homes continue to be higher than for loans on existing homes. The effective interest rate on FHA-VA new home loans closed in May was 7.81 percent, compared with 7.71 percent for loans on existing homes. Among major groups of mortgage lenders, effective interest rates on loans closed in May were: mortgage companies 7.84 percent; commercial banks 7.76 percent; mutual savings banks 7.38 percent; and savings and loan associations 7.57 percent.

The FHLBB has announced that effective interest rates on conventional home mortgage loans increased from early April 1973 to early May... following several months of relative stability. The rise reflected earlier increases in market interest rates and recent reductions in the flow of savings to savings and loan associations and other institutions that are major suppliers of mortgage funds. Last month's increase in the average effective rate was only 1 basis point for loans on newly built, single-family homes, but 7 basis points for loans on previously occupied homes and 9 basis points for combination construction-purchase loans. The national average effective interest rate charged borrowers purchasing newly built, single-family homes with conventional mortgages closed during the first five business days of May was 7.72 percent, 1 basis point more than in early April.

The results of the June 1 HUD opinion survey of mortgage market conditions again showed a decline in secondary market prices and another monthly advance in conventional home mortgage rates. The decline in the national average secondary market price for immediate delivery of HUD-insured 7 percent new-home mortgages with 30-year terms and minimum downpayments lowered the price to \$93.6 per \$100 of outstanding loan amount. This increased the equivalent gross yield to investors to 7.79 percent, a six-basis-point gain from May 1. The increases in these yields over the last four consecutive months have totaled 24 basis points. Funds for financing Section 203(b) loans were considered to be generally adequate by 93 percent of the HUD field offices, the identical percentage reported a month earlier.

Assistant Secretary for Housing Management H.R. Crawford has accepted membership on the Urban-Suburban Relationships Committee of the Boy Scouts of America. In accepting... Mr. Crawford informed BSA officials that he wants to expand HUD-BSA cooperation... not only in public housing, but in other inner city housing areas.

Secretary Addresses Mayors

Secretary Lynn appeared before the 41st annual meeting of the U.S. Conference of Mayors in San Francisco... and told the Mayors that continued criticism of President Nixon's New Federalism proposals, and particularly the proposed Better Communities Act, could place the program in jeopardy. *We run the terrible risk of having the New Federalism become a political football. I, for one, don't think it can take all the kicking around.* While a majority of the Mayors agree with the basic concept of the Bill... they feel that the plan for allocating some revenue sharing funds to States could deprive larger cities of some of the money they now get in categorical grants. In this connection... Mr. Lynn said:

I believe it is indisputable that our States must take on a substantial role in community development in the 70's. The differences in advantages and problems from State to State are substantial enough to dictate against HUD trying to decide what's best for each. On the other hand... the interrelationship of the advantages and problems of our central cities, their surrounding suburbs, exurbs, counties, and rural areas is such that coordination is vital and can be stimulated far better at the State level than by HUD.

Also... the new State community development role will undoubtedly result in keener awareness by States of the effect of their decisions in program areas where they already have substantial action. For example... highway location, environmental control, taxation, to name but a few. Such awareness cannot help but aid not only our urban areas but the State as a whole.

Of course, we also hear from 'the other side.' There are complaints from the States about the larger bulk of the Better Communities Act money passing through directly to the cities and counties I have urged the Governors to exercise restraint and as I said to them earlier this month: Just as... you have had cause to be frustrated and irritated by second guessing from the Federal bureaucracy, please consider that locally-elected officials... might, with equal justification, rightfully rebel against too much second guessing from the State Capitol... Out of an excess of zeal to serve the people, we must all be on guard against the mentality that we are the only ones who know what is best for them.



Mobile Home Survey Planned

Beginning next December... a new monthly survey of the mobile homes industry... to gather information on where such homes are being located... will be taken by the Census Bureau in cooperation with HUD. The survey will supply continuing statistics on mobile homes similar to statistics now provided by the Bureau on conventional housing. The decision to launch the survey indicates the importance of the mobile home industry which now supplies about one-fifth of the additions to the Nation's housing inventory and accounts for about one out of every three one-family dwellings. The survey was recommended by the President's Cabinet Committee on Construction.

First step will be a mailing of questionnaires to the manufacturers of mobile homes late next month asking for lists of the names and locations of their dealer outlets. When the lists have been compiled, a sample of the dealers will be selected and surveyed each month for information on the number and location of new mobile home placements. The statistics thus obtained will then be used to estimate national and regional placements of the homes. The bureau expects to publish the monthly reports with information on the number of mobile homes placed in the United States, in each of the four Census Regions (Northeast, North Central, South and West), and eventually for selected local areas where substantial numbers of mobile homes are being placed. Cooperating with the Bureau in this new project are a number of housing and other associations including the Mobile Home Manufacturers Association, State trade groups, State agencies, trade publications and other interested groups.

As is true of all Census data... any information supplied to the Census Bureau is on a confidential basis.

Housing Costs Almost Double in Two Decades

The Bureau of Labor Statistics has reported that in spite of various efforts to control inflation in housing... it cost almost twice as much to own a home in 1972 as it did in 1952. The actual increase was 91.7 percent. The increase covers purchase price, mortgage interest, maintenance costs, and property taxes... and is based on a national average. In many areas of the country the rise was considerably more.

The chief economist of the National Association of Home Builders... commenting on the upward trend... pointed to some individual components of housing costs as examples. In the past 25 years... land costs have gone up dramatically... he said... from an average of 11.6 percent for a typical house in 1946 to over 22 percent currently. In some areas... particularly those which have imposed limits on expansion of sewer and water connections... the increase in cost in such connections has trebled in just two years. In two counties adjacent to the District of Columbia... the cost of a sewer and water connection has risen to \$2,000. Interest rates on mortgages have gone up generally from 6 percent or under in the 50's to between 7.5 and 8.5 percent now. A New York builder... summing up the increases of the past 10 years... cited these figures: land up 50 percent... materials 46 percent... labor costs 40 percent.



A Unique Preservation Project

Grant assistance under HUD's Historic Preservation Program has been used for a wide variety of purposes... all aimed at preserving for posterity structures and places that have historic or architectural significance. A new "first" for the Program has now been approved... the funding for preserving a penal structure... the Old Pottawattamie County Jail in Council Bluffs, Iowa... the only remaining 3-level "Lazy Susan" correctional institution in the country. There were five other "Lazy Susan" jails in the U.S. in the late 1800's. The Pottawattamie building was built in 1885 and used until 1965. It is a 3-story building with 30 pie-shaped cells... designed to house 60 prisoners. The structure was designed with a hand-cranked ring-gear mechanism... making possible the constant surveillance of the prisoners by the jailer. At the time it was built in 1885 the *Council Bluffs Globe* called it "one of the most ingenious in the country"... and reported the building cost \$7,350 and the steel and iron work \$21,000.

In 1971... to save it from demolition... the City of Council Bluffs purchased the jail... and in 1972 it was listed in the *National Register of Historic Places*. An \$8,000 matching grant has been made by HUD to help restore the physical structure and furnish it in keeping with the 1880-1900 period. It will be open to the public when completed.



Environmental Study Approved

Environmental quality in the Nation's communities received a \$191,000 "assist" from HUD in the form of a research contract to improve HUD's own environmental assessment methods.

Michael H. Moskow... HUD Assistant Secretary for Policy Development and Research... said that Alan M. Voorhees & Associates, Inc., of McLean, Va., will evaluate the criteria, guidelines, and procedures now used by HUD in assessing the environmental impact of its activities, improve them as needed, and consolidate the resultant information. The Voorhees organization is an urban planning and engineering consulting firm. The final product of the study will be used by HUD staff in making environmental assessments required under the *National Environmental Policy Act*.

Information and materials developed under the contract will provide a better understanding of environmental problems and their interrelationships, and enable HUD to better identify and forecast the effects of Departmental actions.

For further information: Dr. Salvatore J. Bellomo, Alan M. Voorhees & Associates, Inc., Westgate Research Park, McLean, Virginia 22101.

Transit Study Progresses

The program to assess the community impact of the Bay Area Rapid Transit (BART) system has advanced to the operational stage following a year of preliminary planning and information gathering. Secretary of Transportation Claude S. Brinegar and HUD Secretary Lynn jointly explained that the lessons learned from the BART Impact Assessment Program could well be applied to other metropolitan areas. BART... the first regional rapid rail transit system to be developed in the United States in the past 50 years... covers a distance of more than 75 miles serving 34 stations in a three-county area in the San Francisco Bay Area.

"When BART was approved back in 1962, it was predicted that there would be a significant reduction in highway congestion as well as air pollution. Also, it was anticipated that the downtown area would be revitalized and that it would become easier for commuters... especially the disadvantaged ones... to get to and from jobs.

"Now, we will have a chance not only to document these effects but also to determine the long-range costs of a regional rapid rail system. Many Federal, State, and local agencies... as well as urban planners... are anxious to see what the \$1.4 billion investment yields in terms of urban effects."

The BART Impact Program will seek to determine how the system and related changes affect land use, travel and other economic activity; why some expected impacts occur or do not occur; and how maximum benefits can be realized from BART.

In addition to the DOT and HUD involvement, the BART Impact Program is supported by the State of California and advised by a prominent committee established by the *National Academy of Engineering*.

Housing Aid to Maine Indians



Most Americans think of Indian housing problems as occurring in the West... in such areas as Oklahoma, Arizona, or the Dakotas. However... HUD has just signed a contract providing housing and community facility assistance to two Indian Reservations in Maine. Climaxing two years of planning... the Manchester (N.H.) Area Office of HUD has approved a total of \$3 million in Federal funds to the Housing Authorities of the Passamaquoddy Indians in two Reservations... the Pleasant Point Reservation Housing Authority and the Indian Township Reservation Housing Authority. At Perry, Maine... within the Pleasant Point Reservation... 45 single-family housing units will be built in three locations. The homes... of three to five bedrooms each... will be provided to families under the "sweat equity" plan in which... each family helps construct its home by contributing a certain number of hours of labor... and receives credit for the "sweat equity" the work represents... in lieu of a downpayment. The Federal contribution toward the housing in the projects is \$1 million... in addition to a HUD sewer and water grant of \$360,000 and a neighborhood facility grant of \$33,000.

Within the Indian Township Reservation... 25 units of single-family housing... also in three locations... will be built under the mutual help program. Federal participation will exceed \$700,000 for the housing and \$360,000 for sewer and water. An application for a HUD neighborhood facilities grant is pending.

The housing in both Reservations is scheduled for completion this year.

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Current Trends

The Engineering News Record Index of Building Costs for June showed a national average increase in costs in the 12 months from June 1972 of 8.7 percent. Chicago and Cincinnati showed the smallest rise... 3.8 percent in each city. For the 20 cities covered... the highest increase was Minneapolis... which rose 12 percent.

After 16 years of steady decline... the farm population of the U.S. rose in 1972. The Census Bureau reports 9.6 million people lived on farms last year... an increase of 185,000 persons... and the first gain since 1955. Based on these figures... one American in 22 lives on a farm.

Federal Home Loan Bank Board has announced Federal S&Ls will be permitted to increase... from 75 to 80 percent... the maximum loan-to-value ratio on certain specified construction loans. The changes permit Federal associations to make combination permanent and construction loans up to 80 percent of the appraised value of properties such as high-rise apartment buildings including shopping facilities, fraternity and sorority houses, and dormitory and staff living accommodations such as offered at universities and hospitals. In addition, Federal associations may offer the borrower the choice of repaying loans on such units in monthly installments, partially amortized monthly installments, or fully amortized semiannual installments.

These Bank Board regulatory amendments were published in the June 20 *Federal Register*.

HUD's Office of Interstate Land Sales Registration has suspended sales at Castle Lakes in Yuma County, Ariz., for failure to provide complete information.

The developer... Columbia Development Corp... failed to mention pertinent material in filing an amended statement of record with HUD, including a date for completion of proposed recreational facilities and some essential data dealing with restrictions on the property. Also... the developer's advertising falsely described roads and a lake on the property, although they are only in the planning stage. The suspension will remain in effect until the misstatements and misrepresentations in the ads are cleared up... and complete and accurate information is supplied in the corporation's amended statement of record.



Four Mobile Home Manufacturers Among Fortune's 500

The tremendous growth of the mobile home industry is evidenced by the fact that four mobile home manufacturers were among *Fortune's* top 500 U.S. companies in 1972. They are Skyline, Fleetwood Enterprises, Redman Industries, and Champion Home Builders.

All four of the manufacturers were also listed in the top 11 corporations in 1962-72 earning-per-share-growth-rate. Redman ranked third nationally with a 57.68 percent average for the 10-year period... and Fleetwood with a 42.78 percent average, and Champion was ranked 11th nationally with a 32.20 percent, 10-year earning-per-share-growth-rate.

Under the category *The Highest Combined Return Percentage for 1962-72*, Skyline was ranked number one in the country with 53.92 percent average for the 10-year period. Both Champion and Fleetwood were also listed among the top 10 companies with the greatest sales increases—Champion with an 81.1 percent gain and Fleetwood with a 67.5 percent gain.

HUD Assumes Federal Disaster Assistance

On July 1... a new organizational unit... the Federal Disaster Assistance Administration was created within HUD... as a result of the President's Reorganization Plan No. 1 of 1973, to administer the *Disaster Relief Act* (Public Law 91-606, as amended).

These disaster relief functions will be organized under an Administrator who will report to the Secretary and Under Secretary. The personnel in the Office of Emergency Preparedness (now part of the Executive Office of the President) was transferred on July 1 to the FDAA. In the field... FDAA will have an office in all 10 HUD Regional Office cities.



Grievance Procedures Published

HUD has published final regulations on grievance procedures relating to the adequacy of replacement housing offered to persons displaced by urban renewal and other HUD-assisted activities.

The procedures were first published for comment on March 23. They appear in their final form in the June 7 *Federal Register*... and follow publication earlier this year of grievance procedures relating to the adequacy of claims and payments authorized in the 1970 *Uniform Relocation and Real Property Acquisition Policies Act*.



Municipal Rent Control Upheld in N.J.

Inganamort, et al. v. Fort Lee, et al. The New Jersey Supreme Court affirmed the trial court's opinion reported at 120 N.J. Super. 286 (Law Div. 1972). In a six-to-one decision... New Jersey municipalities were declared to have the power and authority, pursuant to the general police power provisions of the New Jersey Home Rule Act, to enact and enforce local rent control ordinances.



Tenant Council Helps Reduce Problems

The Manchester (N.H.) Housing Authority attributes a significant reduction in management problems to its Tenant Relations and Services activities and its Tenant Council. In the past two years... rent delinquency has dropped 45 percent; there has been a 40 percent decrease in the costs of breakage and vandalism; housekeeping has significantly improved; fewer calls have been made for police intervention; and cooperative programs with community agencies have helped both the public housing residents and the community as a whole.



Flood Map Project Approved

A \$933,272 joint HUD-Interior Department contract to identify flood-prone areas along 500 miles of rivers and streams in the Susquehanna River Basin has been announced. This is the first study of its kind to be undertaken on such a massive scale. The project is financed by HUD's Federal Insurance Administration, and will be managed by the Susquehanna River Basin Commission... of which Interior Secretary Morton... the Federal member... is chairman. Detailed maps will be prepared for 91 cities and towns bordering the Susquehanna and its tributaries in Pennsylvania, New York, and Maryland. The maps will form the basis for supplying technical data preliminary to establishing flood insurance rates and improved land use regulations for these high hazard areas.

The project is expected to be completed in 18 months, with priority given to Wilkes-Barre and adjoining towns in Pennsylvania's Wyoming Valley devastated last year by Tropical Storm Agnes.

In addition... using HUD emergency funds, New York State will finance a \$146,579 supplemental mapping program in eight areas, and Pennsylvania is extending the mapping project to 26 additional areas through a coordinated \$298,200 grant financed by the Appalachian Regional Commission.

Arizona Approves Uniform Tenant Act

Arizona is the first State to enact a law based on the *Uniform Residential Landlord and Tenant Act* which clearly defines the obligations of both landlords and tenants.

The bill parallels the recommendations for a uniform act made by the National Conference of Commissioners on Uniform State Laws... a group of lawyers from the 50 States, the District of Columbia, and Puerto Rico... which attempts to solve problems common to all states by recommending passage of concise legislation.

Similar laws are currently pending in several States, including California, Ohio, Oregon, Illinois, and Wisconsin.



Historic Mill To Be Restored at Laconia, N.H.

HUD's Manchester Area Office has given approval to a \$92,844 Open-Space Land grant for the restoration of the Belknap Sulloway Mill, Laconia, New Hampshire, which is listed in the *National Register of Historic Places*. This project will complement a sister structure, the Busiel-Seeburg Mill, restored with private funds on an adjoining parcel in the Winnepesaukee River, Urban Renewal area. Belknap Sulloway, was built in 1823... and its exterior will be completely restored and portions of its interior renovated to provide a cultural and civic center and house social service agencies of the Lakes Region. The Save-the-Mill Society... a non-profit group, will purchase the mill from the Laconia Housing and Redevelopment Authority and deed a preservation easement to the City of Laconia to ensure that the structure is maintained in its restored condition.



CEC/US Installs New Officers

The Consulting Engineers Council of the United States... comprising 2,600 consulting engineering firms in the 50 States... will consolidate with the American Institute of Consulting Engineers... effective July 1... under the name of the American Consulting Engineers Council.

William N. Holway, senior vice president of Benham-Blair & Affiliates, Inc., of Tulsa, Oklahoma, has taken over as president of CEC after serving as president-elect during the preceding year. He succeeded Nat P. Turner of Turner, Collie & Braden, Inc., Houston, Texas. Succeeding Holway as president-elect is Malcolm R. Meurer of Meurer, Serafini and Meurer, Inc., Denver, Colorado. He will become president of the Council in 1974.



Developer Enjoined

A preliminary injunction has been granted by the U.S. District Court for the Eastern District of Texas, (Texarkana), against John B. Stephens, Jr., doing business as Stephens Development Corporation. The HUD suit charges Stephens with selling lots in a subdivision known as "King's Country" in Franklin County, Texas, in violation of the Interstate Land Sales Full Disclosure Act. Stephens is charged with failing to register the development... as required under the Act; failing to furnish prospective purchasers with a printed property report approved by the Secretary of HUD... and with distribution of a document entitled *Property Report Required by Federal Law* which has never been approved by the Department.

"King's Country" is not registered... and the Department sought court action to protect the public. This is the first such injunction in more than two years. A trial will be held in the Fall, at which time the Court will determine whether to make the injunction permanent. In the meantime, "King's Country" is enjoined from selling land subject to the Act unless and until it complies with the full disclosure requirements. It is also barred from using and distributing the document called *Property Report Required by Federal Law*, and from selling any assets of the Stephens Development Corporation and/or "King's Country" without satisfying the requirements of the Act.

Urban Studies Proliferate in Colleges

A survey of State colleges and universities indicates a steadily growing involvement with urban problems. This has resulted in an increase in specialized academic programs and a proliferation of community service projects. Of the 200 institutions responding to a questionnaire of the American Association of State Colleges and Universities (AASCU)... 81 percent viewed urban involvement as a major or important function. Surprisingly... only 60 percent of the institutions were located in a metropolitan area... indicating that even non-urban colleges and universities regard urban problems as an important educational objective. During the 1972-73 academic year, 38 of the responding AASCU institutions offered degree programs in urban studies, ranging from the bachelor to the doctoral level. This compares to only 10 institutions granting degrees during the 1970-71 academic year. In addition... more than half of the institutions offer courses in urban studies... and urban centers are operated at 48 institutions.

The survey... including a comprehensive listing of the location of urban studies and community service programs... was published as part of the *Urban Affairs Newsletter*, a 130-page volume available at \$3 per copy from the Office of Urban Programs, AASCU, Suite 700, One Dupont Circle, Washington, D.C. 20036.



New York Still Largest

The recent realignment of Standard Metropolitan Statistical Areas by the Office of Management and Budget brought about some changes in individual SMSA totals. The New York area... which had a total of 11.6 million persons in the 1970 Census... has been reduced to just under 10 million in the realignment as a result of the transfer of Nassau and Suffolk Counties from the New York SMSA to the Long Island SMSA. This did not change the first place position of New York. The top 10... after New York... Los Angeles-Long Beach SMSA is second in rank... followed by Chicago, Philadelphia, Detroit, San Francisco-Oakland, Washington, D.C., Boston, Long Island, and St. Louis. Pittsburgh... which was ninth in 1960... fell to 11th place.



Urban Renewal Award

In a White House ceremony... the Portland (Ore.) Development Commission received the *American Association of Nurserymen's 1972 Landscape Award* for Pettygrove Park located in the South Auditorium Urban Renewal Area. Representing the Commission at the awards ceremony were the Commission's Chairman Elaine Cogan and Oregon Congresswoman Edith Greene.

The Landscape Awards Program is sponsored annually by the Nurserymen's Association to honor landscaping projects throughout the Nation which demonstrate high standards of design excellence. Pettygrove Park was one of the 22 projects selected out of 176 entries for the Association's highest honor.

Pettygrove Park... designed by San Francisco landscape architect Lawrence Halprin, who also designed the much publicized Forecourt Fountain, located in front of Portland's Civic Auditorium... is composed of an acre of grassy hilllocks, trees, and stonework laid out along meandering paths... is named in honor of Francis W. Pettygrove who named "Portland" after his former home... Portland, Maine.

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Current Trends

Anticipating an extension of FHA authority by Congress when it reconvenes, Secretary Lynn... on July 5... announced his intention of increasing the maximum allowable interest rate permitted for mortgages insured by HUD's Federal Housing Authority to 7½ percent. *This increase will keep FHA as a mortgage money source for American home buyers, and will sharply reduce the amount of 'points'—in effect, prepaid interest—people must pay in selling their homes at the present time,* stated Secretary Lynn. The new rate was determined after consultation with Donald Johnson, Administrator of the Veterans Administration, who simultaneously announced a similar increase action, the maximum allowable rate on FHA and VA mortgage loans was 7 percent.

Higher interest rate ceilings on savings deposits in banks and savings and loan associations have been authorized by a simultaneous action of the Federal Reserve Board, the Home Loan Bank Board, and the Federal Deposit Insurance Corporation. The rises permitted... will increase the present S&L ceiling from 5 to 5½ percent... and the bank rate from 4½ to 5 percent. A comparable increase is also allowed in Certificates of Deposit... and other long maturity deposits. The purpose of the increase is to encourage depositors to put more of their savings into this type of savings account... in order to step up the flow of available funds for mortgage lending.

The Federal Home Loan Bank Board released savings and loan operations figures for May... showing mortgages closed during the month came to \$5.20 billion... 9 percent higher than April... and 18 percent ahead of May 1972. Savings inflow for the month was more than double that of April... and came to \$1.8 billion. The comparable figure in April 1972 was \$2.14 billion.

New FHA mortgage insurance commitments have been temporarily suspended due to Congress recessing prior to extending the June 30 expiration date. Congress will reconvene on July 10. Applications are being accepted... but will not be processed until after an extension.

Housing authority bonds... totaling \$261 million... representing 34 local housing authorities... were sold last week... at an average net interest cost of 5.1851 percent... down from the 5.243 percent at the last previous sale on March 21. This was the 77th such sale since the program was initiated in 1951... and brings the aggregate amount marketed to date to \$9.5 billion.

The Fed raised its discount rate to 7 percent... and this was followed by a general increase in the prime lending rate of most major banks to 8¼ percent. Three-month Treasury bills rose to 7.34 percent... 1-year bills to 7.40 percent... and long-term Treasury bonds to 6.35 percent. Interest on high-grade utility bonds rose to 7.84 percent. Tax-exempt municipals went to 5.25 percent.

The Department of Commerce reported that May construction spending was at an annual rate of \$136.9 billion... up 2 percent over the revised April rate of \$134.6 billion. Both public and private construction spending were up.

Notes from Here and There

President Nixon has nominated and the Senate has confirmed Alberto F. Trevino, Jr. of Laguna Beach, Calif., to be General Manager of HUD's New Communities Corporation, which administers the New Communities Program. As General Manager, he will be chief executive officer of the Corporation.

Mr. Trevino has been president since August 1970, of Urban Interface Group in Laguna Beach. The company is a research and management organization specializing in urban development and urban planning. He has served as a consultant to the U.S. Cabinet Committee on Opportunity for the Spanish Speaking... and also a consultant to HUD in community development and industrialized housing. Mr. Trevino also served as chief planner for the Irvine Company, Newport Beach, Calif., from 1961 to 1966, and from June 1966 to December 1968, was manager of community research and planning operations for the Community Development Division, General Electric.

Mr. Trevino, a native of Los Angeles, received his Bachelor of Science degree from the University of California in Berkeley in 1957, and his Master's degree from the Harvard School of Design in 1958. He is a member of the American Society of Landscape Architects, the Harvard Club of Southern California, the University Club of Los Angeles, and served as a director of the Los Angeles National Bank.

Secretary Lynn has announced the appointment of E. Lamar Seals as Regional Administrator for the Southeast... which covers the States of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee. Seals, 35, has been Director of the Atlanta, Ga., HUD Area Office since shortly after its inception in 1971 and has been in charge of all HUD and FHA Insuring Office programs in Georgia since that date. Before that he served as Acting Area Director of the Atlanta Office and was responsible for planning and implementing the necessary actions leading to the establishment of the Area Office. Seals, a native of East Point, Ga., was Special Assistant to HUD Secretary George Romney in Washington, D.C., before returning to Atlanta in July 1971.



New Federalism Offers Opportunity

New Federalism offers black colleges an important opportunity and challenge to become involved in local and State decision-making, Clifford Graves, HUD Deputy Assistant Secretary for Community Planning and Management told the Black Colleges and Community Development conference of TACTICS (Technical Assistance Consortium To Improve College Services) in Atlanta.

Institutions of higher education have a vast reservoir of knowledge and skills on a wide range of problems confronting local and State governments. There is a need for skilled public administrators... a need that will increase as the trend toward increasing State and local government responsibility picks up its pace and that can be partially met by institutions such as yours by providing appropriate training.

By working with State and local governments, you can make a positive impact on local and State decision-making. Your institutions, he concluded, can and should get into the action.

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July 23, 1973

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT 4 No. 30

Current Trends

Amendments to Title 24 CFR... relating to nondiscrimination in federally assisted programs of HUD... were published in the July 5 *Federal Register* (page 17949). The amendments became effective on the date of publication.

Governor Rockefeller of New York signed a bill authorizing private mortgage insurance companies to insure low downpayment residential mortgages in New York State... effective July 1. General use of mortgage insurance came into being in the early 1930's... with the creation of FHA... and in recent years, State legislatures have broadened insurance provisions to permit insurance by private companies, as well as FHA-insured and VA-guaranteed mortgages. The approval by New York now makes this arrangement universal in all 50 States.

The FHLBB has dropped its earlier proposal for a "Variable Rate Interest" mortgage plan. It withdrew the proposal (*Federal Register*, June 20) because of lack of Congressional interest and consumer group objections.

The FHLBB also announced an amendment to its regulations to permit service corporation subsidiaries of federally chartered S&Ls to have offices anywhere in the country. The new regulation became effective on July 5... and removes the ban imposed in July 1971 on offices outside the home State of the parent association. Service corporations are permitted to engage in any Board-approved activities including redevelopment of inner-city housing. The number of service corporation subsidiaries a federally chartered savings and loan may operate is unlimited, but investment by a Federal savings and loan in subsidiary service corporations may not exceed 1 percent of assets.

FHA Title I property improvement and mobile home loans... in the first five months of 1973... exceeded the 1972 volume for the same period, both in number of loans and dollar amount. The number of loans increased 13 percent... and the dollar amount went up 24 percent.



Public Housing Study Moves Ahead

A major research and demonstration program designed to improve life in the Nation's public housing by upgrading public housing management and operations moves into the testing stage this week, following a year of planning and program design by 13 local public housing authorities. HUD Assistant Secretaries Michael H. Moskow and H.R. Crawford jointly announced a go-ahead for the second year of the HUD-funded program... enabling the housing authorities to put into effect new management techniques they believe will improve the daily lives of their tenants and enhance their job opportunities, while at the same time reducing housing management costs.

The HUD-assisted program was launched in June 1972... to provide more and better tenant services at lower cost through innovative approaches to the problems besetting public housing, such as vandalism, poor maintenance, lack of security, high operating costs, inadequately trained personnel, and lack of responsiveness to tenant needs. The results will be made available to all of the Nation's 2,600 local housing authorities.

The 13 authorities participating in the project are those in Washington, D.C.; Puerto Rico; New Haven; Richmond (Va.); Wilmington (Del.); Atlanta; Detroit; Hartford; Milwaukee; Worcester (Mass.); Dade County (Fla.); Greensboro (N.C.); and Hawaii.

Assistant Secretary Named

The President has nominated David O. Meeker, Jr. . . Deputy Mayor of Indianapolis . . . to be HUD Assistant Secretary for Community Planning and Development. Mr. Meeker, FAIA, spent 13 years with James Associates, Inc., architects and engineers, in Indianapolis . . . and assumed an active role in city affairs. . . becoming director of the Indianapolis Model Cities program in 1968. In 1969, he became acting director. . . and in 1970, director. . . of the Indianapolis Department of Metropolitan Development. In 1972, he was appointed deputy mayor.

Mr. Meeker, 49, spent nearly three years in the Army during World War II. . . and received his Bachelor of Architecture degree from Yale University in 1950. Soon after graduation, he served for a year and a half with the Army in Korea.

In 1961, he received a *Fulbright Fellowship for Advanced Study* and a *Royal Danish Government Fellowship for Advanced Research in Architecture*. He has held office and served actively in numerous professional and civic organizations. . . among them the Indiana Society of Architects, Indianapolis Chapter of American Institute of Architects, National Association of Housing and Redevelopment Officials, Indianapolis Urban League, Christian Theological Seminary, and Marion County Association for Mental Health.

Mr. Meeker has won numerous awards in architectural design, planning, and construction. . . and in 1969 was selected as the *Man of the Year in Construction* by the Indiana Subcontractors Association and was the recipient of the Good Government Awards in 1971 from the Indianapolis Jaycees. In 1973, he was named to the College of Fellows of the AIA.



Builders Look to Possible Cost-Cutting

Marsh P. Trimble. . . publisher of *Professional Builder* magazine. . . and executive director of the *Industrialized Building Exposition and Congress*. . . in announcing the next INBEX to be held in Chicago in November. . . said:

The homebuilder is keenly aware that he faces a diminishing number of buyers each time he increases prices.

Builders are geared to aggressive programs to control their costs with a variety of approaches, Trimble said. They are increasingly buying more factory produced components, package homes, and modulars to hold down the cost of construction. The average cost of a home reached \$34,000 in 1971 and this cost reflected all the basic parts which add up to the sales price. Here's the way the dollar was divided: 19.8% Land/Development; 26.2% Labor; 39.0% Building Materials; 3.3% Sales, Advertising; and 11.7% Overhead & Profit.

Last year (1972) in spite of the pressures of more than 2.4 million starts, builders had already begun to make progress in holding the price line. Increases over the previous year were well below Federal wage, and price control guidelines.

With fewer starts forecast for 1973 most builders are accelerating their cost control program to stay competitive and attract more buyers.

Almost half of all new housing now uses some form of factory produced components, package homes, or modules. Builders are finding that these factory methods help control their construction costs. And they also make it possible to build homes in less time with no compromise of quality. This results in a savings to builders on their construction financing costs.



FYI

National Association of Housing and Redevelopment Officials. . . Community Development Institute. . . Oakland, August 21-24. Registration: NAHRO Community Development, 2600 Virginia, N.W., Washington, D.C. 20037.

Coastal Zone Management Study Begins

A research and demonstration project to provide methods and guidelines for the integration of coastal zone management into the comprehensive land use planning process has been started in Long Island, N.Y. The two-year, \$467,000 project, assisted by \$309,000 of HUD funds, will be conducted by the Nassau-Suffolk Regional Planning Board. The Board will develop methods to integrate coastal zone management and a bi-county comprehensive development plan, evaluate the potential application of the experience to other urbanizing coastal areas, and prepare a report and guidelines for such integration which will be made available for national distribution.

The project will utilize an extensive base of scientific knowledge developed over an eight-year period by the Board's Regional Marine Resources Council and the extensive land use planning information supporting the comprehensive development plan. The project reflects the merging of the Nation's interest in protecting and developing the resources in coastal zones, as expressed in the Coastal Zone Management Act of 1972, with HUD's interest in encouraging consideration of environmental factors in community planning and management.

Indian Activities

The town of Santee Sioux, Nebraska... a mere crossroads a few years ago... is now enjoying a renaissance of activity as vigorous tribal leadership has taken advantage of various governmental assistance programs available to them. HUD activities include a Community Facility Center, a Comprehensive Planning Grant, 36 units of Low-Rent Public Housing completed and an additional 30 units nearing completion. The units under construction are being built by Winnebago Cedar Buildings, Inc., owned by the Winnebago Indian Tribe of Thurston County. The Omaha Area Office has worked closely with the Santee Sioux Tribal Housing Authority in providing training for, and assistance to, the management of these projects.

Also, contracts have been signed with the Bureau of Indian Affairs to provide HUD funds to assist all three Indian Housing Authorities in Nebraska in establishing tenant counseling programs. This will involve training the Indian tenants, some of whom have never lived in modern housing facilities before, in the areas of housekeeping, routine maintenance, nutrition, home economics, first aid, family budgeting, and other homemaking skills. Drawing on professional assistance from the Omaha Area Office... the counseling programs will work through local Indian staff personnel.

The first six months of the program will be aimed primarily at developing the capability of the Indian communities, working through the Housing Authorities, to coordinate into a coherent program all available counseling resources in dealing with the Department of Agriculture and University Extension Services, Environmental Health Services, the Sioux Planning and Developing Corporation, etc.

BOCA Elects

Clayton O. Diebel, the Director of Building and Safety Engineering of Suthfield, Michigan, was elected president of the *Building Officials and Code Administrators International, Inc.* at the organization's 58th Annual Conference in Philadelphia. Other officers elected are Fred J. Davis, Superintendent of the Building Department, Garden City, New York, First Vice President; Leo J. Cantor, P.E., Commissioner of Building, Richmond, Virginia, Second Vice President; William J. Kralj, Director, Department of Building and Zoning, West Allis, Wisconsin, Secretary; and Ottmar H. Becker, Commissioner of Public Works and Buildings, Country Club Hills, Illinois, Treasurer. The officers assume their duties July 1 and will serve for one year.

BOCA is a professional organization composed of code administrators, architects, and engineers. It is the oldest of the three model code organizations in the country... and is particularly active in the fields of code enforcement and community development.

Joint Offensive Launched

For the first time, State agencies have joined hands with the Federal Government in a concerted drive against swindlers in the billion dollar land sales industry. The agreement to mount the joint offensive was announced following a Federal-State workshop at HUD's Regional headquarters in Kansas City, Missouri.

The sessions were attended by representatives of 28 States. They unanimously agreed to set up a clearinghouse in HUD which would disseminate information on developers and salesmen who have tangled with the law... either Federal or State. The information would be made available on a monthly basis to all 50 States.

They also agreed to seek more uniformity in several areas covering State and Federal regulations... including identification of the property report as such... and underlining adverse information in red ink.

More than 20 States have enacted or are considering legislation establishing regulatory controls over property within their jurisdictions. Under the agreements reached in Kansas City... OILSR will supply the States with data on suspensions, notices of proceedings preliminary to suspensions, indictments, convictions, and other matters of concern to the States. In turn, the States will send to OILSR notices of their adverse actions against developers and salesmen.



New Publications

1973 Municipal Year Book... the 40th edition of this standard reference for those concerned with local government... 370 pages... 180 tables... 9" x 12" casebound. Price \$19.50... (\$18.00 if accompanied by cash). International City Management Association, 1140 Connecticut Avenue, N.W., Washington, D.C. 20036.

Things You Should Know About Home Buying and Land Title Protection... provides information for consumers and advises them against real estate purchases without first safeguarding themselves against title hazards. The folder is available free from the American Land Title Association, 1828 L Street, N.W., Washington, D.C. 20036.

Coordinating Federal Assistance in the Community... the first in a series of five studies focusing on the devices available to local and State governments in dealing with Federal programs within the Model Cities programs. The experience derived from Model Cities provides a valuable resource to local governments as they prepare for Community Development Revenue Sharing soon to be considered by Congress. The 83-page report is a joint product of the Department of HEW and HUD's Office of Community Development.

The report covers the critical issues of building local capacity in harmony with the current coordinating machinery... and discusses specific mechanisms available to local government... their use as management aids... and the impact of these aids in assisting local influence on Federal programs and the obstacles to local government leadership in using these methods effectively.

Available for \$1.50 a copy from the Superintendent of Documents, Washington, D.C. 20402.

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Vol. 4 No. 31

Current Trends

The Economics Department of McGraw-Hill... which issues the *Annual Dodge Construction Volume Estimate* every November... has issued a July update of its 1973 estimate. The estimated nonresidential construction contract value for 1973 has been raised by 13 percent over last November's figure... from \$27.1 to \$30.7 billion. Broken down... the figures predict a rise of 4 percent in office buildings... 16 percent for stores and commercial structures... 39 percent for manufacturing buildings... no change in educational... 5 percent in the hospital and health category... and 24 percent in other nonresidential buildings. In residential structures... the revised estimate shows a 1 percent drop from the November forecast.

Project notes totaling \$355 billion, representing 87 local issuing agencies, were sold on July 10... at an average interest rate of 4.9682 percent. The average interest rate for the \$383 million of project notes sold June 5, 1973, was 4.38 percent.

Shipments of mobile homes from manufacturers to retailers in May increased by 11 percent over May 1972. Mobile homes shipments in May 1973 totaled 57,290... compared to 51,820 homes delivered a year earlier. The cumulative shipment figure for the first five months of 1973 was 259,500... up 14 percent over the corresponding figure of 228,090 last year.

HUD's regular monthly survey of mortgage market conditions... conducted just prior to Secretary Lynn's announcement of his intention to increase the maximum allowable interest rate for mortgages insured by FHA... showed a drop in average secondary market home mortgage prices as of July 1. Nationally... the average secondary market price for immediate delivery of HUD-insured Section 203(b) 7 percent new-home mortgages with 30-year terms and minimum downpayments dropped four-fifths of a point to \$92.8 per \$100 of outstanding loan amount. This increased the equivalent gross yield to investors to 7.89 percent, a 10-basis point gain from June 1. Over the last five months, average yields on these mortgages have increased a total of 34 basis points. Adequate funds for financing Section 203(b) loans were reported by only 84 percent of the HUD field offices. This is the lowest percentage reported in over 2½ years. The survey also showed gains in the national average interest rates contracted to be paid by borrowers on conventional first mortgages. New-home contracts increased to 8.05 percent, with existing-home rates up to 8.10 percent. This was the fifth consecutive month in which rates were reported higher, and during this period the increase has amounted to 35 basis points on both new- and existing-home contracts.

Housing starts in June were at a seasonally-adjusted annual rate of 2.119 million units... a decrease of 298,000 units from the May 1973 rate... and a decline of 196,000 from the June 1972 level.

There is a general trend of increases in the prime lending rate to 8½ percent by banks throughout the country.

The Federal Home Loan Bank Board reported that average effective mortgage interest rates in June on conventional loans rose to 7.76 percent... compared to 7.71 in May and 7.55 in June 1972. The rate includes "points" and other initial charges amortized over a 10-year period. The June rate of increase was the largest since October 1972. HUD's survey of interest rates on FHA and VA financed homes paralleled the rise in conventional loans for June... showing a rate of 7.76 percent... compared to 7.74 in May.

Mortgage Funds Increase

Reports from various parts of the country indicate that the action of the Federal Home Loan Bank Board in raising ceilings on interest rates on deposits in savings and loan associations is achieving the desired result. There has been a substantial inflow of new deposits in the S&Ls... thus increasing the availability of mortgage money for home purchases. Of particular significance is the sizable increase in the large, long-term deposits... covered by certificates of deposit... on which some associations are now paying up to 8½ percent.



Conciliation Opens Up Housing

Literally thousands of housing units previously unavailable to minority group Americans have been opened as a result of HUD conciliation efforts... Dr. Gloria E.A. Toote... recently-appointed HUD Assistant Secretary for Equal Opportunity told the International Association of Official Human Rights Agencies in Atlanta. The former New York businesswoman and lawyer told the group:

We are pleased... though not completely satisfied... with the progress the Department has made in expanding the housing options for minorities. In actual cases of discrimination... HUD... through conciliation... has won the complainant the home of his choice. Those cases of discrimination not solved by conciliation have been settled by litigation. Of the more than 100 cases brought by the Justice Department to court... not a single one has been lost. In the area of expanding housing options for minorities... the Department has primarily used two legal tools... Title VIII of the Civil Rights Act of 1968, known as the Fair Housing Law... and an Executive Order which prohibits discrimination because of race, color, creed, or national origin in connection with federally insured and assisted housing and related facilities.

Dr. Toote also told of other areas in which the Equal Opportunity Office has achieved impressive results. Steps have been taken to insure a process in HUD which will allow for the involvement of minorities and low-income persons in all housing and community development programs. The Department has implemented a minority goals program, and all local and area insuring offices have been required to establish goals for minority business participation in subsidized housing programs.



Crime Insurance Inspections Available

Storekeepers will find it easier to purchase Federal crime insurance under a new regulation of the Federal Insurance Administration of HUD. Effective July 1, protective devices... which are a prerequisite to the issuance of insurance coverage against burglary losses on commercial properties... will be inspected free. Since HUD guidelines require applicants for Federal crime insurance to adequately secure their doors and accessible openings during nonbusiness hours, the inspection will enable applicants to know in advance whether they qualify for the insurance. Those who already hold Federal crime insurance policies may also obtain inspections at a nominal charge. If their properties do not meet the requirements, they will be given 30 days in which to qualify and all covered claims will be paid during the 30-day period.

Since there are no protective device requirements for applicants who want commercial insurance against only robbery losses, no inspection will be made for such policies.

The Federal program operates in Connecticut, Illinois, Kansas, Maryland, Massachusetts, Missouri, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, and the District of Columbia.

25 Named '73 Winners of AIA Scholarships

Twenty-five students who might not otherwise have attended college will enter schools of architecture next year as a result of the *American Institute of Architects Minority Disadvantaged Scholarship Program*. The students include 16 black, five Mexican American, and four Spanish-surnamed youths. Three are women. They represent 15 States and will attend 19 different schools of architecture throughout the country... schools among the most highly regarded in the profession.

The recipients were selected from among 102 applicants on the basis of need, scholastic record, and interest and experience in architecture. They were nominated by architects, AIA chapters, architecture schools, and high school guidance counselors. The 25 winners bring to 120 the total number of students who have been given an opportunity to obtain architectural educations as AIA Minority Disadvantaged Scholarship winners. However... this group is unique: it is the first whose scholarships have been financed solely by AIA members. Three previous groups of students received scholarships from a now-discontinued program sponsored jointly by AIA and the Ford Foundation.



Conserving Resources For Low, Moderate Income Housing

Ways of conserving natural resources and energy... cutting costs of operation... and increasing security of residents were explored at a recent seminar sponsored by the *National Corporation for Housing Partnerships* to study design elements that could provide better low and moderate income housing. A side-by-side refrigerator-freezer that uses 30 to 50 percent less electricity than competitors... water faucets and closets that require less water than others... and lights in valance brackets that are less tempting to vandals were three of the many products discussed. NCHP was created by the Congress to stimulate private enterprise to provide more dwellings for low and moderate income families. It is charged also with studying improved techniques and methods of construction.

Attending this session... besides participants from NCHP... were those from HUD, trade associations, property managers, architects, and others. Also considered were such additional subjects as kitchen planning, paints and finishes, trash and garbage disposal, heating and air conditioning, fuel selection, and laundry facilities.



20 Million Households Own Two or More Vehicles

20 million U.S. households... about 30 percent of the total... own two or more passenger cars, according to a Census Bureau report based on a July 1972 survey of motor vehicle ownership. About 33 million of the Nation's households owned only one passenger car... and about 15 percent reported ownership of a truck. In all... about 80 percent of all U.S. households now own at least one car.

21 percent of U.S. households owned at least one 1971 or 1972 model car, and 10 percent owned one or more imported cars, the survey also showed. Of 30 million 1969 or later model cars, about 23 million had been bought new by their current owners. Similarly, of the approximately 47 million 1968 or earlier models, about 15 million had been bought new by their current owners.

By regions... the numbers ranged from 26 percent for Northeastern households, to 33 percent for households in the North Central region... 30 percent in the South and 32 percent in the West. Imported cars in the West were owned by 18 percent of the households... in the North Central region, 6 percent... and, in both the Northeast and South, 9 percent.

Copies of the report, *Household Ownership of Cars and Light Trucks: July 1972, Series P-65, No. 44*, are available for 55 cents from the Superintendent of Documents, Washington, D.C. 20402.

Growth of Elderly Population to Fluctuate

While that segment of the population aged 65 and over has been growing at a rate faster than the population as a whole... the outlook for the future is for a fluctuating growth pattern.

In 1970, the Census counted 20.1 million persons 65 and over... or 9.9 percent of the total population. Between 1960-1970 the population of the U.S. grew 13 percent... and the elderly segment increased 21 percent... well below the growth rate of this age group from 1920 to 1950 (ranging from 34 to 37 percent).

The elderly population is expected to continue to show substantial increases through 1990—in the area of 16 to 18 percent per decade. But as a result of the rapid drop in births between 1920 and 1940... a sharp drop can be expected beginning about 1990. The outlook is for the elderly population to increase about 5 percent for the 1990-2000 decade and 7 percent between the years 2000 and 2010.

The situation will be reversed shortly after that, when persons born during the post-war “baby boom” of 1945-1957 start reaching 65, and the growth rate for this age group will again reach 30 percent between 2010 and 2020. After about 2020, the growth rate may be expected to fall off sharply again because of the falling birth rate during the past decade.

The 1970 census found that a large majority of older persons are women... with only 72 men for every 100 females in this age group.

States with the largest population also have the largest numbers of elderly: New York, California, Pennsylvania, and Illinois account for nearly one-third of the total population aged 65 and over. States with high proportions of older people (over 11.5 percent) are mostly those which have had heavy migration out of the State by younger people. This is true of much of the midwestern farm belt—Iowa, Kansas, Missouri, Nebraska, Oklahoma, and South Dakota—as well as some other States such as Maine and Arkansas.

Although many older persons retire and move to States with milder climates, the interstate migration rate for those 65 and over is quite low—1.4 percent of this age group moved in 1970-71, compared with 8.6 percent for people 20 to 24. Areas of mild weather do attract many older persons with the means to move there. In Florida, 14.6 percent of the population is 65 or over, the highest proportion in the Nation. The report also notes that generally the larger the town, the lower the percentage of elderly people. The highest proportion (13.6 percent) is found in small towns—rural places of 1,000 to 2,500 population. Next are towns of 2,500 to 10,000 followed in order by towns of 10,000 and over, central cities of metropolitan areas, other rural areas (the farm population), and suburbs of metropolitan areas.

The report... *Some Demographic Aspects of Aging in the United States, Series P-23, No. 43*, is for sale for \$1.00 from the Superintendent of Documents, Washington, D.C. 20402.



Notes From Here and There

West Virginia has amended its Human Rights Act by adding a prohibition against discrimination in housing because of “blindness.” The amendment will become effective September 4.

HUD has accepted the Virginia State Housing Law “as substantially equivalent to the rights and remedies provided in the Federal Fair Housing Law.”

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HUD

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August 6, 1973

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Vol. 4 No. 32

HUD Asks Reconsideration of Court Action

Secretary Lynn has asked the Department of Justice to seek a stay and reconsideration of the decision of U.S. District Court Judge Charles R. Richey of the District of Columbia ordering reinstatement of federally subsidized housing programs suspended last January. In his decision... Judge Richey called the action unconstitutional "because it is not within the discretion of the Executive to refuse to execute the laws passed by Congress but with which the Executive presently disagrees."

In asking for the stay and reconsideration, Secretary Lynn said: "Reinstating programs that we know involve substantial inequities and waste is not in the best interest of either the people we want to help obtain housing... or the taxpayers."



GNMA Aids Mortgage Funds Flow

New sources of funds for housing are now moving in sizable quantity into investment in "Ginnie Mae passthrough" securities and are helping to offset the recent tightening in mortgage money... Woodward Kingman, President of HUD's Government National Mortgage Association told a Buffalo business meeting.

Mr Kingman noted that while corporate pension funds previously had invested very little of their assets in mortgages... in the past three months over 80 percent of the sales of Ginnie Mae mortgage-backed securities have been to pension funds and other non-mortgage-oriented institutions.

These securities were developed during the credit crunch of 1969-70 to provide the mortgage market with a new source of liquidity. Totalling over \$7.5 billion in sales since that time... the pass-throughs actually represent shares in pools of mortgages insured by FHA, VA, or the Farmers Home Administration.

For pension funds and other buyers... they have three special advantages: the payback of both interest and principal is passed directly to investors on a monthly basis; they are Federally backed; and they trade just like stocks and bonds.



Career Guidance for Women Entering Engineering

A joint engineering conference on *Career Guidance for Women Entering Engineering* will be held during the week of August 19-24, at New England College, Henniker, New Hampshire. The Conference is co-sponsored by the Engineering Foundation, the Society of Women Engineers, and Engineers' Council for Professional Development, with the help of several professional societies.

The goal is to inform young women who are undergraduate students and those who may be contemplating studying engineering in college that engineering is a perfectly reasonable career for them to pursue, particularly if they have a natural bent in that direction. Role models will be presented in the form of practicing women engineers who are enjoying successful careers.

For further information and application forms: the Engineering Foundation, 345 East 47 Street, New York, N.Y. 10017.

Developer Again Suspended

Charnita, Inc., a resort development near Gettysburg, Pa., has had its sales suspended for the second time in 16 months by HUD because Charnita failed to report two adverse court actions in the *Statement of Record and Property Report* it is required to file with HUD.

One decision... by the Ninth Judicial District Court of Pennsylvania... prohibited the sale of certain lots on the property, and the construction of any building on the lots. The developer and its president, Elmer Warren, also neglected to inform HUD of a decision on May 3 by the U.S. Third Circuit Court of Appeals, upholding a Federal Trade Commission order against Charnita for violation of the *Truth in Lending Act*. The Federal court decision gave purchasers the right to demand a refund of payments on property they had bought for residential development.

Charnita had originally had its sales suspended by HUD in March 1972 for a previous omission in its *Statement of Record and Property Report*. This involved a decision by the Pennsylvania Department of Environmental Resources suspending permits for sewage disposal on Charnita property in Liberty and Hamiltonban Townships. The developer also is in trouble with the Securities and Exchange Commission. It is under another Federal court order to file a delinquent financial report with SEC by August 15.



FYI

Mobile Home Manufacturers Association and Recreation Vehicle Institute Industry Suppliers Show... Chicago, September 12-14. Registration: MHMA, P.O. Box 201, Chantilly, Virginia 22021.

American Public Works Association... Annual Convention... Denver, September 15-20. Information: Robert D. Bugher, 1313 East 60th Street, Chicago 60637.

National Recreation and Park Association... Conference... Washington, September 30-October 4. Details: Conference Manager, NRPA, 1601 North Kent Street, Arlington, Virginia 22209.

National Association of Home Builders... Fourth Annual Apartment Conference... Atlanta, September 9-13. Registration: NAHB, 1625 L Street, N.W., Washington, D.C. 20036.

International Federation for Housing and Planning... Annual Congress... Copenhagen, September 9-14. Details from the Federation, The Hague, Netherlands.

National Association of Housing and Redevelopment Officials... Biennial National Conference... Atlantic City, September 30-October 3. Registration: NAHRO, 2600 Virginia Avenue, N.W., Washington, D.C. 20037.



Households and Families

In March 1973... there were about 68.3 million households in the United States... about 4.9 million more than at the time of the 1970 Census. Of these... 46.3 million... or 68 percent... were husband-wife households. Another eight million, or 12 percent, of the households consisted of families with no spouse of the head present. The remaining 14 million were headed by primary individuals.

The average size of households in the United States in March 1973 was 3.01 persons, continuing the decline that has occurred since the decade 1955 to 1964, when the corresponding average was 3.33. The decline, in part, is due to the falling birth rate, reflected in a decrease of average number of persons under 18 years of age per household, and the increasing proportion of adults who live alone.

Minority Contractors Organize

The construction industry is booming... with a predicted 1973 volume of \$100 billion... and an expected increase of \$180 billion by 1980. Minority contractors have consistently been shut out of this market. Of all the construction firms in the country... 3.5 percent are minority-owned... and these do only one percent of the business. But this is 10 times what they did 10 years ago. This information is excerpted from a Ford Foundation release announcing a series of grants to assist formation of minority contractor associations.

The Foundation further states that minority builders have joined together to try to change the picture. Local associations have been formed in a number of cities to provide practical assistance to contractors... from giving them lessons in bookkeeping to helping them find sources of working capital. These efforts... along with loan funds and bonding guarantees from the Federal Government, banks, insurance companies, and private foundations... have enabled some minority contractors to gain a firm foothold in the industry.

In Kansas City the *Mo-Kan Minority Contractors Association* was formed in 1968. The change in fortunes for black builders in the area since then is impressive: Minority contractors in Missouri received a little more than \$2 million in new contracts in all of 1970. Today, in Kansas City along Mo-Kan contractors are averaging nearly \$1.5 million a month in new work.

Local associations similar to Mo-Kan began forming as early as 1965. The Ford Foundation helped fund four of the earliest efforts: Oakland, Cleveland, Boston, and New York. The most effective group was in Oakland, where 60 firms formed the *General Speciality Contractors Association (GSCA)* and increased their annual earnings from \$2.5 million to \$10 million within 18 months.

Another source of aid is the *Minority Contractors Assistance Project (MCAP)*, a Washington-based organization sponsored by the Ford Foundation. With the help of the Urban Coalition... MCAP was formed in 1970 to provide technical and financial assistance to local associations to help minority contractors get a bigger share of the market.

Funds for MCAP's national program... in addition to the Ford Foundation have come from the U.S. Department of Commerce's Economic Development Administration, and the Federal Office of Minority Business Enterprise. MCAP also received a loan of \$2 million from five life insurance companies (Metropolitan, Prudential, Equitable, New York Life, and Aetna) for a working-capital loan fund, 75 percent of which is guaranteed by the Ford Foundation, and \$600,000 from the Opportunity Funding Corporation (OFC) of the Office of Economic Opportunity to help secure bonds for contractors.



Notes From Here and There

William Lilley III, urban affairs authority, author, and educator has been appointed HUD Deputy Assistant Secretary for Policy Development. Dr. Lilley will serve in the newly-created position as head of the Office of Policy Development within the Office of Policy Development and Research. He has been serving as a consultant to HUD since February and now serves as Vice-Chairman of the Housing Policy Review Task Force.

Dr. Lilley will be responsible for analyzing and recommending national housing and community development goals; program policies and objectives; developing new or modified programs to carry out HUD's mission; and developing, with HUD's General Counsel, proposed legislation implementing new or revised policies and programs. His office will also be responsible for drafting the President's annual report to the Congress on National Housing Goals.

Project notes totaling \$581 million... representing 81 local housing authorities were sold on July 17 at an average interest rate of 5.10 percent... up from June's 4.341 percent. Average maturity of the notes sold was 6.4 months.

Publications Available

The Federal Grant Process... a 48-page HUD report covers the local use of Model City funds as a supplement to... and replacement for... categorical grant-in-aid funds. The supplemental funds were flexible resources provided to local government besides their usual funding under the *Model Cities Act*. The report examines the actual use of such funds... the relationship between supplemental funds and categorical programs... and funds that become part of local Model Cities programs.

Single copies may be obtained free by writing to: Director, Division of Evaluation, HUD, Rm 8140, Washington, D.C. 20410.

The Changing Demand for Local Capacity... the 12th in HUD's Community Development Evaluation Series... contains an analysis of development of local professional staff capacity for skills such as programming, gudgeting, resource allocation, and evaluation. It also examines the policy planning in which these new skills have been used.

The report began as an investigation of the staff capacity needs of Model City Demonstration Agencies. This led to the broader study of the skills required in local general government... and investigated the organization, process, and staffing for programming and policy planning in five cities: Memphis; Tucson; Pasco (Wash.); Tampa; and San Jose. Included are case studies of the organization and capacity building efforts in each of these cities.

Copies may be obtained at \$1.50 each from the Superintendent of Documents, Washington, D.C. 20402. Stock No. 2300-00209.

Obtaining Citizen Feedback: The Application of Citizen Surveys to Local Government... by Kenneth Webb and Harry P. Hatry... published by the Urban Institute. An introduction to a subject which is still new to most local officials... discusses how governments can set up a survey function... points out the limitations of more tradition sources of public opinion information: the mass media, pressure from special interest groups, citizen complaints, etc. Despite their usefulness... these sources of citizen feedback do not provide a representative picture of how well the government is serving the entire community... and the book recommends citizen surveys. 105 pages... \$1.95 paper... from Urban Institute, 2100 M Street, N.W., Washington, D. C. 20037.

Professional Builder Magazine has issued its 1973 Report on the Nation's *Housing Giants*. This is the seventh year of *Professional Builder's* compilation of the housing industry's giant companies. There are 419 firms qualified as "Giants" in this report, and they account for more than 26 percent of all new shelter units produced in the U.S. last year. Total sales of these giant builders exceed \$16.6 billion. Each company listed reported a 1972 dollar volume of \$10 million or more. For sale for \$2.00 from *Professional Builder*, 5 S Wabash Ave., Chicago 60603.

Selected Annotated Bibliography on Housing and Planning... HUD International Information Sources Series... May 1973. Free from HUD Office of International Housing, Washington, D.C. 20410.

HUD newsletter
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U.S. Department of Housing and Urban Development
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August 13, 1973

Vol. 4 No. 33

Financial System Changes Proposed

On August 3... the Treasury Department released *Recommendations for Change in the U.S. Financial System*... which included a Message from the President to the Congress... transmitting the recommendations. The recommendations cover basic and far-reaching changes in the various types of financial institutions in the country... and if adopted... will have a major impact on the financing of housing.

The proposals are divided into seven major areas:

- (1) Interest ceilings on time and savings deposits should be removed over a 5½ year period.
- (2) Expanded deposit services for consumers by federally chartered thrift institutions and banks should be allowed.
- (3) Investment and lending alternatives for federally chartered thrift institutions and banks should be expanded.
- (4) Federal charters for stock savings and loan institutions and mutual savings banks should be permitted.
- (5) Credit unions should be provided with greater access to funds.
- (6) FHA and VA interest ceilings should be removed.
- (7) The tax structure of banks and thrift institutions should be modified.

Copies of the report... *Recommendations for Change in the U.S. Financial System* are for sale by the Superintendent of Documents, Washington, D.C. 20402. Price 65 cents.



Significant Decision

Commonwealth of Pennsylvania, et al. v. James T. Lynn, et al. U.S.D.C., E.D. Pa., C.A. No. 990-73. The Court declared the Department's suspension of the Section 235 and 236 insurance programs and the Rent Supplement program to be unlawful and ordered the resumption and processing of applications. The Court held that Congress had mandated that the programs be operated on a continuing basis and stated that under such circumstances, the Executive lacked the Constitutional authority to suspend such programs, regardless of the fact that the suspension was imposed for program-related reasons. The Government asked the District Court for reconsideration of the matter... or in the alternative... for a stay pending appeal. This was denied. A motion to stay the judgment of the District Court pending appeal has been filed with the U.S. Circuit Court of Appeals for the District of Columbia.



Secretary Discusses Housing Status

Speaking before a businessmen's group... the Greater Baltimore Committee... Secretary Lynn repeated his earlier statement that the new Federal subsidized housing programs that will replace the programs suspended last January... will be disclosed by President Nixon no later than September 7. Referring to the reasons for the housing moratorium announced in January... the Secretary said: "It will cost \$65 to \$85 billion over the next 30 to 40 years to pay for the 1.5 million subsidized units we have built thus far. How does throwing good money after bad help to house low-income people? That is why the housing programs were suspended early this year."

Current Trends

A large number of banks have raised their prime rate to 8-3/4 percent. . . equaling the highest rate in history. At the same time, mortgage interest rates are currently bringing 8-3/4 percent in many areas. . . and industry officials are expecting a 9 to 9-1/2 percent rate in the near future. . . in those States where the usury laws do not prohibit such rates. The laws in many States limit the interest rate to 8 percent.

Following the action of the FHLBB lifting of the ceiling on the interest payable on long-term Certificates of Deposit in S&Ls. . . associations in many parts of the country have raised the interest they pay on \$100,000 4-year Certificates of Deposit to 8-1/2 percent. The removal of the ceiling has created what some commentators called "an interest rate war" and has led to the feeling that some type of corrective action should be taken. Meanwhile. . . both the Fed and the Federal Deposit Insurance Corporation. . . which control the commercial and savings banks. . . have proposed rules to limit the amount the banks can accept at higher interest rates. S&Ls are permitted to accept only 5 percent of their total deposits in the high-rate 4-year certificates.

The Federal budget deficit for fiscal year 1973. . . which ended on June 30. . . showed a marked decrease from earlier estimates. The deficit was \$10.4 billion below the amount estimated in January. Outlays came to \$246.6 billion. . . \$3.2 billion less than the January estimate. . . and receipts were \$232.2 billion. . . \$7.2 billion higher than the mid-year estimate in January. On a full-employment basis. . . the 1973 budget showed a \$1 billion surplus.

The FHLBB. . . in a move intended to free mortgage funds for immediate lending, cut from 6.5 percent to 5.5 percent the portion of assets S&Ls must keep as reserves. It is expected that this will free up as much as \$2.2 billion for the currently tight mortgage market.

West Coast lumber and plywood mills continue to quote lower prices for their products. Some plywood prices show a sharp drop from levels of a year ago.

Congress has passed and sent to the President an extension of the HUD-FHA authorization to insure mortgages to Oct. 1, 1973.

The *Dodge Index of Construction Contracts* for June reported contract awards for June totaled \$9.9 billion. . . up 19 percent from June 1972. For the first 6 months of the year. . . contracts rose 14 percent over last year's level to \$50.4 billion. Nonresidential construction in June was 24 percent over the 1972 activity. . . residential construction up 7 percent. . . and non-building (heavy construction, such as roads, dams, etc.) was 42 percent ahead of a year ago.

The registration statement of The National Housing Partnership-II. . . covering 6,000 units. . . has been approved by the Securities and Exchange Commission. Each unit. . . offered at a price of \$1,000. . . consists of limited partnership interests and rights to purchase 1974 limited partnership interests. The minimum investment is five units.

NHP-II is a limited partnership formed to invest in Government-assisted housing projects by purchasing from The National Housing Partnership (NHP-I) a portion of its interests in approximately 60 local housing partnerships located in 23 States. Their creation was authorized by Congress "to encourage the widest possible participation by private enterprise in the provision of housing for low or moderate income families."

The Veterans Administration resumed approving G.I. home loans following the President's signing of the bill extending VA's authority to set interest rates. The authority had expired June 30. The Veteran Affairs Administrator announced that he had established 7.75 percent as the new maximum interest rate on VA guaranteed, insured, and direct home loans. The new rate was set after consultation with HUD Secretary Lynn. The VA Administrator also noted that VA approved 362,000 home loans in the just-ended Fiscal Year 1973. . . the highest volume of G.I. loan business in 16 years.

Mobile Home Popularity

The July 1973 issue of *Banking*... the Journal of the American Bankers Association... in an article, *Mobile Homes Are Coming of Age*, says: "The mobile home may not be exactly 'mobile' but it has rolled a long way since 1960." The article goes on to analyze the reason for the popularity of the mobile home... relative low cost, convenience, etc. It then outlines the current situation regarding the financing of these homes. Stating that almost 50 percent of all single family homes sold... about 600,000 in 1973... are mobile homes... the article reports that outstanding loans on these units totaled approximately \$10 billion at the end of 1972. Mobile home financing began as a variation of an automobile loan, so that 80 percent of mobile home loans are held by the commercial banks and finance companies that ordinarily finance automobile purchases... but it has now become common for the long-term conventional mortgage-type financing used in traditional housing to be used for mobile units. As a result... S&Ls at the end of 1972 held about \$1.3 billion in mobile home loans.



New HUD-Census Annual Survey Announced

A yearly survey of America's housing that will provide data never before available on an annual basis has begun. The survey is a joint effort of the Census Bureau and HUD and is a response to a need for more frequent and up-to-date data on U.S. housing... considered a prime indicator of the Nation's economic health.

Heretofore, housing data have come only from the decennial censuses, irregular sample surveys, and one-time special studies. With regular annual surveys it will be possible to compare from year to year the number and types of housing, changes in the total housing units resulting from losses and new construction, the vacancy rate, the frequency of mechanical and utility breakdowns and other indicators of the physical condition of residential structures, as well as the characteristics of the occupants who move in and out over the years.

For the survey, a sample of 60,000 housing units out of the Nation's 68 million has been scientifically selected to represent a cross section of all housing. The sample was selected from 1970 census records and has been updated to include new construction.

Census Bureau representatives began interviewing the last week in July, and the work is expected to take about three months. Each household in the sample will be mailed an introductory letter prior to the interviewer's visit. For unoccupied units, information will be obtained from neighbors, landlords, and rental agents. The first report is expected in the Fall of 1974.



A 'Landmark' Decision'

In what lawyers for the homeowners called a "landmark decision"... Judge Gerhard Gesell of the U.S. District Court for the District of Columbia ruled that two savings and loan associations cannot continue to collect on notes owed them by victims of a home repair fraud, because the associations should have known their money was being misused. In *Claude L. Slaughter, et al. v. Jefferson Federal Savings and Loan Association, U.S.D.C., D.C. Civil Action No. 257-71*... the Court ruled that lenders may be partially liable for frauds committed against borrowers by a third party... and ordered the cancellation of unpaid indebtedness of 38 inner-city families. The Court also ordered partial restitution of some of the money already paid to the institutions.

In the decision... the Judge said that while the savings and loans claimed they were unaware that their funds were being used to defraud people... they chose to be ignorant by trying to insulate themselves from the realities of their activity. "Where lenders facilitate consumer credit financing," Judge Gesell said, "they must be held to a high standard of inquiry to make certain their services are not being misused by unscrupulous merchandisers... such as Monarch (the contractor)." The Judge further stated that the two lending firms cannot rely on their self-induced ignorance to put themselves into a legitimate position, but should have heeded many warnings of irregularity which even a limited inquiry would have readily disclosed.

Urban Fellowship Awarded

Award of Urban Studies Fellowships to 100 students working toward Masters degrees in urban studies has been announced by Secretary Lynn. Graduate students receiving the grants are enrolled in 46 colleges and universities across the Nation and come from 34 States, the District of Columbia, and the Virgin Islands. Over 900 applications for Fellowships were received by HUD for the 1973-74 academic year. Forty-three women and 37 Minority Fellows are included in this year's awardees.

Urban Studies Fellowships cover a wide range of urban-related fields of graduate study for qualified students preparing for careers in urban public service at the State, areawide, and local levels. Students pursue full-time degree work in studies involving social, economic, and physical development of communities and regions, with emphasis on coordination of all aspects of community development.

A majority of the grantees have elected to pursue Planning and Public Administration disciplines. . . 48 enrolling in the former. . . and 23 in the latter. Others are: Urban Law (9); Urban Sociology (8); Urban Studies (6); Architecture, Urban and Environmental Design (3); Urban Transportation (2); and Community Development (1).



Kentucky Adopts Reporting Requirements

The Kentucky Human Rights Commission has become the second State civil rights enforcement body in the Nation (the first was New Jersey) to adopt reporting requirements for multifamily apartment developments. Under the new regulations. . . owners of multifamily developments containing 25 units or more must file an annual report with the Commission concerning the racial composition of the units under management. The reports require information concerning the race of applicants for apartments, the race of leaseholders or condominium purchasers, turnover rate, tenant recruitment techniques, rental rates and apartment sizes, and such other information as the Commission deems necessary to effectuate the purposes of the State Fair Housing Law.



Japanese-American Discrimination Charged

A housing discrimination suit and a consent agreement have been filed by the Department of Justice against two southern California construction firms that operate apartment complexes in the Los Angeles area. The firms, Westside Building Co., and Santa Monica Construction, Inc., agreed to provide equal rental opportunities to all persons after being charged with refusing to rent to Japanese-Americans as well as blacks. It was the first suit under the Fair Housing Law alleging discrimination against Japanese-Americans.



Notes from Here and There

The President has designated Secretary Lynn as a member of the Council on Economic Policy.

Virginia Governor Linwood Holton has appointed Charles Foxx. . . a Norfolk real estate broker. . . to the five-man Virginia Real Estate Commission. He is the first black Virginian to be named to the panel.

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Current Trends

Money market rates continue to rise. Since the last auction... 3-month Treasury bills increased .09 percent to 8.03 percent for the week of July 20... up from 7.94 percent for the week of July 6. Many of the Nation's largest banks also raised their prime lending rate to 9 percent. Mortgage market yields reported by FNMA Regional Offices continued the upward trend with FHA/VA yields increasing .22 percent over the past two weeks and conventional yields increasing .30 percent. The average interest rate on new home mortgages in July rose to 7.84 percent... up from the 7.79 percent rate in June... according to the FHLBB. The latest sale of urban renewal notes sold at a record high interest rate. The 10-month tax-exempt notes of 84 local agencies... totaling \$268 million... carried an average interest rate of 6.107 percent... up from 4.968 last month. Some banks are paying as much as 10 percent on 1-year certificates of deposit. Bankers' acceptances... used primarily to finance goods in storage... or in transit in export or import transactions... were bringing up to 10½ percent on 180-day maturities.

GNMA will hold an auction of subsidized home mortgages on September 10. Any mortgagee approved by FHA is eligible to bid in the auction. A total of 11,800 mortgages... totaling approximately \$228 million... all bearing 7 percent interest, are insured by FHA under Section 235 of the National Housing Act, and cover new construction rather than existing homes. All mortgages offered are eligible for inclusion in pools of mortgages which support issues of GNMA-guaranteed mortgage-backed securities.



Rural Housing Report Issued

Rural electric cooperatives... the familiar... efficient suppliers of electric power to a generation of rural Americans, can be equally effective in helping farm families get more and better housing, according to a newly released HUD report.

Michael H. Moskow, HUD Assistant Secretary for Policy Development and Research, said production of more than 2,500 new homes for rural families in North and South Dakota, a result of co-op activities... assisted by HUD... proves that rural electric cooperatives can be "highly effective catalysts" for rural housing development under Federal housing programs. "They have the capacity to fill the leadership gap in rural housing development, and reduce the number of substandard housing units now found in rural areas... more than half of the occupied substandard housing in the entire Nation," Mr. Moskow said.

Part of this effectiveness stems from the close relationships that rural electrics have with their communities, and the co-ops' ability to work with all levels of government.

The project on which the report is based was conducted by the Basin Electric Power Cooperative of Bismarck, N.D., with a \$110,000 grant from HUD research and demonstration funds and \$60,000 of the cooperative's own money.

The Dakotas were chosen as the pilot area for the project because they are one of the most thinly-populated areas in the Nation, making them an ideal testing ground for development of a more effective delivery system for low-cost, federally assisted farm housing.

Limited supplies of the report, *The People's Housing Program*, are available from the Basin Electric Power Cooperative, Suite 614, Provident Life Building, 316 North Fifth Street, Bismarck, N.D. 58501.

Urban Conference Scheduled

An unusual meeting... the *Urban Technology Conference*... will be held in Boston from September 25 to 28. The session is being held in conjunction with the Annual Meeting of the International City Management Association, along with an unprecedented group of co-sponsors and organizers: American Institute of Aeronautics and Astronautics; Public Technology, Inc.; American Institute of Chemical Engineers; American Society of Civil Engineers; American Society of Mechanical Engineers; Institute of Electrical and Electronics Engineers; National Society of Professional Engineers; the Council of State Governments; the National Association of Counties; National Governors Conference; National League of Cities; U.S. Conference of Mayors.

Among the major subjects to be covered: Urban Technology Systems and Hardware; The New Federalism: Revenue Sharing; Urban Technology; Underemployment of Technology. Registration fee is \$10 at the Conference; \$5 if in advance to AIAA/UTC, 1290 Avenue of the Americas, New York, N.Y. 10019.



Architect Shortage Seen

The National Council of Architectural Registration Boards... which prepares the examinations for registration for 55 States and other jurisdictions... has conducted a survey of 10,000 architects who are NCARB certificate holders. The survey produced a number of interesting facts about the practice of these architects... and one significant statistic emerged... within the next few years, at the current rate of construction activity... there will be a 25 percent shortage of architects. This can be averted if the architectural schools will produce 7 to 8 percent more graduates each year. Currently... these schools graduate about 5,000 architects a year, but only about 4,000 of these enter the practice of architecture... the remainder entering other pursuits.



Publications Available

Trends in Federal Pollution Control... a 60-page booklet that analyzes what new legislation, regulations, testing procedures, and technology developments mean to industrial executives and environmental specialists. Covered are: recent Federal, State, and municipal election results and their implications; the fate of environmental legislation in the 92nd Congress, including a status board and synopsis of 82 key bills, 50 of which became law; roster of currently pending bills, breakdown of State pollution control expenditures, according to pollution sources, and a directory of State pollution control officials.

Available for \$2.75 from Environment Information Center, Inc. (EIC), Special Studies Dept., 124 East 39th Street, New York, N.Y. 10016. (212/685-0845)

The 1973-1974 Directory of the Society of Industrial Realtors lists the names, addresses, and telephone numbers of nearly 2,000 qualified industrial real estate specialists throughout North America. Industry executives may obtain a free copy of the *Directory* by writing to the Society of Industrial Realtors, 925 15th St., N.W., Washington, D.C. 20005.

HUD has published a report describing the design and development of 22 housing systems during Phase I of HUD's Operation BREAKTHROUGH. Titled *FEEDBACK*... the 258-page report traces the system design process from early objectives, through industry involvement, to selection of those housing-system producers whose design concepts later went into prototype units on nine BREAKTHROUGH sites in eight metropolitan areas across the country. The role of the National Bureau of Standards in developing guide criteria for evaluation of the BREAKTHROUGH systems is also covered. Final reports by individual housing system producers, complete with artwork illustrating innovative design features, make up the major part of the report.

Copies of *FEEDBACK* are for sale for \$2.50 each (\$2.85 postpaid) from: Superintendent of Documents, Washington, D.C. 20402.

Producers' Council, Inc....Construction Marketing Seminar. Designed to keep marketing, market research, and corporate planning managers up-to-date on what's happening and what is likely to happen in the market... Washington, September 19-23. Registration: CMS Registrar, 1717 Massachusetts Ave., N.W., Washington, D.C. 20036.

International City Management Association... Annual Meeting and Third Annual Urban Technology Conference... Boston, September 25-28. Sponsored by a dozen of the leading professional societies and State and local governmental associations. Details from: AAIAA/UTC Meetings Department, 1290 Avenue of the Americas, New York City, 10019.

American Institute of Architects... Seminar on Architects in Industry... Washington, October 1-3. Further information: Maurice Payne, Director of Design and International Relations, AIA, 1735 New York Ave., N.W., Washington, D.C. 20006.

American Bankers Association... 99th Annual Convention... Chicago, October 6-10. Registration: ABA, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

National League of Insured Savings Associations... Annual Meeting... New Orleans, October 21-25. Registration: NLISA, 1200 - 17th St., N.W., Washington, D.C. 20036.

Mortgage Bankers Association... Annual Convention... New York City, October 22-24. Details: MBA, 1125 - 15th St., N.W., Washington, D.C. 20005.

U.S. Savings and Loan League... 81st Annual Convention... Dallas, Texas, November 4-8. Registration: USSLL, 111 E. Wacker Drive, Chicago 60601.



An Interesting Local Agreement

An agreement between the cities of Battle Creek and Springfield and the townships of Battle Creek, Bedford, Emmett, and Pennfield was signed on July 2... creating the first Michigan interlocal public agency to be formed under the Urban Cooperation Act of 1967.

The Battle Creek Area Metropolitan Service Agency (AMSA) will have a central policy communications network, a single water and sewer system, a uniform building code, a single garbage and waste collection contract, and a united effort to solve the area's transportation problems under the pact.

Officials of the communities emphasized that AMSA is not metropolitan government and that each will retain control over its separate city departments. However... all will cooperate... and in some cases, merge their efforts in solving mutual problems.

Battle Creek's Kellogg Foundation was instrumental in assisting the area's elected officials to hammer out the cooperative agreement.



Florida Enacts State Land Law

Effective August 1, a new State law regulating the sale of land in Florida became effective. Among other provisions passed by the Legislature in 1973... the new laws forbid the sale of subdivided land by telephone... unless the purchaser certifies in writing that he has visited the property. The buyer must also be given a one-page sales "script" describing the property... and is given 90 days in which to change his mind. A.L. Baker... the Director of Florida's State Land Sales Division... stated that he expects the new requirements "to have a very dramatic effect on reducing fraudulent sales." One unusual aspect of the new provisions is the limitation put on the type of promotional material that may be sent to prospective buyers who haven't seen the land. Sales agents will be able to mail only a summary of one page... rather than the usual type of brochure or folder. According to the bill's sponsor... this should curb some deceptive practices.

An experimental rail shipment of 25 mobile homes and one travel trailer... from Elmira, New York to Granite City, Illinois... was successfully completed in four days. Generally... in the past... these units would have been moved over the road... and often encountered various problems. With the successful movement by rail... it is now contemplated that such transportation will be used to move mobile homes to storage centers and future disaster sites. The experiment was conducted by HUD's Emergency Preparedness staff.

The Philadelphia City Council is studying a bill that would permit tenants to unionize. Requested by the Tenant Action Group... a citywide coalition of tenant organizations... the bill would permit forming of a union where the majority of tenants so approve, giving them bargaining power with landlords on such matters as rents and apartment conditions. The bill would make no distinction between public housing occupants and those residing in the city's most fashionable towers.

HUD Regulations were amended... effective July 1, 1973... to provide for a change of the debenture interest rate from 5¼ percent to 6 percent. The new rate applies to all home and project mortgages and loans, except section 221(g)(4), endorsed or committed on or after July 1, 1973. Debentures bear interest at the rate in effect at the date of commitment or endorsement for insurance, whichever is the higher.

The Secretary has announced the appointment of Robert R. Elliott as Deputy General Counsel of the Department. Mr. Elliott, 32, was a partner in the Washington law firm of Hill, Christopher and Phillips, where he represented the Federal Home Loan Mortgage Corporation. He did extensive legal work in establishing nationwide secondary markets for conventional, FHA, and VA mortgages. Mr. Elliott has been active in the Inter-American Council of Housing Attorneys, which is studying the creation of an international secondary market for mortgages in Latin America. The Council is also studying the improvement of land transfer systems in Latin American countries. A native of Buffalo, New York, Mr. Elliott received his A.B. Magna cum laude from Harvard College in 1963 and J.D. from Harvard Law School in 1966. During the following year, he studied law and economics as a Doherty Fellow in Chile. Mr. Elliott in 1968 helped create the National Economics Club, a group of about 1,000 government and private economists, and is an active member of the organization.

Two representatives of the Spanish Ministry of Housing recently arrived at HUD to study the programs and business procedures used by the Federal Housing Administration in its daily operations. The two are visiting HUD under the cooperative program between the Department and the Spanish Ministry. Following a one week orientation of FHA operations... they will spend two months working with FHA officials in the Puerto Rico Area Office in San Juan. The U.S.-Spanish cooperative program seeks to achieve the maximum exchange of experience in the areas of housing, market analysis, financing, regional planning and management, statistics, data processing, and urban information systems.

A recent tabulation of mobile home loans insured by HUD shows 57 percent of the mobile home buyers using FHA financing are under the age of 30; 36 percent are under 25.

A recent review of 63 HUD-conciliated Title VIII cases during the first six months of calendar 1973 shows that compensation in the amount of approximately \$40,000 was awarded to complainants. The average settlement was \$622.

HUD newsletter

OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280



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Current Trends

On August 10... President Nixon signed the legislation restoring FHA's insurance authority which lapsed on June 30. FHA once again may insure mortgage loans on single and multifamily dwellings... at a maximum interest rate of 7½ percent. The FHA authority is also renewed for insurance of loans under Title I of the Housing Act (home improvements and mobile homes). Because there are variations both in the types of housing programs involved and in the processing stages which applications for mortgage insurance may have reached prior to the expiration of the FHA authority, homebuyers, borrowers, lenders, and developers are advised to consult with their respective HUD field offices to determine what rules are to be applied to them. The new legislation extends FHA's authority until October 1, 1973.

The cost of borrowing money is now higher than ever before in history. The Fed raised its discount rate to 7½ percent... up 3 percentage points since the first of the year. The prime rate at banks is now 9¼ percent... Treasury bills set a new record... 8.943 percent on 3-month maturities... higher on 6-month bills. A year ago 90-day bills carried a 3.9 percent rate. Long term rates have gone up less dramatically. Corporate bonds are still bringing less than the 9 percent plus that was common in 1969-70. Many commentators are calling this a "money-cost crunch... not a money-supply crunch." This view of the current market situation was reflected in a *New York Times* article titled "This Crunch is Different." Comparing the present situation to the happenings in 1966 and in 1969-70, the article said: *Loans cost plenty, but the money is available. This time the interest rates are higher than ever before... but the money is there if borrowers are willing to pay a stiff price for it.*

Commenting on the current mortgage situation... Thomas R. Bomar, Chairman of the Federal Home Loan Bank Board... gave a pessimistic view of present conditions. In spite of the record high rate of interest being offered on both regular passbook deposits and long-term certificates of deposit... thrift institutions are losing deposits at a very fast rate. The drop in deposits in July was \$500 million... and the outflow is continuing this month. Interest rates on mortgages have reached 9 percent in some areas. So far, according to the FHLBB Chief, no actual shortage of mortgage money has occurred, but there is a general slowing down of new commitments by lenders... a greater conservatism in making loans... and, of course, a substantial increase in cost.



Significant Decision

Lhotka v. National Homes Corporation, U.S.D.C. No. Dist. Ill. 72-C-2355. The defendant agreed to pay \$12,000 in damages to settle a suit brought by a former salesman... Richard A. Lhotka... who alleged he was fired for selling a home in an all-white complex... the Belaire subdivision, Sauk Village, Illinois... to a black family. The suit... filed by the Leadership Council for Metropolitan Open Communities, charged that Mr. Lhotka's civil rights had been violated because he was under direct orders not to sell to black persons.

The defendant homebuilder made the settlement without admitting any discriminatory conduct... and also agreed to provide equal housing opportunities in the future in compliance with the 1866 and 1968 Civil Rights Act.

HUD Helps Community Revival

From time to time, the *Newsletter* has reported on HUD-assisted projects that have had a significant impact on local conditions. Here are a few more instances:

In Kansas City, Mo., the neighborhood around 12th and Vine Streets shares... along with Beale Street in Memphis... the reputation as "The Birthplace of Jazz." The area was also the birthplace of Charlie "Yardbird" Parker... one of the "greats" of the early jazz era. A HUD-assisted renewal project in the area... which has removed the run-down, blighted structures and replaced them with new housing... has been named "Parker Square." Some of the new streets in the area have been renamed for outstanding jazz musicians... Ella Fitzgerald Lane, Basie Street, Moten Place, Gillespie Place, and Mary Lou Williams Lane. At a recent dedication of a new 204-unit HUD-assisted garden apartment house... Count Basie, Dizzy Gillespie, and Mary Lou Williams were on hand as invited guests.

Sioux Falls, South Dakota has used a variety of HUD programs to achieve a revitalized downtown. A combination of private investment and public renewal is bringing many jobs, new businesses, and new pride to the city. While the redevelopment has been underway for two years... the most active year for downtown Sioux Falls will be 1973. Street work and parking areas were accomplished in 1971 and 1972. The downtown mall, new parks, and several new buildings are scheduled in 1973. A new park building, high-rise for the elderly, Holiday Inn, convention center, new library, and new courthouse plaza office building have given the downtown area a dramatic facelift.

Wellston... an economically depressed area in St. Louis County... recently had a ground breaking ceremony for a 150-unit Turnkey project... the first major residential construction in the city in 25 years. The project is part of an overall HUD-assisted neighborhood improvement program... rather than an isolated or "shotgun" building effort... and includes a number of buildings on various vacant scattered sites. High-rise elderly housing, townhouses, single-family detached housing, and vest pocket parks are among the improvements... along with a sewage system. HUD was instrumental in arranging an unusual credit plan for residents of the renewal area... a local hardware firm has agreed to provide interest-free loans of up to \$600 to finance home repair or modernization contracts.

In Denver... on a site once occupied by the historic Windsor Hotel... built by Silver King H.A.W. Tabor... a \$5 million housing and shopping project has been opened. Known as Sunset Park... the complex goes beyond the usual living accommodations for the elderly. In a 13-story apartment tower... sponsored by the Denver Post of the Volunteers of America... a full range of apartment living, social, recreational, leisure, and medical facilities is provided. Tenants must be over 62... and maximum rent is \$114 monthly. The 2-acre plot is only 43 percent built on... the remainder is open space.



Discrimination Study Announced

A study of discrimination in public housing programs... which has contributed to a shortage of low-income housing estimated to be 9 million units... will be undertaken by the Twentieth Century Fund. The Research Director for the study will be Alexander Polikoff, a Chicago lawyer who has been a leading figure in the celebrated Gautreaux suit against the Chicago Housing Authority for its allegedly discriminatory housing policies. The work is scheduled for completion in 1974.

Although the Gautreaux litigation will be at the core of the work, the study will be a far ranging investigation of the sources... economic, political, social... of public policies on public housing in Chicago over the past 20 years. While the public housing situation in Chicago is unique in some respects, it also involves issues faced by low-income housing programs throughout the United States.

This study on public housing is one of a series of projects sponsored by the Twentieth Century Fund, dealing with the urban crisis. The Fund is a research foundation concentrating on objectives and critical studies of major economic, political and social issues and institutions.

Publications Available

The First Annual Report of the Experimental Housing Allowance Program ... prepared by the HUD Office of Policy Development and Research. Reports on the activities of HUD in carrying out... on an experimental basis... a program to demonstrate the feasibility of providing low-income families with housing allowances in obtaining housing of their choice. The program was undertaken pursuant to Section 504 of the Housing Act of 1970. Single copies available free from HUD Distribution Center, Room B-258, Washington, D.C. 20410. Ask for publication No. HUD-PDR-29-6.

Special Report on Techniques of Aided Self-Help Housing... describes some successful self-help housing programs carried out under the Agency for International Development, United Nations, and various housing development agency programs. Prepared by Ervan Bueneman, newly-named Director of the European Operations Office of the International Cooperative Housing Development Association (ICHDA), the report describes self-help housing programs in West Germany, Puerto Rico, the Eastern Caribbean, Central America, East Africa, and the Virgin Island. Reaves Nahwooksy, Special Assistant in HUD's Office of Equal Opportunity, prepared "The Indian Reservation Housing Problem" section reviewing the types of public housing programs for Indians, and Indian housing in California.

The 24-page report can be obtained free from the Office of International Affairs, Information Services Branch, Room 4140, HUD, Washington, D.C. 20410.

Report of the Task Force on Improving the Operation of Federally Insured or Financed Housing Programs... a three-volume work by a group of distinguished Americans. The report was prepared for the Secretary of HUD under the auspices of the National Center for Housing Management, Inc... a non-governmental, non-profit, institution established in April 1972, by an Executive Order of the President. The analyses and conclusions contained in the report do not necessarily reflect the views of the Department or the Center, but are solely the responsibility of the Task Force. The Department has given permission for the publication of the full report. Published in three volumes... Volume I, *Single Family Housing*; Volume II, *Public Housing*; Volume III, *Multifamily Housing*. \$10 per volume plus 75 cents shipping for each. \$20 for the three volumes. From the NCHM, 1133 - 15th St., N.W., Washington, D.C. 20005.

1973-74 Advertising & Marketing Fact Book for the Housing & Light Construction Industry... written specifically to meet the needs of advertising and marketing personnel in the building industry. Its purpose is to provide in one convenient volume many of the basic facts necessary for making marketing decisions in this industry. Single copy price is \$5.00. Discount for multiple copy orders. From Professional Builder Magazine, 5 South Wabash Avenue, Chicago, Illinois 60603.

Beginning with the May-June 1973 issue of *Housing and Planning References* listings of HUD-sponsored Comprehensive Planning (701) Reports by topic and location will be included.

The topical index will use the KWIC (*Key Word in Context*) system, which indexes each key word in the title. The Comprehensive Planning Reports indexes normally comprise about one-quarter of the contents of the bimonthly... which also analyzes approximately 1,000 recent books, reports, and periodical articles. An exception to this will be the July-August 1973 issue... which will consist entirely of Comprehensive Planning (701) Reports with KWIC and Geographic indexes... bringing up to date the record of such HUD Library's holdings.

Housing and Planning References is available from Superintendent of Documents, Washington, D.C. 20402. Subscription is \$9.00 a year for six issues; foreign mailings are \$11.25.

Notes From Here and There

More than 80 Local Housing Authorities in 30 States now have tenants on their boards of commissioners. The Denver Housing Authority is the latest to have a tenant on its board. The new board member, who was appointed by the Mayor, is also chairman of the Central Resident Council. . . which represents all the Denver public housing projects.

The *National Association of Real Estate Brokers, Inc.*, has received a \$154,000 contract from the Office of Minority Business Enterprise to recruit and train minorities for work in the real estate industry. NAREB. . . among the Nation's prominent professional associations for real estate practitioners. . . is predominantly black. Its members are known as Realists. The grant represents a 10-year effort by the Association to secure funds for its educational and training program.

A \$30,000 HUD research and demonstration grant has been awarded to the State of Vermont for testing several alternatives to the current property tax as the source of local government finance. The State will provide \$22,500 in matching funds. It is anticipated that the work by Vermont over the next six months will be significant to other States and local governments weighing alternatives to the existing general property tax. A blue-ribbon committee of nationally recognized tax and development experts will be enlisted to advise, monitor, and evaluate the research program. If the project design phase of the program is acceptable to Vermont and HUD, the Department will provide additional assistance to perform the actual research.

A cooperative effort has been initiated between the Florida State Employment Service and the Jacksonville HUD Area Office, to extend employment services to LHAs and other HUD-assisted multifamily housing throughout the State of Florida. The venture will seek to training housing management staff in all manpower services; assign an employment counselor to visit housing areas on a regular basis to provide on-site job counseling; recruit female heads-of-households into job training programs; and train some residents to be extension field workers in the housing project area.

The Philadelphia Housing Authority has employed more than 150 of its tenants for the summer. Because the Authority is now collecting 100 percent or more (arrearage) of its rent, it is possible to involve the unemployed (especially youth) for improved services to all LHA tenants. The Housing Authority has hired more than 40 parents as aides to assist the summer day-care programs. One hundred and ten young men are working with the Neighborhood Youth Corps assisting the Maintenance Division in keeping the lawns mowed and trash cleaned up. This is a huge step forward for the Authority in that only eight months ago more than half of their tenants were delinquent in their rents.

FYI



A/E Contracting Course. . . sponsored by American Institute of Architects, American Consulting Engineers Council, American Road Builders Association, American Society of Civil Engineers, National Society of Professional Engineers. . . St. Louis, October 8-10. A concentrated course in the techniques of obtaining, negotiating, and operating under A/E contracts. Registration: Federal Publications, Inc., 1725 K St., N.W., Washington, D.C. 20005.

Producers' Council. . . National Members' Conference. . . Cincinnati, October 15-18. Registration: Producers' Council, 1717 Massachusetts Ave., N.W., Washington, D.C. 20036.

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September 3, 1973

Vol. 4 No. 36

FHA-VA Interest Rate Increased

Secretary Lynn announced an increase to 8½ percent in the maximum allowable interest rate for mortgages insured by HUD's Federal Housing Administration... effective August 25. The new rate was determined after consultation with Donald Johnson, Administrator of the Veterans Administration, who simultaneously announced a similar increase in the allowable rate for GI home mortgage loans. The previous rate for FHA and VA mortgages was 7¾ percent.

Secretary Lynn pointed out that the current rate is lower than the effective market rate of interest. "As a result," he said, "lenders tend to avoid FHA-VA mortgages and reduce the effectiveness of the FHA-VA programs and the availability of such financial help to prospective homebuyers."

The increase in the maximum allowable rate... Mr. Lynn went on... will keep the FHA-VA as a mortgage money source for American homebuyers.



Current Trends

A 9½ percent prime rate... the highest in history... and a full percentage point above the previous high in 1969-70... has been announced by a number of major banks. Bank spokesmen predict a probable rise to 10 percent... or even higher... in the near future.

New single-family home sales in 1972 totaled 718,000... according to a joint HUD-Department of Commerce report. The value of the housing was \$21.9 billion. The 1972 number of homes sold was 9 percent above 1971... and the average price of the homes sold in 1972 was \$30,500... 8 percent higher than the previous year. The floor area of the homes remained virtually unchanged from 1971 to 1972... 1,590 square feet. Highest average sales price was in the Northeast... \$35,700... and the lowest in the South... \$28,500.

The Commerce Department reported private housing starts in July were at a seasonally adjusted rate of 2.176 million units... 4 percent above June's 2.093 million units... and 3 percent below the July 1972 figure of 2.244 million units. Building permits in July were 1.816 million units... down 10.5 percent from June's 2.030 million... and 17.3 percent less than the July 1972 rate of 2.195 million.

Project notes totaling \$405 million... representing 61 local housing authorities... were sold on August 14 at an average interest rate of 6.16 percent... up from July's 5.10 percent. Proceeds of the sale will be used to reimburse the Federal Government for funds advanced to local authorities and to refund maturing notes for low-rent housing projects. Average maturity of the notes sold was 6.6 months.

Mortgage interest rates increased in July... while secondary market prices on HUD-insured mortgages dropped... resulting in a rise in equivalent gross yield, according to HUD's latest survey of mortgage market conditions.

For the sixth consecutive month... the survey showed increases in the national average interest rates to be paid by the borrowers on conventional first mortgages. But new-home and existing-home rates increased to 8.40 percent. Area increases ranged from 25 to 40 basis points higher than last month with the Northeastern portion of the country reporting rates below 8 percent... where usury laws undoubtedly were a determining factor in lower rates there and nationally.

GNMA Securities Help Mortgage Flow

In fiscal year 1974, over \$3 billion of "Ginnie Mae pass-through" securities are expected to be issued under the guaranty of GNMA... in a program which becomes increasingly significant as the traditional sources of mortgage credit continue to tighten.

Assuring a steady volume of FHA and VA mortgages as backing for these securities... GNMA will sell more than \$2 billion of these mortgages during FY 1974 in regular monthly auctions... it was announced by Woodward Kingman, GNMA president, at a luncheon meeting of the New York Financial Writers Association.

During the first three years of the mortgage-backed securities program, Mr. Kingman said, about two-thirds of the sales were to thrift institutions which at that time had heavy cash inflows. However... during the past four months... over 80 percent of sales... or about \$1 billion... have gone to pension funds or other non-mortgage oriented institutions.

In the fiscal year ending on July 30, 1973, total sales came to \$2.5 billion in pass-through securities, and \$1 billion in bond-type securities. In the coming fiscal year the pass-through security issues should increase by \$.5 billion and bond-type issues should hold steady, bringing combined sales to over \$4 billion.

In its Tandem Plan activities during the past fiscal year, GNMA made total commitments of \$4.8 billion, comprising \$3 billion for subsidized mortgages, and \$1.8 billion for unsubsidized mortgages. In FY 1974... GNMA is authorized to make commitments of \$1.9 billion for subsidized mortgages only.

Under the Tandem Plan, GNMA commits to buy, or buys, mortgages from private lenders at prices favorable to the sellers of the mortgages. Then, working "in tandem" with FNMA or other investors, GNMA sells the mortgages or commitments at prevailing market prices and absorbs any difference between its committed prices and market prices. In FY 1973, GNMA sold in auctions a total of \$1.1 billion of mortgages purchased under the Tandem Plan, and an additional \$1.2 billion of mortgages from the GNMA portfolio.

The mortgage-backed securities program was developed in early 1970 to provide the mortgage market with a new source of liquidity. In its operation, private mortgage lenders pool FHA and VA mortgages and sell securities against them. Now totaling over \$7.8 billion in sales, the pass-through securities offer these advantages to pension funds: the payback of both interest and principal is passed directly to investors on a monthly basis; they provide an attractive yield and are guaranteed by the full faith and credit of the U.S. Government; and they are traded by investment firms just like stocks and bonds.



BART Impact Program

The BART Impact Program... a study of the San Francisco Bay Area Rapid Transit (BART) System upon regional development... is being supported by HUD and DOT. The long-term, policy-oriented program is designed to answer (1) what are the impacts of BART on travel conditions, economic activity, land use, and urban development, environmental qualities, life styles, and public policy; (2) why did they occur; and (3) what should be done as a result of the findings. The program is now in the operational stage following a year of design and pre-BART information gathering.



Fire Station Location Study

With support from HUD... Public Technology Inc., and the National Bureau of Standards have cooperatively developed a computerized program to pinpoint the best location for fire stations to assist local governments in deciding on their fire department operations. The model broadens and improves one of the first analytical location models developed several years ago by NBS for HUD. The early model was tested and used in East Lansing. The new model was tested, implemented, and evaluated in Wichita, Newark, and Dallas. The information is being used in a number of other communities.

Lease and Grievance Hearing

A public hearing on the model lease and grievance procedures for low-rent public housing projects will be held Monday, September 17, at 9:00 a.m. H.R. Crawford, Assistant Secretary for Housing Management, will conduct the hearing in the Department of Commerce Auditorium, 14th Street entrance, in Washington. The hearing is part of the review and evaluation HUD is making of policy issued to all Local Housing Authorities (LHAs) in early 1971.

The model lease and grievance procedure is applicable to the more than 2,400 LHAs throughout the country which house almost 1,250,000 families.

The hearing is to focus on the effect of the implementation of HUD policies by LHAs on project management and operations; and, the changes, if any, necessary to achieve the policy objectives of promoting better tenant-management relations and protecting the interests of the LHAs, tenants, and HUD.

Individuals and organizations wishing to make oral presentations...or any other communications...regarding the September 17 hearing must file notice of such intentions with HUD by September 11.

Requests and communications regarding the hearing should be filed with the Director, Office of Housing Programs, Room 9112, HUD, Washington, D. C. 20410. HUD reserves the right to limit the time of presentations and number of appearances, if necessary. Notice of the hearing was published in the *Federal Register*, on August 16, 1973 (page 22171).



Ford Foundation Grants

Two Negro organizations...the National Council of Negro Women and the Joint Center for Political Studies...have just received supplementary Foundation grants of \$100,000 and \$549,000 respectively.

The National Council of Negro Women, founded in 1935 by Mary McLeod Bethune, relied until recently on volunteer help. It now has a full-time staff, with offices in New York and Washington, and is intensifying its nationwide leadership training program so that black women can apply sophisticated skills and a knowledge of issues to the problems they face daily. For two years, seminars and workshops have been offered in the management skills of reporting, record keeping, financial accounting, communications, and basic organizational techniques.

The new grant will continue to support the training program and, through it, the improved effectiveness of local projects in such areas as education, health, housing, day care, voter registration, youth services, nutrition, and black heritage.

Organized in 1970, the Joint Center for Political Studies (JCPS) has proven a valuable resource for black leaders in government. (In elected positions alone, the number of blacks has more than doubled since 1969—from about 1,200 to over 2,600 individuals). The group analyzes issues of prime interest to the black community and prepares background materials on how such issues affect that community. Its publications deal with such subjects as the impact of revenue-sharing, the nature of Federal drug-abuse programs, and lead poisoning and other health issues.

The center also provides management and planning assistance to local groups and minority elected officials under contracts from HUD and the Office of Minority Business Enterprise.

Further details: Dorothy Height, National Council of Negro Women, 815 Second Avenue, Suite 901, New York, N.Y. 10017; Eddie N. Williams, Joint Center for Political Studies, 1426 H St., N.W., Washington, D.C., 20005.

New Appointment

Secretary Lynn has announced the appointment of Daniel P. Kearney as Deputy Assistant Secretary for Housing Production and Mortgage Credit and Assistant Commissioner of the Federal Housing Administration. Prior to joining the Department, Mr. Kearney had been Director of the Illinois Housing Development Authority. That organization is charged with determining housing policy for the State of Illinois. . . as well as providing mortgage financing for low-, moderate-, and middle-income housing.

Before entering the housing field, Mr. Kearney had been engaged in the private practice of law in Chicago. He is a 1965 graduate of the University of Chicago Law School. . . where he was president of his class. In 1961. . . he received a B.A. summa cum laude in Business Administration from Michigan State University, and in 1962, he received his M.A. summa cum laude in Economics from the same school.



FYI

Chamber of Commerce of the U.S. . . National Forum on Growth with Environmental Quality? Co-sponsored by the National Science Foundation, Midcontinent Environmental Center Association, and the Metropolitan Tulsa Chamber of Commerce. . . Tulsa, September 23-26. Registration: Convention Housing Bureau, Metropolitan Tulsa Chamber of Commerce, 616 South Boston Avenue, Tulsa, Oklahoma 74119.

University of California. . . Extension course in Groundwater Pollution. . . New York City, November 6-8. Details: UC Continuing Education in Engineering, 2223 Fulton Street, Berkeley, California 94720.

National Association of Building Manufacturers. . . 1973 Meeting. . . and the Industrialized Building Exposition and Congress (INBEX). . . Chicago, November 27-29. For further information: Robert Schulin, NABM, 1619 Massachusetts Ave., N.W., Washington, D.C. 20036.



Credit Union Report Issued

Credit unions established in six public housing projects with the aid of HUD have produced more self-reliant tenants, better relations with management, and more financial stability for the families involved. These are the conclusions of a report prepared for HUD on the operations of limited-income credit unions in Baltimore; Columbus (Ohio); Minneapolis; Richmond (Va.); and San Antonio. . . and verifies the belief that credit unions can work in public housing projects and do much more for low-income families than merely lend money.

HUD officials pointed out that in learning how to make better use of their own limited resources, and through training to manage their own credit unions, public housing tenants developed a sense of responsibility and pride that was reflected in their relations with the housing authorities. In effect. . . the report indicated. . . the credit union appeared to have a catalytic effect in improving tenant-management relations, and thus the quality of life in low-income communities.

The \$216,000 demonstration on which the report was based, was carried out for HUD by the National Association of Housing and Redevelopment Officials (NAHRO) with the National Credit Union Administration (NCUA) providing training and technical assistance under a subcontract with NAHRO.

Single copies of the report may be obtained free from: NAHRO, 2600 Virginia Ave., N.W., Washington, D. C. 20037.

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HUD newsletter

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U. S. Department of Housing and Urban Development
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September 10, 1973

Vol. 4 No. 13

Current Trends

Another increase in the bank prime rate has been announced by several of the Nation's largest banks. . . to 9¾ percent. . . the highest in history. Analysts are predicting that the rate probably will reach 10½ percent before leveling off.

While interest rates on business loans and mortgages were going up... a counter trend... a drop in short-term Treasury notes occurred. The latest auction brought a drop in average return to investors for the 13-week bills to 8.668 percent. . . down from the previous week's 8.910. At the same sale. . . 26-week bill yields declined to 8.576 percent. . . from the 8.856 percent a week earlier.

Thomas M. Bomar. . . the new Chairman of the FHLBB. . . believes a severe shortage in savings and loan funds. . . normally the prime source of residential mortgage money . . . appears about to begin. *It's entirely possible, Mr. Bomar said, that housing starts could be reduced substantially this year and next.* He referred to reports that more and more home buyers are finding it difficult to negotiate mortgages because alternative investments are more attractive to many investors. . . and as a result. . . S&Ls are continuing to lose deposits to other types of investments. Down payments of as much as 25 percent are now being demanded by many lenders. . . along with higher rates of interest.

The Federal Home Loan Bank Board has issued proposed regulation changes to allow Federal savings and loan associations to make flexible-payment mortgage loans. The proposed mortgage instruments would allow the borrower and the lender to negotiate a payment schedule based on the borrower's need. For example. . . a young couple may wish to make lower payments initially. . . whereas a couple nearing retirement may wish to make higher initial payments and lower payments following retirement. The Board's proposals will require that each payment must at least cover the interest due for that payment. . . and the loan must be on a fully amortizing basis by the end of the eighth year. Loan-to-value ratios of up to 95 percent would be permitted on flexible payment mortgage loans.



FHLBB Limits Some Mortgages

Second or vacation home mortgages written by Federal S&Ls could not exceed 80 percent under a proposal by the FHLBB.

In the past, FHLBB has permitted loans over 80 percent of value on private, one-family dwellings. S&Ls could go up to 95 percent on some mortgages. But the rule was stretched to cover second home, vacation homes, and other properties, says an FHLBB official.

FHLBB now proposes to allow S&Ls it regulates to lend more than 80 percent only on a family's principal residence. Mortgages on second homes and vacation homes will be limited to 80 percent.

Comments on the proposal will be accepted by the Secretary, FHLBB, 101 Indiana Ave., N.W., Washington, D.C. 20552, until September 15.

Pruitt-Igoe To Be Razed

H.R. Crawford, HUD Assistant Secretary for Housing Management, and St. Louis Mayor John H. Poelker have jointly announced plans to vacate and raze the controversial and largely vacant Pruitt-Igoe public housing project. Any qualified residents remaining in the development would be moved into standard public housing units.

HUD modernization funds currently available to the St. Louis Housing Authority ...are to be used to rehabilitate vacant units in other Housing Authority projects. Modernization of the needed units is to begin immediately with rehousing scheduled for completion by next spring.

Demolition of Pruitt-Igoe, Mr. Crawford stressed, is not meant to set a precedent. Nor does it signal a new HUD public housing policy.



Oregon Housing Finance Program for Lower Income Households

The Oregon Legislature recently passed a bill which will enable the State Housing Division to finance the construction, sale, and rehabilitation of about 12,000 units of lower income housing. Through the issuance of up to \$200 million in tax-exempt revenue bonds, an interest-rate reduction of approximately 2 percent will be achieved. The tax-exempt bonds... coupled with longer mortgage terms and other techniques, will allow for a mortgage payment reduction of approximately 25 percent and a rent reduction of approximately 20 percent. The housing finance program is not expected to be operational until early or mid-1974.

As envisioned, the program can be described as follows: A start-up appropriation of \$212,000 has been obtained from the Legislature. However...once in operation...fees charged will allow the program to be self-sustaining. The primary market served will be Oregon households in the \$4,500-\$10,000 range, with some assistance reaching households with incomes as low as \$3,000.



FmHA Sets Record

A record year...\$1.4 billion in loans...was achieved by the Farmers Home Administration in fiscal year 1973. More than twice as many loans were made during the year...195,572...than in fiscal 1972...to permit farm families to acquire homes.



Chief Justice Stays Suspension Order

Chief Justice Warren Burger has ordered a temporary stay in *Commonwealth of Pennsylvania, et al. v. Lynn*...U.S.C.A., D.C., No. 73-1835 until further order of the Supreme Court. This delays the need to comply with the District Court's order of July 23...requiring the resumption of processing in the Sections 235 and 236 mortgage insurance programs and the Rent Supplement Program.



Housing in Utah Reaches Crisis State

A report submitted to the Legislature by the Utah State Department of Community Development called housing in Utah in a "crisis condition."

The report found that there is a shortage of 53,000 housing units in Utah with over 50 percent of existing houses more than 24 years old. In the State...15,000 homes lack basic heating, plumbing, and water facilities or have major structural defects.

The report said the housing crisis affects not only the 122,000 poor (those below the poverty level) but 97,000 households with annual incomes of less than \$8,000. Over one-third pay more than 25 percent of their income for rent, and yet vacancies are almost nonexistent for units under \$150 per month.

Des Moines Model Cities Project

The Des Moines Model Cities Community Corrections Project has emerged as one of the most significant criminal justice innovations in the Nation. It involves a pre-trial release concept which allows those charged to return to their homes and further provides guidance during the release period. Recently it was the first (and only) such program to be selected by Law Enforcement Assistance Administration (LEAA) as an *Exemplary Project*. Commenced in 1970, it first served only the Des Moines Model Neighborhood Area. In 1971, it was expanded county-wide and in 1972 it expanded to a 16-county area.

The Iowa Legislature has now (1) passed a bill authorizing all Iowa judicial districts to operate similar projects; (2) appropriated \$850,000 to match \$1.5 million in LEAA grants to enable such replication; (3) called for closure of the State's only prison for women; and (4) called for closure of 3 to 4 men's prisons.

The planning process, citizen participation, joint funding, and evaluation methodology represented in this project are an outstanding example of the Model Cities process in action and the project's achievements exemplify the value of that process.

Indians Make Gains



American Indians are making impressive advances in education... but lag behind the rest of the Nation in most social and economic measures, a Census Bureau study shows. The in-depth statistical profile of the American Indian's condition today is the most comprehensive ever done on the subject by the Bureau. It presents information from the 1970 Census of Population and Housing and includes tribal and reservation data as well as data on Indians in metropolitan, urban, and rural areas.

The report shows that 95 percent of Indian children 7 to 13 years old and over half of all Indians between 3 and 34 were attending schools in 1970. The number attending college doubled between 1960 and 1970. The Indian population grew by 51 percent in the 1960-70 decade—far above the national rate of 13 percent—and is nearly 8 years younger than the population as a whole. The median age of all American Indians in 1970 was 20.4 years; the national median was 28.1 years.

(Information on race in the 1970 census was obtained principally through the use of self-identification. Persons who reported that they were American Indian were asked to name their tribe. These race and tribe entries were accepted by the Bureau). A total of 792,730 Indians were counted on Census Day 1970, compared with 523,591 a decade earlier. In 1970, nearly half the Indian population lived in urban areas. Another 213,770, or 28 percent, lived on the 115 reservations identified by the Census Bureau, and the remainder resided on smaller reservations and in rural areas.

More than half the Indian population lived in just five States in 1970—Arizona, California, New Mexico, North Carolina, and Oklahoma. About 85 percent lived in 18 States. The report shows that Indian families tend to be slightly larger than those of the population as a whole, and nearly one-fifth of them were headed by a female in 1970. Nearly half lived in homes they either owned or were buying on Census Day 1970. This compares with a 63 percent proportion for the total population.

Copies of the report, *American Indians, PC(2)-1F*, are available for \$2.60 each from the Superintendent of Documents, Washington, D.C. 20402.



New Film Available

Equal Opportunity... What's It All About?... an 18-minute, color filmstrip with accompanying long-playing record, produced for HUD. Depicts how HUD assures the benefits of its programs to all eligible persons without regard to race, color, or nationality. It is available on free loan from: Sponsor Desk, Modern Talking Picture Service, 1212 Avenue of the Americas, New York, N.Y. 10036, or from the MTPS office nearest you. Please allow three weeks for delivery and give alternate showing dates.

Student Competition Announced.

The *Association of Student Chapters of the American Institute of Architects* announces a competition combining energy conservation and design. The competition invites students to suggest methods for conserving the uses of the earth's natural resources in buildings. . . to be judged on the responsiveness of the student designer to conservation needs as expressed graphically in the design presentation and in a written statement explaining the measures that have been taken. Entries must be submitted by January 15, 1974. Address inquiries: AS Competition, ASC/AIA, 1735 New York Ave., N.W., Washington, D. C. 20006.



Spanish Americans in HUD Housing Programs

In response to a request from Alex Beceira of the President's Cabinet Committee for the Spanish-Speaking. . . information was provided on Spanish-American participation in the housing programs of HUD. An analysis of Minority Group participation in the three major home mortgage insurance programs reveals that Spanish American mortgagors accounted for 8 percent of insurance written during recent years with a high of 10 percent in the Section 235 subsidized program. For multifamily housing programs. . . 3 percent of all multifamily insured units were occupied by Spanish-American families. Occupancy rates for the three major programs ranged from 1.8 percent in the Section 207 program to 5.4 percent for the Section 221-Market Interest Rate program. Some 9 percent of all families admitted to Low-Rent Public Housing units in the year ended September 30, 1972, were Spanish-American.



Detroit's Safety Program

Detroit has created an unusual regulatory body. . . the Board of Examiners for Wrecking Contractors. . . which city officials believe may be the first of its kind in the Nation. With about 40 wrecking contractors in the city. . . Detroit is one of only a handful of cities that requires licensing. . . and the new Board will have the primary function of overseeing the licensing. . . with particular emphasis on professionalism and safety. Of the seven members of the Board. . . appointed by the Mayor. . . two represent the city government's Department of Buildings and Safety Engineering; two are at-large public members (of which one is a woman); two represent the wrecking industry; and one the professional engineering community.



FYI

United Mortgage Bankers of America. . . Second Annual Joint Conference with the *National Association of Minority Architects* and the *National Association of Minority Contractors*. . . Washington, September 26-29. Details from UMBA, 840 East 87th Street, Chicago 60619.

National Trust for Historic Preservation. . . Annual Meeting. . . Cleveland, October 11-14. Registration: NTHP, 748 Jackson Place, N.W., Washington, D.C. 20006.

Section 23 Leased Housing Association. . . Seminar on management and financing problems. . . San Francisco, October 29. Further details: Lois Roberts, Association Headquarters, 1025 Connecticut Ave., N.W., Washington, D.C. 20036. (202/833-3800)

HUD newsletter
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Vol. 4 No. 38

Current Trends

Effective interest rates on FHA insured and VA guaranteed home loans rose sharply in August. The average effective rate on federally underwritten home loans closed in early August was 8.17 percent... compared to 7.81 percent in July and 7.76 percent in June. The August rate was the highest since the series was begun in June 1972.

The maximum contract interest rate on VA guaranteed loans was 7¾ percent during the period covered by the latest survey. (The higher rate did not go into effect for FHA insured loans until August 10, when FHA's authority to insure loans was extended.) The maximum rate was raised to 8½ percent effective August 25 for both FHA insured and VA guaranteed loans.

For new commitments to homebuyers, the average effective interest rate on FHA-VA loans rose to 8.34 percent in August... 60 basis points higher than the July rate of 7.74 percent.

Sealed bids will be opened on September 26 by Local Housing Authorities in 27 States and Puerto Rico on 44 tax-exempt bond issues totaling approximately \$29 million.

To date... GNMA has received 2,650 applications and has issued commitments for the guarantee of Pass-Through Mortgage-Backed Securities since the program began in March 1970. Of this amount... \$7.908 billion of the securities have been issued and sold.



New Land Sales Regulations Issued

A number of significant revisions in the Land Sales Disclosure regulations administered by HUD's Office of Interstate Land Sales Registration... were published in the *Federal Register* on September 4. In discussing the various changes... George K. Bernstein, Administrator of OILSR... pointed particularly to what he called "The Truth in Advertising" provisions in the new regulations... which are largely an outgrowth of the hearings held by OILSR in 17 cities last year at which witnesses testified to flagrant abuses by some segments of the industry. The new regulations also reflect HUD's experience during the last year of intensified enforcement of the Act. To some extent, they are also the product of a public hearing held in Washington in June... when both opponents and supporters discussed the proposed revisions calling for fuller exposure in interstate land sales activities.

The new regulations, Bernstein said, do not impose an excessive burden on the legitimate, soundly financed developer. They do make it more difficult for the shady operator, promoter, or salesman to dupe an unwary buyer... and at the same time offer concrete consumer protection, not previously available, which constitutes a big step towards implementing the Congress' intent to provide full and fair disclosure to prospective purchasers.

The changes require more specific and substantive information both in the statement of record the developer must file with HUD and in the property report he must show the prospective purchaser before the deal is consummated.

Copies of the Regulations may be obtained from OILSR, HUD, Washington, D.C. 20410.

S&Ls Have Small Savings Loss in July

The FHLBB reported that savings and loan associations experienced a net withdrawal of savings in July, the first monthly savings loss since January 1970. As a consequence, associations reduced the volume of their future mortgage lending commitments substantially, although actual lending last month remained very large as associations obtained funds from Federal Home Loan Banks and reduced holdings of liquid assets. Last month's outflow of savings reflected primarily a further sharp rise in interest rates on marketable securities on top of the earlier increases which had already substantially reduced savings flow, and may also have reflected intensified competition for savings from commercial banks.

Savings withdrawals exceeded savings received at FSLIC-insured associations by \$313 million in July, in marked contrast to net new savings receipts of \$2.2 billion a year earlier and \$0.9 billion in June. While last month's savings loss was the first since January 1970, it was sharply smaller than the \$1.4 billion lost in that month. It was also less than the outflow in three earlier Julys—1969, when withdrawals exceeded receipts by \$1.1 billion; 1968, when the loss was \$0.6 billion; and 1966, when it amounted to \$1.5 billion. Interest credited to accounts this July reduced the net decline in savings balances at associations to \$216 million.

Mortgage loans closed by insured associations totaled \$4.9 billion in July... 12 percent less than in June... but 10 percent more than a year earlier. The month-to-month decline, moreover, was less than the usual seasonal drop, and loans closed on a seasonally adjusted basis remained close to earlier peaks. Net loans purchased from other lenders, however, declined slightly further to \$0.2 billion and were only about one-third the year-earlier volume.

Outstanding commitments for future mortgage lending by insured associations dropped by \$1.0 billion in July, as associations adjusted to their poor savings flow experience. While the \$13.5 billion of such commitments outstanding at month end was 13 percent more than a year earlier, on a seasonally adjusted basis volume was 14 percent below the peak level reached early this year.

Associations obtained funds for last month's lending primarily from loan repayments, which remained in near-record volume, by borrowing \$1.2 billion from the Federal Home Loan Banks and \$0.3 billion from others, and by reducing holdings of liquid assets by \$0.6 billion.



Population in Metropolitan Areas in Puerto Rico Announced

More than half of Puerto Rico's population of 2.7 million now lives in its four Standard Metropolitan Statistical Areas. The 1970 population is 1,408,482 in the four SMSA's as currently defined. The population of the four SMSA's as defined at the time of its 1970 Census was 1,191,746.

The population of the San Juan SMSA, Puerto Rico's largest, is 936,693 within the newly defined boundaries. This is a correction of the figure of 956,492 reported by the Bureau May 23 when new totals for all SMSA's in the U.S. and Puerto Rico were announced.

The changes included addition of Toa Baja and Canovanas Municipios to the San Juan SMSA; of Juana Diaz and Villalba Municipios to the Ponce SMSA; of Gurabo and San Lorenzo Municipios to the Caguas SMSA; and Anasco and Hormigueros Municipios to the Mayaguez SMSA. Canovanas is a new municipio, established from a portion of Loiza since the 1970 census.



Publication Available

Towards a Housing Program for the Spanish Speaking in the Washington Area... a study of the characteristics and housing problems of the Spanish-speaking community in the Nation's Capital. Available for \$1.50 from the National Spanish-Speaking Housing Development Corporation, 1826 Jefferson Place, N.W., Washington, D.C. 20036.

British Officials Visit

Reginald Eyre, British Parliamentary Under Secretary of State for Housing and Construction in the Department of the Environment (DOE), and two assistants will visit the U.S. this month, under the cooperative program between HUD and DOE. The British officials will begin and end their study tour in discussions with senior HUD officials in Washington ... including Secretary Lynn. They are also scheduled to meet with Congressmen and with local housing and planning officials on the East and West coasts.

Their itinerary will include the new towns of Reston, Va., Roosevelt (formerly Welfare) Island, N.Y., and Irvine, Calif., as well as housing facilities and redevelopment sectors in the New York, Los Angeles, and San Diego metropolitan areas.

A cooperative agreement between HUD and DOE was signed in London in July 1971. Since the signing there have been a number of visits by each side in addition to an exchange of documents. This cooperative program is administered by HUD's Office of International Affairs.



Census Bureau Reports Drop in Low Income Persons

The number of Americans living below the low income or poverty level dropped by more than one million persons and overall real family income in the U.S. increased by 4.6 percent between 1971 and 1972, according to two reports of the Census Bureau. The Bureau estimated that the low-income population total was 1.1 million persons... for 4.3 percent below the 1971 figure of 25.6 million persons. The 1972 total was 24.5 million persons.

In its income report... the Bureau reported that the median money income of American families was \$11,120 last year, an increase of 8.1 percent over 1971. After adjusting for the rise in prices, the 1972 median in terms of constant dollars increased by 4.6 percent.

Copies of the reports *Money Income in 1972 of Families and Persons in the United States*, P-60, No. 87; and *Characteristics of the Low-Income Population: 1972*, P-60, No. 88, may be obtained for 25 cents each from the Superintendent of Documents, Washington, D.C. 20402.



Housing Workshop Scheduled

NAHRO will conduct a series of workshops on public housing management for housing authorities of various sizes in cooperation with HUD and the Urban Institute.

The initial workshop for Housing Authority Executive Directors and/or deputies will be held November 7-9 in New Orleans and will focus on general policy aspects of public housing management. H.R. Crawford, HUD Assistant Secretary for Housing Management, will be the keynote speaker. Follow-up workshops will be held in December, January, and February.

The NAHRO workshops will expose participants to two important new sources of information on public housing management practices. One is the result obtained from a large-scale study recently completed for HUD by the Washington-based Urban Institute. The second is a progress report on the Management Improvement Program Demonstration (MIPs) being carried out by 13 Housing Authorities in cooperation with HUD.



NLISA Elects

The National League of Insured Savings Associations has elected Gilbert G. Roessner and Edwin G. Alexander to its top executive posts for 1974. President-elect Roessner is President and managing officer of the City Federal Savings and Loan Association of Elizabeth, New Jersey... and Vice-President-elect Alexander holds the same post with the Majestic Savings and Loan Association in Denver, Colorado. They will assume leadership of the League as it begins its fourth decade in October.

Effect of 'One-Man, One-Vote' Reform Shown in Census Report

The effect of the "one-man, one-vote" reform on Congressional districts is covered in a report issued by the Census Bureau. Members of the House of Representatives elected to the 93rd Congress last November will represent districts which differ only very slightly in population. In 385 of the 435 House districts... the population differs less than 1 percent from the State average Congressional district population (an ideal figure—arrived at by dividing each State's total population by its number of districts). In 41 districts... the deviation ranges from 1 to 5 percent... and in three the deviation is between 5 and 10 percent. The remaining six seats are in States with only one House member.

In contrast, only nine of the districts in the 88th Congress... elected 10 years earlier... deviated less than 1 percent from the average; 81 were between 1 and 5 percent, 87 from 5 to 10 percent, and in 236 districts, the deviation was 10 percent or greater. There were 22 at-large seats in the 88th Congress.

The report shows that the average deviation from the ideal district size will be less than one-half percent for the 93rd Congress—compared with 17 percent for the 88th.

The closeness to absolute proportional representation that has been achieved for the 93rd Congress is a result of reapportionment based on new population figures from the 1970 census and the Supreme Court's "one-man, one-vote" decision of 1964. As a result of the census... 14 States gained or lost House seats. California gained 5, Florida 3, and Arizona, Colorado, and Texas, 1 each. New York and Pennsylvania each lost 2 seats... and Alabama, Iowa, North Dakota, Ohio, Tennessee, West Virginia, and Wisconsin lost 1 each.

Congressional district boundaries have been redrawn in 40 States since the 1970 census. Only Hawaii, Maine, Nebraska, and New Mexico have retained the district boundaries they had in the 92nd Congress. Alaska, Delaware, Nevada, North Dakota, Vermont, and Wyoming elect a single Representative-at-Large.

The average 1970 population count for districts in the 93rd Congress is 465,000. The largest Congressional district is the First of Utah, with 530,000, and the smallest is the First of South Dakota, with 333,000. However, all but 58 of the 429 districts in multi-district States fall between 450,000 and 500,000 population.

Copies of the report, *1970 Population of Congressional Districts for the 93rd Congress, Supplementary Report PC(S1)-28*, are available for 25 cents from the Superintendent of Documents, Washington, D.C. 20402.



Court Upholds Ban on "For Sale" and "Sold" Signs

A U.S. District Court has upheld an ordinance of the City of Gary, Indiana, that prohibits the display of "For Sale," "Sold," or similar signs on premises located in residential areas of the city. The ordinance is a proper means of accomplishing the governmental purpose of preventing panic selling and promoting integration, said the Court.

The plaintiffs, (Barrich Realty Co.), contended: (1) That the ordinance violated Federal and State statutes relating to fair housing... namely section 804 of the 1968 Fair Housing Act and the Indiana Civil Rights Law. (2) That the ordinance infringes on the fundamental liberties of free speech and the right to travel, and the right to freely dispose of one's property. (3) The ordinance is an unconstitutional violation of the due process and equal protection guarantees of the 14th Amendment of the U.S. Constitution.

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HUD

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September 24, 1973

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Vol. 4 No. 39

Current Trends

The FHLBB raised the savings limitation imposed on large (so-called "wild card") over-\$10,000 certificates of deposit for member institutions from 5 to 10 percent. FHLBB Chairman Thomas R. Bomar said that the ceiling was raised in order to let savings and loans compete for the large C.D.'s at open-market rates. The previous restriction had hindered many S&L's from competing for large savings deposits. There is no interest rate ceiling on \$100,000-and-over C.D.'s.

Project notes totaling over \$444 million representing 116 local issuing agencies were sold on September 5, at an average interest rate of 5.5105 percent. The average interest rate for the \$268 million of project notes sold at the previous sale on August 7 was 6.1075 percent.

A total of \$670 million in bids was submitted in the September 11 auction of GNMA mortgages. Bids were accepted for the \$228 million of 7 percent mortgages offered. Accepted bids ranged from 83.35 to 91.70, resulting in an average accepted price of 86.51 for a yield of 8.96 percent.

The Commerce Department has reported that construction spending in July ran at a seasonally-adjusted annual rate of \$138.6 billion... up 1.8 percent over the June rate... and reversing the earlier downward trend. The July rate was 14 percent higher than the July 1972 performance. Of the July total... private construction came to \$106.6 billion... up 1.2 percent from the preceding month... and public construction was \$32 billion... up 3.2 percent over June... and 12.7 percent higher than a year ago.

Meanwhile, the F.W. Dodge Division of McGraw-Hill, Inc., said that housing construction declined during July, public works construction gained... and nonresidential building leveled off.

First National City Bank of New York forecasts a 30 percent falloff in housing starts by the first quarter of next year. Citibank economists feel that the 30 percent decline in housing starts by the first quarter of 1974 will mean a rate for the year 1974 of 1.5 to 1.75 million compared with a starting rate of 2.25 million to 2.50 million which has prevailed during 1972 and 1973.

A HUD survey shows residential mortgage lending in June was at a record level... \$9.9 billion... 10 percent higher than June 1972. The previous high month was August 1972 when \$9.3 billion in long-term housing loans were made. At the end of June outstanding residential mortgage debt totaled \$345 billion in 1-4 family units and \$64 billion in apartment loans... 77 percent of all mortgage debt of \$574 billion.

FYI

★ ~~NOT TO BE TAKEN
FROM THE LIBRARY~~

National Association of Home Builders... Consumer Relations and the Builder Seminar... San Francisco, October 11-12. Registration: Department of Seminars and Workshops, NAHB, 1625 L St., N.W., Washington, D.C. 20036.

Resident Council Brings About Changes in Priorities

Residents of public housing projects in Denver are being credited for a decision to undertake a \$3.8 million remodeling project at North Lincoln Park Homes.

The money originally was intended for remodeling kitchens in all of the Denver Housing Authority (DHA) projects. . . but an investigation last winter revealed that the entire plumbing system in the 422-unit project was about to give out.

The City-Wide Resident Council has been directly involved with the DHA Board and the staff director in decision-making and has been instrumental in establishing priorities ever since HUD approved a \$17 million bond sale guarantee two years ago for a comprehensive five-year modernization program.

Phase I of the overall remodeling effort, which is now 85 percent complete, involved the retiling of floors in all of the DHA's 4,133 units. DHA bought the tile and hired residents. . . as many as 50 at a time. . . to do the work at prevailing wages.

HUD has approved the moving out of the tenants as complete remodeling of the North Lincoln Park Homes is to be accomplished. The tenants will be moved in four groups and transferred to other quarters as the remodeling progresses. DHA also is getting a HUD guarantee for \$500,000 in bonds to replace ranges and refrigerators, where necessary, in all units located throughout the city.



HUD Assists Indian Sewage Project

A combination of HUD and EPA funds will help the Tulalip Indian Tribe plan and construct a sewage collection and treatment system. Of the total \$659,000. . . the HUD portion is \$562,347.

When completed. . . sewage which now flows into Tulalip Bay, north of Seattle on Puget Sound, will be collected and conveyed to the treatment plant from a residential area with the objective of protecting a valuable shellfish resource in Possession Sound, an arm of Puget Sound.

Announcement of the joint HUD/EPA grant was made by Chairman Bernard E. Kelly of the Northwest Federal Regional Council. *It is part of a continuing program under the sponsorship of the FRC designed to reduce the number of Federal agencies a grantee must work with on a single project*, said Kelly.



Partnerships or Corporations Hold Most Large Apartment Properties

Large rental properties in the United States are more likely to be owned by partnerships and corporations than by individuals. . . according to preliminary information from the Census Bureau's 1971 Survey of Residential Finance, based on a sample of housing units counted in the 1970 census. More than 11,000 of 30,600 large properties. . . those with 50 or more individual housing units. . . were owned by partnerships and nearly 9,000 more by corporations. By comparison. . . some 6,700 properties were owned by individuals. The rest were owned by investment trusts, financial institutions, cooperatives, and other types of organizations.

Smaller properties (single-family rental or vacant dwellings and those with fewer than 50 housing units). . . on the other hand. . . are more likely to be owned by individuals. Of nearly 7 million rental properties with 1 to 4 housing units, 6.2 million were owned by individuals; about 200,000 by partnerships, and 180,000 by corporations. Of 482,000 properties with 5 to 49 housing units, about 356,500 were owned by individuals, 58,000 by partnerships, and 43,000 by corporations.

A printed report, *Volume 5 of the 1970 Census of Housing*, will be issued in the near future.

California Builders Council Urges Federal Action

The newly installed president of the California Builders Council, Barry Scherman ... vice president of the Hofmann Company. . . Concord, California, developers, stated in a recent interview: *Last year there were 272,000 new units constructed in California. We expect only 172,000 in 1973. . . and if the present tight money situation continues. . . we are forecasting a meager 100,000 for 1974. We can't begin to make a dent in the housing demand in California as long as this crisis exists.*

He concluded by predicting that unless remedial steps are taken, we'll experience widespread unemployment in the building trades and related industries, as well as denying housing to thousands of Californians.



Realtors and Realists Cooperate

The joint effort to achieve an open, nondiscriminatory real estate market by cooperation between the *National Association of Realtors* and the predominantly black *National Association of Real Estate Brokers* (Realists) was cited recently by Realtor President J.D. Sawyer as he addressed the Realists at their annual convention.

We have developed a joint committee representative of Realists and Realtors who have worked toward greater cooperation and thereby a greater cohesiveness, he said. Several of the outstanding results of this committee have included a closer relationship with the National Association of Real Estate License Law Officials, through an industry liaison committee representing the two organizations. We have further worked to encourage the real estate commissioners in each of our 50 States to assist our joint efforts of equal representation. Other efforts with the Department of Housing and Urban Development have promoted the cause of equal opportunity in housing.

The Realists' establishment of a library in honor of current President Willis Carson was especially noted by Mr. Sawyer, who presented publications of the *National Association of Realtors* and its affiliates to the new facility.



Secretary Lynn, Governors, Mayors, and Congressmen To Take Part in AIP Conference

Secretary Lynn will speak on *Planning and the New Federalism*, the theme of the 56th annual conference of the *American Institute of Planners* in Atlanta, October 21-25, 1973.

At the October 22 session, THE NATIONAL PERSPECTIVE, Mr. Lynn will present the Nixon Administration interpretation of New Federalism.

At the October 23 session, STATES AND THE NEW FEDERALISM, a panel of distinguished Governors (both Republican and Democratic) will discuss the pros and cons of President Nixon's domestic policies and the manner in which these policies are being interpreted by the Congress. Georgia Governor Jimmy Carter will preside.

At the October 24 session, CITIES AND THE NEW FEDERALISM, a panel of Mayors. . . with Mayor Richard Lugar of Indianapolis-Marion County presiding. . . will be featured.

At the October 25 session, CONGRESS AND THE NEW FEDERALISM, a panel of Congressmen will discuss the various aspects of New Federalism and how they affect current and future Congressional action.

AIP. . . the national professional society of urban planners. . . was founded in 1917. It has nearly 9,000 members in 32 chapters across the country.

61 Percent of Single-Family Homes Mortgaged

The Census Bureau reports that in 1970 there were 31.1 million owner-occupied single-family homes in the country... and 19 million... 61 percent of them... were mortgaged. In 1960... there were 25 million such homes... of which 58 percent were mortgaged. About two-thirds of these were within SMSA's. Outside of SMSA's... only about half the houses were mortgaged.

The West had the highest proportion of mortgaged single-family homeowner properties—about seven of every 10. The proportions were 61 percent in the Northeast and South, and 57 percent in the North Central Region... and the median value of these properties was \$21,500; for nonmortgaged properties it was \$15,400. Of the mortgaged homes, those with conventional first mortgages tended to have higher median values (\$23,200) than those insured by HUD-FHA and those guaranteed by V.A. For these two the figures were \$18,900 and \$20,800 respectively. There was little or no difference in the amounts of first mortgage loans. The median amount was \$13,800.

Interest rates of 7 percent or more were reported for about 29 percent of all mortgages... and 36 percent of those with conventional financing. Conventional loans had a median term of 21 years... compared to 29 years for Federal insured or guaranteed loans.

Savings and loan associations were the principal holders of loans for single-unit homeowner properties (39 percent)... Federal insurance or guaranties covered 35 percent of the homeowner properties... and 21 percent were FHA-insured, and 15 percent VA-guaranteed. The proportion of homes mortgaged with Federal insurance or guaranty has dropped since 1960, when 42 percent were in this category.

The median ages of non-mortgaged homes was 63 years and for mortgaged homes 44 years.

Males were the principal owners of both mortgaged and nonmortgaged homeowner properties, representing 81 percent of the total. However... for properties free of mortgages... a woman was the principal owner in 31 percent of the cases.

Median family income of owners of all one-unit homeowner properties—mortgaged and nonmortgaged—was \$10,700. The median income of mortgaged property owners was \$12,100... and for owners of nonmortgaged properties, median income was \$7,000.

The median amount of real estate tax paid by owners during the preceding 12-month period was \$344. For mortgaged properties, the sum was higher (\$404) than for non-mortgaged properties (\$257) reflecting... among other things... the higher value of mortgaged properties.



Reports Available

Almost 2,200 Comprehensive Planning Reports... prepared by local and regional planning agencies... sponsored and produced with HUD financial assistance under Section 701 of the Housing Act of 1954... are listed in the July-August 1973 issue of *HUD Housing and Planning References*. The listing is geographic and by KWIC (Key Word) Index. *Housing and Planning References* is for sale by the Superintendent of Documents, Washington, D.C. 20402. Price \$1.75 for single copies... \$9 per year.

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HUD

DEPARTMENT OF HOUSING
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U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-6280



October 1, 1973

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Vol. 4 No. 40

Housing Recommendations Sent to Congress

Last March... in his State of the Union Message on Community Development... the President announced the initiation of an extensive study of Federal housing policy... and designated HUD Secretary Lynn to direct the study. After six months of activity... the study has been completed... and recommendations based on it were submitted to Congress on September 19. In his message... the President said:

The measures I suggest today can bring us closer to a long-established goal... this Administration will not waver in its commitment to the objective of the Housing Act of 1949: a decent home and a suitable living environment for every American family. While our Nation has made tremendous strides toward that objective in the quarter-century since it was enunciated, those very strides have carried us into new terrain, presenting new problems and new opportunities. The nature of the challenge has been changing—and our response must change accordingly.

The Message then went on to list a series of housing policy recommendations to the Congress. Some of the recommendations will require legislative action; others can be implemented administratively. They are designed to:

- Ease the present tight mortgage credit situation.
- Make it easier for homeowners... urban and rural... to obtain mortgages over the longer term.
- Assist low-income families to obtain decent housing.
- Improve the community environment for housing.

In seeking to make decent housing available for all low-income people, the President identified direct cash assistance as the most promising approach. He said in his Message that... *our principal efforts should be directed toward determining whether a policy of direct cash assistance... with first priority for the elderly poor... can be put into practical operation.* He said the Administration will take the further action needed to complete the development and evaluation of an operational program of assistance to qualified recipients who will be able to choose their own homes on the private market. The Government will make up the difference between what a family can afford on its own for housing and the cost of decent housing in that area.

Such a program would advance one of the major thrusts of the recommendations: utilization of the existing stock of sound housing instead of subsidizing new construction for families of low and moderate income.

Easing the Tight Mortgage Situation

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Over the past few months, mortgage interest rates have risen rapidly in certain parts of the country and the availability of mortgage credit has diminished. To moderate this situation... the President is taking immediate steps by:

(continued on page 2)

- Authorizing the Federal Home Loan Bank Board to approve a program of "forward commitments." This authority will cover \$2.5 billion in loan commitments, enabling savings and loan institutions to make mortgage commitments now for future use.

- Underwriting a portion of mortgage interest rates under the *Tandem Plan*, by which the Government National Mortgage Association will commit to buy up to \$3 billion of residential mortgages.

- Requesting Congress to authorize increases in the permissible mortgage amounts of FHA loans (from \$33,000 to \$45,000)... which will make the advantages of FHA available to larger numbers of homebuyers who cannot obtain credit conventionally in the current mortgage market.

The Federal Government has long pursued policies designed to insure that homebuyers have an adequate supply of mortgage credit repayable over an extended term at reasonable interest rates. The President is seeking legislation which would update and improve the existing laws governing mortgage credit by:

- Permitting homebuyers to pay market interest rates on FHA and VA insured mortgages and prohibiting discount points.

- Authorizing on an experimental basis more flexible repayment plans in FHA-insured mortgages.

- Establishing a mortgage interest tax credit of up to 3½% for institutions with 70% of their investments in mortgages... to encourage more financial institutions to invest in residential mortgages.

- Reinsuring private mortgage insurance companies (PMI's), to induce more investors to purchase mortgages insured by private mortgage insurance companies.

- Authorizing more flexible interest rates, longer repayment terms, and higher loan amounts for purchasers of mobile homes.

Assistance to Low-Income Families

The President's objective is to make decent housing available for all low-income families without the "housing project" stigma, the loss of freedom of choice and the inordinately high costs of current programs. In addition to the direct cash assistance program, he announced steps to:

- Undertake limited programs for subsidized housing, which could result in the additional approval of 200,000 subsidized units of which 150,000 would be new construction.

- Improve the operation of our existing public housing projects, by correcting the present weaknesses in the program.

- Assure that the Nation's housing is not maintained in a "vacuum" and that proper action be taken to preserve decent and viable neighborhoods.

An overriding consideration in all these actions is to assure equal opportunity for all Americans seeking housing. In 1964 and 1968, the Congress enacted far-reaching legislation to insure that all Americans had equal access to the housing of their choice. In this Message, the President reaffirmed his 1971 commitment to pursue vigorously a wide range of efforts to enforce fair housing and equal opportunity laws.

The full text of the recommendations will be made available in the near future... and its availability will be announced in the *Newsletter*.

Current Trends

Seasonally adjusted housing starts for August were at the annual rate of 2.045 million units...down 16 percent from the August 1972 rate of 2.424 million...and 6 percent below the July 1973 rate of 2.176 million. This suggests an actual starts figure for the year of between 2.0 and 2.1 million units.

New home sales in July...the latest month available...were at a seasonally adjusted rate of 596,000 units...11 percent below the June 1973 figure...and the lowest rate since December 1970.

Chairman Bomar of the FHLBB reported average effective interest rates on conventional home mortgage loans increased again in August...the third increase in as many months. The rise averaged 7 basis points for loans for purchasing newly built single-family homes, 17 basis points for loans for purchasing previously occupied homes, and 8 basis points for combination-purchase loans. The sharper rise in rates on loans on previously occupied homes than on new home loans apparently reflects the fact that rates on the former are generally established shortly before loan closing and, therefore, more affected by the recent rise in rates than rates on new home loans, which are frequently established some months prior to closing. At the early August level of 7.94 percent for new home loans and 8.01 percent for loans on previously occupied homes, mortgage rates were at the highest level since early 1971, but about 50 basis points below their 1970 highs.

Project notes totaling \$681 million representing 83 local housing authorities were sold September 11, at an average interest rate of 5.50 percent. The interest rate last month was 6.16 percent. The average maturity of the notes sold was 6.9 months. A comparable drop in interest rate was reflected in the September 5 sale of \$444 million of short-term Urban Renewal Notes. The average interest rate was 5.51 percent as compared with the average of 6.11 percent for the August 7 sale.

The 10 percent prime rate...which many bank sources had predicted...has become a reality. Several major banks have adopted the higher level...and despite Administration and Congressional unhappiness over the situation...it appears that the new rate is spreading to banks throughout the country.



State Fair Housing Laws Under Review

Dr. Gloria E.A. Toote, HUD Assistant Secretary for Equal Opportunity, has launched a review of State and local fair housing laws and how they are being enforced.

Under Title VIII of the 1968 Civil Rights Act...State and local governments are provided an opportunity to implement their own fair housing laws when persons alleging unfair housing practices seek remedies. Dr. Toote is charged with reviewing these laws, and making a determination as to whether a particular law is equivalent to Title VIII.

To date...28 State and 16 local laws have been tentatively recognized as equivalent. In States that have not enacted laws or where a law is not equivalent, enforcement of the national policy of Fair Housing is subject to the provisions of the 1968 Civil Rights Act.

We are receiving far too many complaints that State and local fair housing laws are not being enforced. The State and local fair housing laws, she pointed out, must be 'substantially equivalent' to the Federal law in enforcement machinery, administration and procedures for processing complaints. This is to guarantee that our citizens who appeal to these State and local units for remedies are not denied rights to which they are entitled under Federal law.

Under the 1968 Civil Rights Act, the Assistant Secretary can withdraw previously granted HUD recognition of State and local fair housing laws found to be deficient in providing adequate remedies.

Mobile Home Warranty

An amendment to the manufacturer's warranty provisions covering FHA-insured mobile homes was published in the *Federal Register* of September 14, 1973 (38 F.R. 25676). This follows the notice of proposed rule making that appeared in the October 31, 1972 *Federal Register*.



Court Agency Can't Award Damages

A West Virginia Court, in *West Virginia Human Rights Commission v. Pauley*, ruled that the Commission, the agency that administers that State's fair housing law, has no authority to award damages to a person who has been discriminated against. To allow that would require explicit direction by the Legislature, and there is no specific authorization in the West Virginia Human Rights Act.

In an earlier decision, the Commission had found Ms. Pauley guilty of racial discrimination when she refused to rent an apartment to an interracial married couple. The Commission ordered the payment of \$680 as damages. Ms. Pauley appealed.



New Publications

Financing New Communities—Government and Private Experience in Europe and the United States. Prepared by the HUD Office of International Affairs, this summary of European and United States experience in financing new communities was abstracted from national papers prepared for the Sector Group on the Urban Environment, Organization for Economic Cooperation and Development (OECD), headquartered in Paris, France.

The report contains new community data from the United Kingdom, France, United States, Sweden, Finland, West Germany, and Holland. It provides a brief overview on land acquisition, land control, planning, public finance, private finance, and financial control of projects.

Copies of the 57-page report are on sale for 85 cents by the Superintendent of Documents, Washington, D.C. 20410.

Townhouses and Condominiums: Residents' Likes and Dislikes... a comprehensive survey of townhouse residents, has just been published by the Urban Land Institute. Carl Norcross... housing market analyst and former editor of *House & Home* magazine... surveyed 1,800 residents in 29 projects in California and the Washington, D. C. metropolitan area. Residents answered a searching 49-question opinion poll, and many added lengthy comments concerning what they like and dislike about various aspects of ownership, including density, privacy, homes associations, parking problems, neighbors' noise, and house design. Available for \$15.00 from ULI, 1200 18th St., N.W., Washington, D.C. 20036. (202/331-8500)

Directory of Historic Places for Bicentennial Planning... a source book for those seeking information or consultation on historic preservation for the Bicentennial. Lists historic places in the 50 States, the District of Columbia, and the Territories. Price \$1.75 postpaid from the National Trust for Historic Preservation, 736 Jackson Place, N.W., Washington, D.C. 20006.

HUD newsletter
U.S. Department of Housing and Urban Development
Washington, D.C. 20410

October 1, 1973
HUD-318-91-PA

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Current Trends

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Short-term interest rates continue to decline. Treasury borrowing... one of the best yardsticks of short-term trends... dropped more than a full percentage point on 13-week bills... from 8.832 at the last sale two weeks ago... to 7.331 percent this past week. The 26-week Treasury bills went down to 7.661 percent from the previous sale which was at the rate of 8.832 percent. The new rate 7.299 percent is the lowest since last June.

Bond prices... both government and corporate... are rising due to the growing feeling among bankers that the Fed will take no further action to tighten credit. FNMA reduced its rate on short-term discount notes almost a full percentage point. Banks reduced the interest paid on certificates of deposit by 1/8 of a point.

The Federal Home Loan Bank Board reports that member associations had a savings outflow of \$1.2 billion in August. The Board's Chairman... Thomar R. Bomar... said August outflow quadrupled the \$300 million savings loss in July, which showed the first outflow in 42 months.



Mortgage Firm Fined \$160,000

A \$160,000 fine... the maximum possible under the law... was imposed on United Brokers Mortgage Co. of Philadelphia after the company pleaded guilty to 30 counts of defrauding the Federal Housing Administration (FHA) and low-income homebuyers. The sentence was levied by a U.S. District Judge despite pleas from the company's lawyer that the charges were "picayune," and that "everybody was doing it." United Brokers, a cooperative of 100 real estate brokers, was identified as holding more FHA mortgages... many of them on substandard houses... than any other Philadelphia lending institution. The company pleaded guilty to submitting false statements to the Government on repairs to homes and guilty to falsifying records about mortgage points, default rates, and property liens. The charges, brought under the *Truth-in-Lending Act*, reportedly were the first such prosecution of its type in the country.



Minority Firm Wins Major Contract

Luther Benjamin Associates... a native-owned Virgin Islands firm... has been awarded a \$5.8 million contract to construct the new U.S. Courthouse and Federal Building in St. Thomas. This is reportedly the largest contract ever awarded by the Federal Government under the special provisions of Section 8(a) of the *Small Business Act*. The Section provided for SBA to be the contractor and to select by negotiation a subcontractor it deems qualified to perform the work.

The arrangement in this case... and the selection of the Benjamin firm... came less than a year after the HUD Equal Opportunity staff initiated a seminar in St. Thomas to acquaint local entrepreneurs and local and Federal agencies with the opportunities available under the Section. The seminar was attended by staff members of HUD, SBA, GSA, HEW, and representatives of the Governor of the Virgin Islands. The entire program was explained in detail... and those present were informed that a number of lending institutions were willing to provide banking and credit services to local contractors who wished to participate in the program.

Blockbusting Ordinance Invalidated

The U.S. District Court for the Northern District of Georgia, declared DeKalb County's "anti-blockbusting" Ordinance unconstitutional. The Ordinance had provided that the posting of a "For Sale" sign on residential property displaying the name of any real estate firm, broker, associate broker, or salesman shall be prima facie evidence of a violation of the Ordinance. The DeKalb Board of Commissioners had contended that the cause of panic-selling was the presence in a neighborhood of "For Sale" signs displaying the name of brokers known to be black real estate agents who sell mainly to black families. The Court took notice that brokers who are prohibited from posting "For Sale" signs are subject to the provisions of the Fair Housing Act, and must sell regardless of race. A homeowner/seller, not under the Ordinance which prohibits posting "For Sale" signs, is not subject to the Fair Housing Act. The Court stated that this fact, coupled with the purpose of the Ordinance ... stabilization in neighborhoods... may have the ultimate effect of denying blacks an opportunity to find suitable housing.



Secretary Encourages Historic Preservation

The proposed *Better Communities Act* will "significantly improve" present methods of helping State and local historic preservation work, Secretary Lynn said in an article in the September issue of *Preservation News*... official publication of the National Trust for Historic Preservation. Under the BCA, "the potential for preservation work will be greater than ever."

Historic preservation is specifically included among eligible activities by all localities ... and the numerous Federal restrictions which previously limited local use of funds would be abandoned, and authorization would be broader and more general for such activities.

The Act places no limit on the portion of BCA Federal funds which a locality may devote to preservation work. Previously, the program was limited to a small fraction of what could be available under BCA.

"It will also give preservation groups a better opportunity for partnership with elected officials, and the opportunity to work with planning, economic development, transportation and other forces in the community," Mr. Lynn said. He added that HUD will assist in improving these partnerships through technical guidance in preservation with the cooperation of the National Trust, design professionals, local officials, and others. But he warned that preservationists must pursue these partnerships and launch an early, active drive to bring preservation and environmental concerns and projects to prominent attention.



Boston Launches Tax Credit Experiment

Mayor Kevin White of Boston has launched a two-year experimental program which he hopes will encourage landlords to bring their property up to housing code standards. It provides that a resident landlord of a one-, two-, or three-unit dwelling may obtain a real estate tax credit of 10 percent of his expenditure for improvements. For example... he can deduct \$300 from his tax bill where he can show \$3,000 worth of repairs were made. The Mayor estimated that such credits would total \$2 billion, while hopefully generating \$20 million in home improvements in the city. The code enforcement program was prompted by HUD's Workable Program requirements in order to make Boston eligible for Federal funds.



Bank Journal Analyzes Hunt Commission Report

The September issue of the *FHLBB Journal* has devoted a major portion of its space to an analysis of the Hunt Commission Report and a discussion of the Recommendations for Change in the U.S. Financial System based on the Commission Report that have been sent to Congress. The *Journal* is available for 90 cents for single copies or at an annual subscription rate of \$7.50 from the Superintendent of Documents, Washington, D.C. 20402.

Emergency Mobile Home Movements

A breakthrough has occurred in speeding the movement of mobile homes required for temporary housing of disaster victims. *The American Association of State Highway Officials* has adopted a nationwide policy and procedure applying to the movement of HUD mobile homes in the event of a national emergency declared by the President. Mobile homes under HUD contract and bearing a HUD sticker will be permitted to move on all interstate routes on a 24-hour, 7-days a week basis... and the new procedure eliminates requirements for individual permits in each State. Individual State Departments of Highways or Transportation will assign additional routes suitable for the emergency move as soon as mobile home staging areas are identified in the disaster area.

Meanwhile... the second rail shipment of HUD mobile homes, including 32 mobile homes and two travel trailers, arrived in the Forest Park Strategic Storage Center in Atlanta on September 5. Preliminary inspections indicate that all units arrived in excellent condition, confirming the effectiveness of rail as an additional mode of transportation for movement of mobile homes to disaster areas. Railroad companies and the *Mobile Home Manufacturers' Association* have been asked to examine the feasibility of rail movement for commercial shipment of mobile homes.

Over 2,500 refurbished mobile homes are now in permanent storage at the various strategic storage centers in the country and prepared for immediate shipment to any new disaster area.



Design Professions Issue Joint Statement

Seven organizations of design professionals... architects, engineers, landscape architects, and planners... have reemphasized their "responsibility to discipline their members for unprofessional conduct."

A strongly worded statement expressing their dismay at recent allegations of improper, or patently illegal, conduct by design professionals seeking contracts for public works was signed by the presidents of the seven professional societies and was issued in Washington at a meeting of the *Interprofessional Council on Environmental Design*, attended by officers representing the environmental design professions.

The statement said: "We condemn without equivocation any attempt by any person dealing with Government to influence the award of contracts through political contributions or by offering, or providing services, materials, or other gratuities in the hope of obtaining work. Equally... we deplore the political pressures exerted on individuals and firms to make contributions in order to be considered 'preferred contractors' for services in connection with public work."

The Interprofessional Council on Environmental Design is composed of the American Consulting Engineers Council, American Institute of Architects, American Institute of Planners, American Society of Civil Engineers, American Society of Consulting Planners, American Society of Landscape Architects, and National Society of Professional Engineers.



July 1, 1973 Population Estimates

The total population of the U.S. (including Armed Forces overseas) was about 210.4 million on July 1, 1973, according to estimates released by the Census Bureau... an increase of 1.6 million or 0.7 percent, over the estimate for the corresponding month a year ago; and an increase of 120,000 over the previous month. The monthly gain was the result of a natural increase of 94,000 (excess of births over deaths), and an estimated net civilian immigration of 26,000.

The July 1, 1973, total population represents an increase of 6 million over the population on April 1, 1970, the date of the census upon which these estimates are based.

FYI

American Society of Civil Engineers. . . National Environmental Engineering Meeting . . . New York City, October 29-November 1. **Information:** Herbert Hands, ASCE, 345 East 47th Street, New York 10017.

New York University. . . School of Continuing Education. . . *First National Plastics in Construction Conference*. . . New York City, October 17-18. **Registration:** NYU Management Center, 600 Third Avenue, New York 10016.

Consulting Engineers Council. . . Fall Meeting. . . Dallas, November 12-13. **Details:** Wes Dibbern, CEC, 1155 15th Street, N.W., Washington, D.C. 20005.

Air Conditioning and Refrigeration Institute. . . Annual Meeting. . . Boca Raton, November 13-17. **Write:** ACRI, 1815 N. Fort Myer Drive, Arlington, Va. 22209.



Publications Available

Administration of Building Regulations. . . edited by Gaylon R. Claiborne, P.E. A new, concise manual of methods and procedures for code enforcement published by *Building Officials and Code Administrators International*. . . outlines effective avenues for the enforcement of code compliance with guidelines for the permit process; administrative, legislative, and judicial appeals; administrative action against code violators; new construction inspections; and powers for regulating existing buildings. . . 100 pages, soft cover; \$3.00 for BOCA members. . . \$3.50 for non-members from BOCA, 1313 E. 60th Street, Chicago, Illinois 60637.

Old Glory. . . a pictorial report on the grass roots history movement and the first hometown history primer. Published by America the Beautiful Fund. . . a nonprofit organization supporting the enrichment by people of the natural, historic, and manmade environment. . . the 200-page, giant size (11" x 9") paperback has photos of about 100 grass roots projects all across the country. It is about people taking action to restore historic buildings and sites. . . as well as revitalizing American arts and heritage. Included is a section on "how to" for individuals and groups who want to get started preserving America's heritage in their own communities. For sale for \$4.95 in bookstores or send \$4.95 plus 25 cents for postage and handling to: Warner Paperback Library, Department HD, P.O. Box 690, New York, New York 10019.

The American Endless Weekend. . . an analysis of recreation problems and demands that accompany national growth, affluence, and mechanization, has been published by The American Institute of Architects. Written by C. Ray Smith, AIA. . . it poses such questions as: What is being done, in light of the shortening workweek and expanding weekend, to provide for the use of our increasing leisure time? What happens when the greatest population concentration is in the Northeast quadrant of the country, and most of the national parks are in the West? What has been considered in the way of indoor recreation, year-round availability of services, and the role of the arts in recreation?

The report takes into particular account the necessity for planning for peak recreation periods—the American endless weekend. This 64-page illustrated book is available from The American Institute of Architects, 1735 New York Ave., N.W., Washington, D.C. 20006. Price is \$7.00, \$5.00 to AIA members. Payment should accompany the order.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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HUD newsletter

OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280



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Current Trends

Building awards in August rose to a new high... \$10.3 billion... 17 percent higher than August 1972... according to the Dodge-McGraw Hill monthly report. Residential construction declined 8 percent to \$4.23 billion. A 63 percent increase in the non-residential sector over August 1972 was accounted for... in part... by the start of work on several high-cost power plants. For the first eight months of 1973... construction awards were up 14 percent over a year ago... to a \$69.8 billion level.

At the same time... the Commerce Department reported that construction spending in August declined slightly from July... at a seasonally-adjusted rate of \$137.7 billion... compared to July's \$138.3. The August figure was 12.5 percent above the same month in 1972... but this increase was actually only 1 percent above 1972... when measured against 1967 dollars.

For the third consecutive week... interest rates on Treasury short-term bills went down. On the 13-week bills the drop was to 7.149 percent from 7.331... and from 7.661 to 7.584 on the 26-week securities.

The President has signed the bill extending for one year FHA's authority to insure mortgages... which was to have expired on October 1.

On October 1... the Federal Home Loan Mortgage Corporation reduced by 1/8 of 1 percent the interest required to be paid on conventional mortgages sold to it for immediate delivery... and by 1/4 of a percentage point on those it commits to purchase between six months and one year in the future.



Responsive Governments Bill Goes to Congress

The Administration has sent the proposed *Responsive Governments Act* to Congress. This is the last of the package of legislation the President announced last March in his Community Development Message. The major thrust of the proposed legislation is to replace the existing *701 Planning Assistance Program*... which provides Federal assistance to local, State, and regional planning bodies. Primarily... the new bill provides for continuing the present Federal-local relationship on planning... but to increase the capacity of State and local governmental units to plan and manage all the resources available to them for such goals as rural and urban community betterment; adequate housing, public facilities, and public services to support an improved quality of life; and conserving and protecting the environment and natural resources. The proposals would also broaden the eligibility of larger communities to receive assistance under the program.



Relocation Regulation Amendments Proposed

HUD's proposals to amend *Title 24, Part 42 of the Code of Federal Regulations* governing relocation payments and assistance under the *Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970* appeared in the *Federal Register* September 27... Docket No. R-73-241 (page 26923). Interested persons are invited to submit written data, views, or statements. Communications... which should identify the proposed rule by the above docket number... should be submitted in triplicate to Rules Docket Clerk, Office of the General Counsel, HUD, Washington, D.C. 20410, on or before October 29, 1973.

Spokane Plans Expo '74

The only major international exposition in the United States during the 1970's bicentennial decade... Spokane's Expo 74... with the theme *Celebrating Tomorrow's Fresh New Environment*, is intended to stimulate a greater understanding of our environmental problems and their solutions.

Set among the many parks, lakes, and geographic wonders of the Pacific Northwest, Spokane's Expo site is a demonstration of effective land reclamation. Two islands and the riverbanks surrounding the spectacular Spokane River Falls in the heart of downtown Spokane will be transformed from industrial uses to a 100-acre park. A HUD Open Space Grant of \$3,749,689 will assist the City of Spokane to convert the Expo site to a permanent riverfront park... which should be one of the most beautiful in the Nation.

The major features of Expo '74 will be:

- The U.S. Pavilion... with the theme *Man and Nature—One and Indivisible*, which will incorporate waterfalls, pools, and a garden courtyard overlooking the river. The \$11.5 million structure will be a permanent addition to the riverfront park.
- The Washington State Pavilion, an \$11.9 million permanent facility, will house a 2,700-seat Opera House and an extensive exhibit area. The State's exhibit theme will be *About Time*.
- A 1,000-seat permanent outdoor amphitheatre overlooking the river will be the scene of scores of entertainment features during the fair.
- American art, from pioneer days to present, will be on exhibit during the fair. The works of the Nation's most prominent artists are being assembled by Dr. Alfred Frankenstein, noted San Francisco art critic.
- A unique and exciting amusement park area will delight young and old.
- Two aerial tram rides will give visitors a bird's-eye view of the Expo grounds, and a spectacular descent into the chasm of the falls.

A number of foreign nations, as well as domestic governmental, corporate, and environmental groups, will participate... and more than 4.8 million visitors are expected to pass through the gates during the Fair's six-month run, May through October, 1974.



New HUD Official Named

Secretary Lynn has announced the appointment of Rudolph G. Penner, economic advisor, author, and educator, as Deputy Assistant Secretary for Economic Affairs. Mr. Penner will serve in this newly-created position within HUD's Office of Policy Development and Research. He has been a key consultant on the housing policy study since June 4 of this year. His responsibilities include providing economic intelligence for HUD use, and analyzing the mortgage markets, areas of national housing and community development needs, as well as their interrelationships with HUD programs and the national economy. He is additionally responsible for analyzing economic and financial aspects of legislative proposals and HUD policies, and assessing costs of alternate solutions to housing, urban, and community development problems.

Prior to joining HUD, Mr. Penner was a professor of economics at the University of Rochester (N.Y.). He also has taught at Princeton University, at University College in Dar es Salaam, Tanzania, and served as economic consultant to the governments of Canada, Liberia, and Tanzania, as well as to various agencies of the U.S. Government. He was a senior staff economist for the Council of Economic Advisers in 1970-71. Mr. Penner was graduated in 1958 from the University of Toronto, and received his doctorate in 1963 from John Hopkins University.

Housing Data Published

The Census Bureau... which had previously reported some of the data recorded in the 1970 Census of Population and Housing... has now issued a summary of national totals for such data as total housing inventory, occupied housing, year-round housing, owner- and renter-occupied housing, structural characteristics, plumbing, equipment, and financial characteristics, as well as fuel and appliances. Tabulations are also given for each of the 50 States and the District of Columbia.

Among the figures shown in the publication:

- Nationally... less than 2 percent of all housing units consisted of one-room units... but of all those reported... most (27 percent) are to be found in the Northeast... and almost half of those (11.6 percent) were in the New York Metropolitan Area. The median size of all units in the country was 5.0 rooms... and nearly 17 million of the total 67.7 million housing units had this number of rooms.

- There was less crowding in American housing in 1970 than in 1960 or 1950. Only 5.2 million units had more than one person per room. The figure was 6.1 million in 1960... and 6.8 million 10 years earlier. The percentage drop was dramatic... 8 percent in 1970... compared to 12 percent in 1960 and 16 percent in 1950.

- The number of households with second homes nearly doubled in the intercensal period... with 2.9 million families reporting second homes. A special Census survey in 1967 turned up 1.6 million households in this category. Most of these households... 827,000 were in the South... 781,000 in the Northeast (237,000 among New Englanders)... 759,000 in the North Central States... and 523,000 in the West. New York had the highest number (289,000 households)... California was second (264,000)... and Florida third with 146,000.

- Housing of the type our forefathers occupied... no water or sewer... is still with us. There were 1.3 million homes whose primary source of water was a spring, river, stream, or cistern; and 2.9 million that did not use a public sewer, septic tank, or cesspool. In addition... 11.6 million units (16 percent) had a well as their sole source of water. The remaining 55.3 million units were served by public water systems.

- More than one-third of homes... 35.8 percent... were air conditioned. In the South... 50 percent of homes were so equipped... and the lowest percentage (23 percent) were in the West. Nearly two-thirds of the year-round housing units in the country had steam, hot water, or hot-air heating systems... totaling 42.6 million. A total of 581,000 units had no heating equipment of any kind.

The new report... *Volume I, Housing Characteristics for States, Cities, and Counties, Part I, U.S. Summary* (cloth bound) is available for \$6.25 from the Superintendent of Documents, Washington, D.C. 20402.



Land Developer Suspended

A Mississippi land developer has been suspended for failing to report he had been charged with violation of State and county laws in the *Statement of Record* he is required to file with HUD's Office of Interstate Land Sale Registration.

The developer of Hidden Valley Lakes filed a statement which omitted any reference to violations of Tate County regulations for sewage disposal. The violations should have been made known to prospective purchasers, who could be caught in the middle of the controversy between the developer and county and State authorities.

The suspension will remain in effect until the developer files an amended *Statement of Record* with OILSR.

New York City Opens Housing Court

On October 1... the new Housing Court in New York City opened for business. There were 550 cases awaiting the Court's Chief Judicial Officer... State Supreme Court Justice Edward Thompson... when the first day's session began. More than 85 percent of the cases were settled by conciliation... thus disposing of cases that would have... under the old system... dragged on for many months. The new Court provides for five judges and 16 hearing officers... who will hear evidence... and stay with the cases until they are resolved... instead of the former method of fragmented jurisdictions, postponements, and delays which made the handling of more than 100,000 landlord-tenant cases a year a long, expensive, and very often frustrating, procedure.



Realtors Endorse Housing Recommendations

The National Association of Realtors has strongly endorsed the housing policy recommendations submitted to Congress by President Nixon. J.D. Sawyer, President of NAR said: *The President's proposal to provide immediate relief to the hard-pressed home mortgage market should alleviate an extremely serious threat confronting the home-building industry.*



White House Seeking Fellows

The President's Commission on White House Fellows is now accepting applications for its 1974-75 program. A special effort is being made this year to increase the number of women participants.

Each year, approximately 20 young Americans are chosen to serve as Fellows. Although the program has always been open to both women and men, few women have participated and represent only 10 percent of the overall membership.

Fellows are assigned for one year as assistants to cabinet officers or White House staff members. In addition to their daily tasks, they participate in educational activities revolving around all parts of governmental life. The year often involves both foreign and domestic travel and assignments that call for adaptation to new challenges and experiences.

White House Fellows receive a government salary of up to \$28,692, commensurate with previous education, experience, and earnings. The selection process is nonpartisan and designed to identify young men and women who have demonstrated exceptional ability, leadership qualities, high moral character, and a tangible concern for our society.

The application period for the 1974-75 White House Fellowship closes on November 15. For additional information contact the President's Commission on White House Fellows, Washington, D.C. 20415.



FYI

Association of Student Chapters of the American Institute of Architects Forum: A New Approach... People... Miami, November 23-25. Will focus on the designers' responsibilities to combat the "separation" of the individual from his existing environment. Students and professionals from each of the design disciplines will investigate several thought levels, ranging from the positive and negative political, industrial, and commercial influences on design and planning, to new concepts in facilities for specialized need groups such as the elderly, the handicapped, and the imprisoned. Details: Fay DeAvignon, Association of Student Chapters, 1735 New York Ave., N.W., Washington, D.C. 20006. (202/785-7272)

HUD newsletter
U.S. Department of Housing and Urban Development
Washington, D.C. 20410

October 15, 1973
HUD-318-93-PA

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HUD newsletter

OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280



October 22, 1973

Vol. 4 No. 43

Current Trends

The Federal Home Loan Bank Board reported that conventional (non-FHA or VA) home mortgage interest rates on new homes in September averaged 8.13 percent. . . up from 7.94 percent in August. On existing homes. . . the rate increased from 8.01 percent in August to 8.25 percent in September. Thomas R. Bomar, FHLBB Chairman, warned home buyers to expect even further increases due to a substantial reduction in funds available for mortgage lending.

Effective interest rates on FHA-insured and VA-guaranteed home loans rose in September. The average effective rate on FHA-VA home loans closed in early September was 8.86 percent. . . compared with 8.17 percent in August and 7.81 percent in July. For new commitments to homebuyers. . . the average effective interest rate for FHA-insured and VA-guaranteed loans rose to 9.07 percent in September, compared with 8.34 percent in August and 7.74 percent in July.

Urban renewal project notes totaling \$471 million. . . representing 121 local issuing agencies. . . were sold on October 2, at an average interest rate of 4.7132 percent. The average interest rate for the \$444.3 million of project notes sold on September 5 was 5.5105 percent.

On September 26, the Department sold \$292.7 million of Housing Authority Bonds at an average interest rate of 4.998 percent. The sale was the 78th since 1951 and brings the amount marketed to \$9.8 billion. Housing Authority Bonds constitute the permanent financing for low-rent housing projects and consist principally of 40-year serial bonds. Such bonds constitute approximately 5 percent of the total of all long-term municipal financing undertaken in the United States. In contrast to long-term bonds. . . the Department annually markets short-term notes having maturities up to 12 months totaling approximately \$11 billion. This amount constitutes over 40 percent of the total of all short-term financing undertaken by all States and municipalities of the United States.

In addition to the Local Housing and Renewal Agency bonds. . . sold in the tax-free municipal bond market. . . during the first nine months of 1973. . . a record of \$17.4 billion has been borrowed in the bond market by various Federal agencies. The Federal Home Loan Banks and other housing-support agencies have issued over \$7 billion in bonds through September 30. . . doubling the amount of debt outstanding on January 1, 1973.

For the first time since last December. . . interest rates declined in a FNMA auction. In last week's sale of 4-month commitments. . . FNMA issued \$24 million in commitments to buy Government-backed mortgages at an average yield of 9.110 percent. . . down from 9.371 percent at the previous auction. . . and the lowest since the 8.949 percent level last August.

A decline in mortgage interest yields was reflected in GNMA's latest auction of mortgages. . . in which \$1.374 billion in bids were submitted. Bids were accepted for the entire \$228 million of 7 percent mortgages offered. . . according to GNMA President Woodward Kingman. Accepted bids ranged from 86.25 to 91.58, resulting in an average accepted price of 90.25 for a yield of 8.38 percent. This compares with a yield of 8.96 percent in GNMA's previous auction on September 10. . . and with a yield of 9.11 percent in FNMA's October 1 auction.

Revenue Sharing Helps Cut Taxes

Since its passage last year. . . the Federal Revenue Sharing Program has paid out about \$8.3 billion in three installments to States, and 38,000 counties, cities, towns, townships, Indian tribes, and Alaskan Eskimo villages. Generally. . . the funds are being used to cut taxes or avoid raising taxes. . . and to pay regular operating costs. Currently. . . State governments are spending three times as much revenue-sharing money to meet operating and maintenance costs as for capital improvements. . . and most local governments are using the bulk of the receipts from the Federal Government for police and public safety, education, and transportation systems. Lesser amounts are being spent on such things as housing, economic and community development, and libraries.



City Welcomes Minorities

San Leandro, California has formally laid out the welcome mat to members of all ethnic groups. It is inviting people to move to a "friendly city." This is being done through a series of weekly advertisements in six Bay Area newspapers. . . according to Del Green, who heads the city's *Freedom of Choice in Housing* project. An estimated \$3,000 will be spent for the ads, which will appear for five weeks, and local endorsements for this campaign include the San Leandro Merchants Association, San Leandro Manufacturers Association, the Singer Corporation, and others.

The campaign is part of a \$50,000 demonstration project. . . the *Freedom of Choice*. . . funded by HUD through its Office of Equal Opportunity.



Oregon Enacts Housing Laws

The 1973 Oregon Legislature has enacted one of the most comprehensive and far-reaching State programs to provide housing assistance to low- and moderate-income families. . . to give tenants added protection. . . and streamline the administration of codes. Among the provisions of the new legislation: authorization to the State Housing Division to sell \$200 million of revenue bonds to finance housing with a below-market interest rate 2 percent lower than the prevailing rate; providing for the State Department of Commerce to establish a uniform statewide structural building code. . . and to create uniform mobile home standards on a statewide basis. Under the Act, a Central Plans Review Office will be established where local jurisdictions. . . which do not have the expertise to do so. . . may have building plans and specifications reviewed by State specialists. Also, the State will certify local building officials and inspectors. Renters are given added protection under a *Landlord and Tenant Act*. . . and both homeowners and renters whose annual incomes are less than \$15,000 will receive a tax refund of up to \$250. In addition. . . housing discrimination laws are strengthened, a land development consumer protection law was enacted. . . and Land Use Planning and Environmental Protection agencies were created.



Real Estate Broker Suspended

The North Carolina Real Estate Licensing Board recently suspended a real estate broker's license for 60 days as a result of complaints filed by *Housing Opportunities Made Equal, Inc. (HOME)*, and two individuals. . . L. Sherman and J. Ingle. . . in which it was alleged that Sherman's right to see a home for sale was denied because of his skin color. The Board ordered that "on or before the effective day of said suspension, the Respondent shall cease all advertising as a real estate broker in his name or in the name of Blair Realty Company. . . cause his business phone to be disconnected. . . and in no manner hold himself out as a licensed real estate broker." The firm was also suspended from membership in the Raleigh Board of Realtors and the Raleigh Multiple Listing Service.

Ordinarily, license suspension or revocation has been difficult to obtain. Each of the 50 States has a real estate license law that provides for suspension or revocation. . . but usually the licensing boards have been reluctant to consider racial discrimination as grounds for suspension or revocation.

AIA Favors Elimination of Political Contracts

Following a 9-month study of political contributions by architects... the *American Institute of Architects* has recommended that the award of State and local government design contracts be removed from the political process... and that an open selection board be established to review designers' qualifications and award contracts for work.

At its Fall Board of Directors meeting... the 24,000-member professional society also adopted a stiffer ethical standard regarding political contributions by its members. AIA President S. Scott Ferebee, Jr., FAIA, of Charlotte, N.C., announced the proposal to establish open architect and engineer-selection processes for government construction projects at State levels. The idea of having designers' qualifications reviewed and recommendations made publicly by independent bodies of professionals is to help insure that political contributions are not a condition of an architect's getting State contracts.

The AIA recommends that, on the State level, the Governor choose candidates for the selection board from lists of qualified persons submitted by professional organizations with an interest in State work. Candidates would be subject to confirmation by the State Legislature.

The standard and guidelines and the full report of the Task Force on Political Contributions are available on request from the Public Relations Department, AIA, 1735 New York Ave., N.W., Washington, D.C. 20006.



New 'Tandem' Procedures Announced

Secretary Lynn has announced the procedures by which GNMA will operate the \$3 billion in Tandem Plan assistance for homebuyers announced in President Nixon's recent Message on Housing Policy proposals. Tandem financing represents new money for the mortgage market. Beginning October 5, GNMA began issuing contracts to purchase:

- an additional \$1 billion for subsidized multifamily mortgages at par;
 - \$20 million for subsidized or unsubsidized FHA mortgages situated in Guam at par;
- and
- \$1.98 billion for FHA or VA unsubsidized multifamily or single-family mortgages
- ... all for new construction... at a price of 96 percent of par value.

The mortgage contracts purchased will carry an interest rate of 8½ percent... somewhat below current market levels... and may have a maximum principal amount of \$33,000 per dwelling unit.

The impact of this infusion of \$3 billion into the mortgage market in this time of tight money is significant, Secretary Lynn said.

Besides providing limits on discount points that can be charged on FHA or VA mortgages, the program will accelerate a downward trend in mortgage interest rates because of the competitive effect—and psychological effect—it will have on other mortgage lenders.



FYI

National Association of Realtors... 66th Annual Convention... Washington, November 9-15. Registration: NAR, 155 East Superior Street, Chicago 60611.

Industrialized Building Exposition and Congress... co-sponsored by the National Association of Building Manufacturers and Cahners Publishing Co... Chicago, November 27-29. Registration: INBEX, 5 South Wabash Ave., Chicago 60603.

Listening Post Week Proclaimed

Harve H. Harrison, Mayor of Edmonds, Washington, proclaimed the week of September 17-21 as *Housing Listening Post Week*. . . as part of the first statewide housing information service in the Nation.

The Housing Listening Post, operating under a cost reimbursable contract between HUD and the State of Washington's Office of Community Development, was scheduled for statewide operations in November. . . but the active cooperation of community agencies throughout the State permitted the project to open Wide Area Telephone Service (WATS) lines 60 days ahead of schedule.

The Housing Listening Post . . . housed in a former elementary school in Edmonds, is charged with developing an operational regional housing information service for the general public, free of charge.

The service presently functions with some part-time volunteer staff members working in conjunction with a paid staff.

Over 800 cases were handled during the three months of preliminary local operations. The project is expected to develop the capacity for servicing 1,000 a month within the 24-month contract period. Additional volunteers will be trained each quarter during a two-credit-hour social service education course to be taught by Edmonds Community College, using *Housing Listening Post* facilities.

The *Housing Listening Post* is now expanding its operation and scope of service to the entire State of Washington, providing toll-free telephone lines to all citizens of the State.

During the 20-week tool-up and local service phase of the project, the part-time (volunteer) staff contributed 5,104 hours of service as of September 7, 1973. This service is valued at \$25,017.



Equal Opportunity in Off-Base Housing

The Department of Defense has published in the *Federal Register* (38 F.R. 26720) (9-25-73) a supplement to its existing **Fair Housing Regulations**. The regulation implements Title VIII of the *Civil Rights Act of 1968* and also cites Title IX of the *1968 Act* and the *1866 Civil Rights Act* barring discrimination in housing. The regulation extends to military personnel authorized to live in the civilian community in the U.S. and to DOD personnel similarly situated outside the U.S. The regulation covers sex in addition to race, color, religion, and national origin. It also expressly authorizes Commanders to use verifiers (testers) "during the course of a housing discrimination investigation to determine if, in fact, housing discrimination is being practiced by a facility or individual as alleged."



Innovative Fuel Storage Explored

The New York City Housing Authority, which uses up to 1 million gallons of fuel oil on extremely cold days for its 600,000 tenants, is actively seeking reserve storage capacity to help cope with the energy shortage this winter. In its search for a storage facility with a 2 to 3 million gallon capacity, it has asked the Navy Department whether one of its vessels could be used for that purpose.

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U.S. DEPARTMENT OF HOUSING AND
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HUD newsletter

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Washington, D. C. 20410 (202) 755-5280



October 29, 1973

Vol. 4 No. 44

Current Trends

The Census Bureau has reported builders' sales of one-family homes during the month of August were at a seasonally-adjusted rate of 566,000 units. . . compared to 761,000 sold in August 1972.

Interest rates on short-term borrowings continue to decline. . . as Treasury bills declined 14 basis points during the week. Bank spokesmen were saying a drop in the prime rate "is not unlikely at this time."

Project notes totaling \$556 million. . . representing 91 local housing authorities, were sold on October 10. . . at an average interest rate of 4.49 percent. The interest rate last month was 5.50 percent. Bids ranged from 4.23 percent to 4.72 percent. The average maturity of the notes sold was 7.2 months.

GNMA will hold an auction of 13,700 unsubsidized home mortgages on November 7. Any mortgagee approved by FHA will be eligible to bid in the auction. The mortgages . . . totaling approximately \$240 million. . . all bear interest at the rate of 7 percent. They are insured by FHA under the *National Housing Act*, or guaranteed by the Veterans Administration. All mortgages offered are eligible for inclusion in pools of mortgages which support issues of GNMA-guaranteed mortgage-backed securities.

Housing starts in September were at the seasonally adjusted rate of 1.763 million units. . . down 15 percent from the August rate of 2.066 million. The decline affected all categories of housing. . . single-family units were down 12 percent. . . 2- to 4-family units, down 10 percent. . . and 5-or-more-family structures, down 19 percent.



Significant Decision

A U.S. District Court in New York has held that a requirement of a Housing Authority that a family must have at least one adult-citizen member eligible for public housing is unconstitutional. The Court said that the requirement conflicts with the guarantees of the Fourteenth Amendment. . . and is a denial of equal protection of the law.

The plaintiffs are citizens of Columbia who are permanently and lawfully residing in White Plains, New York. They have three children who were born in the U.S. which makes the children citizens of this country. The plaintiffs had been denied eligibility for public housing on the grounds that there was no adult-citizen in the family.



3,000 Housing Units Become Available

A Title VII (Fair Housing Law) complaint was recently filed by an Indian in Bismarck, North Dakota, against the Builder Management and Investment Company, Inc., which owns or manages over 3,000 living units in North Dakota, South Dakota, Montana, and Minnesota. Conciliation by HUD's Denver Regional Office resulted in an agreement making available all of the company's housing units in the four States to qualified Indian applicants on a priority basis. In addition to the present properties owned or managed by the company, the conciliation agreement provides Indians access to all additional units the company might acquire. The Indian complainant was awarded \$500 by the company for the fair housing misunderstanding.

Builders Adopt Consumer Warranty Plan

The Board of Directors of the 72,000-member *National Association of Home Builders* has adopted a voluntary system of insured warranties on newly constructed homes. The plan, not yet in final form...contemplates a 10-year warranty against loss due to structural defects, plus coverage for certain workmanship and materials for one- or two-year periods. George C. Martin, President of *NAHB*, in announcing the adoption of the plan, said: *This is a great event. An extremely large and complex industry composed of small businessmen is demonstrating that it has the will and the capability to police itself, improve its product, and offer superior protection to the public...all without creating additional governmental bureaucracies or adding to taxpayers' expenses.*

The new program will be administered by a wholly-owned subsidiary organization of *NAHB* called the *Home Warranty Council*, which will develop further elements of the basic plan.

The *Council* is authorized to arrange for insurance backing for the warranties issued by the *Council*. It would franchise or license local warranty councils throughout the country. Local affiliated associations of the *NAHB* which desire to participate must apply to the *Council* and agree to administer the program in accordance with its guidelines.

A major goal of the program is to insure that reasonable buyer complaints are handled justly, quickly, and impartially. Areas of disagreement would be resolved through local conciliation procedures. Members registering with their local council would be required to satisfy reasonable tests of technical, financial, and ethical performance.



Home Repair Costs Rise

The *National Research Bureau* reports that a typical new house is priced today at \$34,100...up 33 percent from \$25,400 five years ago.

Virtually every component of constructing and maintaining a home is more costly today, the Bureau says. Building materials costs have risen 11 percent in the past year. Plywood, for example, has become 18 percent more costly in that period, and building blocks 11 percent.

Land prices have also contributed to the increase. According to *FHA*, typical homesites sell for \$4,900...one-third more than five years ago. During the same period, real estate taxes rose 40 percent, and insurance against fire and the other common hazards now costs 19 percent more.

The increase in maintenance and repair costs has averaged 41 percent since 1968. Some common repairs and the rise in their cost include: painting—57 percent, roof shingling—51 percent, furnace repair—45 percent, sink replacement—43 percent.



HUD's Crime Insurance Programs

Federal crime insurance can be a useful weapon against deteriorating neighborhoods, Assistant Federal Insurance Administrator James M. Rose, Jr., told the annual convention of the *National Association of Insurance Agents* at Las Vegas. The HUD official explained that the crime insurance program helps to maintain small shops and stores in urban areas, which otherwise would be forced out of business. "The store which closes its doors because of uninsured crime losses accelerates the deterioration of urban areas, but now that Federal crime insurance is available at affordable rates in 12 States and the District of Columbia, the store owner who is insured in any of those areas will be compensated for much of his losses...allowing him to stay open, regardless of how many times his store is burglarized."

In the 12 States, policies can be written by any licensed property insurance agent or broker, or by the private insurance company under contract to service a particular State. More than 16,000 people are presently covered under the program.

Historic Preservation Study Available

New Bedford, Massachusetts, has a waterfront commercial district that is one of the most important surviving symbols of the 19th century whaling activity... of which New Bedford was the center. Today... that district is neglected and decaying. Before embarking on preservation and restoration of the historic area, the city received a HUD grant to study the feasibility of such an effort. A report on the study... *Preservation and Rehabilitation of a Historic Commercial Area*... has been published... outlining the conditions of the area and how it can be revitalized. A limited number of copies of the report are available free from the New Bedford Redevelopment Authority, 21 South Sixth Street, New Bedford, Mass. 02740.



Arts Endowment Awards Rooftop Grant

The National Endowment for the Arts has awarded the Cooper Union for the Advancement of Science and Art, in conjunction with Haus-Rucker, Inc... a group of New York artists, architects, and writers... a \$45,000 grant to study ways to utilize one of America's least appreciated urban environments... rooftop space.

The award is part of the City Edges Program... created to highlight problems of urban design and planning and focus attention on many neglected or misunderstood dividing lines... both real and psychological... between urban areas and activities.

The innovative Rooftop Project was conceived and initiated by Haus-Rucker, Inc., which perceives a Rooftop Oasis as the ultimate goal in terms of design considerations and space utilization. The group considers rooftop space as virgin territory that can be developed with rich and fertile activity, both natural and man-made, if human imagination uses the opportunity to explore this exciting aspect of the urban landscape.



Plumbing Code Approved

HUD has resolved serious questions concerning certain provisions of the National Standard Plumbing Code which were considered to be discriminatory. HUD staff met with representatives of the co-sponsors of the Code... the National Association of Plumbing-Heating-Cooling Contractors and the American Society of Plumbing Engineers. An earlier agreement was reaffirmed to delete those provisions HUD felt to be discriminatory concerning licenses, permits, and bonding procedures. HUD will now accept the Code as official with the agreed-on changes. Changes had been previously discussed... but never implemented. The amended Code will be renamed "1973A" to distinguish it from the earlier version which was suspended because of HUD objections. All copies of the earlier version... both those in the hands of the sponsors and those already distributed... will be corrected to reflect the new provisions.



New Look For an Old Square

Old Jackson Square in Independence, Missouri has been called perhaps the most historic in Mid-America. It has a new look which should boost both its charm and its popularity. It was from this square that the wagon trains departed more than a century ago on the way west along the Oregon, California, and Santa Fe Trails. The restored old courthouse contains the offices used by Harry S. Truman when he was beginning a career that led to the White House.

By the mid-1960s time had taken its toll on the square, which had once been a focal point of community life. A few rundown buildings and an almost constant traffic jam made it an unpleasant place to visit... and fewer people did so each year.

A formal dedication of the Jackson Square urban renewal project was held this month. Landscaping, fountains, and pedestrian malls have replaced major parts of the old street network with its rows of parked cars and bumper-to-bumper traffic, and have created a setting worthy of the importance of this historic square.

Publications Available

Frontiers in Planned Unit Development: A Synthesis of Expert Opinion. . . 440 pages, hardcover. Edited by Robert W. Burchell, this book covers the proceedings of a recent conference on planned unit development sponsored by the Rutgers University Center for Urban Policy Research. Among the contributors are academicians, professional planners, land-use attorneys, and large-scale residential developers, who are leaders in the fields of housing and land use control. It contains intensive analysis of PUD—its legislative background, its varying land use techniques, its impact upon suburban development trends, and its overall performance record to date. Available for \$15.00 from the Center, Building 4051, Kilmer Campus, New Brunswick, New Jersey 08903.

Geographical Perspectives and Urban Problems. . . the proceedings of a symposium sponsored by the Division of Earth Sciences of the *National Research Council* in September 1971. The papers presented at the symposium identify the nature of some urban problems and the role geographers can play in effecting practical solutions. The proceedings are available for \$5.75 from *National Research Council*, 2101 Constitution Avenue, Washington, D.C. 20418.

Film Fare. . . a catalog of filmstrips produced by HUD. . . compiled by the HUD Office of Public Affairs. Free from any HUD office or the HUD Service Center, Room B-258, HUD, Washington, D.C. 20410.

HUD's recently published brochure *Buying and Financing a Mobile Home* explains the Department's role in insuring mobile home loans. It describes where to place a home after purchase, the accessories most owners buy, and construction regulations a home must meet before it qualifies for a HUD-approved loan. The American National Standards Institute's A119.1 standard is the basis for HUD's construction requirements. ANSI's standard regulates body and frame design, construction specifications, and the installation of plumbing, heating and electrical systems. The standard is also a requirement of FHA and VA loan programs. Besides explaining the loan insurance program, the brochure also offers a number of tips on buying a mobile home. The brochure can be obtained from any HUD office.

Federally Assisted New Communities: New Dimensions in Urban Development, has been published by ULI—the Urban Land Institute. The book is designed to give developers, builders, architects, planners, and other professionals and non-professionals interested in housing and community development an opportunity to learn in comprehensive detail the opportunities, problems, and accomplishments of the Federal Government's new community development program. The book gives detailed project information, including many photographs, on 12 federally funded new communities and eight new-towns-in-town.

For sale for \$16.00 for nonmembers from ULI—the Urban Land Institute, 1200 18th St., N.W., Washington, D.C. 20036 (202/331-8500).

Community and Resource Development Through Group Process: A Group Guide for Action. Free from the Georgetown Extension Office, University of Delaware, R.D. 2, Box 48, Georgetown, Del. 19947.

FYI



Government Information Service. . . Conference: *A Guide to Federal Dollars* . . . Washington, Nov. 26-28. Registration: GIS, 752 National Press Bldg., Washington, D. C. 20004. (202/783-4240)

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HUD newsletter

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November 5, 1973

Vol. 4 No. 45

Current Trends

The Federal Reserve Board will hold a hearing in Washington November 28 on its proposal that bank holding companies be permitted to acquire mortgage-guarantee insuring companies. The proposal was first made last May... and the comments received by the Board indicated a public hearing was desirable. Those wishing to appear should notify the Fed not later than November 14.

A number of banks around the country... reflecting the easing of the short-term money market... have reduced their prime rates twice in one week... first to 9% percent and then to 9½ percent... from the record high of 10 percent that prevailed in the past few weeks.

The chief economist of NAHB predicts an easing of the mortgage money market... saying "the situation looks somewhat better today than it did a few months ago."

The Federal Home Loan Mortgage Corporation is offering for the first time to purchase participations in conventional mortgage loans that are more than one year old. FHLMC will buy up to \$150 million worth of such interests. It is barred by law from purchasing older loans exceeding 10 percent of its total purchases of conventional mortgages. In the past... the Corporation has not bought any of the older loans because the 10 percent limitation would have created too many administrative problems. The current purchase of over \$1.5 billion worth of new conventional mortgages has created a base against which to purchase a significant amount of seasoned loans.



Interest Ceiling Imposed

The Federal Home Loan Bank Board has taken action... effective November 1, 1973, to set a 7½ percent interest ceiling on four year, \$1,000 minimum (wild card) certificates of deposit.

Also, effective November 1, the Board modified the percentage of total savings account limitations on these certificates to allow a maximum amount of maturities of all CDs per quarter, in place of the percentage limit on savings.

The Board also reduced the minimum amount required for all certificates of deposit to \$1,000, with the exception that a 90-day certificate of deposit requires no minimum balance.

At the same time... the Federal Deposit Insurance Corporation set the top limit on commercial bank Certificates of Deposit at 7¼ percent.



Public Housing Ownership Opportunities Published

The details of the rules and regulations governing HUD Low-Rent Housing Homeownership Opportunities (Docket No. R-73-2181) were published in the *Federal Register* (Volume 38, Number 194) of October 9... and became effective that day. The regulations cover the manner of acquisition and financing... homeownership counseling and training provisions... homebuyers associations... operations... accounting... and similar matters.

New Communities Administration Established

The Secretary has established a New Communities Administration to administer the Department's New Communities Program and related activities. The New Communities Administration is headed by Alberto F. Trevino, Jr., as Administrator. He also serves as General Manager of the Community Development Corporation.

The functions of the new office concern the following:

- Assistance for new communities under Part B of Title VII of the *Housing and Urban Development Act of 1970*.
- Loan guarantees and supplementary grant assistance for new communities under Title IV of the *Housing and Urban Development Act of 1968*.
- Administration of HUD responsibilities for Federal surplus land under Section 108 of the *Housing Act of 1949* and Section 414(a) of the *Housing and Urban Development Act of 1969*.

Revised delegations of authority are being published, and an organizational and functional *Handbook for the New Communities Administration* is being prepared.

The Secretary also announced two appointments to the Board of Directors of the Community Development Corporation. The new Board members are William E. Simon, Deputy Secretary, U.S. Department of the Treasury; and Raymond L. Watson, President of the Irvine Company, Newport Beach, California.

The Community Development Corporation was established within HUD by Congress in 1970 and administers the New Communities program. As Secretary of HUD... Mr. Lynn is Chairman of the five-member Board of Directors... while Mr. Trevino... General Manager... is chief executive officer of the Corporation and also serves on the Board.

The Board develops new communities policy and acts on recommendations of the General Manager for guarantee assistance to developers. Guarantees in amounts up to \$50 million for each new community are made to finance land assembly and certain development costs.



New Assistant Secretary

Secretary Lynn has announced the appointment of W. Boyd Christensen as HUD Assistant Secretary for Administration... succeeding Harry T. Morley. Mr. Christensen will be in charge of the Department's administrative and management activities, including Personnel, Budget, Data Systems and Statistics, Finance and Accounting, and General Services. Prior to coming to HUD... Mr. Christensen was Vice Chairman of the Board of Allstate Insurance Companies and Allstate Enterprises... since April 1972. Previously... he was President and... before that... Executive Vice President in charge of Field Operations. He began his career with Allstate in 1951 as a management trainee.

The new Assistant Secretary, a native of Logan, Utah... served in the Army from 1943 to 1945... received his degree in economics from Utah State University in 1948... and a Master's Degree in Business Administration from Stanford in 1950.



Producers' Council Elects President

James V. Rice of the Pease Company, Hamilton, Ohio, has been elected President of the Producers' Council... the national organization of building product manufacturers. He succeeds John R. Baldwin of the Armstrong Cork Company. Other officers elected were: Richard I. Morris, W.R. Grace & Company, first vice president; Fred W. Rexford, Elkay Manufacturing Company, second vice president; Norman L. Rutgers, Lear Siegler, Inc., Secretary; and Robert C. Findlay, Inland-Ryerson Construction Products Company, treasurer.

State Cooperation in Land Sales Asked

Closer cooperation between the States and the Federal Government was urged by HUD Interstate Land Sales Administrator George K. Bernstein to facilitate curbing abuses in the \$6 billion land development industry.

Addressing the Consumer Protection Committee of the *National Association of Attorneys General* at Corpus Christi, Texas. . . Mr. Bernstein observed that some States have taken positive steps in recent months to protect consumers. But in general. . . he said, the States have failed to take strong enough regulatory action to complement the full disclosure activities pursued by the Office of Interstate Land Sales Registration.

Last month, said Mr. Bernstein, following extensive hearings in 17 cities throughout the country and after reviewing thousands of complaints over the last year, OILSR published new regulations which require more complete disclosure by the developer about his financial standing and the property he proposes to sell. These regulations will become effective on December 1.

Our purpose is to warn the public against being taken in by such matters as false advertising, oral misrepresentations, or the small print in the document the prospective buyer is asked to sign.

The Administrator suggested that a more coordinated campaign could be mounted against dishonest developers and salesmen in the industry if the States would adopt regulations designed to achieve greater uniformity and simplification in State procedures, as well as more meaningful industry regulation and greater consumer protection.

It was announced that another meeting will be scheduled early next year as a follow-up to a conference held with State agencies last May. . . at which it was agreed that a clearinghouse would be set up in HUD to disseminate information on developers and salesmen who have tangled with the law. . . either Federal or State. The information is being made available to all 50 States on a monthly basis.



Our Cities and Suburbs

By 1985, nearly half of America may be living in suburbia if past trends continue, according to a booklet for students entitled *Our Cities and Suburbs*. The 20-page booklet, one of a series called *We, the Americans*, traces the movement of Americans from the farm to the city to the suburbs during the 20th century by means of census data.

It discusses the loss of population in almost half of our largest cities during the 1960's; how U.S. workers get to work (41.7 million go by private car); Age: 11 percent in central cities and 8 percent in the suburbs are 65 and older; Education: of every 10 adults, 5 in the central cities and 6 in the suburbs have finished high school or done some college work; Income: 53 percent of America's families with incomes of \$25,000 or over live in suburbia, while 31 percent live in central cities; Housing: a greater proportion of suburban households have washing machines and dryers, dishwashers, TV's, and cars than central city households. Other booklets soon to be published in the series are *Nosotros* (Spanish for "We"); *Our Education*; *The Work We Do*; *We, the American Elderly*; *We, the First Americans* (Indians); *We, the Asian Americans*; and *We, the American Foreign Born*.

Already published are *Who We Are*; *We, the Black Americans*; *Our Homes*; *We, the American Women*; *Our Incomes*; *We, the Young Marrieds*; and *We, the Youth of America*.

Single copies of *Our Cities and Suburbs* may be obtained for 45 cents from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. A 25 percent discount is given on orders of 100 or more mailed to the same address.

Publications Available

Bicentennial Directory. . . names and addresses of persons handling historic preservation matters in the various States. Price \$1.50 from the National Trust for Historic Preservation, 740 Jackson Place, N.W., Washington, D.C. 20006. This corrects an earlier announcement of a Bicentennial Planning publication.

Local Government Approaches to Capacity Building. . . a manpower study analyzing the skills needed in local governments currently and for the next 15 years. . . as well as the long-range effects of current manpower policies and programs. The 87-page report was produced by the National League of Cities/U.S. Conference of Mayors, under contract with HUD. . . and is the 15th in a series of Community Development Evaluations issued by HUD's Community Development office.

The report analyzes the administrative, professional, and technical skills needed in local governments, and the sources available to fill these needs. Also, it examines the implied manpower problems that will be characteristic of urban environments in 5 to 15 years, and the effect current manpower policies and programs have on local government capacity to perform in the area of manpower delivery. Price \$1.25 each (Stock No. 2300-00223) from: Superintendent of Documents, Washington, D.C. 20402.

The Model Cities Program, a Comparative Analysis of City Response Patterns and their Relation to Future Urban Policy. A 90-page report covering the findings of a HUD-funded, four-year study by a private consulting firm of the local response to Model Cities.

The study compares the Model Cities' response of 21 cities to one another. Equally important, it identifies and analyzes the reasons for similarities as well as differences in city response patterns.

Copies may be obtained at \$1.25 each from Superintendent of Documents, (Stock No. 2300-00240) Washington, D.C. 20402.

A Study of Property Taxes and Urban Blight. . . a report prepared by Arthur D. Little, Inc., under a HUD contract. The report summarizes information obtained from real property owners in 10 cities across the country on such matters as comparative tax burdens. . . characteristics of municipal assessment practices. . . and the impact of the property tax on decisions to undertake remodeling and modernization expenditures. For sale by the Superintendent of Documents, Washington, D.C. 20402. Price \$3.45. Ask for Stock No. 2300-00239.

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November 12, 1973

Vol. 4 No. 46

Mortgage 'Crunch is Easing'

The November 5 issue of *U.S. News and World Report* says there is good news for home buyers. In an article covering the current mortgage money situation... the magazine says: *People hoping to buy or sell houses are getting mild encouragement from lenders.* Quoting executives of the savings and loan industry... the consensus is that mortgage money will become gradually more abundant. The executives report that the inflow of savings funds has stopped... and money is coming in again. It is also expected that the present average interest rate of 9 percent will probably drop to 8½ percent in the near future.



HUD Budget Approved

The Fiscal 1974 Budget of HUD (and other agencies) has been signed by the President. The measure provides \$3.09 billion for HUD's operations.



Ecology is Key in New Federal Building

An "environmental showcase" will be under construction this Fall in Saginaw's Central Business District Urban Renewal Project.

The new three-level, 70,000 sq. ft. Federal Building incorporates many innovative ecological suggestions from university and college students throughout the country. It will accomplish the following: paving and bricks from buildings demolished on-site will be recycled and used in the construction; there will be solar flat plate collectors on the roof to provide heat and air-conditioning... supplementing the conventional boiler system.

Parking will be provided for 95 cars on the roof, with the rest of the roof area landscaped with plantings which furnish insulation as well as a park-like atmosphere for recreational facilities. A water-holding tank will provide a rainwater sprinkler system for the lawn and irrigation. Other features will be incorporated to conserve energy and minimize use of the sewage treatment plant facilities. Built privately and leased to the Government for 30 years, the building will remain on Saginaw's tax roll.



Major Developments in New York City

Two significant events in New York City's housing history occurred recently. One was a ground-breaking for Confucius Plaza, a 736-unit, HUD-assisted low- and moderate-income development... along with associated community space... in Chinatown. Construction begins at a time when Chinatown, long a densely settled neighborhood, is bursting at the seams because it lacks accommodations for new immigrants and space for shop keepers and restaurants catering to a growing tourist trade.

The second event was the dedication of Waterside, an economically integrated development which includes 370 HUD-assisted low- and moderate-income units and nearly 1,400 luxury units. Built on a platform supported by piles in the East River, it is Manhattan's first offshore housing development.

Resource Recovery Tests Begin

The National Center for Resource Recovery has begun a series of tests of equipment for use in separating and recovering valuable materials from mixed trash and garbage. It will be the first large-scale test of these units at a single site. The program is being conducted at the New Castle County (Delaware) Solid Waste Shredding Plant, with Federal and local governments and private industry cooperating.



AIP Makes Annual Awards

The Annual Awards Program of the American Institute of Planners this year honors two innovative plans for its *Meritorious Program Award*. They are the San Francisco Urban Design Plan and the Los Angeles County Mental Health Plan. The *Meritorious Program Award* is given annually to planning programs from across the country which have unusual significance for the profession.

The Institute's *Distinguished Service Award* has been conferred on William L.C. Wheaton, AIP, for his long and distinguished career as a leader and major influence on the theory and practice of urban and regional planning. Dr. Wheaton presently is Dean of the College of Environmental Design at the University of California/Berkeley. This Award is given annually to a member of the planning profession who has contributed widely and significantly to the development of the profession over a period of at least 15 years.

The awards were presented at an Awards Luncheon on October 24 during the annual conference of the Institute in Atlanta.



Workshops Scheduled

A series of conferences to inform small and minority group home repair contractors and real estate brokers in business opportunities related to the repair and sale of federally owned housing began in Detroit October 25. Following that conference, a similar meeting was held in Seattle on October 31. Additional meetings are scheduled for Atlanta—November 15; Cincinnati—November 29; Dallas-Ft. Worth—December 6; and Newark—December 13.

In each city, an evening workshop... to be followed by special training courses for repair contractors... will be held by the Office of Property Disposition, which is under H.R. Crawford, Assistant Secretary for Housing Management at HUD.

HUD now owns some 73,000 single-family homes throughout the Nation. The Office of Property Disposition normally brings the homes up to local code standards or better by putting them out to bid to local home repair contractors. They are then sold through local real estate brokers.

HUD also owns some 207 multifamily projects with about 25,000 units. These properties are managed under contract by local management brokers, rehabilitated if necessary, and put out to bid.

Mr. Crawford estimated that about \$100 million of this type of work is available annually across the country... based on the projection for next year, figuring a \$3,000 minimum repair potential for units that need work. In addition... regular commissions are paid on HUD-owned single-family properties that are sold through local real estate brokers.



National League Installs

At the National League of Insured Savings Association's 30th annual meeting in New Orleans, Gilbert G. Roessner and Edwin G. Alexander were installed as President and Vice-President of the Association for 1974. Roessner, President of City Federal Savings and Loan Association, Elizabeth, New Jersey, succeeds Raleigh W. Greene, President of First Federal Savings and Loan Association of St. Petersburg, Florida, in the top post. Mr. Alexander is President-Managing Officer of Majestic Savings and Loan Association in Denver, Colorado.

New Publications

Fifth Biennial HUD Awards for Design Excellence. . . a photographic listing of the winners of the HUD-sponsored biennial program of awards and design excellence for projects assisted by HUD. The jury gave 58 awards out of 400 entries. The brochure is for sale by the Superintendent of Documents, Washington, D. C. 20402. Price \$1.25.

Youth Action to Improve Housing reports on how inner-city youths can be hired and trained to maintain and repair public housing. The demonstration . . . coordinated by the Office of Housing Programs of the District of Columbia . . . involved the National Capital Housing Authority, the Industrial Arts Division of the D.C. public school system and the Department of Recreation. The project was funded with a demonstration grant from HUD's Office of Policy Development and Research.

The teenagers . . . public housing residents . . . were trained in such maintenance skills as carpentry, painting, window glazing, screening, and landscaping. The youths were also taught good work habits, given counseling, and trained in the basics of property management.

The consultant to the demonstration . . . H.R. Crawford . . . now HUD Assistant Secretary for Housing Management, concluded that although the trainees may not be ready to become property managers, the management training helped them to see the property manager's viewpoint and provided them with an example of a successful black male professional to emulate.

Single copies of the report may be obtained free from the Office of Housing Programs, Government of the District of Columbia, Room 112A, District Building, Washington, D.C. 20004.

The Land Development Law Reporter. . . a comprehensive, two volume, 1,200-page legal digest of Federal regulation of land development. LDLR presents material from all the Federal agencies which regulate land use, development, and marketing. It includes relevant statutes, regulations, court decisions, advisory opinions and policy statements from HUD, FTC, SEC, and EPA. Available from the American Land Development Association, 923 Fifteenth St., N.W., Washington, D.C. 20005. Non-members: \$225 for initial subscription, \$175 for renewal.



Metropolitan Growth Slows

The Census Bureau reports that between 1970 and 1972 . . . the growth of the largest metropolitan areas has slowed markedly. The Nation's two largest SMSA's . . . New York and Los Angeles . . . actually lost population during the period. For all SMSA's . . . the overall growth rate was 2.2 percent . . . which would result in a growth rate for the 10 years of the 1970's of only 11 percent . . . compared to a 16.6 percent rate during the 1960's. Various explanations for the phenomenon have been put forth . . . including the theory that non-metropolitan areas are attracting new jobs in sufficient numbers to counter the long-term trend of people moving from rural areas to the major cities. Demographers . . . commenting on the situation . . . said that the U.S. has reached the saturation point . . . the migration to the urban areas has been slackening for several years . . . and this most recent survey is the first hard evidence that the combination of the lower birth rate and the slow-up of immigration to the large metropolitan areas have taken their toll. If the current birth rate continues for 70 years . . . the country's population will begin to decline.



FYI

National League of Cities. . . Annual Congress of Cities . . . San Juan, December 2-6. Registration: NLC, 1620 Eye Street, N.W., Washington, D. C. 20006.

Keep America Beautiful. . . 20th Annual Meeting . . . New York City, December 4-6. Theme of the meeting: *Two Decades—A Pledge for Tomorrow.* Registration: KAB, Inc., 99 Park Avenue, New York, N.Y. 10016.

More Census Reports

The Census Bureau regularly issues reports. . . some giving more detailed specialized data on the 1970 Decennial count. . . and others covering more recent tabulations. Some are of particular significance to those interested in housing and community activities. In each case, the reports are available from the Superintendent of Documents, Washington, D. C. 20402. . . at the price shown. PLEASE DO NOT ORDER THESE FROM HUD.

A comprehensive view of major trends in U.S. farming as shown in the 1969 Census of Agriculture is provided in a report *Farms: Number, Use of Land, Size of Farm, Chapter 2 of Vol. II, 1969 Census of Agriculture*, which details trends already reported in preliminary reports from the census. Among them are the following:

- There were 428,000 fewer farms counted in 1969 than in 1964 when the last previous Census of Agriculture was taken.

- Farms, on the average, were 38 acres larger in 1969 than in 1964.

- The value of agricultural products was \$10.3 billion greater in 1969 than in 1964.

Land in farms declined by about 47 million acres (4.2 percent) during 1964-69, the report shows, but total cropland increased by 25 million acres.

The total of farms counted in the census was 2.7 million. . . one for every 74 persons in the Nation. In 1880. . . there was one farm for every 16 persons in the U.S. The average size of a U.S. farm in 1969 was 389.5 acres compared to 351.6 acres in 1964, and the average value of farm land and buildings rose from \$50,646 to \$75,725 during the five years.

Copies of the new report are \$2.10.

A companion report shows that only 15 percent of the 2.3 million U.S. families receiving self-employment income from farming reported that farming was their only source of income in 1969. The total of such families was 339,689, and their median income for 1969 was \$5,230. Another 1.4 million of the 2.3 million families reported that the income they received from sources other than farming was greater than the farming income. Median income for this group in 1969 was \$9,820, slightly above the median for all U.S. families (\$9,610) in 1969. The special report presents, for the first time in a single publication, census data on the social, economic, and housing characteristics of the Nation's farm-related families and persons receiving self-employment income from farming.

The report, *Income of the Farm-Related Population, Series PC(2)-8C*, is \$7.50.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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HUD newsletter

OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280



November 19, 1973

Vol. 4 No. 47

Current Trends

There are indications that mortgage interest rates may have crested and are leveling out. At the October 30 FNMA auction... accepted offerings of FHA/VA home mortgages averaged an 8.94 percent yield... compared to 8.97 percent at the October 15 auction. Also, interest rates dropped slightly at FNMA's latest auction of four-month commitments to buy home loans. \$21.6 million in commitments to buy Government-backed mortgages brought an average yield of 8.938 percent... down from 8.965 percent at the auction two weeks earlier... and the lowest since 8.713 percent August 6. The Association received 59 bids... totaling \$28.2 million... and accepted 49 at yields ranging from 8.857 percent to 9.060 percent.

The value of new residential construction contracts in September lagged 10 percent below the level of the same month last year, McGraw-Hill's F. W. Dodge Division reported. Nonresidential construction contracts maintained a strong pace, exceeding the September 1972 figure by 16 percent. The value of overall construction contracts for the month was reported at \$8.15 billion, 1 percent higher than in the previous September. *The scarcity and high cost of mortgage money since early summer is now cutting heavily into new home building.* said George A. Christie, vice president and chief economist for Dodge, a widely recognized observer of the construction market. Contracts for nonresidential buildings totaled \$2.72 billion... compared with \$2.34 billion last September. Residential construction contracts totaled \$3.64 billion... compared with \$4.03 billion in September 1972. Nonbuilding construction totaled \$1.79 billion... compared with \$1.68 billion a year ago.

Congress is considering a bill increasing the maximum interest on Series E and H Savings Bonds by ½ percent... to 6 percent... the highest in history. The increase was asked by the Treasury Department... along with a provision increasing the Federal debt ceiling.



S&L Outflows Decline

The FHLBB has reported that net withdrawals of savings continued at savings and loan associations in September... but were markedly smaller in volume than they had been in August. The month's more moderate savings loss appears to be caused by the recent decline in yields on short-term marketable securities from historic peaks... and somewhat less exuberant consumer spending.

As a result of the curtailed availability of funds... associations continue reducing commitments for future and current lending activity.

Savings withdrawals exceeded new savings received at insured savings and loan associations in September by \$0.3 billion. While this represented a substantial improvement from the \$1.2 billion of savings withdrawn net in August... it was in marked contrast to the \$1.5 billion of net new savings received in September 1972. Interest credited to savings accounts this September, however, totaled \$2.1 billion, up from \$1.8 billion a year earlier, resulting in a new increase in savings balances on association books in September of \$1.8 billion... compared to a \$3.3 billion rise a year earlier.

Outstanding commitments for future lending by associations dropped by \$1.4 billion in September to total \$10.7 billion at month end.

Energy Crisis Causes Price Jump

A side effect of the energy crisis is curtailment of production of plywood... and an accompanying sharp rise in the price of the material so critical in housing construction. Following a substantial drop in prices that began last Spring... a rise of 20 percent in prices has occurred in recent weeks. The *American Plywood Association* has attributed the rise to shortages of natural gas and propane fuel for drying the glues that hold the plies together. Already... some plants have closed as a result of cut-backs by gas suppliers... which came after a White House allocation order was issued.

A *Wall Street Journal* report cites another possible problem that looms for the producers. Some of the glues used in plywood are made from benzene... a petroleum derivative... and benzene is becoming harder to get as oil refiners are diverting production from benzene to other scarce... and higher-profit products.



69,000 Housing Units Approved

Secretary Lynn has earmarked for funding almost 69,000 units of subsidized multifamily housing for low-income families. *The housing we are starting to make available today is an interim step*, said Mr. Lynn. *We consider it an important milestone in the Administration's demonstration of its concern with the housing problem.*

While we still have a long road to travel in fulfilling the Nation's commitment to a decent home and a suitable living environment for every American family, he added, *I feel confident that our housing program, when enacted by the Congress, will take major strides toward reaching that goal.*

The 68,903 units will be distributed throughout the country, including the District of Columbia and Puerto Rico.

The housing was allocated in fulfillment of a pledge made by Secretary Lynn last March. The units will fall under one of two HUD programs, either Section 236 or Section 221(d)(3).



All-Weather Construction Studies to be Published

Noteworthy progress is being made in research and development of new techniques and procedures for all-weather construction... a report to a recent meeting in Chicago of the *International Masonry Industry All-Weather Council* noted. The *Council* is composed of: (1) Brick Institute of America, (formerly SCPI), (2) Bricklayers, Masons & Plasterers' International Union of America, (3) Laborers' International Union of North America, (4) Mason Contractors Association of America, (5) National Concrete Masonry Association, and (6) Portland Cement Association.

The \$143,000 grant, to be used at cold and hot weather locations in Canada and the U.S., is being funded for the *Council* by PCA and HUD. A final report will be made to HUD at the end of this year and then made available by participating *Council* members to the U.S. and Canadian construction industry.



Chicago Plan Replaced

Because results fell far short of goals and the persistent reluctance of the Building Trades Unions to cooperate... caused the Chicago Urban League to withdraw... the Labor Department has decided to withdraw its approval of the Chicago Hometown Plan for Equal Employment Opportunity in the construction industry. This plan will be replaced by an imposed Affirmative Action Program similar to that now in effect in Philadelphia and known as the *Philadelphia Plan*.

Secretary Addresses Lenders

Secretary Lynn told the *Mortgage Bankers Association* that "shoddy practices by some mortgage lenders" have contributed to a deteriorating housing market, and that HUD is going to try to improve the situation "with a great deal of aggressiveness."

He said he agreed with a U.S. District Court's holding that "mortgagees dealing in Federal housing insurance programs must exercise due care in processing loans to be guaranteed or insured by the Government; that mortgagees have a nondelegable duty to exercise good credit judgment... and were not merely conduits through which information was to flow to the Government."

The Secretary also said that HUD plans to move toward combination private-public mortgage insurance, after further study and extensive consultation with the lending community.

He warned, too, that HUD will "check and discipline" mortgage originators through "meaningful certifications by or on behalf of the applicant, fast-closing audits, suspensions of firms that are sloppy or worse, and rigorous prosecution of wrongdoers."



Recent Decision

On September 21... Federal District Judge Richard McLaren entered a final decision in the case of *Al Harlib et al. v. the Secretary of HUD, et al.* (U.S.D.C. Northern District of Illinois 72-C-2250). An earlier decision in this case, rendered in March, held that tenants of a Section 221(d)(3) project do not have a constitutional due process right to notice and an opportunity to be heard in connection with a landlord-mortgagor's application to HUD-FHA for approval of a proposed rent increase. However, at that time, the Court expressed no opinion as to plaintiffs' claims to contractual remedies, the right to judicial review of HUD's approval of the rent increase application under the *Administrative Procedures Act*.

The order of September 21, granting the Federal defendant's motion to dismiss, disposed of the remaining claims favorably to the Department, holding that HUD's decision to allow the rentals to be increased was "committed to agency discretion" and, thus, not subject to judicial review under Section 10 of the *Administrative Procedures Act*.



Cities Gain From HUD Programs

A convincing demonstration of how HUD-financed Community Development grants can save a city from loss of jobs and tax revenues came when the *Otis Elevator Company* decided to remain in Yonkers, New York... and abandoned an earlier plan to move to a New Jersey suburb because adequate land for expansion was not available in Yonkers. After the Company had taken an option on the New Jersey site... an urban renewal project area was approved in Yonkers... which could provide sufficient land for *Otis'* needs. The Company changed its plans and will remain in the city. *Otis*... which currently employs 1,400 people... plans to increase its work force to 2,000 by 1980... and give the city additional tax ratables of 250,000 square feet of newly-constructed plant facilities.

In Des Moines... 25 local business organizations have pledged over \$10 million to match a proposed \$22 million HUD-assisted downtown revitalization project. At the same time, public support for the project began building as one of Des Moines' six neighborhood groups, operating under the City's Office of Community Development, endorsed the downtown project.

Pledges include \$7 million in mortgage and equity backing for a new 300-room hotel and \$3.1 million for land on which to build a convention center. The total project envisions development of a theater-convention center, botanical center, open space, and the purchase and clearing of downtown land for redevelopment by private interests.

New Land Sales Law in Michigan

A tight new land sales law has shut down all but 14 of 1,400 land development firms in Michigan.

The 14 received full approval to continue operating... the others cannot sell land in Michigan or outside it until State approval is granted under the *Land Sales Act*.

The law requires detailed reports on titles, contracts, advertising methods, and other aspects of the business... and is designed to protect buyers from such abuses as misleading or false advertising, high-pressure sales tactics, unfulfilled promises, and refusal or inability to deliver clear title.



Census Reports on Where the Jobs Are

The Census Bureau has reported on the American job and skills market... the number of employees in virtually every field of endeavor... as well as their pay, education, and other related information. The report is based on the 1970 decennial census data... and tells aspiring computer specialists that the computer field... not even listed in the 1960 report... had 161,337 computer programmers and 79,949 computer systems analysts in 1970.

Other interesting facts:

Young men and women planning for college with an eye to future income might want to consider the medical and legal professions. (Data are in mean years and dollars.) With 18 years of school completed... the men who were physicians, dentists, and related practitioners enjoyed earnings of \$23,916 in 1969. Among women in the field... years of school completed was 16.6 and the earnings \$11,150. The men who were lawyers and judges with 18.3 years of school completed enjoyed earnings of \$22,216 in 1969.

The report shows a majority in the medical and legal professions maintained their own practices or worked in areas directly related to the practice of law or medicine... some worked in other industries. Slightly over 28,000 lawyers worked in Federal and State public administration... while others were in such industries as electronic computing equipment manufacturing, and even grocery stores.

Women seeking nontraditional careers might want to join the 51 women employed as mining engineers, the 289 female construction inspectors, or the 164 female flight engineers.

Copies of the report, *Occupation By Industry, PC(2)-7C*, are available for \$7.25 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or from Commerce Department field offices in major U.S. cities.

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HUD newsletter

OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280



November 26, 1973

Vol. 4 No. 48

Current Trends

Although mortgage interest rates continue to fluctuate...most analysts predict a stabilization and a downtrend in the near future. FHLBB Chairman Thomas R. Bomar announced that average effective interest rates on conventional home mortgage loans closed rose substantially in October. The rise, however, was smaller than the record increase reported for September. The average effective interest rate on conventional loans for purchasing newly-built homes rose 12 basis points to 8.29 percent from early September to early October, and the average rate on loans for purchasing previously occupied homes increased 20 basis points to 8.46 percent. At these new levels, effective interest rates on conventional mortgage loans closed were within 25 basis points of their 1970 peak levels. Last month's rise in rates on mortgage loans closed...according to Mr. Bomar...reflected a lagged response to earlier increases in other interest rates and to reduced supply of mortgage funds that resulted from the loss of savings and loan associations and other mortgage lenders. It appears unlikely that recent increases in rates on loans closed have fully reflected earlier increases in the rates at which major lenders were making commitments for future lending. As a consequence...even though there has been some evidence of an easing in rates on new commitments, it will probably be several months before this will be reflected in loans closed.

Activity in GNMA's monthly mortgage auction continued to increase as a total of \$1.63 billion in bids was submitted November 7 which reflected a leveling trend in mortgage interest rates. Bids were accepted for the entire \$238 million of 7 percent mortgages offered, according to GNMA President Woodward Kingman. Accepted bids ranged from 87.22 to 91.50, resulting in an average accepted price of 90.15 for a yield of 8.40 percent. This compared with an average yield of 8.38 percent in GNMA's previous auction of October 3.

GNMA will hold an auction of subsidized home mortgages December 5. Any mortgagee approved by FHA will be eligible to bid in the auction. There are 10,900 mortgages...totaling approximately \$211 million...all bearing interest at the rate of 7 percent, insured by FHA under Section 235 of the National Housing Act, and covering new construction rather than existing homes. All mortgages offered are eligible for inclusion in pools of mortgages which support issues of GNMA-guaranteed mortgage-backed securities.

Urban renewal project notes totaling \$348 million, representing 134 local issuing agencies, were sold on November 7, 1973, at an average interest rate of 4.6354 percent. Maturities of the 143 issues sold ranged up to one year. The average interest rate for the \$471 million of project notes sold on October 2 was 4.7132 percent.



Newfields Debentures Sold

Newfields Development Corp. sold \$18 million of government-backed new community debentures which reached the market at a price of 100 to yield 7.9 percent in 20 years.

The Dayton, Ohio, community developer will use the proceeds to create a new community called "Newfields" located near Dayton. Newfields Development has received government-backed guarantees for a total of \$32 million for use in connection with the project...to be developed pursuant to *Section 713 of the Urban Growth and New Community Development Act of 1970* under which HUD guarantees obligations issued by private developers to finance new communities.

Developer Ordered to Post Bond

HUD's Office of Interstate Land Sales Registration has been granted a court order requiring a land developer to file a \$350,000 bond. . . to protect purchasers who bought lots from the developer while he was violating a Federal law. The precedent-setting action against the developers of Lakeland subdivision in Jefferson County, Tenn., was announced jointly by HUD Interstate Land Sales Administrator George K. Bernstein and Robert E. Simpson, Assistant U. S. Attorney for the Eastern District of Tennessee.

The U.S. District Court found that the developer had sold lots in excess of \$380,000 prior to registering as required by the Interstate Land Sales Full Disclosure Act. The Court also found that the sales may be voidable at the purchasers' option, and enjoined the developers from making any further sales of lots or other assets until the bond is filed with the Court.

The bond, which must be filed if the injunction is to be dismissed, would remain in effect until August 31, 1975.



New Appointment

Alejandro Becerra has been appointed Spanish Coordinator in the Office of Equal Opportunity. Mr. Becerra comes to HUD from the Cabinet Committee on Opportunities for Spanish-Speaking People, where he was associate director and senior analyst. He previously worked at HUD in 1968 as an economist in the International Division of FHA.

He joined the Cabinet Committee in 1969 as housing economist-program officer, and in 1970 became Director of Housing.

In 1970, he joined the Peace Corps as assistant chief for programs and training, Latin American Region. In 1971, Mr. Becerra returned to the Committee on Opportunities for Spanish-Speaking People as associate director-senior analyst.

Mr. Becerra joins two other EO coordinators. . . Indian Coordinator Reeves Nahwooksy and Women's Coordinator Mary Pinkard.



High School Students Conduct Public Relations Campaign

The Denver Urban Renewal Authority (DURA) and the Manual High School. . . which is adjacent to a major residential rehabilitation project. . . entered into a contract in 1972 for students to produce and distribute eight issues of a newsletter and a handbook of information for residents.

The students. . . working under supervision of an English teacher. . . did all of the writing, layout, photography, and art work. The cost was covered by a \$5,000 DURA contract.

A 30-page handbook for residents clearly caught the fancy of its student authors. Entitled *The Urban Renewal Puzzle Book*, it takes readers on a step-by-step "journey" for carrying out a typical rehabilitation project. Pencil sketches, riddles, and a connect-the-dots puzzle help to simplify the explanation and keep the reader's interest.

The visibility of students working in the neighborhood, the pay the students received, the link between work and academic training, and a growing "Sense of Community" traceable to the program have benefited the high school, the project neighborhood, and the students.

Because of the success of the 1972 contract, DURA is expecting to enter a new contract with the school for 1973.

Significant Decisions

In *U.S. v. Wood, Wire, and Metal Lathers International Union, Local No. 46, et al.* (U.S.D.C., S.D.N.Y., Civ. 2116 MEF)... the union was ordered to pay 87 black construction workers a total of \$138,111 because the union's discriminatory practices deprived the workers of employment. The Judge confirmed a Master's finding in the case... two years after he had found the union in contempt of court for its failure to carry out a consent agreement that followed a Federal discrimination complaint filed against the union. In the contempt decision... the Judge ruled the union had discriminated against the workers and must give them compensation "sufficient to make up the difference between what they earned and what they would have earned but for such unlawful discrimination." The Judge appointed a special Master to determine the amount of compensation. The Master decided on the \$138,111 amount... and the Judge ordered it paid. The highest single award to any employee was \$4,319.

The U.S. Supreme Court let stand a Pennsylvania Supreme Court order that the Main Line Board of Realtors must open its multiple listing service to all licensed brokers. The suit for admittance to the Realtor's group was filed in 1968 by Suburban Fair Housing, Inc., and its vice-president, Margaret Collins, who said that two-thirds of SFH's sales were made to nonwhites. The Realtor's Board said, however, that Mrs. Collins and her firm had been denied membership for three years because of alleged unethical conduct. The high court allowed the May 8 ruling to stand by refusing to hear the Main Line Board's appeal without comment.



San Jose Housing Rated Best

San Jose has the best housing, Newark the worst, according to a study of city housing in the Nation's 30 largest urban areas, released by the *Council on Municipal Performance (COMP)*, a nonprofit, New York-based research group.

Five criteria were used in the study: Housing cost relative to income, plumbing adequacy, overcrowding relative to the vacancy rate, desegregation, and black-white rent differences. (The data are all as of 1970.)

City performance varies widely. No city is among the best 10 for all five measures. While San Jose is superior in housing adequacy and lack of discrimination, its residents must pay a high proportion of their incomes for housing. More details on the study may be obtained from the *Council*. . . 84 Fifth Avenue, New York City 10011.



FYI

Building Officials Conference of America... Midyear Meeting... Fort Lauderdale, January 3-4. Details: BOCA, 1313 East 60th Street, Chicago 60606.

American Concrete Paving Association... Construction Workshop... New Orleans, January 8-9. Registration: ACPA, Executive Plaza Building, 1211 West 22nd Street, Oak Brook, Illinois 60523.

National Limestone Institute... National Convention... Washington, January 20-23. Registration: NLI, 1315 16th Street, N.W., Washington, D.C. 20036.

National Association of Home Builders... Annual Convention and Exposition... Houston, January 20-24. Write: NAHB, 1625 L Street, N.W., Washington, D.C. 20036.

Bureau of National Affairs-Housing and Development Reporter... Seminar... *Housing: Where Do I Turn?*... New York, December 13-15, and Hollywood, Florida, January 10-12. Several HUD officials are members of the faculty of the seminars. Registration: BNA-HDR Seminar Secretary, 1231 25th Street, N.W., Washington, D.C. 20037.

Census Reports

A series of reports has been issued by the Census Bureau. The reports are available from the Superintendent of Documents, Washington, D.C. 20402, at the price shown for each. DO NOT SEND ORDERS TO HUD.

About 85 percent of the owner-occupied housing units counted in the 1970 census contained five rooms or more. Of the 31.7 million one-family, owner-occupied homes counted... 27.1 million contained five rooms or more. The remainder consisted of 3.9 million four-room, one-family structures... and about 725,000 had three rooms or less.

The median value of the 31.7 million owner-occupied homes was found to be \$17,100. Units with five or more rooms occupied by one person had a median value of \$13,700 compared to \$18,800 for such units occupied by two or more persons.

More than half of all the owner-occupied, one-family homes were 20 years old or less at the time of the census—8.0 million having been built between 1960 and 1970, and 9.1 million between 1950 and 1959. Another 4.3 million were built between 1940 and 1949, and 10.3 million prior to 1940.

The report also shows that there were 22.3 million renter-occupied housing units at the time of the census, but only a third of these (7.6 million) contained five or more rooms. Median rent paid was \$110 in 1970, with 2.4 million paying less than \$60; 3.1 million, \$60 to \$79; 3.7 million, \$80 to \$99; 7.1 million, \$100 to \$149; and 4.8 million, \$150 or more. Another 1.3 million paid no cash rent.

The report... *Space Utilization of the Housing Inventory, HC(7)-3*, with multiple cross classification of data, is \$4.55 per copy.

Nearly 30 percent of the Nation's labor force had completed a program of vocational training when the 1970 census was taken... according to the first decennial census report ever published by the Bureau on vocational training. Of the 82.4 million labor force, 29 percent... or 23.7 million... had completed such training. Proportions were nearly the same for men and women. Training had been completed by 15.4 million men, or about 30 percent, and by 8.3 million women, or 27 percent.

Vocational Training, PC(2)-5C, may be purchased for \$3.70.

Employment Status and Work Experience, PC(2)-6A... presents detailed data on the employment status and work experience of the population, cross-classified by such characteristics as education, residence, earnings, and other matters at the time of the 1970 census. Included in the data presented are statistics for persons 14 or 16 years old and over, for working women with children, for the unemployed, and for those in various other categories. Separate data are presented for Negroes and for persons of Spanish origin. Totals are presented only for the United States. \$4.55.

NOTICE TO SUBSCRIBERS

The Superintendent of Documents has notified HUD that effective January 1, 1974... the subscription rate for the Newsletter will be \$7.30 annually for domestic subscribers and \$9.15 for copies mailed to a foreign address. These rates will apply to all subscriptions expiring or beginning after December 31, 1973.

HUD newsletter
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF PUBLIC AFFAIRS
1100 Pennsylvania Avenue, N.E., Washington, D.C. 20402



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HUD newsletter

OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280



December 3, 1973

Vol. 4 No. 49

Current Trends

The widely fluctuating short-term money market has again changed direction. Led by Treasury bills... which showed interest rate increases of up to 1/4 percent... bankers' acceptances and commercial paper also rose from 1/8 to 1/4 percent.

At the same time... mortgage funds for FHA/VA housing loans seem to be adequate. Speaking to the 66th Annual Convention of the *National Association of Realtors*... GNMA President Woodward Kingman said: *Pension funds and other large investors now are committing funds for Government-backed mortgages. Our major problem now is to get out the word to Realtors, mortgage brokers, and those interested in FHA/VA loans that money is available.*

Mortgages in FNMA's portfolio total \$23.2 billion, including construction loans. An aggregate of \$7.2 billion in commitments... exclusive of construction loans... was outstanding on November 1, 1973.

Housing starts in October were at an annual rate of 1.613 million units... a decline of 8.4 percent from September's rate of 1.761 million units. The rate was 2.446 million units in October 1972. This decline was not unexpected... as mortgage money has become increasingly tight since early in the year. For the first 10 months... actual housing starts came to 1.826 million units... indicating a 12-month total of just about 2 million. During the first 10 months of 1972... actual starts reached 2.039 million units.



Energy Crisis An Opportunity

HUD Under Secretary Floyd H. Hyde... a former mayor of Fresno... sees the current fuel shortage as "an opportunity to reestablish the city as the heart of our Nation." *The energy crisis... if nothing else... should provide an impetus to the mass transit that the cities desperately need. This transportation will ultimately become better... and safer... as it becomes used by more middle- and upper-class passengers who will refuse to tolerate the disruptions experienced by today's riders.*



History to be Preserved

Solution to the long controversy regarding Seattle's Pike Place Market renewal project may be in sight. An amended plan adopted by the City Council has been sent to HUD for approval. If approved... the amended Urban Renewal Plan will be submitted to the *National Advisory Council on Historic Preservation*.

The original HUD approval authorized a \$14.7 million grant and \$21.9 million in loan authority in June 1972, which restricted certain activities.

The project has been in execution since 1972, when Seattle voters approved a so-called "Save the Market" initiative and created a 7-acre historical district in the middle of the 22-acre project.

Equal Opportunity Seminars

HUD's Office of Equal Opportunity is sponsoring 10 regional seminars which will identify problems and discuss solutions in ongoing Equal Opportunity Programs for housing, employment, and business. A 4-day seminar is scheduled for each of the 10 HUD Regions . . . starting November 28 in New York. Representatives of government, business, professional, and Civil Rights organizations will participate.

Using the technique of these important seminars, we will properly utilize the total expertise of HUD's Equal Opportunity Office within each of the 10 regions, said Dr. Gloria E.A. Toote, HUD Assistant Secretary for Equal Opportunity.

Other seminars are tentatively scheduled for San Francisco, January 9-12; Philadelphia, January 30-February 2; Seattle, February 20-23; Atlanta, March 13-16; Denver, April 3-6; Dallas, April 24-27; Boston, May 8-11; Kansas City, May 22-25; and Chicago, June 12-15.

The agenda of each will highlight the Fair Housing Law, neighborhood stabilization, and blockbusting problems. . . along with HUD's relationship with State and local civil rights enforcement agencies; affirmative fair housing marketing; minority business enterprise; exclusionary land use controls; and fair share in community development programs. Also to be covered will be employment discrimination, corporate responsibility for equal housing, job training, and business opportunities for HUD's project area residents and businesses.

A wind-up seminar will focus attention on women. . . their equality and goals. . . in employment in Federal, State, and local governments.



Land Sales Suspended

When an Arizona land developer filed an official description of his property with the Federal Government, he neglected to mention that streams crisscrossing his lots added to the danger of flash flooding for potential buyers.

For this and other errors of omission in the amended *Statement of Record* filed with the Office of Interstate Land Sales Registration, a suspension order was issued against the Queen Creek Land and Cattle Corporation, near Kingman, Arizona.

In another case. . . HUD announced suspension of sales of a Pennsylvania land development. . . Breezewood Acres, Inc., developers of Indian Acres in the Poconos. . . for its failure fully to inform purchasers of delays in construction of sewage disposal facilities and other improvements.

The developer's *Statement of Record* filed with the HUD Office of Interstate Land Sales Registration was inadequate in a number of respects. It failed to disclose that work on plans for the central sewage system has been suspended, that there are delays in installing electricity and that lack of financing may bar completion of proposed recreational facilities.



NLISA Elects

Henry A. Carrington was elected Executive Vice President and Managing Officer of the *National League of Insured Savings Associations* during the Annual Meeting in New Orleans. Mr. Carrington has been serving as Secretary to the *Federal Home Loan Bank Board* and Director of its Office of Industry Development.

The League's new Executive Vice President has been associated with the FHLBB since 1970 and has received the Presidential Management Improvement Award for his contributions to the OID. Prior to joining the Bank Board staff, he was self-employed in investments and also served as an executive in the banking industry in Florida.

Temporary Housing Study Announced

Housing systems that will do a better, faster, and more economical job of housing disaster victims will be selected and later tested under simulated disaster conditions as a result of a HUD \$178,818 research contract.

Michael H. Moskow, HUD's Assistant Secretary for Policy Development and Research, said that under the contract two New York City firms will evaluate various types of temporary housing and recommend the most cost-effective system, or systems, that can be used to house temporarily families displaced by floods, hurricanes, tornadoes, and earthquakes.

Whether the shelter should be disposable after one-time use, have a storage and reuse capability, or should be expandable into permanent housing will be given special attention in the eight-month study. Other criteria for determining cost-effectiveness will include whether the units can be mass produced, easily transported, and erected with minimum site preparation.

The contractors, Abeles, Schwartz and Associates, and Beyer-Blinder-Belle, also will investigate use of temporary shelters to house migrants, and for other public uses such as bicentennials, Olympics, and expositions.

Their final report will include a recommended housing system, or set of systems, complete with appropriate plans, specifications, and procurement documentation.



New Publication

The Model Cities, A Comparative Analysis of Participating Cities, Process, Product, Performance, and Prediction... a 54-page report analyzing all 47 cities in the Model Cities Program.

The Model Cities program was enacted in 1967, and since its inception 147 cities have received planning and program implementation funds. In these six years, both the Federal Government and participating Model Cities have engaged in a unique effort to define and initiate relevant programs to improve the quality of life in urban, needy neighborhoods.

The study was developed from interviews held with HUD staff and city or county Demonstration Agency Directors, combined with the use of a questionnaire completed by Model Cities officials at both Federal and local levels. It provides data on the nature of the planning process and first year of program activities in all Model Cities.

The Report (Specify No. 2300-00242) may be obtained for 80 cents from: Superintendent of Documents, Washington, D. C. 20402.



FYI

Demolition Contractors Association... Annual Convention and Trade Show... Las Vegas, January 20-23. Registration: Wrecking and Salvage Journal, P.O. Box 130, Hingham, Massachusetts 02043.

American Society of Civil Engineers... Water Resources Meeting... Los Angeles, January 21-25. Write: ASCE, 345 E. 47th Street, New York 10017.

Highway Research Board... Annual Meeting... Washington, January 21-25. Details: HRB, 2101 Constitution Avenue, N.W., Washington, D.C. 20418.

Engineers' Joint Council... General Assembly and Annual Meeting... New York, January 25. Registration: EJC, 345 E. 47th Street, New York 10017.

National Sand and Gravel Association/National Ready-Mixed Concrete Association... Chicago, January 27-31. Write: NSGA/NRMCA, 900 Spring Street, Silver Spring, Maryland 20910.

16th New Community Approved

A Federal loan guarantee for \$18 million signed recently will help build the 16th New Community HUD has approved. . . and the first federally approved New Community in Ohio.

Newfields is to be developed over a 20-year period on a 4,000 acre site northwest of Dayton, Ohio, and is expected to accommodate 40,000 residents. Total offer of Federal guarantee assistance is \$32 million.

Authorization of Federal guarantee assistance by the Board of the Community Development Corporation (CDC) brings the total of New Communities approved to 16 in 10 States. Total value of the guarantees is now \$325 million.

Newfields Development Corporation, the developer, is a subsidiary of the Donald L. Huber Development Corporation of Dayton. Located in the fastest-growing county in Ohio, Newfields' development plans have the support of local governmental entities. The developer is working with the Miami Valley Regional Planning Commission, a pioneer in providing voluntary fair share housing programs, to provide a full range of housing opportunities.

CDC. . . established in HUD 3 years ago. . . is directed by a Board that establishes policy and authorizes the individual guarantee commitments in amounts up to \$50 million for each New Community. Guarantees finance land assembly and some development costs, providing needed capital during the early years of development when front-end costs are high.

As required by New Communities policy, Newfields' development plans include a full range of housing, employment, education, health, recreational, and cultural opportunities for its residents. It will be a community of four villages situated around a major town center. The villages. . . to be separated by a network of streams, parks, and recreational areas. . . will be connected by pedestrian pathways. Construction of the first village center is underway and scheduled for completion next fall.

The development process is expected to generate about 4,500 industrial and office jobs and some 10,200 secondary jobs. Additionally. . . it is expected to create an adequate tax base for schools and services.

Just over 50 percent of the land will be for some 12,500 housing units. The remaining land will accommodate industrial, commercial and office space, schools, community facilities, and recreational and open space areas.



Philadelphia Will Send Tenants to College

Believed to be the first project of its kind in the country. . . the Philadelphia Housing Authority will send some of its tenants to college. . . beginning in January. About 85 tenants of the Raymond Rosen Project will attend Philadelphia Community College under a \$2,500 PHA grant that will pay half their tuition costs. The student residents will receive college credit for such courses as reading and study skills, mathematics, accounting, and data processing. An additional 50 residents will attend high school equivalency classes at the college.

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December 10, 1973

Vol. 4 No. 50

Current Trends

The ramifications of the energy crisis... and the impact the fuel shortage may have on the economy... is dominating the bond and money markets. A number of money managers and analysts feel one effect of the curtailment of oil deliveries will be a reduced demand for money for industrial expansion... thus increasing the amount of money available for mortgages... probably at a lower rate of interest.

The Department of Commerce has estimated that saving inflows to banks will be at a lower rate in 1974 than in 1973. Time deposits, in particular, are expected to grow more slowly than in the current year. Demand deposits... however... are expected to maintain their present 3 percent rate of growth.

FNMA has reduced the interest rate it pays on short-term discount notes. The new rates... for 30-59 days, 7.75 percent... down from 7.9; 60-89 days, 7.85 percent... down from 8.2; 90-179 days, 7.95 percent... down from 8.5; and 180-270 days, 7.95 percent... down from 8.4.

On December 19... sealed bids will be opened by Local Housing Authorities on 23 tax-exempt bond issues... totaling approximately \$173 million. The authorities are located in 13 States, Puerto Rico, and the Virgin Islands. Proceeds of the bond sales will be used to reimburse the Federal Government for funds advanced to Local Authorities for low-rent housing projects that have been completed and to provide additional funds to complete projects. Since July 1951... \$9.8 billion in housing bonds have been issued... of which over \$1.5 billion have been retired.



Contract Signed for Services to Tenants

To make community services more readily available to the residents... a contract, believed to be unique in the Nation... has been signed between the government of Montgomery County, Maryland, and the firm that manages one of the largest low- and moderate-income projects of The National Housing Partnership.

Under the agreement, Shannon & Luchs of Washington, D.C., project manager, will provide a program coordinator to counsel and help 2,000 persons living in the 526-unit Rock Creek Terrace in Wheaton take advantage of services provided by Montgomery County. The County's Office of Human Resources will cooperate closely.

NHP, which owns the combination high-rise and garden apartment complex with its partner, Mid-City Financial Corporation, hopes this experimental arrangement may become a model for other low- and moderate-income projects throughout the Nation. NHP is a private organization created by the Congress to stimulate the provision of more housing in this category by private enterprise. It has commitments to participate in 136 projects costing more than \$430 million in 31 States.

Many of the residents of Rock Creek Terrace, some of them single parents and some elderly persons, are eligible for a variety of services offered by the County. But some tenants are unaware that they qualify, some do not know what exists, and some become confused and discouraged as they try to make their way through a maze of County and private agencies. The coordinator will help tenants avail themselves of County health, child care, recreation, social, library, legal, security, employment, and other services.

States Adopt Environmental Guidelines

A detailed *Environmental Impact Statement (EIS)* will be required of all Massachusetts State agencies beginning on July 1, as a result of a law passed by this year's Legislature. Under the measure, "No agency, department, board, commission, or authority of the Commonwealth, or any authority of any political subdivision thereof shall commence any work, project, or activity which may cause damage to the environment" without first submitting a detailed environmental impact study.

The Massachusetts law is modeled on a similar measure in California. The California State Resources Agency has announced that it will issue a modified set of guidelines for its *Environmental Impact Law*.

The guidelines will list all types of construction for which impact reports are required, as well as those projects for which reports are not required. The guidelines will also set State standards and list all local and State agencies with jurisdiction over environmental affairs.

Virginia also has adopted *EIS* guidelines. Any proposed State project exceeding \$100,000 (except highway projects) is now subject to *EIS* review. The guidelines cover preparation (form and content), review, and evaluation procedures for *EIS* clearance. The guidelines advise preparation of the *EIS* as early in the planning stages of a project as possible, and encourage reasonable estimates and informed judgments rather than extensive analysis.

The Illinois Pollution Control Board has adopted comprehensive noise regulations which will be enforced by citizen complaints rather than a permit system. The regulations establish standards for residential, business, commercial, and industrial areas. Most existing sources must comply with the standards within a year. Suggested methods for achieving compliance include construction of barriers, enclosures of noise-generating sources, and modification of hours of operation.



Cooperation in Land Sales

A new accord has been reached... fostering a closer working relationship between the Federal Government and related State agencies in policing the \$6 billion land development industry. The action will be undertaken by a committee of the *National Association of Real Estate Licensed Law Officials*, it was announced jointly by Federal Interstate Land Sales Administrator George K. Bernstein and Paul Quinlan, recently elected president of the *Association*.

The committee was created to pursue the objective of greater cooperation among all public officials involved in interstate land sales... one of the country's largest and fastest-growing industries. Specifically... the committee was charged with the responsibility for seeking uniformity in State regulations and in the format of property reports, as well as in the adoption of uniform guidelines for administrative purposes.

The committee was instructed to work with all appropriate State regulatory agencies in achieving these ends, and also to prepare an updated model *Interstate Land Sales Practices Act*.



Spanish Language Consumer Index Published

Informacion para el Consumidor. For the first time, an Index of Spanish language consumer publications from the Federal Government has been made available by the Consumer Product Information Center of the General Services Administration.

The index lists more than 60 publications in the Spanish language from 16 Federal Agencies. Many of the publications tell how to buy, use, and care for products. Others discuss such related consumer subjects as housing, health and safety, child care, family budget, and consumer protection. Most of the publications listed are free or cost no more than 25 cents. Copies of *Informacion para el Consumidor* are available free from Consumer Information, Pueblo, Colorado 81009.

Region III Leads Nation in Flood Insurance Response

HUD's Region III (based in Philadelphia) leads the Nation in response to the Federal Flood Insurance Program. The Regional Administrator told the *Pennsylvania Association of Boroughs* that, in addition, Pennsylvania communities have responded better to the co-operative HUD-Insurance Industry program than any other State... with 480 of 946 flood-prone communities enrolled.



Manufacturers Join Team

A new mood emerged at the recent National Conference of the *Producers' Council* in Cincinnati. The organization of manufacturers of building materials heard the meeting's keynoter... Otis M. Mader, President of Alcoa Building Industries, say: *The building products manufacturer in the past has been too often a bleacher-sitter, willing to hold the coats of others who became aroused to the point of seeking solutions through combat. It is true that he got into the game of problem solving from time to time when his special interests were in jeopardy and was satisfied to disengage when he thought those interests were protected... He must come down out of the bleachers and join the team. It's easy, for there is no limit to the size of the squad. There are no problems of class distinction either. The team needs architects, manufacturers, builders, economists, bankers, academics, governmentalists, conservationists, engineers, et al. There's really only one basic strategy and that is to define the overall problem and work on the heart of it instead of wasting energy on skirmishes at the fringes...*



D.C. Gets Bicentennial Project

An expanded program to restore, redevelop, and preserve key areas of the Nation's Capital has been announced. The latest phase places special emphasis on the rehabilitation of existing housing through the type of "Partnership Venture" called for by the President in September in his *Housing Policy Recommendations* to the Congress. The local government's role is supported by HUD and local financial institutions in furtherance of plans approved by the citizens of the neighborhoods involved.

A *Memorandum of Understanding* was signed by the seven parties, announcing the intention of each of the partners in the venture... to be known as the *Bicentennial Neighborhood Preservation Demonstration*. Redevelopment of neighborhoods is a priority community development objective for the District of Columbia's celebration of the American Revolution Bicentennial.

The current phase follows 4 years of community development activity in the neighborhoods. HUD has supported these local efforts with nearly \$100 million in Federal funds to purchase properties to be rehabilitated or demolished, to provide relocation assistance to displaced persons, to pay for site improvements, and for other purposes. Under the new agreement, additional Federal housing subsidies will be made available to the city... and additional financial support will also be provided by HUD during the two years prior to the Bicentennial.

Signing the agreement were Mayor Walter Washington for the District of Columbia, HUD Secretary James T. Lynn, and representatives of other public and private agencies.



New Publication

Wheelchair Interiors: Basic, practical, suggestions and advice to help wheelchair users live at home independently, comfortably, and safely. It tells... and illustrates... how living accommodations can be built or adapted to meet the needs of persons whose mobility is limited. The 46-page booklet will be of aid and interest to the aged, the handicapped, and all who design or build housing accommodations... and is based on studies conducted at the University of Wisconsin. Copies are available at \$1.50 from the National Easter Seal Society for Crippled Children and Adults, 2023 W. Ogden Avenue, Chicago, Illinois 60612.

Changes in House Designs, Construction Methods Anticipated

The energy shortage is expected to produce legislation between 1973-75 that will force a reduction in energy consumption by commercial buildings. During the same period... ecology groups are expected to slow the growth of at least 20-30 percent of the Nation's fast-growth population areas.

This is the opinion of 32 well-qualified construction industry observers who participated in the first round of a *Producer's Council*-sponsored study of construction industry "futures."

A majority of the participants believe that by the end of the century the energy shortage will force radical new designs of wall insulation and heating, ventilating, and air conditioning systems in commercial buildings; that multifamily starts will rise from 45 percent to 60 percent of all new conventional housing, in part because of a doubling in the number of condominiums/co-ops; security will be an increasing problem, with 10 percent of all new houses having security systems; the Nation's children can anticipate more flexible school designs, with 75 percent of the elementary schools having movable walls for better space utilization.

Also... national building codes will make modular residential construction a major factor, while increased land and construction costs will result in smaller houses. Mobile homes, expected to be produced at a 750,000-unit rate, will be subject to the same taxing, building codes, and quality specifications as conventional housing.

Further... new building materials—light as magnesium but strong as steel—will change methods of construction; solar energy collectors will be on the scene, further changing present-day concepts of building design; plumbing concepts will change, with plastic tubing being used for residential systems, and brass no longer used for fixtures and bathroom accessories.



HUD Officials Sentenced

On November 27, 1973... a HUD real estate appraiser was sentenced to 10 years in a Federal prison on each of 17 counts in an indictment for bribery and conspiracy. The sentences are to run concurrently. Earlier this year... two Area Office Directors pleaded guilty to charges of bribery. One is serving a 10-year prison sentence and the other must serve a 3-year sentence and pay a \$40,000 fine. These are some of the cases of wrongdoing ferreted out and investigated during the past 2 years by HUD's Office of Inspector General working with the FBI, Department of Justice, and Internal Revenue Service.

Since 1971... task force teams from HUD's OIG and the other agencies have fanned out across the country, probing for fraud and corruption in HUD's housing programs in 20 target cities. To date... their efforts to protect the public interest have brought more than 500 indictments against wrongdoers in and out of HUD, including 43 HUD employees. The job is an ongoing one, as Grand Jury investigations continue and additional indictments are being returned.



Substandard Housing in Nashville

A comprehensive study by the Nashville, Tennessee, *Metro Planning Commission* has revealed that 94,000 Nashvillians live in structurally substandard housing and that 66,000 persons live in overcrowded conditions. Although specific proposals have been made to remedy the conditions... the *Commission* expects there will still be 28,000 substandard units in 1980 with current housing progress.



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December 17, 1973

Vol. 4 No. 51



HOLIDAY GREETINGS



from all of us at HUD

Current Trends

Interest rates fell for the fifth consecutive time at FNMA's latest auction of 4-month commitments to buy home loans. FNMA issued \$20.9 million in commitments to buy Government-backed mortgages at an average yield of 8.812 percent... down from 8.872 percent at the previous auction and the lowest since 8.713 percent last August 6. The Association received 70 bids, totaling \$24.9 million, and accepted 56, at yields ranging from 8.783 percent to 8.873 percent. FNMA also issued \$22.1 million in commitments for conventional loans... not backed by the Government, at an average yield of 8.9 percent... down from 8.937 percent at the prior auction and the lowest since 8.791 percent last July 23.

Further evidence of the softening of the interest rate for long-term borrowings... was the rate on Aaa utility bonds for the week ending November 23. The average interest rate was 7.86 percent... compared with the 7.99 rate prevailing 2 weeks earlier.

Short-term rates continue to fluctuate widely. Reversing the situation of only a month earlier... when prime rates dropped twice in a single week... a number of leading banks raised their prime rates from 9½ to 9¾ percent... and some to 9.9 percent.



Housing Projects Hit by Oil Shortage

The energy crisis is hitting hard at housing authorities. They face shortages, delayed deliveries, and increases in the cost of fuel for their housing projects. Some authorities have been permitted by EPA to burn fuel with higher than desired sulfur content... but nonetheless have been unable to negotiate contracts or obtain guarantees of deliveries by suppliers. There is hope that some of the allocation plans now under consideration will alleviate the shortages.



Model Landlord Security Deposit Act Available

For generations... tenants have been required to guarantee their compliance with lease provisions and payment of rent by depositing with their landlord an amount of money... usually equal to one month's rent. The growing feeling that landlords' obligations to their tenants... and to the community, to maintain habitable dwellings and provide heat, hot water, etc., has led to a reverse application of the security deposit concept... requiring landlords to post such a deposit. The first *Landlord Security Deposit Ordinance* was enacted by the New Jersey Legislature in 1972... and was upheld by the State Supreme Court in February 1973.

A model *Landlord Security* law has been prepared by the *National Housing and Economic Development Law Project of the Earl Warren Legal Institute*. It includes a model ordinance, briefs, and pleadings, and is available without charge from Richard E. Blumberg at the Institute, 2313 Warring Street, Berkeley, California 94704.

Population Replacement Level Foreseen

If young wives have the number of children they anticipate (an average of 2.3 per wife) as indicated in a nationwide fertility survey, the U.S. population could be on its way to reaching replacement level. The survey was taken for the National Institute of Child Health and Human Development by the Census Bureau. The 2.3 children average family size expected by young married women (18 to 24 years old) was the same in the June 1973 and June 1972 annual survey of birth expectations, according to the Bureau.

Back in 1967, a similar survey showed that young wives then expected an average of 2.9 children. . . and in 1965, the figure was 3.1 children.

The replacement level. . . the average number of births required to replace one generation with the next, allowing for those who will die before reaching reproductive ages. . . is 2.2 children per wife, or 2.1 children per woman (about 5 percent do not marry).

Major support for the report was provided by the Center for Population Research of the National Institute of Child Health and Human Development, and the U.S. Public Health Service of HEW.

Copies of the report, *Birth Expectations and Fertility: June 1973, Series P-20, No. 254*, are available for 25 cents from the Superintendent of Documents, Washington, D. C. 20402.



BOCA Code Changes Meeting Set

Public hearings on proposed code changes to make buildings more accessible to handicapped persons will highlight the upcoming mid-year meeting of *Building Officials and Code Administrators (BOCA) International, Inc.*, on January 3 in Fort Lauderdale, Florida. Representatives of the *Paralyzed Veterans of America* and other concerned handicapped interest groups are expected to testify at the hearings.

The proposed handicap provisions are among a large number of proposed changes in the *BOCA Basic Building and Housing/Property Maintenance Codes* this year. The *BOCA Basic Codes* have been adopted for use by local governments throughout the U.S. Proposed updating and code changes are customarily heard in public hearings at the annual midyear meeting and later voted on by BOCA's active membership. Proposed changes to the other *BOCA Basic Codes* (Mechanical, Plumbing, and Fire Prevention) will follow the same procedure next year.

The meeting is open to the public. For further information: BOCA, 1313 E. 60th Street, Chicago, Illinois 60637. (312/324-3400)



First Factory-Produced Post Office Unveiled

A premiere of the first full-scale, working Post Office building. . . created by the latest industrialized building techniques. . . was one of the standout attractions at the recent *INBEX Building Exposition*, Chicago. The U.S. Postal Service plans 500 similar units per year starting in 1974, at an estimated cost of \$200 million. Total expenditures for the planned 5-year program will be \$1 billion.

The 1,000-sq. ft. building was on display during the 3-day exposition. When the show closed. . . it was dismantled and transported to Paw Paw, Illinois, a city of approximately 800 located 80 miles west of Chicago, where it will be re-erected to serve as a permanent postal facility.

The industrialized Post Office is a test prototype designed for the Postal Service by Dalton Dalton Little Newport of Cleveland, Ohio, architects, engineers, and planners . . . serving as consultant to the Army Corps of Engineers. . . which developed the industrialized construction program and established guidelines for prototypes.

Two New Organizations Formed

A group of national organizations has joined to set up a National Clearinghouse on Revenue Sharing and to launch a 2-year project to monitor the effect of general revenue sharing on the poor and minorities.

The participating organizations are the *League of Women Voters Education Fund*, the *National Urban Coalition*, the *Center for Community Change*, and the *Center for National Policy Review*. The Clearinghouse will have offices at 1785 Massachusetts Avenue, N.W., Washington, D.C. 20036. It will be under the direction of Donald W. Lief, former editor of *Nation's Cities* and consultant and editor in the urban and municipal field. The organization will provide a focal point for information and research on the impact of general revenue sharing. . . particularly its response to the needs of less-advantaged citizens.

The 2-year monitoring project is being financed largely with a \$475,000 grant from the Edna McConnell Clark Foundation of New York City, and will include surveys in six states, six counties, and 55 municipalities which will be carried out by the *League of Women Voters Education Fund* and the *National Urban Coalition*. . . with a number of national organizations being tapped as sources of information.

The *Urban Land Institute* and the *National Association of Home Builders* are the joint sponsors of a new Community Associations Institute. The Institute has been created to serve as a research and education center for homeowners' and condominium associations.

The Institute will conduct research and analysis and develop an education and publications program on community development and management problems, and will provide services to individual member associations or developers. Membership is open to owner associations. . . including those in public housing, Section 235, and other government-aided ownership programs. . . and to cooperative associations, condominium associations, public officials, planners, developers, and others involved in community association development and management. The sponsors estimate that more than 15,000 associations are in existence throughout the Nation.

Headquarters of the Community Associations Institute are at Suite 306, 1200 - 18th Street, N.W., Washington, D. C. 20036. Chairman of the Community Associations Institute board is David P. Rhome, of Millville, N.J., large-scale community developer and builder. President is May Russell, community association liaison manager for the Irvine Company in California. Initial organization of the Institute will be under the general direction of David E. Stahl, executive vice president of the *Urban Land Institute*.



Senior Citizens Increase

More than a quarter (27.5 percent) of all U.S. households counted in the 1970 census were headed by a senior citizen. . . according to a report issued by the Census Bureau. The 963-page report is one of a series of special detailed subject reports from the census that have been published during 1973. Earlier information on households and housing presented statistics for the U.S. and its geographic areas.

Altogether. . . the new report shows. . . 17.5 million of the Nation's 63.4 million occupied housing units were headed by a person 60 years or over. A total of 12 million were rented quarters. Thus. . . 69 percent of housing units with a head 60 or over were owner-occupied. The national proportion of owner-occupied units is only 63 percent.

The median annual income of senior citizen households was \$4,200, exactly half that of the population as a whole. And, the median number of persons in senior citizen households was 1.8 per unit, much smaller than the 2.7 nationally. Data in the report are shown by age groupings and race for the U.S., inside and outside Standard Metropolitan Statistical Areas (SMSA's), and selected places.

Copies of the report, *Housing of Senior Citizens, HC(7)-2*, are available for \$8.35 from the Superintendent of Documents, Washington, D.C. 20402.

American Experts Visit USSR

U.S. Government officials are not alone in their deep concern about atmospheric pollution, mushrooming population, sewage system construction lag, and water pollution. These typical environmental problems of major American cities are duplicated... with variations... in metropolitan-industrial centers across the USSR.

The threat such problems pose for Russian cities, and steps the Soviet government's environmentalists, city planners, and land-use specialists are taking to solve them, were examined first-hand by an American delegation of urban environmental experts on a 2-week working tour of six Russian cities.

The nine-member American team, headed by HUD Assistant Secretary Michael H. Moskowitz, is the first U.S. group to visit the Soviet Union for joint discussion of urban environmental matters since the US-USSR Agreement of Cooperation in the Field of Environmental Protection was signed in May 1972 by President Nixon and Chairman Podgorny of the Presidium of the Supreme Soviet. Five Soviet officials visited the United States in April of this year to observe and discuss urban environmental problems with their American counterparts. Arriving in Moscow... the American team had sessions with Soviet officials in that city, and later moved on to Leningrad, Tolyatti, Akademyrodok, Tashkent, and Samarkand. Following the tour, the team went back to Moscow for additional sessions before returning to Washington.

Along with their Russian hosts... the American delegation examined Soviet methods of planning and assuring a desirable environment in urban areas, with particular attention to approaches to comprehensive planning, new community development, and housing construction. U.S.-Soviet techniques of noise abatement and control, solid waste technology and management, and transportation modes also will be examined and compared.

Other members of the American working group are: Daniel P. Kearney, Deputy Assistant Secretary for Housing Production and Mortgage Credit and Assistant Commissioner of FHA; Albert F. Trevino, Jr., Administrator, New Communities Administration, and General Manager, Community Development Corporation; and Richard H. Broun, Acting Director, Community and Environmental Standards, Office of the Assistant Secretary for Community Planning and Development, all from HUD; Ernest A. Connally, Associate Director, National Park Service, Department of Interior; Ralph J. Black, Director, State and Local Affairs, Solid Waste Management Programs, Environmental Protection Agency; Eugene L. Lehr, Chief, Coordination and Research Division, Office of Environmental Affairs, Department of Transportation; Alice H. Suter, Senior Bio-Acoustical Scientist, Office of Noise Abatement and Control, Environmental Protection Agency; and William Matuszeski, Senior Staff Member for Community Development, Council on Environmental Quality, Executive Office of the President.



Realtors Support Energy Conservation

Noting that an average Realtor makes five contacts a day... and that there are 500,000 Realtors... J. D. Sawyer, President of the *National Association of Realtors*, said that his organization has a potential impact on 2.5 million people a day. While Realtors across the country will do their share as individuals to support President Nixon's appeal to save energy... they can also work together "primarily as a leadership force to show the Nation how it can effectively meet the crisis confronting it." One way to help the cause is for Realtors to counsel clients to consider more seriously than ever the relationship between home, office, and transportation... and that walking distances are now more important than they have been in many years.

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U.S. Department of Housing and Urban Development
Washington, D.C. 20410



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December 24, 1973

Current Trends

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Vol. 4 No. 52

HUD's November survey of mortgage conditions showed... that for the first time in the last 5 months... effective interest rates on FHA-insured and VA-guaranteed home loans showed signs of easing. While the rates on total loans closed edged upward from 9.03 percent in early October to 9.06 percent in early November... the effective interest rates on new commitments for federally underwritten loans declined from 9.18 percent in early October to 9.10 percent in November.

Significantly... the interest rates on new commitments decreased for loans for both new and existing properties... with the rate on loan commitments for new properties dropping from 9.10 percent in early October to 8.90 percent in November and the rate on loan commitments for existing properties declining from 9.19 percent to 9.13 percent over the same period. In contrast... the effective interest rates on loans closed for existing properties rose from 9.05 percent in October to 9.12 percent in November... while the rates on loans closed for new homes dropped from 8.92 percent to 8.80 percent in early November.

The effective interest rates for major mortgage lending groups also showed a mixed pattern. The 9.18 percent for mortgage companies and 8.84 percent for commercial banks represented a decline of about 9 basis points for each group, compared to October. In contrast, the 8.49 rate for mutual savings banks and the 9.04 rate for savings and loan associations were 47 basis points and 25 basis points higher, respectively, than for October.

The average effective interest rate on newly-closed FHA-VA loans in the New York metropolitan area was 8.83 percent; in Philadelphia it was 9.47 percent; in Washington, D.C. 9.17 percent; in San Francisco 9.26 percent; and in Los Angeles 9.17 percent.



Bank Board Holds Forecasting Conference

Five housing economists... speaking at the Federal Home Loan Bank Board's Third Annual Forecasting Conference... anticipated that 1974 will be a year of decline from previous records set by the Nation's residential housing market. Viewpoints of the housing experts differed on the volume of next year's projected housing starts. All agree... however... that the recent energy crisis as an unknown variable in housing forecasts will add to home construction problems next year.

Harris C. Friedman... the Board's Chief Economist... summarized the remarks of the five housing economists who presented forecasts. He said the majority opinion forecast housing starts to be somewhere in the range of 1.5 to 1.7 million units for 1974.

Addressing the economists... FHLBB President Thomas R. Bomar said that he had both good news and bad. The good news... that the inflow of deposits in S&Ls in October showed a net gain of \$833 million... which reversed the experience of the past 3 months' net outflows, the result of depositor withdrawals to take advantage of higher interest rates available elsewhere. Bomar also predicted that the November increase will probably reach \$1 billion. The bad news... that the predicted 1974 drop in housing activity will adversely affect S&L profits... and that the institutions will be faced with the need to borrow money at high interest rates to pay off maturing Certificates of Deposit... in the amount of about \$20 billion... during the first quarter.

Symposium papers and texts are available from the Board... Washington, D.C. 20552.

Chicago Has Highest Housing Volume

Chicago led in housing construction among the Nation's metropolitan areas during the third quarter of this year... according to an analysis by the *F.W. Dodge Division of McGraw-Hill Co.*

Chicago had 17,045 new housing units during the 3-month period. Los Angeles-Long Beach was next with 10,528. Others in the top 10 were: Phoenix, 7,344; Miami, 7,281; Detroit, 7,053; Washington, D.C., 7,024; Philadelphia, 6,999; New York, 6,573; Houston, 6,249; and San Diego, 6,183. Nationally... the report said... construction of new housing units in the third quarter totaled 520,013... down 9 percent from the preceding quarter and 17 percent from the third quarter of last year.



HUD Disposition Program Offers Opportunities

H.R. Crawford, Assistant Secretary for Housing Management, announced that an ongoing effort has been launched to attract home repair contractors, management personnel, and real estate brokers to repair, manage, and sell thousands of housing units acquired through foreclosure by HUD. As part of this effort, Mr. Crawford opened an exhibit at the annual convention of the *National Association of Realtors* in Washington recently.

The exhibit... which publicizes business opportunities in the HUD property disposition program... will be on display at a number of property disposition minority and small business conferences and other meetings in coming months.

The HUD Office of Property Disposition is responsible for the sale of all HUD-acquired properties through 76 field offices located throughout the country. These housing units are acquired by HUD under its various mortgage-insuring programs as a result of financial default of individual homeowners or project sponsors.

Acquired home properties are sold throughout the country by private real estate brokers on a commission basis.

Mr. Crawford called attention to the large volume of sales and the opportunities made available to private brokers, managers, and repair contractors.

Since many hundreds of repair contractors are required for this repair and rehabilitation work, HUD has embarked on an ongoing campaign of conferences and meetings in principal cities to enlist the services of small and minority repair contractors and suppliers. The Washington exhibit is designed to illustrate the business opportunities in the HUD program for real estate brokers and managers, and repair contractors.



First Construction Industry Report Issued

Glass and Glazing Work Special Trade Contractors Industry (SIC 1973)... the first preliminary report on the 27 industries covered in the 1972 *Census of Construction Industries*... has been issued. Other reports in the series will be issued over the next several months. The *Census of Construction Industries* is one of seven Economic Censuses conducted by the Bureau in the years ending in "2" and "7."

Also being issued are preliminary reports of the *Census of Manufacturers, of Retail Trade, of Wholesale Trade, of Selected Services*, and final reports of the *Census of Transportation*. Reports of the *Census of Mineral Industries* are scheduled to get underway shortly.

Copies of reports of the Economic Censuses... as they become available... may be obtained from the Census Bureau's Public Information Office, Washington, D.C. 20230.

Coordination on Minnesota Indian Reservation

HUD's Chicago Regional Office arranged for the Community Relations Service, U.S. Department of Justice, to mediate a controversy with the Leech Lake Indian Housing Authority. HUD-assisted housing on the Reservation was deteriorating, rents were not being collected, and the Housing Authority had voted to abandon the project and let the Government take it over. The Regional Office prevailed upon the Community Relations Service to mediate and negotiate the issues with the Indian Housing Authority. A 3-day conference was held on the Reservation between a Regional Office team and leaders of the Housing Authority. At the conference, basic agreements were worked out that will permit saving the project...and the development of better understanding between the Housing Authority and the Area Office, and will help the leaders of the Housing Authority manage the project better. The Community Relations Service thereby avoided a confrontation that could have developed into a very serious issue and might have destroyed this particular project and led to additional confrontations with other Indian Housing Authorities throughout the Region.

This is an example of effective coordinated action on the part of several Federal agencies. The Community Relations Service was asked to participate because of the experience its staff had gained as mediators at Wounded Knee.



Model City Evaluation

The Ford Foundation's Center for Governmental Studies has selected eight Model City experiments considered to be the most promising for a 2-year study. The Seattle Model City demonstration was judged the most impressive in the country.

The Center cited "competent staffing, good relations between city hall and residents, and executive leadership" as the primary reasons for the Seattle success. Comparisons were made between the Model City programs of New York City, Dayton, Indianapolis, Chicago, Savannah, Newark, Boston, and Seattle.

The Foundation study credits the Seattle Model City experiment with achieving innovation and institutional change through model schools, nonprofit corporations, neighborhood health centers, decision-making by the poor, less restrictive hiring procedures for minorities, improved city management techniques, and more attention by elected officials to the problems of the poor.



Code Supplements Published

Three 1973 *Accumulative Supplements to the BOCA Basic Building, Mechanical, and Plumbing Codes* are now available. The supplements...of primary interest to building officials, code enforcement personnel, architects, engineers, and contractors...provide the most current additions and revisions to the *BOCA Basic Codes*. The three supplements include all of the code changes approved by BOCA at its Annual Conference in June 1973. Each is \$3.50 for nonmembers and \$3.00 for members and is available from the BOCA offices, 1313 E. 60th Street, Chicago, Illinois 60637. The supplements cover:

- 1973 *Accumulative Supplement to the BOCA Basic Building Code (No. 1047)* contains important new high-rise provisions. 106 pages, soft cover; 6-hole punched for use in vinyl binder.
- 1973 *Accumulative Supplement to the BOCA Basic Mechanical Code (No. 1048)* has the most comprehensive fire suppression system code provisions in the United States. 40 pages, soft cover.
- 1973 *Accumulative Supplement to the BOCA Basic Plumbing Code (No. 1049)* updates tables, features new diagrams as well as standard references. 50 pages, soft cover; 3-hole punched for binder use.

Publications Available

Grantor-Grantee. . . an information guide covering the sale or purchase of residential investment, commercial, industrial, or vacant real property. Price \$3.50 from Robert W. Duff & Associates, P.O. Box 1242, Santa Ana, California 92702.

Planned Unit Development Ordinances. . . prepared by the *American Society of Planning Officials* and funded by the *National Association of Home Builders*. Based on a nationwide survey of planning agencies and PUD developers concerning their PUD experiences, the book includes a study of PUD ordinance provisions and field work in six metropolitan areas. There is also a survey and summary of the legal aspects of PUDs, including State enabling statutes and leading court cases.

\$8 (postpaid if prepaid) from ASPO, 1313 E. 60th Street, Chicago, Ill. 60637.

Older Americans. . . Facts About Income and Housing. Produced by HUD. . . the publication shows the great changes in number and proportion of the population that is elderly. . . from 1900 to 1970. For sale by the Superintendent of Documents, Washington, D.C. 20402. Price 90 cents.

Federally Assisted New Communities: New Dimensions in Urban Development. . . is designed to give developers, builders, architects, planners, and other professionals an opportunity to learn in comprehensive detail about Federal programs. Price \$16 from Urban Land Institute, 1200 18th Street, N.W., Washington, D. C. 20036.

The Dynamics of Housing Rehabilitation: Macro and Micro Analyses. . . by David Listokin. Unlike many similar works that generally analyze single projects, this book combines an overall review of the problems and the state of the art (macro analysis) together with a specific case description (micro analysis).

Among the topics discussed are: financing, acquisition of properties, maintenance, management, housing code enforcement, tax incentives, rehabilitation technology, and means of obtaining local community support. 240 pp., \$10 hardcover. . . from Center for Urban Policy Research, Rutgers University, New Brunswick, N.J. 08903.

The Resident Manager. . . a guide for the resident manager with chapters on marketing, public relations, resident communications, rent collection, record keeping, and physical plant supervision. The 80-page, softcover book is amply illustrated with a variety of forms and sample schedules. . . all essential to helping the resident manager function more efficiently.

For sale for \$8.50 from the Institute of Real Estate Management, 155 East Superior, Chicago, Illinois 60611.

NOTICE TO SUBSCRIBERS

The Superintendent of Documents has notified HUD that effective January 1, 1974. . . the subscription rate for the Newsletter will be \$7.30 annually for domestic subscribers and \$9.15 for copies mailed to a foreign address. These rates will apply to all subscriptions expiring or beginning after December 31, 1973.

HUD newsletter



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December 31, 1973

Vol. 4 No. 53

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Current Trends

Housing starts in November were at the seasonally adjusted rate of 1.698 million units... up 4 percent from the level of a month earlier... and down from the October 1972 rate of 2.395 million units. Building permits were also below the 1972 rate... at 1.269 million units in contrast to 1.316 million units a year ago.

Actual starts for the full year 1973 are now predicted to reach just under 2.1 million units.



Indian-Owned Housing Plant Delivers First Housing Units

Families have moved into 15 recently completed houses at Fort Yates, North Dakota, the first completed group of 100 units of HUD-financed modular public housing being produced by the locally Indian-owned *Standing Rock Housing Corporation* at McLaughlin, South Dakota.

The contract for the houses was awarded in June... and completion of the remaining 85 units, now under construction, is anticipated by May 1974. More than 80 local residents are presently engaged in producing the housing packages in the McLaughlin plant and erecting them in the various Reservation communities.

A payroll exceeding \$600,000 has been distributed to employees since the wholly-owned *Standing Rock Sioux Tribe* company was started in early 1972. Since the company's inception... managerial training has been provided by personnel of *Multi Systems*, a Nashville-based construction management and engineering firm. Training is progressing smoothly, and within a year the housing corporation should be operating independently of outside management assistance.



Federal Burglary Insurance Grows

More than 20,000 residents and businessmen in the District of Columbia and 12 States are now insured against burglary and robbery losses under the Federal Crime Insurance Program.

George K. Bernstein, Federal Insurance Administrator, attributed the program's continuing growth to a greater public awareness of its benefits, by private citizens as well as local governments. He also called attention to a newly adopted procedure under which commercial premises are inspected to determine if they comply with protective device requirements. This procedure is available free to new applicants. There is a small fee for those already covered by Federal insurance.

Federal crime insurance is now available in the District of Columbia, Connecticut, Illinois, Kansas, Maryland, Massachusetts, Missouri, New York, New Jersey, Ohio, Pennsylvania, Rhode Island, and Tennessee. It can be purchased from any licensed property insurance agent or broker in an eligible State.

1972 State Revenues Up

Revenue collected by State governments from all sources totaled \$112.3 billion in the 1972 fiscal year... a 15.5 percent increase over fiscal 1971... according to a Census Bureau report which shows also that expenditures by the 50 States rose 10.5 percent during fiscal 1972 and amounted to \$109.2 billion.

Taxes provided \$59.9 billion, or about three-fifths of the 1972 total. Charges and miscellaneous general revenue increased 10.6 percent to \$10.8 billion... while inter-governmental revenue totaled \$28 billion... 17.5 percent more than the 1971 sum.

The increase in State tax revenue during 1971-72 amounted to 16.2 percent. A breakdown shows that general sales and gross receipts taxes provided \$17.6 billion in 1972, and tax on motor fuel ranked next, producing \$7.2 billion. Tobacco sales tax totaled \$8.2 billion; taxes on alcoholic beverages, \$1.7 billion; and motor vehicle license taxes \$3.1 billion.

The yield from individual income taxes... imposed by 44 States... reached \$13 billion in fiscal 1972... up 28 percent from the 1971 figure. Corporation net income taxes amounted to \$4.4 billion in 1972... 29 percent more than in the previous year.

The 50 States spent more for education than for any other function. Of the \$98.8 billion that went for general expenditure... \$38.3 billion was for education. Expenditure for public welfare totaled \$19.2 billion, and spending on highways amounted to \$15.4 billion. Spending for hospitals... the fourth major State function... rose 8.7 percent in fiscal 1972, totaling \$5.1 billion.

State revenue totals include gross sales revenue of liquor stores operated by 17 States... and contributions and investment earnings received by employee-retirement, unemployment compensation, and other insurance trust systems of State governments. Expenditures by the States include gross amounts of purchases and other expenditures by State liquor stores, and payments of benefits and withdrawals by the State insurance trust systems.

Copies of the report, *State Government Finances in 1972*, GF 72, No. 3, may be obtained for 90 cents from the Superintendent of Documents, Washington, D.C. 20402.



Oglala Sioux Establish Drilling Enterprise

The Oglala Sioux Tribe has undertaken a well-drilling enterprise to provide water at the Pine Ridge (S.D.) Reservation. This was made possible as a result of the tribe's being one of the first recipients of Federal revenue sharing funds under the Fiscal Year 1973 allocations.

The drilling effort started with a HUD contract for 41 wells at scattered Reservation housing sites. The Public Health Service also participated in the program to assist in providing wells for those who were unable to pay for them. The tribe expects that approximately 100 wells a year will be drilled and intends to maintain this level until all Indians on the Reservation are supplied with a water source.

Basic to the operations is a newly-purchased rotary well-drilling rig. To date... 24 wells have been completed under the contract. Although the average well depth is approximately 125 feet, in some cases it has been necessary to drill to a depth of 300 feet to establish a reliable water source.

The members of the tribe are being trained under an on-the-job training program at the Lakota Higher Education Center to become qualified drilling rig operators.

Cities Gain From HUD Programs

For years... Fargo, North Dakota, stood by as deterioration defaced its once impressive "grand entrance from the east." As recently as 10 years ago, the city had to squeeze to get \$60,000 a year in real estate taxes from the entrance area, now in Fargo's renewal district. After a decade of upgrading, this part of downtown Fargo is taking on a new appearance. The facelift is still in progress, and the city's east entry is beginning to contribute more than it did in its heyday.

Current projections indicate \$1.9 million will be realized by 1980 from taxes being generated on properties within the renewal area. That figure is triple the amount the city would have received on these properties without the renewal effort. By 1980... it is estimated that tax income from the area will amount to \$391,568 or approximately 6½ times the tax received by the city in 1963.

The Denver Urban Renewal Authority (DURA) has just approved another project to continue the development of the Downtown Skyline Renewal Project.

A developer has been assigned a block within the Skyline Renewal Area for the construction of a high-rise motel and office complex at an estimated cost of \$26 million, including land and buildings. Preliminary plans for the project include a 24-story office building and a 300-room motel with off-street parking.

The developer will have at least 3 months for exclusive negotiation with DURA on construction plans and other details leading to the signing of a development contract. The block, which contains 106,400 sq. ft. of land, is being sold for \$1,915,000, the price fixed by the DURA Board.

The award brings to almost \$135 million the amount of private redevelopment completed, under construction, or under contractual commitment in the 27-block Skyline Project that started in 1968.



Urban Renewal Study Begun

HUD is trying to find out why it takes some urban renewal projects unusually long periods of time for completion. A \$497,188 contract has been awarded to the *Real Estate Research Corporation* of Chicago to make a study which is scheduled for completion within 15 months.

Objectives of the study are to develop better methods of carrying out existing urban renewal projects in which HUD has financial commitments, and to develop data that will help cities carry out such projects under the proposed *Better Communities Act*. Under *BCA*, cities would plan and implement urban renewal projects without the need for HUD approval.

HUD officials believe that the major obstacle to successful completion of urban renewal projects has been difficulty in selling the land under the Urban Renewal Authority ownership.

We want to know why some localities do well and some poorly in disposing of land, a HUD spokesman said.

In the initial phase of the study, about 20 urban renewal projects of long standing and at the stage of selling land in the renewal areas are involved. The first cities to be studied are: Boston, Durham, Louisville, Kingston (N.Y.), St. Paul, and Tulsa.

Once the results are obtained, HUD will try to create profiles of cities in terms of disposition of the land, and try to help cities apply so-called "good city" techniques in solving their land-marketing problems.

Apartment Rents and Expenses Rise

The annual survey of the *Institute of Real Estate Management* shows a significant increase in property rents and operating expenses in 1972. The *1973 Income/Expense Analysis—Apartments, Condominiums, and Cooperatives*, an IREM publication... was compiled from widespread financial data gathered in 1972.

Rents rose by 7.1 percent nationally in 1972... as compared to 6.1 percent in 1971. Although net income outgained operating expenses in 1972 by 1.2 percent, when these results are compared with those of 1971 and 1972 combined... increases in net income are outweighed by advances in operating expenses.

Regional data contained in the *Analysis* illustrates that the Northeastern States (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, and New Jersey) lead the Nation in average rents as well as average operating expenses. The Southern States (New Mexico, Texas, Oklahoma, Arkansas, Louisiana, Kentucky, Tennessee, Mississippi, Alabama, Georgia, South Carolina, North Carolina, and Florida) had the lowest average rents and average operating expenses.

The *Analysis* is the result of a year-long research project sponsored by IREM, which utilizes financial data from over 2,500 buildings in 140 key cities throughout the U.S. and Canada to arrive at average operating expenses on every facet of property management. The data are grouped by building type, metropolitan area, age, and size for easy, accurate reference. Figures are published on the basis of dollars per room, percent of possible gross total income, and dollars-per-square-foot expenses on gross and rentable areas of the building. Graphs and charts illustrating the data are included. It is available for \$30 from IREM, 155 East Superior, Chicago, Ill. 60611.



Population Map Issued

A map showing the distribution of the Nation's urban and rural populations according to the 1970 census has been issued by the Census Bureau.

Population Distribution, Urban and Rural, in the United States: 1970 (GE-50, No. 45)... in color... 42 by 30 inches. Circles and symbols designate distribution of the population. County, State, and international boundaries also are shown.

May be obtained for 50 cents from the Superintendent of Documents, Washington, D.C. 20402.



Housing Literature in French

For a number of years... HUD has issued Spanish-language versions of various publications related to such things as housing, renewal, and relocation, for circulation in those areas where large concentrations of Spanish-speaking residents are affected by HUD-assisted programs. In some communities... where there are enclaves of other ethnics... the local authorities have produced brochures and instructional material in their native tongues. The HUD Insuring Office in Bangor, Maine, has announced that it is receiving translation and distribution help from the *Alliance for Better Housing* in Lewiston... as a result of which pertinent HUD literature is being issued in French in Lewiston and other Maine cities that have large Franco-American populations.

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