

# HUD newsletter

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



January 7, 1974

Vol. 5 No. 1

## Current Trends

The December sale of Urban Renewal Project notes totaled \$403.5 million ... representing 126 local issuing agencies. The average interest rate was 4.5365 percent. The average interest rate for the \$348.4 million worth of project notes sold in November was 4.6354 percent.

FHLBB Chairman Thomas R. Bomar has reported that average effective interest rates on conventional home mortgage loans closed increased further in November... but at a sharply reduced pace. The average effective interest rate on conventional loans for purchasing newly-built homes rose 5 basis points from early October to early November... compared with a 14 basis-point increase a month earlier. Rates on loans for purchasing previously occupied homes rose 6 basis points... compared with a 24 basis-point increase from early September to early October.

Project Notes totaling \$428 million... representing 73 Local Housing Authorities ... were sold in December at an average interest rate of 4.44 percent, down from November's 4.81 percent. Average maturity of the Notes sold was 7.3 months.

GNMA will hold an auction of unsubsidized home mortgages on January 9, 1974. Any mortgagee approved by FHA will be eligible to bid in the auction. The mortgages ... totaling approximately \$286 million... all bear interest at the rate of 7 percent. They are insured by FHA 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. A total of 16,108 mortgages will be sold in the auction.

HUD's December 1 survey of mortgage market conditions again showed some improvement for the average home buyer from month-earlier data. Nationally... the average secondary market price for immediate delivery of HUD-FHA insured  $8\frac{1}{2}$  percent new-home mortgages with 30-year terms and minimum downpayments advanced four-fifths of a point to \$97.2 per \$100 of outstanding loan amount. This gain lowered the equivalent gross yield to investors to 8.86 percent. Over the past 2 months, the yield has dropped a total of 32 basis points.



## New Housing, Additional Revenue in Offing for Newark

Two positive developments took place in hard-pressed Newark in the past few months.

Ground was broken for a \$4.5 million housing project of 120 units on part of a 45-acre tract that was set aside for community use when the *New Jersey College of Medicine and Dentistry* acquired a site for its facility. Planned with \$360,000 in seed money contributed by State, industry, and private sources, the cooperative, to be developed by local sponsorship, is financed by the *New Jersey Housing Finance Agency*. Rents will range from \$165 for a one-bedroom apartment to \$265 for four bedrooms. The sponsors hope to bring about a rebirth of the city by developing the entire tract.

A nonprofit *Watershed Conservation and Development Commission* received a certificate of incorporation enabling it, subject to State approval, to start its mission of bringing a new source of revenue to Newark by leasing for development more than 6,000 acres of the city's watershed property. With the aid of a HUD \$175,000 grant, a land-use plan will be formulated for the acreage, which is in three nearby fast-growing counties.

### Significant Decision

In the case of *U.S. v Pelzer Realty Company, Inc., et al* (Case No. 72-1609)... the U.S. Court of Appeals, Fifth Circuit... reversed a ruling of the U.S. District Court of the Middle District of Alabama. The lower court had dismissed a complaint filed by the Department of Justice under *Title VIII of the Civil Rights Act of 1968*. The complaint alleged that defendant realty company refused to sell houses to blacks and discriminated against them in the terms and conditions of the purchase of dwellings. The Court of Appeals ruled that (1) it is not necessary that racial prejudice dominate the Realtor's mind during the negotiation; it is enough that race be one significant fact being considered in his dealings with blacks; (2) it is not necessary to show that the Realtor intended to deprive blacks of rights granted by the *Fair Housing Law*, since a violation may occur because the Realtor's words implied that effect; and (3) a Realtor's placing of "sold" signs in front of houses in white neighborhoods to foreclose the right of blacks to contract for the houses violated the *Fair Housing Act*.



### Chicano Unity Conference Held

The *Washington State Chicano Education Association* held a Seattle conference to bring together Chicano leaders from the States of Idaho, Oregon, and Washington in November. These leaders represented a wide variety of expertise in such areas as health, housing, migrant matters, education, labor, and child care. The representatives concentrated on those areas that will alleviate Chicano problems through meaningful programs in their respective States.

During the session, a *Northwest Advisory Council* was formed and made a presentation to the *Northwest Federal Regional Council*. The specifics of the presentation, developed during the conference... covered particular areas of concern. *The Federal Regional Council* and its constituent member agencies will follow up specific questions and maintain close liaison with the federated Chicano group.



### Construction Expenditures Up

The Department of Commerce has made a preliminary estimate of construction volume for 1973... and a projection for 1974. The 1974 outlook may be high... Commerce says... if the energy shortfall is not eased. For the current year... expenditures for all construction (new, as well as maintenance, repair, and operating construction)... is expected to be \$160 billion. New construction alone will approximate \$136.4 billion. For 1974... new construction will probably reach \$143 billion... if present plans are adhered to. The 1974 forecast in detail: residential... down to about 1.9 million starts; industrial and commercial, up; educational, about the same level as 1973. The report... *U.S. Industrial Outlook for 1974*... is available for \$3.40 from the Public Documents Distribution Center, 5801 Tabor Avenue, Philadelphia, Pa. 19120.



### AIA Issues R&D Report

Architectural research programs in the near future are likely to stress such environmental issues as energy conservation and solar energy, according to a report just issued by the *AIA Research Corporation (AIA/RC)*. The report, *R&D '74*, was done by *AIA/RC* under a contract with the *Federal Architecture Project of the National Endowment for the Arts*. It is an overview of Federal funding for research programs related to the architecture, building, and engineering professions. In addition to general information on R&D funding, and facts and figures on specific agencies and programs, the report includes a survey of past and current programs and experiments.

In transmitting the report to *NEA*, John P. Eberhard... President of *AIA/RC*, noted a shift away from traditional patterns of architectural research which, up to now, have concentrated upon analysis... especially at the urban scale... and on product design synthesis to demonstrate new uses of materials or systems design.

A condensed version of the report is available from Donald Conway, Director of Research Programs, AIA, 1735 New York Avenue, N.W., Washington, D. C. 20006.



## Mobile Homes to Replace Substandard Units

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Delaware's Sussex County has proposed the use of mobile homes as temporary low-rent public housing. The mobile homes being considered were purchased by HUD for use as temporary housing after last year's Tropical Storm Agnes devastated the Wyoming Valley Area of Pennsylvania and left 14,000 families homeless.

In an editorial... the *Delaware State News* complimented the HUD Wilkes-Barre Disaster Office for a rehousing job done "exceedingly well," and suggested that any mobile homes utilized in Delaware as low-rent public housing be maintained on a permanent basis. "The units could be available in short order," the editorial continued, "are infinitely more appealing than what exists in slum areas now, and with proper precautions could have a long and useful life with some advantages apartments don't have..."



## AIA Asks for Forest Programs

The *American Institute of Architects* has repeated its call for the establishment of a national forest management program... stressing the inadequacy of present measures to provide for efficient use and proper conservation of our forest resources.

Speaking for the *Institute*... Hugh B. Johnson, Chairman of the *AIA's* Regional Development and Natural Resources Committee... in testimony before the Senate Subcommittee on Environment, Soil Conservation, and Forestry... expressed *AIA's* qualified endorsement of the *Forest and Rangeland Environmental Management Act of 1973* (S. 2296, as amended).

Johnson made clear, however, that the *Institute* views this legislation as "only a beginning" in the development of a comprehensive national program. Pointing out that the Bill covers only the national forests, he cited the need to insure better management of millions of acres of federally owned forest land not in the national forests.

The *AIA* also recommended an augmented forestry incentives program that would encourage better management and production on the privately owned land which constitutes 60 percent of the Nation's commercial forests.



## Fire Safety Bureau Proposed

The Nixon Administration has proposed a *National Bureau of Fire Safety* which would coordinate the fire safety and research efforts of HUD, HEW, GSA, DOD, and the *National Science Foundation*. The proposal would give the *Bureau* specific authority to study the behavior of fires in high rise office and apartment buildings.



## \$47 Million Mortgage for N.Y.C. Apartments

The high cost of money is not a complete deterrent to residential construction in New York City. Recently... a \$47 million financing package... the largest mortgage transaction of its kind in the city in recent years... was completed. A consortium of nine lenders provided a \$41 million construction loan for apartment house construction and a local savings bank provided a \$6 million construction and permanent loan for nearby townhouses. The project will provide 1,207 units in an area adjacent to the City-Long Island border.



## Multi-Service Center Dedicated by Church

The Mother Zion AME Church, located in Harlem, recently dedicated a multi-service community center which it sponsors through a nonprofit affiliate. The project, made possible by a HUD grant of \$886,000, is the first in Region II to be developed by a religious group and is among the first multi-service centers completed in New York City. The church coped with increasing expenses by contributing \$600,000 in land and cash as its share of the total cost.

## Urban Renewal Pay-Off

On January 1, 1974... the *Portland (Oregon) Development Commission* will retire the tax increment bonds for the *South Auditorium Project* which were sold 7 years ago to pay for local costs of the 100-block redevelopment project in downtown Portland. This retirement will benefit six Multnomah County taxing bodies in the amount of \$1.5 million per year.

The original \$5 million tax allocation bond issue was secured by the increase in taxes resulting from new development in the *South Auditorium Urban Renewal* area. The tax increments collected for 1973 from the urban renewal area... and not needed for the final payment to retire the bonds... estimated at \$1.5 million... will be returned to the local taxing bodies.

Starting with the current tax year... the total assessed value of the entire project area... including all improvements, will go on the general assessment rolls and should reduce the burden on county and city taxpayers.

*The South Auditorium Project* not only created numerous new jobs in construction and the continuing operation of business and housing developments but also made possible the creation of fountains, parks, malls, special lighting and landscaping, underground utilities, and other amenities, while at the same time paying for its own local public improvements.

As a frontier town, Trinidad, Colorado, was a trading post on the old Santa Fe Trail. Business was good and the population prospered. Following the heyday of Santa Fe commerce, the city flourished economically for a time with vigorous coal mining activity. When that industry lapsed, the city faced decline and population loss.

In 1968... HUD approved a Model Cities grant of \$1,225,000 annually for five years, and \$83,272 for a planning grant... to concentrate public and private resources in a comprehensive attack on the social, economic, and physical problems of Trinidad's blighted neighborhoods. An earlier renewal program approved in 1971 was directed toward removing substandard housing, rehabilitating old housing, and relocating and redeveloping areas for residential use.

Through the efforts of the Trinidad Development Institute, five new industries have been established in the community and located in an industrial park.

Over 35 miles of water filter plant transmission lines have been replaced, together with water and sewer lines throughout the city, at a total cost of \$3 million. A new sewage plant has been constructed at a cost of over \$500,000.

A model 70-bed hospital was completed in 1972. A new high school opened its doors this Fall. One new park was built and two parks were expanded and improved through a HUD Open Space grant amounting to \$321,925. Also... there have been street and parking improvements, and necessary street-building equipment was purchased. The city and county jail facilities have been renovated. Trucks for the refuse department have been purchased, and the public library facility has been improved. A new fire station is to be constructed. A Neighborhood Facility grant for \$300,000 has been approved. Total cost of the facility will approximate \$560,000. The Senior Citizens center will be expanded. The airport will be expanded, and the \$42 million Trinidad Dam project... is to be completed in 1976 by the Army Corps of Engineers.

# HUD newsletter

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January 14, 1974

Vol. 5 No. 2

## Current Trends

A fairly general reduction of the prime rate by major banks from 10 percent to 9%... plus a reduction by the Fed in the stock purchase margin requirements to 50 percent... has led many money analysts to believe that an easing in the general money market... and a consequent improvement in the current shortage of lendable mortgage funds, is probable.

The increase in interest rates on Series E and H U.S. Savings Bonds to 6 percent might divert to these bonds some savings that would otherwise go to S&L's. No major impact is foreseen, however.

The FHLBB has issued new proposed regulations to permit Federal savings and loan associations to convert to State-chartered stock institutions. The proposed rules were unveiled 10 years after the Bank Board first imposed its moratoriums against any such conversions. The new proposed rules differ markedly from the proposals issued earlier this year... which drew sharp criticism from many sides, and which led to a Congressionally-imposed moratorium until June 1974.

New Housing Authority Bonds totaling \$17 million representing 23 local housing authorities were sold in late December... at an average net interest cost of 5.0068 percent compared with the average net interest cost of 4.9880 percent obtained at the last previous sale held September 26, 1973. This was the 79th bond sale since 1951... and brings the amount marketed to \$9.999 billion.

During the first week of January... 102 local renewal agencies sold 107 issues of project notes totaling \$375 million at an average interest rate of 4.1723 percent. Maturities of the 107 issues ranged up to 1 year, with 10-month notes accounting for 32.8 percent and 1-year notes accounting for 27.5 percent of the total amount sold. The average maturity for all notes was 9.8 months. The notes will be dated January 29, 1974. Average interest rate for the \$404 million of project notes sold on December 4, 1973, was 4.5365 percent.



## HUD Helps Restore Six-Story Elephant

Lucy, a six-story wood and tin elephant erected on the South Jersey shore in 1882 as a real estate sales promotion gimmick, has achieved new status with the aid of a HUD \$62,000 Historic Preservation Grant. She is now listed in the *National Register of Historic Landmarks*, and a local committee is rehabilitating the interior to provide a museum and a children's library.



## Equal Housing in Florida

At a meeting between HUD's Director of Voluntary Compliance and the Board of Directors of the *Miami Real Estate Board*, the Board agreed to establish an Equal Opportunity Committee to work out details of a voluntary compliance program for its members. A followup meeting is planned with the *Florida State Association of Realtors* to promote Statewide voluntary compliance agreements.

## Court Decisions

Three recent court decisions have been handed down affecting public housing operations in Chicago, New Haven, and Newark.

Saying that "though human beings may be polluters, they are not themselves pollution," Judge Julius J. Hoffman, in Chicago's U.S. District Court, ruled out a suit by a group of homeowners to forbid scattered site public housing in higher-income neighborhoods on antipollution grounds under the *Environmental Protection Act*. The group sought an injunction against the *Chicago Housing Authority* to prohibit public housing in various all-white communities because of detriment to the environment. Judge Hoffman held that the law regards public housing tenants as "free, legally responsible individuals—not as sociological factors in deterministic formulas."

The *New Haven Housing Authority* lost its appeal to the U.S. Supreme Court for a writ of certiorari overruling the Connecticut State Supreme Court decision that public housing tenants are ineligible to serve as commissioners under State law because of conflict of interest. The Supreme Court declined without comment to hear the appeal. The *Authority* is considering a suit in Federal court by the two tenant commissioners, charging violation of their civil rights.

The most sweeping court opinion came in Newark, where Judge Joseph F. Walsh of the Essex County District Court ordered an 80 percent retroactive abatement in shelter rents... plus utility costs... for 22 tenants in the highrise Stella Wright Homes, but found the conditions and costs in this and other highrise public housing in Newark too insoluble for court action and called on HUD to take drastic action to correct the basic problems.

The case resulted from a tenants' suit for relief from conditions which precipitated a tenant rent strike 3½ years ago, with \$6 million in unpaid back rents accumulating during the period. The court's opinion was a devastating analysis of the intolerable and unmanageable conditions in the project, concluding with the "bitter truth" that "the cure has become worse than the disease."

Comparing the situation at Stella Wright to Pruitt-Igoe in St. Louis, the Court found that only comparable action to correct the basic conditions could lead to basic solutions. Characterizing the *Newark Housing Authority* as "more the wronged than the wronging," the Court added that the problem is "too many people in too little space, under conditions which are incapable of management." It concluded by saying that the basic solution, as in Pruitt-Igoe, rests with HUD, which has the controlling authority.



### FmHA Offers New Security

A new type of security, the *Certificate of Beneficial Ownership*, was put on the market in December by the Farmers Home Administration. It is designed to attract private funds... particularly institutional investors such as pension funds... to farm and rural lending programs. The certificates range in size from \$25,000 to \$1 million. The first issue... \$300 million of 5-year maturities and \$200 million of 15-year maturities... was discounted to produce a 7.33 yield. Good demand was reported, with purchasers representing a wide range of investors, including trust departments and pension funds.



### Cleveland Worst in Rental to Blacks

A study of 30 large American cities issued recently by the *Council of Municipal Performance* shows, among other things, that Cleveland has the worst record of racial discrimination in rental housing in the Nation. The study also shows that the city is highly segregated, with an integration rate of only 2.5 percent in the 1960's. To achieve complete integration in Cleveland, 90.1 percent of the black population would have to move. The primary determining factor was the performance of income used for rent by blacks as compared to that of whites. On the other hand, in terms of overcrowding, blacks in Cleveland are better off than those in 25 other cities covered by the study. Cleveland ranked fifth from the bottom of the list, with overcrowding in 7.4 percent of housing for blacks.

## Office Tower Opens in Harlem

The \$15 million, 15-story CAV Building has been formally opened in Harlem. The building, with 230,000 square feet of rentable office space, is believed to be the largest black-owned and -operated office building in the Nation.

The CAV Building will house the first offices of the Federal Government to be located in Harlem...including branches of the General Services Administration and the Internal Revenue Service. Also located in the structure is a new branch of Manufacturers Hanover Trust Company, as well as other corporate tenants.



## San Antonio's 'Zero Cost' Renewal

During its 12 years of existence...the *San Antonio Development Agency* has operated at a zero cost to the city while increasing annual tax revenue through its Urban Renewal activities by more than \$725,668 and generating millions of dollars worth of development to benefit the municipality.

Public and private improvements on three of the 11 San Antonio Urban Renewal Projects...Civic Center, Central West Area I, and Rosa Verde...produced approximately \$140 million in new development to stimulate the economy of San Antonio.

These facts about the *Agency* and its operations were recently revealed by Winston Martin, Executive Director of *SADA*, who pointed out that the increased tax revenue figures are based on current taxes and those projected upon completion of the projects.

Citing the Civic Center Project as an example of development generated, Martin noted that it has "resulted in more than \$69 million in new construction, also motivating renovation and development in the surrounding area." The project also has provided the sites for the city's convention facilities, the new Federal Office Building, and the Courts Building.

The development of additional facilities for the Santa Rosa Medical Center and four private medical professional buildings in Rosa Verde alone are valued at \$51.5 million. In addition, 958,920 square feet of land have been sold or awarded to developers for commercial, institutional, and residential facilities. Tax revenue before Urban Renewal amounted to \$65,726. Within the next 5 years...the tax is estimated to go to \$495,000.

The Central West Project has generated \$19.6 million in private development and public improvements. Before renewal, the tax revenue was \$50,800, while today it has increased to \$182,200.

In a projected fourth project...Vista Verde...construction of 600-700 dwelling units for low- and moderate-income families and the rehabilitation of the commercial area are scheduled. Prior to Urban Renewal, tax revenue for the area was approximately \$123,000. Upon completion of the 4-year project, tax benefits to the city are expected to amount to \$264,000.

To sum up the zero cost factor of Urban Renewal to the city and the many financial benefits it produces...more important than the dollars and cents figures, impressive as they are...is the fact that the program also has provided hundreds of families and individuals with the opportunity to move into standard housing in stable, decent neighborhoods.



## Record Attendance at INBEX Exposition

The fourth *INBEX Building Exposition*...held in Chicago last month...set a new record for attendance of just under 13,000...a jump of 24 percent over last year. A total of 275 exhibitors occupied space.



## Realtors Elect

Joseph B. Doherty, of Andover, Mass., was elected president of the *National Association of Realtors* during their recent convention; Arthur S. Leitch, San Diego, was elected first vice president; and Philip C. Smaby, Minneapolis, was reelected treasurer.

Also... the following were elected to head the subsidiary organizations of the *Realtors Association* for the coming year... *Real Estate Securities & Syndication Institute*: President, Burton E. Smith; First Vice President, M. Martin Rom... *American Chapter, International Real Estate Federation*: President, John E. Swisher, Jr.; First Vice President, Rich Port... *American Institute of Real Estate Appraisers*: President, Jack K. Mann; First Vice President, Robert W. Ford... *Institute of Real Estate Management*: President, Vance C. Miller; President-Elect, Albert N. Justice.



## Publications Available

*Community Economic Development—A Community Betterment Program to Improve Neighborhoods...* A manual covering control of visual pollution and the improvement of the living environment has been published by the *City of St. Louis Beautification Commission*. Written and edited by Robert J. Stoffel, AILA, landscape architect and environmental planner... it outlines a simple solution to a complex problem.

The manual is divided into sections which detail all phases: profile and attitude surveys, zoning, financing business district improvement, housing standards, home improvement loans, and development procedures.

Price \$1.00 from the *St. Louis Beautification Commission*, 115 N. Union, St. Louis, Mo. 63108.

*Ten Model Cities: A Comparative Analysis of Second Round Planning Years.* A 162-page report presenting the findings of an analysis that closely follows an earlier publication... *Eleven-City Study of First Round Cities...* is an effort to verify or amend the findings of the earlier analysis, as well as to extend the conclusions where possible.

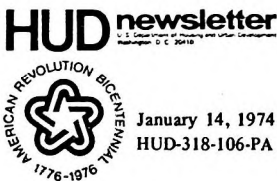
The report, based upon continuous monitoring of the planning process in 10 second round cities, describes their response to a wide range of geographic and demographic factors. The earlier study evaluated each city's planning efforts in comparison with the others, and the degree to which their planning processes for Model Cities reflected such HUD performance criteria as innovation, resource mobilization, institutional change, coordination, and citizen participation.

The report (specify No. 2300-00243) is for sale for \$2.10 from the Superintendent of Documents, Washington, D.C. 20402.

*Financing Real Estate Development...* a book to acquaint architects and others with the strategy and terminology of real estate financing... has been announced by *The American Institute of Architects*.

The book... the first in its field to survey current practice in development building and finance, reflects the fact that architects are becoming increasingly involved in development building.

The book retails for \$21.50. It is available to AIA members for shipment January 1 through March 31 at \$17, and at \$19.35 after that... from Publications Marketing, AIA, 1735 New York Avenue, N.W., Washington, D.C. 20006. Orders under \$20 must include payment.



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# HUD newsletter

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



January 21, 1974

Vol. 5 No. 3

## Current Trends

The Connecticut Housing Finance Authority asked for competitive bids for a two-part \$44 million issue of mortgage finance revenue bonds. It was the first time the Authority has sold bonds through competitive bidding, an official said. In a negotiated sale in October 1972, the Authority raised \$26.5 million through a two-part bond issue, at an average annual interest cost of 5.3980 percent.

Despite the drop in long-term interest rates... as evidenced by the lowering of the prime by many leading banks... short-term rates have climbed. Treasury bills jumped sharply at the latest auction... to 7.615 percent on 13-week notes... up from 7.406 a week earlier. Yields on the 26-week bill increased from 7.560 to 7.371 percent.

The probability of a serious reduction in 1974 housing starts has been commented upon by several analysts. Some have predicted starts for the year will drop to as low as 1.5 million. Several factors... in addition to tight mortgage money availability... will contribute to the decline... the experts feel. Included are the peripheral effects of the fuel shortage. The most severe drop in housing activity in the past was a decrease in the 12-month period from October 1965 to 1966... when the annual rate of starts fell almost 50 percent... from 1.656 million to 843,000. A pickup in activity in the second half of 1974 is seen by most industry observers.

The chief economist for the *National League of Savings Associations* (formerly the *National League of Insured Savings Associations*)... believes that the drop in housing starts will relieve the pressure and eliminate any shortage of mortgage funds for 1974.

There was a further easing of mortgage interest rates on FHA-insured and VA-guaranteed home loans during December. HUD figures show the effective interest rate (which takes account of "points") on FHA-VA loans closed in early December averaged 9.03 percent, down from 9.06 percent in November. More dramatic was the drop in effective interest rates on new commitments for FHA and VA loans... which declined to 9.00 percent in early December from 9.10 percent in November and 9.18 percent in October. The effective rate on commitments for loans on new homes fell to 8.83 percent in December... compared to 8.90 percent in November and 9.10 percent in October, while the yield on commitments for loans on existing homes decreased from 9.19 percent in October and 9.13 percent in November to 9.03 percent in December. Among the major lending groups... mortgage companies and savings and loan associations cut their effective mortgage rates in early December... for loans closed as well as for new commitments... below the effective rates prevailing in November. Commercial banks decreased their effective rates on new commitments for FHA-insured and VA-guaranteed home loans, but the yields on their loans closed in December were higher than on loans made in November.

The *Farmers Home Administration* Fiscal 1974 program level for Section 502 loans is \$1.985 billion, of which \$1.1 billion is for interest credit loans. For rental housing, \$144 million can be loaned, with \$100 million for interest credit loans. In addition... \$10 million is provided for farm labor housing loans and \$10 million for Section 504 loans.



## FYI

*National League of Savings Associations*... Annual Conference... Washington, D.C., February 24-26. Registration: 1200 - 17th Street, N.W., Washington, D.C. 20036.

### Three New Community Development Proposals

The *Community Development Corporation (CDC)* Board of Directors has approved three New Community development proposals. A total of \$67 million in federally guaranteed loans is involved.

The Board's action enables the developers of Harbison, S.C., Soul City, N.C., and Shenandoah, Ga., to execute the project agreements, proceed to closing, and initiate federally guaranteed bond sales.

Harbison is the first new community to be sponsored by a private nonprofit corporation. To be developed with the aid of a \$13 million loan guarantee, the 1,740-acre Harbison site is 8 miles northwest of Columbia, S.C. *Harbison Development Corporation*, formed by the United Presbyterian Church, projects a population of 23,000 at the close of the 20-year development period.

The 7,200-acre Shenandoah site is located 35 miles southwest of Atlanta. Clustering of residential development in the new community will free acreage for open space and community facilities space that is equal to residential acreage. Funds will be used for a municipal water and sewer project to serve Shenandoah and the surrounding area. Guarantee assistance for Shenandoah is \$40 million. It is to be developed over 20 years for 69,000 residents. The developer, *Long Acre Development, Inc.*, is a subsidiary of Scott Hudgens Company in association with Unionamerica Corporation, a Los Angeles-based investment and banking firm.

Soul City, in rural North Carolina, will be aided by \$14 million in Federal guarantee assistance. *Soul City's rural location*, Alberto F. Trevino, Jr., General Manager and chief executive officer of CDC, said, *makes it the first free-standing new community approved by CDC. As such, it represents a demonstration for developing a data base and evaluating the practical experience that will assist us in determining the viability and feasibility of this development approach. A critical element is industrial development, which is a prerequisite to residential development in this new community. The rate and quality of industrial growth will be monitored closely as a factor in determining the feasibility of this approach.* A population of 44,000 residents is expected at the close of the 30-year development period. The 5,180-acre Soul City site is in Warren County. *Soul City Company*, the developer, is a limited partnership which includes *Floyd B. McKissick Enterprises, Inc.*, *The National Housing Partnership*, and *Madison and Madison International, Inc.*

There are 16 federally approved New Communities in 10 States with guarantee assistance totalling \$325 million.



### Savings Flows Continue Favorable

The Federal Home Loan Bank Board reports a \$1.1 billion net savings inflow to savings and loan associations in November. . . the largest net inflow since last May. The same statistics reveal. . . however. . . that mortgage lending and outstanding commitments for future lending continued at a reduced level, although the decline was not so severe as drops reported in preceding months. The November rise in receipts reflected an earlier decline in yields on short-term marketable securities and a probable increase in consumer savings. The savings gain. . . the second consecutive monthly net inflow after 3 months of net outflow . . . was 38 percent greater than the inflow for October.

Mortgage loans closed by FSLIC-insured institutions during November totaled \$2.3 billion. . . \$0.4 billion less than in October. However, the decline was primarily seasonal in nature. Outstanding commitments for future mortgage lending totaled \$9.6 billion. . . down \$2 million. This reduction was less than the drop in other recent months and somewhat less than the usual seasonal reduction. The statistics also show a less sharp decline in loan repayments than in recent months; they fell by about \$200 million. However. . . associations continued for the second consecutive month to rebuild their liquidity and repaid \$1 million of borrowed money. . . marking the first paydown since January 1973.

## Ford Foundation Grants

The *Ford Foundation* has made the following grants in support of efforts to revitalize urban neighborhoods, including attempts to reverse the deterioration of existing housing for low- and moderate-income families and to widen their housing options:

- The South Shore neighborhood in Chicago has changed dramatically in the last several years. In 1950 there were no blacks; now the area is 69 percent black, and 7.2 percent of the population have incomes below the poverty line. Established lending institutions are withdrawing mortgage credit, a common practice in deteriorating inner-city areas. The Illinois Neighborhood Development Corporation has been formed to spur the economic and social development of the community. Its first act was to acquire the South Shore National Bank, which will provide loans for minority businesses, community projects, and the construction and rehabilitation of housing. The *Foundation* is investing in the corporation through the purchase of a stock unit valued at \$160,000. For further information, Ronald Grzywinski, 7054 South Jeffrey Blvd., Chicago, Ill. 60649.

- The San Francisco Development Fund is helping families acquire new and existing homes with Federal mortgage subsidies that are supplied directly to the families rather than to the builder or seller, as is usually done. This procedure makes it easier for families with modest incomes to buy their first homes. Under a previous grant, the *Fund* expected to recruit and counsel 500 families. But because of the Federal moratorium on housing assistance, a tight money market, and scarce housing in the San Francisco Bay Area, only 196 families have been enabled to purchase homes over the last 2 years. To help the *Fund* reach its original goal, the *Foundation* granted \$138,523 for another year. For further information, Ms. Elizabeth Eudey, 57 Post St., San Francisco, Calif. 94104.

- Neighborhood Housing Services of Dallas is working to halt the decline of the North Park-Love Field section of the city by bringing private mortgage money back into the area for rehabilitation of existing homes and by encouraging the city to improve services. The program is based on a model developed in Pittsburgh and extended to Oakland, Calif., Washington, D.C., and Cincinnati. The *Foundation* has provided the Dallas group \$100,000 on a matching basis toward a high-risk loan fund that will be used to finance repairs by homeowners who do not meet the normal credit standards of the mortgage lenders. For further information, Ms. Billie Richards, 4923 West Lovers Lane, Dallas, Tex. 75209.

- Better management of federally subsidized housing projects is the goal of organizations in Boston and North Carolina. Greater Boston Community Development received \$75,000 to strengthen the competence of community groups assuming the management of multi-family projects. REMCA, Incorporated, a private nonprofit firm that has successfully managed 600 federally subsidized housing units in North Carolina (rescuing some of them from bankruptcy), was granted \$120,000. REMCA will expand its activities in North Carolina and into neighboring states. For further information, Ms. Laurette West, P.O. Box 195, Durham, N.C. 27701. In Boston, Robert Whittlesey, 177 State Street, Boston, Mass. 02109.

- According to Federal estimates, the country will need 60,000 housing managers by the end of the decade. Southern Illinois University (Edwardsville) received \$47,500 to adapt a property management curriculum it developed with previous *Foundation* support to a training program being set up in community colleges and universities in northern California. The University of California Extension Service and California State University (Sacramento) are working with Southern Illinois in the program. For further information, Marshall Burak, Edwardsville, Ill. 62025.



## Women's Rights Upheld

The FHLBB has issued a policy statement...making public its position...that women may not be discriminated against in mortgage transactions with federally regulated savings and loan associations. The policy outlaws any difference in computing the income and credit worthiness of working women...as compared to men...or among single, married, divorced, or widowed individuals...by the institutions in making mortgage loans.



## Fair Housing Seminars Start

The problems hindering realization of fair housing, business and employment equal opportunity program objectives, and a discussion of solutions, were the focus of a seminar that was held January 9-11 in Los Angeles.

The *Fair Housing-Equal Opportunity Regional Seminar* was sponsored by the HUD Office of Equal Opportunity. Seminar participants included Federal, State, and local governmental officials, and representatives of business, professional, and civil rights organizations from California, Arizona, Nevada, and Hawaii.

The Los Angeles-based seminar is one of a series scheduled for each of the 10 HUD regions. Sessions will focus on the *Fair Housing Law*, neighborhood stabilization, and blockbusting problems. . . and will take up 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 are employment discrimination, corporate responsibility for equal housing, job training and business opportunities for HUD's project area residents and businesses, and equality and goals in employment of women in Federal, State, and local governments.

The tentative schedule for upcoming seminars is: Philadelphia, Jan. 30; Seattle, Feb. 20; Atlanta, March 13; Denver, April 3; Dallas, April 24; Boston, May 8; Kansas City, Mo., May 22; and Columbus, Ohio, June 12.



## Two Resource Recovery Contracts Signed

*The National Center for Resource Recovery, Inc.*, has signed two contracts with *New York State's Environmental Facilities Corporation (EFC)*.

One of the contracts involved *NCRR's* participation in the preparation of a comprehensive solid waste management plan for Westchester County, N.Y. In this contract . . . the *National Center* . . . a nonprofit research organization, will contribute its services. *NCRR's* primary responsibility will be to analyze and recommend resource recovery options. The *Center* also will provide information to the consulting firm of Leonard S. Wegman Co. and to the *EFC* on the technology and economics of various recovery systems.

Under the contract. . . solid waste processing requirements for Westchester County to the year 2,000 will be determined and a long-term plan for solid waste management will be developed. The plan will include resource recovery, new facilities, disposition and integration of present facilities into the system, analysis of sites where facilities may be located, funding, and administrative needs. The *National Center* will review and analyze proposals, write reports, and conduct seminars as required by the State. Information provided by the *Center* will include recovered materials specifications and marketing requirements. Total cost of the study will be \$181,600, of which \$121,600 will be in the form of a grant by *New York State's Department of Environmental Conservation (DEC)*. Westchester County will contribute the remaining \$60,000.

The second contract with *EFC* is one to provide general assistance and expertise in resource recovery in the State of New York through the *EFC* and *DEC*. The *National Center* will participate in project and program planning and evaluation.

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U.S. Department of Housing and Urban Development  
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# HUD newsletter

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



January 28, 1974

Vol. 5 No. 4

## Current Trends

**Project Notes.**... totaling \$548 million... representing 72 local housing authorities were sold in January at an average interest rate of 4.31 percent... down from December's 4.44 percent. 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. Interest rates ranged from 4.04 percent to 4.48 percent. Average maturity of the Notes sold was 6.8 months.

A total of \$1.63 billion in bids were submitted in the January 10 auction of GNMA mortgages. Bids were accepted for the entire \$286 million of 7 percent mortgages offered. Accepted bids ranged from 88.06 to 91.51, resulting in an average accepted price of 90.05 and an average yield of 8.41 percent. This compares with the average yield of 8.34 percent in the previous GNMA auction on December 5. The mortgages were purchased by GNMA under the *Tandem Plan* for unsubsidized mortgages insured by FHA or guaranteed by the Veterans Administration.

Housing starts in December were at the seasonally adjusted rate of 1.355 million units. Actual starts for the month were 88,500 units.



## Flood Insurance Legislation Passes

Congress has passed the *Flood Disaster Protection Act of 1973* and the President signed it on December 31.

The *Act* substantially increases limits of coverage and the total amount of insurance authorized and will make participation by known flood-prone communities in the *National Flood Insurance Program* mandatory. Financial institutions insured by Federal agencies will be prohibited from making, increasing, extending, or renewing any mortgage loans in any flood-prone nonparticipating community.



## New 'Energy Impact Center'

The *Chamber of Commerce of the United States* has established an *Energy Impact Center* to pinpoint effects of energy shortages affecting business.

Besides establishing the clearinghouse... the *Chamber* and the *National Association of Manufacturers* will set up an *Energy Users Council* composed of representatives of the country's major producers and consumers of energy.

Data from *Chamber* members on adverse effects of shortages will be relayed to the newly-created *Federal Energy Administration (FEA)*. In addition... the *Center* will collect and furnish the *Chamber's* membership of more than five million business and professional people information on successful approaches used by other members to conserve energy. New developments in the *FEA* program and in other sources will be sent to State and local chambers and to trade and professional associations for their members' use.

## Recovery May Ease Energy Shortage

"... 1973 may well be remembered as a year of transition... when the 'age of abundance' became the 'age of scarcity,' seemingly overnight. As a result of shortages of both materials and of fossil fuel (with resultant higher prices)... efforts have increased to recover reusable materials and energy value from trash and garbage."

This shift in the general attitude toward reclaiming solid waste was a most significant event of the year in the resource recovery field... according to the *National Center for Resource Recovery, Inc. (NCRR)*, Washington, D.C. With raw materials in shorter supply and the search for new energy sources increasing... the municipal solid waste stream is becoming recognized as a largely untapped reservoir of steel, aluminum, glass, paper, and fuel supplements.

Solid waste can provide a partial answer to the growing energy crisis. Development continued in 1973 on systems which turn refuse into a fuel by pyrolysis... a process of heating the refuse in the oxygen-deficient atmosphere. Some cities already burn refuse in special incinerators to produce steam for industrial use.

Looking toward the future... resource recovery stands out as a positive answer to the dual national challenge to conserve materials and energy while reducing waste disposal problems. *NCRR* expects that by 1976 at least 15 major U.S. cities will be practicing resource recovery on a large scale... and that in a decade most cities will be recovering materials and energy from solid waste on a routine basis.



## From A Chicken Coop Into Modern Housing

In 1952... Eloy Jose Sanchez purchased a chicken coop and, by putting in two partitions, converted it into a 3-room home. It lacked inside plumbing... and water was obtained by a pump from an outside well. Cooking and heating were accomplished with a wood-burning stove. Later on... electricity was added. The 354-square-foot home ultimately housed his wife and five children.

The house was located within the *Greeley, Colorado, Neighborhood Development Program* area... and through project funds made available by HUD and the city, the house was purchased for \$1,600 which allowed Sanchez to pay off an existing mortgage with an interest rate of 39 percent.

Today... through relocation funds... the Sanchez family has moved into a 15-year-old, free and clear, standard 4-bedroom home containing all of the amenities for comfortable living including an electric range, refrigerator, carpeting and curtains which were a part of the purchase price. Freed of the excessive mortgage payment and fuel costs, which prevailed while living in their converted chicken coop, the Sanchez family lives in their new home for less than the old one cost.

Eight other families, who existed under similar conditions in the area, have also been relieved of their housing hardships and are enjoying living benefits comparable to those of the Sanchez family.



## FYI

*Housing Research Conference, Inc.*... Washington Conference... February 25-26, Washington, D.C. HUD Assistant Secretary for Housing Production and Mortgage Credit Sheldon Lubar will be keynote speaker. Further details: Gordon Jensen, Stanford Research Institute, Menlo Park, Calif. 94025.

## South American Developer Suspended

HUD has taken administrative action against the developer of a Caribbean resort in Colombia, South America, because the *Statement of Record* for Carib Inn Estates... filed with HUD... neglected to mention that the property is subject to seasonal earthquakes, hurricanes, flooding, and erosion.

HUD's Office of Interstate Land Sales also found that the company's brochures were at variance with its *Statement of Record*. It advertised a championship 18-hole golf course equipped with golf carts, tennis courts, Olympic-sized pool, a fleet of offshore fishing boats, a stable full of riding horses, and a host of other amenities designed to attract potential investors from the States.

None of these amenities appeared in the company's statement to HUD or on the property itself.

The suspension will remain in effect until the developer files an adequate *Statement of Record* and *Property Report*, reflecting an accurate description of the property.



## Deposit Insurance

Increase to \$50,000 in Federal insurance for individual deposits, and 100 percent coverage of deposited public funds has been approved, 14-0, by the House Subcommittee on Bank Supervision and Insurance.

Banks, S&Ls, and credit unions would be covered by the proposal.

FDIC and other regulatory agencies would be able to set limits on the aggregate amount of funds insured institutions could legally accept.

The Subcommittee rejected by substantial majorities amendments that would have (1) required that interest rates paid on deposits of public funds by different types of institutions be equal, and (2) that coverage of individual deposits be limited to \$30,000.



## AIA Installs New President

Archibald C. Rogers, FAIA, of Baltimore, has been installed as the 1974 president of the *American Institute of Architects*. He succeeds S. Scott Ferebee, Jr., FAIA, of Charlotte, N.C., as head of the 24,000-member national professional society.

In addition to Rogers... five other officers were installed. They are first vice president (president-elect) William Marshall, Jr., FAIA, of Norfolk, Va.; three national vice presidents... Van B. Bruner, Jr., AIA, of Haddonfield, N.J.; Louis R. Lundgren, FAIA, of St. Paul; and John M. McGinty, AIA, of Houston... and treasurer, Joseph Tuchman, FAIA, of Akron. Ten new regional directors were also installed.

Rogers is chairman of the board of the Baltimore architectural firm *RTKL, Inc.* He has served as *AIA* first vice president for the past year. As chairman of the *AIA's National Policy Task Force*, he has piloted the *Institute's* efforts to promote the establishment and implementation of a national policy for urban growth and land development.

An active participant in community affairs... Rogers has held positions on the *Governor's Council on the Arts in Maryland*, the *Expressway Advisory Committee of the Maryland State Roads Commission*, the *Anne Arundel County Zoning Commission*, the *Greater Baltimore Committee and its Planning Council*, and the *Maryland State Board of Examiners and Registration of Architects*.

## Communities Urged to Seek Flood Insurance

Federal Insurance Administrator George K. Bernstein has served notice that time is running out for property owners along 3,700 miles of shoreline in eight States bordering the Great Lakes who are still uncovered by flood insurance. The Administrator warned that damage already inflicted by strong winds so far this winter could be merely a foretaste of what may happen when expected spring floods hit the Great Lakes early in 1974... and described the federally subsidized insurance program... administered by HUD... as 'a financial breakwater' against potential total loss of property.

*A number of Great Lakes communities have shown excellent cooperation, he said, but too many are still not in the program, and the number of individuals in those eligible communities who have sought protection through the program is below our expectations.*

As an example of action that came too little and too late, Bernstein pointed to Wilkes Barre, Pa. The City enrolled in the program in December of 1971. But when *Tropical Storm Agnes* devastated the area in June of 1972... six months later... only two individual policies had been sold.

While the program has gained momentum nationally this year... almost doubling the number of participating communities... and with the number of policies sold increasing from 137,000 to more than 315,000, the Administrator expressed some disappointment with the results in the eight Great Lakes States.

The enrollment process is relatively simple. To qualify... a community must submit a completed application to HUD, Washington, D.C. 20410, documenting the minimal steps that have been taken in the way of acceptable land use and control measures to prevent or abate future flooding. Once the completed application is accepted... flood insurance can be available to the community in as little as 6 days.

The coordinating agencies for the eight States along the Great Lakes are: *New York Department of Environmental Conservation, Albany; Illinois Governor's Task Force on Flood Control, Natural Resources, Service Center, Thornhill Bldg., Lisle; Michigan Water Resources Commission, Stevens T. Mason Bldg., Lansing; Wisconsin Department of Natural Resources, P.O. Box 450, Madison; Indiana Division of Water Department of Natural Resources, 608 State Office Bldg., Indianapolis; Minnesota Department of Natural Resources, Centennial Office Bldg., St. Paul; Ohio Department of Natural Resources, Fountain Square, Columbus; and Pennsylvania Department of Community Affairs, Harrisburg.*



## 'Night View' Map of U.S. Population Published

A map showing distribution of the Nation's urban and rural population as if viewed at night from a high altitude satellite has been issued by the Census Bureau. The map... 30 x 20 inches... is Navy blue with the Nation shown in midnight blue. It shows the population densities in white. The urbanized areas are outlined in white and places outside urbanized areas are shown by white circles, squares and dots according to population density. The rural population is shown by smaller squares and dots.

*Population Distribution, Urban and Rural, in the United States: 1970, (GE-70, No. 1), may be obtained for 25 cents from the Superintendent of Documents, Washington, D.C. 20402.*

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February 4, 1974

Vol. 5 No. 5

## HUD Moves to Stimulate Home Building

Addressing the annual convention of the *National Association of Home Builders* in Houston, Texas, Secretary Lynn announced the following important steps to enable more families to qualify for home ownership, and to stimulate home building:

- A reduction from  $8\frac{1}{2}$  percent to  $8\frac{3}{4}$  percent in the maximum allowable interest rate for mortgages insured by the Federal Housing Administration.
- Expansion of the *Tandem Plan* of GNMA that will assist in the construction of 200,000 housing units by providing below-market interest rate mortgages up to a possible total of \$6.6 billion.

To be eligible under the expanded program, mortgages must be for new construction, bear an interest rate of  $7\frac{3}{4}$  percent, and have received conditional commitment for FHA insurance or VA guarantee on or after January 22, 1974.

The 200,000 units of housing will be produced under a revision of GNMA's Special Assistance Programs for the purchase of unsubsidized FHA-insured and VA-guaranteed home and project mortgages.

Other GNMA Tandem Plans will be unchanged except that mortgages will be accepted at the new interest ceiling rate of  $8\frac{3}{4}$  percent unless covered by special exceptions.

The new interest rate ceiling of  $8\frac{3}{4}$  percent was determined after consultation with Donald Johnson, VA Administrator, who simultaneously announced a similar decrease in the allowable rate for GI home mortgage loans.

The rate ceiling had been at  $8\frac{1}{2}$  percent since August 25, 1973.

Secretary Lynn also announced that HUD is embarking on a total effort to simplify FHA insurance processing and office procedures. Teams from HUD's Washington headquarters will be working with field offices nationwide in a coordinated attack on processing bottlenecks and other obstacles to speedy and effective service. The Secretary pointed out that this effort to achieve better service and use of resources will in no way de-emphasize equal opportunity or environmental requirements, other designated national or community social priorities, or quality standards for processing.



## Grand Rapids Cites Accomplishments

Grand Rapids has reported five urban renewal project closeouts since it started its first project in July 1960.

In each case there has been money returned to the U.S. Treasury... total reservations were \$9,198,949 and total grants used equaled \$8,431,070 for a net return of \$767,879. Administrative and legal costs for all projects averaged 3.1 percent.

A similar report on public housing indicated that in early December... Grand Rapids' fourth public housing project was opened... bringing the city's total number of units to 525. Actual cost of the four projects was \$8,971,471. Administrative costs to produce the units was a little less than four-tenths of 1 percent of the total cost... or \$65.30 per unit.



## Presidential Message to Home Builders

HUD Secretary Lynn delivered the following message from President Nixon to NAHB members in Houston on January 20:

*It is the firm belief of my Administration that the housing industry is a key factor in our national economy and the essential element in the ultimate attainment of the goal first established in the Housing Act of 1949: a decent home and a suitable living environment for every American family. In this spirit I greet the members of the National Association of Home Builders at your annual convention.*

*I am pleased that Secretary Lynn will be with you on this occasion to reaffirm first hand our sustained commitment to the objectives of my housing message of last September 19. We are more determined than ever to increase the availability of mortgage credit in the current market, to improve the overall credit picture for the long term and to find a sensible way to help meet the housing needs of families with low incomes.*

*The constant new developments affecting the housing situation make it imperative that we have the flexibility to deal with each new change. This flexibility will surely be most effectively achieved if we have a healthy housing industry. May your deliberations provide useful direction and incentive for your members to meet their challenge in this critical task.*



## Current Trends

FNMA's latest FHA-VA and conventional commitment auctions held January 14 showed a rise in interest rates on short-term money market instruments. . . after declining slightly in the week following the FNMA December 17 auction. The yield on 90-day Treasury bills increased from 7.35 percent in the week of December 21 to 7.72 percent in the week of January 11.

Rates on long-term capital market instruments have also risen. For example. . . rates on new issue Aaa utility bonds dropped 11 basis points in the week following the FNMA December 17 auction. . . but increased by 17 basis points from a 7.98 percent average for the week ending December 21, to 8.15 percent for the week of January 11.

In contrast. . . current mortgage market yields, reported by FNMA regional offices, continued to decline over the 4-week interval, with FHA-VA yields falling .23 percent and conventional yields declining .17 percent.

Offers for FHA-VA mortgage commitments totaled \$40 million at the January 14 auction. . . compared with \$39 million of offers submitted at the auction 4 weeks before. The average offered yield of 8.679 percent was .070 percent lower than the previous auction. The range of yields was from 8.530 to 8.806 percent. . . reflecting a price of 99.97 to 97.85 for 8½ percent coupon mortgages.

The next FHA-VA and conventional commitment auctions will be held on February 11, 1974.



## Neville Honored

The *Housing Assistance Council* has cited James F. Neville, former Assistant Administrator for Rural Housing for the *Farmers Home Administration*, for his important contribution to housing rural families. Neville. . . who retired December 31. . . doubled the rural housing program of *Farmers Home* since becoming assistant administrator in 1971. In accepting the award, Neville praised HAC for "playing an integral part in channeling funds into rural America."

## AIA Annual Awards

The Hamden, Conn., firm of *Kevin Roche John Dinkeloo and Associates* has been selected to receive the *AIA 1974 Architectural Firm Award*... the highest honor the *Institute* can confer. It is given to a firm in which the continuing collaboration among individuals has been the principal force in consistently producing distinguished architecture.

Jack D. Train, FAIA, of Chicago, Ill., is the 1974 recipient of the *Edward C. Kemper Award of the American Institute of Architects*... given annually to an *AIA* member who has contributed significantly to the *Institute* and the profession. Train has served as commissioner of Professional Practice, and chairman of the *AIA's* task force on the study of standards of professional practice... which formulated revised standards of ethical practice. He was recently appointed to a Maryland public commission studying procurement of design services for State work.

Ruth Asawa Lanier, California-born sculptor, San Francisco, has been selected to receive the *AIA 1974 Fine Arts Medal*... awarded for distinguished achievement in the fine arts related to architecture. Acclaimed for her innovative use of materials... the sculptor has worked in a range of media: woven and tied wire, cast bronze, and fragile "baker's clay" made from flour and salt.

The awards will be presented during the 106th annual convention of the *Institute*, to be held in Washington, D.C., May 19-23.



## Cooperative Dividend Declared

A \$5 million dividend has been declared for distribution to management-type housing cooperatives with mortgages insured under FHA Section 213. This payment brings to \$23 million the amount of dividends declared to date in this program. There have been four previous dividend declarations... two in 1970 totaling \$5.6 million... one in 1971 for \$6 million... and one in 1972 for \$7 million.

The dividends are based on the record that has been set by Section 213 cooperatives in maintaining their mortgage payments. The distribution is the result of a 1965 amendment to the *Housing Act*, providing for dividend payments to the cooperatives in recognition of the low loss ratio. Insurance premiums are paid to FHA for the account of insured mortgages on management-type housing cooperatives, and are credited to the *Cooperative Management Insurance Fund*. Under the law... when these funds build to a safe amount over foreseeable losses, a dividend may be paid to eligible coops that have contributed to the fund.



## HUD-Service Clubs Conference

The first national HUD-Service Clubs Conference met in Washington, D.C. January 9... focusing attention on major problems of the poor and extension of local service club programs across the country. HUD Secretary Lynn urged joint efforts by the Federal Government, city governments, and service clubs to help low-income families. HUD Assistant Secretary for Housing Management H.R. Crawford termed the conference a vital first step in getting continuing club response to human needs in public housing. The 11 Service Clubs participating are: *Altrusa International, Civitan International, U.S. Jaycees, Kiwanis International, Lions International, Optimist International, Pilot Club International, Quota International, Rotary International, Soroptomist International* and *Zonta International*.



## Unique Elderly Housing in New Hampshire

Regional Administrator James J. Barry stressed HUD's broad interest in housing for the elderly as the Henry J. Pariseau Apartments were dedicated in Manchester, N.H. The HUD-supported, \$1.8 million structure received national recognition in *Architectural Record* magazine, which called the 11-story, 100-unit, building unique in that its efficient design resulted in a conventional construction contract price \$100,000 less than the prototype limits set by HUD.

## Quarter of Nation's Counties Hit by Natural Disasters in 1973

More than one-fourth of the Nation's counties were hit by 46 natural disasters in 1973. Three-quarters of a billion dollars of Federal funds were expended to assist local governments and citizens in 31 States covered by 46 Presidential disaster declarations. Total estimated damage was in excess of \$1.2 billion.

Over 75,000 disaster-struck families received advice and help at individual assistance centers of HUD's *Federal Disaster Assistance Administration (FDAA)*. . . which coordinates the disaster relief efforts of some 20 Federal agencies.

Last year's disasters were not quite as severe as the record year of 1972. . . in which 48 major disasters hit 23 States and caused approximately \$3.5 billion in property damage. However. . . the combined expenditures from the President's fund for the last 2 years will exceed those used for major disaster declarations for the preceding 10 years. Over \$2.5 billion in Federal funds were expended in recovery efforts in 1972.

Thomas P. Dunne, *FDAA* Administrator, said that "the majority of the disasters in the past 2 years have been caused by flooding, and he warned that devastation from water will continue to increase until there is a reversal of current practices of building on flood plains. . . and "there is a notable lack of adequate disaster preparedness by all levels of Government."

Declarations of major disasters during 1973 are expected to result in a final total obligation after all eligible work is completed of over \$174 million from the President's Disaster Relief Fund.



### Lead in Paint

Charged with determining whether scientific information is adequate to determine a safe level of lead in a dried paint film, a *National Research Council* committee has urged that lead in paint sold to consumers "be reduced to the lowest practicable concentration."

In its unpublished report to the *Consumer Product Safety Commission*, the *NRC* Ad Hoc Committee to Evaluate the Hazard of Lead in Paint said that although lead long has been known as toxic, the mechanisms of lead toxicity are not well understood and "there is not sufficient information" on exact quantitative relationships between lead in paint and health effects. Health effects of lead can be severe, the committee said, calling for "the lowest concentration that can be achieved by existing technology," while urging attention also to possible toxicity of lead substitutes.



### New Appointment

Roland Chico. . . a Zuni Paiute Indian enrolled in the Pyramid Lake Tribe of Lovelock, Nev. . . has been named director of the *Housing Assistance Council's* Southwest office in Albuquerque, New Mexico. Mr. Chico had served as housing specialist in the Southwest office since its opening last February.



### HUD Publications

HUD has just released a list of 56 publications on subjects ranging from Equal Opportunity, Condominiums and Cooperatives, to Mobile Homes. It includes such titles as *Wise Home Buying*, *HUD Disaster Aids*, and *Protecting Your Home Against Theft*. The listing. . . *Selected Publications of HUD (HUD-155-PA(2))*. . . is available free from your local HUD office.

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February 11, 1974

Vol. 5 No. 6

## HUD Budget For FY 1975

The Federal Budget for Fiscal Year 1975, beginning July 1, 1974, has been submitted to Congress. The Budget reflects authority for the following major actions in the housing and community development areas:

- \$6.6 billion to make available up to 200,000 units of new housing at a mortgage interest rate of 7 $\frac{3}{4}$  percent. These homes would be financed with FHA-insured or VA-guaranteed loans.
- \$2.3 billion in FY 1975 for community development under the proposed *Better Communities Act*, which will assure more equitable sharing of funds, community decision-making, and drastically reduced Federal red tape.
- \$110 million in comprehensive planning and management assistance grants to local authorities and States.
- Commitments in FY 1975 to subsidize the rental of an additional 300,000 newly constructed and existing units for lower income families under the newly revised Section 23 programs, pending the Department's development and evaluation of a direct cash assistance program.
- Substantial increases in operating subsidies for public housing—from a previously announced \$280 million to a revised level of \$350 million in 1974 to \$400 million in 1975.
- \$470 million in capital improvements for public housing in 1974 and 1975 under the reinstated Modernization Program.
- Recognition of estimated losses of about \$400 million in 1974 and \$500 million in 1975 arising out of the acquisition and disposition of defaulted FHA-insured properties both subsidized and unsubsidized.
- Total requested appropriations for FY 1975 of \$5.1 billion... an increase of \$1.6 billion over 1974 appropriations.

The FY 1975 budget continues the tests of direct cash assistance for providing housing aid to needy families. Estimated research cost for this activity is \$17 million, within an expanded \$70 million research program. Including the commitment of other forms of subsidy assistance, the total commitment of funds for direct cash assistance will be \$200 million.

The new budget allocates approximately \$12 million for Fair Housing and Equal Opportunity programs... including funds for additional temporary employees to further speed up the elimination of a backlog of discrimination complaints.

Four new communities with offers of commitments of up to \$170 million are authorized under the *New Communities Program*... bringing total commitments for new communities to \$588.5 million. HUD Secretary Lynn noted, however, that this program is under review and, depending upon the results of the review, the budget figures may be adjusted.

(continued)

## 1975 Budget—cont'd.

Fiscal 1975 budget outlays are estimated at \$5.6 billion... including \$2.3 billion for housing subsidy payments... and nearly \$1 billion for payment of mortgage insurance claims. The total also includes an estimated \$560 million for outlays under the *Better Communities Act*. The Secretary stressed that this was purely an estimate and not a ceiling... stating that "actual outlays in this program may be more or less than the estimate and will be governed by the rate at which cities use their funds."

Budget authority... estimated at \$6.2 billion... exceeds appropriations in FY 1975 by over \$1 billion—representing borrowings from the Treasury in FHA mortgage insurance programs to pay for the continuing rise in insurance claims and to support the growing inventory of acquired and assigned properties... estimated to increase from nearly 203,000 units in 1973 to nearly 300,000 units by the end of 1975.

The Secretary noted that traditional measures of the budget do not adequately describe HUD activity. For example... he said that by the end of 1975 there will be over \$85 billion in FHA insurance outstanding, \$16 billion in flood insurance policies in force, and another \$16 billion in GNMA Mortgage-Backed Securities outstanding.

Also not included within HUD's budget totals... but still a very important part of the Department's activities... is \$100 million for disaster relief administered by the Department's *Federal Disaster Assistance Administration*, successor to the *Office of Emergency Preparedness*. Should disaster costs be in excess of this sum, Secretary Lynn indicated that supplemental appropriations will be necessary.



## Current Trends

A year of increased activity and innovation in 1974 is forecast for HUD's Government National Mortgage Association by GNMA President Woodward Kingman.

The Association's most significant new activity will be implementation of its newly authorized and expanded *Tandem Plan*... under which 200,000 units of new housing will be financed at 7½ percent rate of interest. This program for unsubsidized mortgages differs from the previous *Tandem Plan* in that the 7½ percent interest rate eligible for GNMA purchase is less than the FHA maximum interest rate of 8¼ percent... a situation that may stimulate a downward trend in mortgage interest rates among mortgage lenders competing with GNMA.

In its mortgage-backed securities program... the amount guaranteed by GNMA in 1974 is expected to total about \$4.5 billion, including both pass-through and bond-type securities. Last year... sales totaled \$3 billion in pass-throughs and \$900 million in bonds. Total outstandings in pass-throughs now exceed \$9.1 billion... and an additional \$3.3 billion in bond-type securities have been issued.

GNMA will hold an auction of unsubsidized multifamily mortgages February 20. Any mortgagee approved by the Federal Housing Administration will be eligible to bid in the auction. The mortgages... totaling approximately \$150 million... all bear interest at the rate of 7 percent and are insured by FHA under the *National Housing Act*. All mortgages offered are eligible for inclusion in pools of mortgages which support issues of GNMA-guaranteed, mortgage-backed securities. A total of 101 mortgages will be sold in the auction.

Home mortgage purchases totaled \$16 million for the week ending January 18... leaving \$2.2 billion in outstanding commitments. FNMA has acquired \$61.7 million of home mortgages so far this year.

Morgan Guaranty Trust Company of New York has reduced to 9½ percent from 9¾ percent its prime... or minimum... interest rate on loans to large corporations. Analysts generally had anticipated a reduction in loan fees, and believed it would come early this month. Several banks immediately followed Morgan's lead.



## San Antonio Plans River Museum

San Antonio may become the site of one of the Nation's most unusual art museums... a waterside gallery situated on the bank of the San Antonio River... by restoring and utilizing an existing structure, the old Lone Star Brewery.

In a recent presentation to the brewery's owners... the *San Antonio Museum Association*... a team of architects hired to study restoration told the board the project would come to some \$3.4 million.

The report proposed that the historic brewery undergo redevelopment transforming it into an art gallery combined with a restaurant and private boutique or other luxury retail space.

According to a spokesman for *Cambridge Seven Associates*... the architects... the project is feasible and calls for virtually no change in the facade of the buildings. The Lone Star Brewery is listed on the *National Register of Historic Sites* as a choice example of 19th Century industrial architecture.

Before the *Museum Association* can begin to realize the dream of turning the brewery into an art gallery, it will require financial help from Federal agencies and private donors.

The art gallery complex would be one of several privately-sponsored projects along the 12-mile San Antonio River Corridor... underlining the advantages of utilizing existing structures as a logical and practical means of holding down development costs and retaining the individual, distinctive character of the river.

A 24-month River and Urban Corridor Feasibility Study and Analysis is covered by a HUD grant of \$405,000.



## HUD's New Energy Man

Secretary Lynn has announced the appointment of Douglas M. Parker as Assistant to the Secretary for development and implementation of the Department's policies on energy matters. Such policies and programs will be designed to minimize the energy shortage's impact on housing availability for the public and its effect on the housing industry... and will also seek to stimulate and encourage the housing industry and State and local governments to take steps to conserve energy in housing.

Mr. Parker joined HUD in March 1973... serving as Assistant Director of Urban Program Coordination and Assistant Director of the Community Development Committee of the Domestic Council. In May 1973... he was detailed to the Office of the Counsel to the President... serving in that office through November 1973.



## New Builders Association in California

Four northern California homebuilding associations have consolidated to form the *Associated Building Industry of California*. Emmett Clifford has been named the *Association's* chairman of the board. He is the immediate past-president of the *Associated Home Builders of the Greater Eastbay*, Berkeley, and is vice president of Mackay Homes, Menlo Park.

The action will meld 1,200 individual company members with construction contracts totalling nearly \$1 billion annually. These firms are active along the West Coast from the Oregon border to the Monterey peninsula.



## NUF Notice

The deadline for 1974-75 National Urban Fellowship applications is March 1. Potential applicants should write to NUF, Box 1475, New Haven, Conn. 06506.

## New Nonprofit Corporation

Dallas Bennewitz will be the first president of *AMMINET, Inc.* . . a nonprofit corporation formed late in 1973 to establish and operate a central, national clearinghouse for offers to buy and sell mortgage investments.

As chief executive officer of *AMMINET* . . Bennewitz will oversee creation of a computer-based system for the remote display (via cathode ray tube) of offerings in the secondary mortgage market. Users of the system will be able to enter their own offerings into the display and also to contact other users whose offerings meet their investment needs. Operation of the system is expected to begin in April. The firm is located at 400 First St., N.W., Suite 710, Washington, D.C. 20001.



## Resource Recovery

The *German Marshall Fund of the United States (GMF)*, has announced a pilot international resource recovery program.

The program . . which will be funded by a *GMF* grant of \$50,000 to the Washington-based *National Center for Resource Recovery Foundation* . . will involve efforts to transfer advanced *NCRR* technical and organizational capabilities in the field of solid waste management and resource recovery to organizations in one or two other industrial countries which have expressed interest in achieving such transfer with appropriate local adaptation and sponsorship.

The *Fund* . . a new private American foundation financed by a gift from the Federal Republic of Germany in appreciation of *Marshall Plan* assistance . . is dedicated to finding new solutions to the "common problems of industrial societies."



## FHLBB Guidelines

In 1972 . . the *Federal Home Loan Bank Board* . . together with other Federal financial regulatory agencies . . issued regulations prohibiting member institutions from discriminating in their home lending activities on the basis of race, color, religion, or national origin.

By an issuance in the *Federal Register* on December 17, the *FHLBB* has set forth guidelines extending the prohibition to cover lending practices based on age, sex, and marital status. Also covered are matters relating to the applicant's fluency in the English language, income level, or racial composition of the neighborhood, and the borrower's prior history in money matters. The guidelines are based not only on Federal statute law and Executive Orders . . but expressly note that the U.S. Constitution guarantees equal protection of the law for all persons.



## FYI

*Architects-Engineers* . . Public Affairs Conference . . Washington, D.C., March 18-19. Sponsored jointly by the *American Consulting Engineers Council*, *American Institute of Architects*, and *American Society of Civil Engineers*. Details: Nancy Hallmark, *American Institute of Architects*, 1735 New York Ave., N.W., Washington, D.C. 20006. (202/785-7262)

**HUD** newsletter  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Washington, D.C. 20410



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# HUD newsletter

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



February 18, 1974

Vol. 5 No. 7

## President Concerned Over Housing

In briefings on the HUD budget, Secretary Lynn has reemphasized the President's concern... as well as his own... with the current low rate of housing starts. The HUD Secretary believes the action to make available FHA-insured or VA-guaranteed loans at 7½ percent will help substantially, but he has pointed out that this program... as well as HUD's other efforts directed at helping people obtain better housing... could be improved by enactment of the legislative proposals referred to in the President's Message on Housing last September.

The HUD Secretary said... "In his State of the Union Message, President Nixon stated that 'there are a number of major new initiatives which are ripe for action in 1974.' I think the President's initiatives for housing and community development—the *Better Communities Act*—are clearly ripe, and I am optimistic as to prospects for early enactment of good legislation in these two extremely important areas. I sense Congress fully shares our awareness of the need to get the job done... for all our people seeking better housing and for better communities."

Secretary Lynn also reported in his budget briefing at HUD that the President's decision to add 100,000 units of subsidized rental housing to the FY 75 Budget came too late to be reflected in the over-all Federal budget documents sent to Congress. The Secretary said the commitment to subsidize the rental of 300,000 units instead of 200,000 was decided on because of the still "unmet needs" of the Nation's low-income families. The new subsidized rental units will be provided under the new Section 23 Leased Housing programs.

Revised regulations for Section 23 new construction and existing housing programs were published in the *Federal Register* January 22... inviting comment for 30 days.



## New Flood Insurance Rates

Substantially reduced premium rates... as well as greatly expanded limits of coverage... will be available under the *National Flood Insurance Program* as a result of the recently-enacted *Flood Disaster Protection Act of 1973*.

*Federal flood insurance at subsidized rates was a good buy before, George K. Bernstein, Federal Insurance Administrator, says, but it is an especially good buy today... particularly with rainfall up to 75 percent above normal along the Mississippi River, huge tides threatening the Atlantic and Pacific Coasts, and the water level in the Great Lakes the highest it has been in 200 years.*

Announcing the new rates, Administrator Bernstein said homes of all sizes in communities participating in the program can now be more adequately insured against property damage at the flat annual rate of 25 cents for each \$100 of insurance. Under the old program the rates started at 25 cents and increased on a sliding scale.



## Denver Approves Experimental Housing Project

The Denver City Council has approved a bill authorizing \$1 million of Model Cities funds for an experimental Westside housing project. The funds are the last of more than \$23 million in Model Cities money granted Denver by HUD during the past 4 years. The site eventually will contain a high-rise building serving as a residence for the elderly.

## Current Trends

HUD's requested appropriations for FY 75 total \$5.1 billion... an increase of \$1.6 billion over 1974.

The budget also reflects authority for \$6.6 billion to make available up to 200,000 units of new housing at a mortgage interest rate of 7¼ percent... \$2.3 billion in FY 75 for community development under the proposed *Better Communities Act*... \$110 million in comprehensive planning and management assistance grants... increases in operating subsidies for public housing to \$400 million in FY 75... capital improvements for modernization of public housing of \$235 million in FY 74 and again in FY 75... and recognition of anticipated losses of approximately \$400 million in FY 74 and \$500 million in FY 75 due to the acquisition and disposition of defaulted FHA-insured properties.

HUD's roster of full-time, permanent employees, declining from almost 16,000 in FY 73 to 14,775 by the end of FY 74 as agency-wide economies take effect... is shown in the budget as dropping to 14,156 by the end of FY 75. However... staffing levels continue to be under review and may be adjusted in the months ahead... depending upon the outcome of pending legislation and as actual workload materializes.

Contracts for future construction projects declined to \$6.13 billion in December, 5 percent below the level of a year earlier, the F.W. Dodge Division of McGraw-Hill Information Systems reported. Last year's total contract value reached a record \$100.1 billion for new construction work of all kinds, up 10 percent from the 1972 total, according to the report.

The anticipated new rate for mobile home loans has created a flood of interest in the FHA mobile home program, as evidenced by inquiries received at HUD and by reports of financial representatives and lending institutions. The removal of "Phase Four" price controls on mobile homes will probably result in a price increase. Mobile home sales for 1973 slightly exceeded those for 1972, according to the *Mobile Home Manufacturers Association*.

An important modification in the terms of the new GNMA Tandem Plan for assisting in the construction of 200,000 housing units at below-market interest rate mortgages now will qualify an unsubsidized, FHA-insured or VA-guaranteed mortgage if the house covered by the mortgage has not been sold before application to GNMA for a mortgage purchase commitment. The program is an expansion of the Tandem Plan, under which GNMA aids financing by purchasing mortgages bearing 7¼ percent interest... ½ percent less than the present FHA ceiling.



## Corporation Boosts North Minneapolis Development

The Minneapolis *Chamber of Commerce* has pledged to invest \$250,000 in a project to build a shopping center which will provide services missing in North Minneapolis for nearly a year. This pledge of nearly half the total cost will allow the center to charge lower rents to attract business to this economically depressed area.

The project is one step in a larger plan to restore economic stability to the neighborhood which has been declining since the racial disturbances of 1966. Other projects include a 150-unit housing development, Plymouth Townhouses, financed through HUD, which has been started a block from the proposed center site. About \$4.8 million in other construction has been built on land acquired through the *Minneapolis Housing and Redevelopment Authority*.

## U.S. Starts 1974 with a Population of 211.7 Million, Census Estimates

The U.S. began 1974 with an estimated population of 211.7 million persons, according to the Census Bureau. The total includes the 50 States and the District of Columbia, the Armed Forces and Federal employees overseas, and their dependents living with them.

During 1973...the net gain in population was estimated to be 1.5 million ...compared with 1.6 million during 1972 and 2 million in 1970. The largest net annual increase ever recorded was 3.1 million in 1956. The rate of gain during 1973 was 0.7 percent...compared with 0.8 percent in 1971. During 1947-61...the annual rate of gain ranged from 1.6 to 1.8 percent.

For the first 10 months of 1973...the Bureau estimates that the net gain was the result of about 3.2 million births, 2.0 million deaths, and 350,000 added by net immigration.



## AIA Elects 10 Honorary Members

The *American Institute of Architects* has elected to honorary membership one woman and nine men who have rendered distinguished service to the profession of architecture or to related arts and sciences. Honorary memberships are extended to persons outside the architectural profession.

The new honorary members are: R. Mayne Albright, authority in the legal aspects of architectural practice; Alan Colby Green, secretary-treasurer of *Educational Facilities Laboratories*; U.S. Senator Ernest F. Hollings (S.C.); Ada Louise Huxtable, architectural critic of the *New York Times*; John B. Johnson, chairman of the *Dormitory Authority of the State of New York*; Fotis N. Karousatos, executive director, Florida Association of the AIA; James W. Rouse, builder and developer of Columbia, Md.; Russell E. Train, administrator of the *Environmental Protection Agency*; Philip D. Stitt, editor, *Arizona Architect* magazine; and William G. Wolverton, controller of the AIA.



## Waterfront Mini-Park

A student-faculty committee of the University of Washington...appointed to develop programs for increased recreation...has recommended three projects both in and adjacent to the North Lake Urban Renewal Project. The University of Washington approved these programs and construction will begin in the Spring. Nearly all of the financing for the projects...estimated at \$92,000...will be from student fees.

The waterfront Mini-Park will be at Portage Bay. The park will be open to the public...and park-goers will find benches, shrubbery, and a view of nearby yacht moorages, the Bay's houseboat community, and water fowl. Part of the area under the University Bridge will be made into two lighted, hard surfaced, multi-purpose recreation courts. Another cleared area, previously used for parking, will be made into lawn for field sports and informal recreation.



## Housing Allowances

The Salem, Oregon, Experimental Housing Allowance Program, Administrative Agency Experiment, reached its full enrollment of 900 families on December 31, 1973. This is the first agency to reach full enrollment and it was accomplished 3 weeks ahead of schedule. Each family will receive 2 years of housing allowance payments and will then be transferred from the experimental phase to the normal Section 23 Leased Housing program operated by the *Salem Local Housing Authority*.



## New Standards Issued

HUD has issued several new *Minimum Property Standards*... applicable to structures with FHA-insured mortgages. The new *MPS* include stricter requirements for life safety from fire... and are to be complied with before the Federal Housing Administration will insure mortgages covering the structures.

*The improved standards are effective immediately, HUD Secretary James T. Lynn said... and cover multifamily housing, housing for the elderly, and nursing homes. They are designed to achieve greater safety in all new HUD-FHA assisted or insured construction throughout the country.*

The standards also apply to HUD-supported public housing.

Based on detailed comments from 136 qualified organizations and individuals... the *Minimum Standards* stress the use of early warning smoke detectors, fire extinguishing devices, and building compartmentation.

The new standards are: *General Revision No. M-23 to the FHA-2600 MPS for Multifamily Housing; General Revision No. E-3 to the MPS for Housing for the Elderly, with special consideration for the Handicapped, HUD PG 46; and Change No. 5 to the MPS for Nursing Homes (HPMC-FHA 4514.1).*

Copies of the new *MPS* revisions may be obtained from any HUD Office.



## New Publication

*Metric System Guide—Volume 1*... published by *J.J. Keller & Associates* in anticipation of the U.S. conversion to the metric system... deals with orientation and structure of the metric system in the Nation. Volume one contains 15 comprehensive parts, from introduction to glossary, designed for specific background in metrology. It is the first in a series of volumes on the metric system... to be used individually or collectively. A fully descriptive brochure may be obtained by calling 800/558-5011 toll free... or by writing *J.J. Keller & Associates, Inc.*, 145 West Wisconsin Avenue, Neenah, Wis. 54956.



## FYI

*Housing Research Incorporated*... Annual Conference... Washington, D.C., February 25-26. Details: *Housing Research Incorporated*, 320 Fallow Field Road, Fairfield, Connecticut 06430. (203/259-3641)

*Producers' Council*... Construction Marketing Seminar... Chicago, March 27-29. Details: CMS Registrar, *Producers' Council, Inc.*, 1717 Massachusetts Avenue, N.W., Washington, D.C. 20036.

**HUD** newsletter  
U.S. Department of Housing and Urban Development  
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# HUD newsletter

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



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## Current Trends

Home mortgage interest rates leveled off in January. . . the Federal Home Loan Bank Board reports. After 7 months of increases. . . the average effective interest rate on loans to buy new houses was unchanged last month from December's 8.49 percent. The January rate was up from 7.68 percent a year ago. The rate applies to conventional loans. . . which are not backed by any government agency.

Residential mortgage lending and commitment activity declined in November. Acquisitions of long-term home loans dropped to less than three quarters of the year-earlier level. New commitments to make future long-term residential mortgage loans amounted to \$2.9 billion in November. . . just over half the November 1972 volume.

The effective rate on FHA-insured and VA-guaranteed home loans closed in early January was 8.99 percent. . . down from 9.03 percent a month earlier and 9.06 percent in November. A somewhat sharper decline was registered for interest rates on new loan commitments. . . which are usually made several weeks in advance of loan closing and consequently are a better indicator of current developments. The effective rate on FHA-VA home loan commitments declined to 8.93 percent in January. . . seven basis points lower than in December and one-quarter of a percent below the 9.18 percent in October. The lower rates are primarily attributable to the improved availability of funds at thrift institutions such as savings and loan associations that apparently have shown renewed interest in buying home mortgage loans from mortgage companies.

FNMA reports home mortgage purchases totaled \$30 million for the week ending January 31. . . leaving \$2.0 billion in outstanding commitments. FNMA has acquired \$128.1 million of home mortgages so far this year. Project mortgage purchases totaled \$82 million for the week ending January 31. . . bringing the total purchases to \$202 million for the year.

Sealed bids will be opened at noon (EST) March 6 by Local Housing Authorities in 28 States on 42 tax-exempt bond issues totaling approximately \$227.1 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. Since July 1951, almost \$10 billion in housing bonds have been issued. . . of which over \$1 billion have been retired.

Urban renewal project notes totaling \$282.4 million representing 103 local issuing agencies were sold February 5 at an average interest rate of 3.9336 percent. Maturities of the 111 issues sold ranged up to 1 year. . . with 1-year notes accounting for 39.4 percent of the total amount sold. The average maturity of all notes was 8.3 months.

During calendar year 1973. . . HUD sold 44,350 acquired home properties. . . the highest number sold in a calendar year since 1967. These sales represented a 49.6 percent increase over the 29,633 sales in calendar year 1972 and produced a cash flow in excess of \$616 million.

## Ford Foundation Grants

The *Ford Foundation* has announced the following grants in the field of housing and community development:

- Center for Urban Ethnic Affairs, \$925,000. . . renewed support for 2 years. The *Center* aims to develop leaders within urban ethnic working class communities and to help them establish ties with black and other community organizations dealing with the problems of the poor and lower middle class. It provides financial assistance and technical advice to ethnic communities. . . principally to date in Baltimore, Detroit, Milwaukee, Gary, Newark, Rochester, and Boston. For further information, Msgr. Geno C. Baroni, 4408 Eighth St., N.E., Washington, D.C. 20017.

- South East Community Organization (SECO), \$100,000 for research, additional staff, and planning of large-scale community development projects. *SECO*. . . a federation of 87 Baltimore neighborhood groups representing 80,000 people. . . has been supported by city funds and grants from the *Foundation*-assisted *Center for Urban Ethnic Affairs*. For further information, Joseph McNeely, 10 South Wolfe St., Baltimore, Md. 21231.

Other grants for community development include:

- Chicanos Por La Causa (Phoenix), \$200,000 supplement. Its programs have included subsidized housing, arrangement of financing for a wholesale bakery, and loans for other Chicano business ventures.

- Mexican American Unity Council (San Antonio), \$450,000 supplement for programs in new and rehabilitated housing, business and real estate development, and health and social services.

- National Council of La Raza, \$425,000 supplement to provide financial and technical assistance to local Chicano affiliates. The *Council* is cooperating with the *Sheraton Corporation* in planning two hotels.

- Spanish-Speaking Unity Council (Oakland), \$450,000 supplement for housing development, manpower training, and assistance to small businesses in obtaining loans.

- Watts Labor Community Action Committee (Los Angeles), \$1.1 million supplement over 2 years for new and rehabilitated housing. . . including units for the elderly, housing maintenance, and programs for young people.

Further details may be obtained from the *Foundation*, 320 E. 43rd St., New York, New York 10017.

- National Neighbors, \$100,000 to expand its services to local organizations, helping them to train volunteers and plan programs to promote responsible real estate operations and maintain sound communities. The organization of 64 neighborhood groups around the country was formed in 1970 to combat steering and other practices that threaten the stability of interracial neighborhoods. For further information, Ms. Jean Milgram, 5 Longford St., Philadelphia, Pa. 19136.

- Center for Governmental Studies, \$180,000 to establish a clearinghouse of information on methods of incorporating neighborhood units into municipal government. Assisted by the *Foundation* for the last 4 years. . . the *Center* has accumulated, analyzed, and published material on various methods of decentralization. For further information, Howard Hallman, 1701 K St., N.W., Suite 906, Washington, D.C. 20036.

## \$37 Million Denver Service Center

Mountain Bell's \$37 million, 23-story, Denver Service Center, on which construction is to start this Spring, will be built in the *Denver Urban Renewal Authority's (DURA) Skyline Project*. *DURA* sold an entire block in the Skyline Project area to Mountain Bell in 1971, for \$1,590,000.

The service center will include two structures—a 185-foot square office tower which will rise 330 feet above the street, and an adjoining two-story, L-shaped building which will include a 300-seat auditorium for company and public use.

Included in the energy conservation and environmental features of the planned buildings are:

- Double circuiting of all lights, plus extra light switches which allow half of each 4-fuse light fixture to be turned off or on as needed. This will provide up to a 30 percent lighting saving. . . and a reduction of energy for cooling needs.
- No exterior lighting on the building except as required for pedestrian safety.
- Heating by steam, which is a by-product of Public Service Company's electrical generative process.
- A "people plaza" on the second level of the building, 20 feet above the street and traffic.

Attention to "horizontal space" features of the downtown area will be stressed. Placement of the plaza and service center on the site will provide considerable open space between the Mountain Bell facility and surrounding buildings, avoiding the skyscraper-canyon effect.



## Dayton Announces Pilot Urban Homestead Project

The City of Dayton has agreed to a pilot project for an urban homestead plan. An organization called the *City-Wide Development Corporation* voted recently to spend up to \$93,750 on five abandoned FHA houses. The plan differs from other homestead plans in operation across the country in that the *Corporation* would buy the houses from FHA at reduced prices. . . probably from \$3,500 to \$8,000. . . make necessary repairs. . . and sell them to applicants through a lottery. Winners in the lottery would be required to live in their new homes for at least 5 years. Hopefully. . . the first five houses can be acquired, repaired, and then resold early this year.



## 142,000 Housing Units Demolished in 1972

Demolition of nearly 142,000 housing units in 4,200 permit-issuing places in the U.S. was authorized in 1972. . . according to a report released by the Census Bureau. The report shows that New York City led with 11,100 units authorized for demolition, followed by Detroit with 6,000 units, and Chicago, 5,900 units.

Almost a third of all demolitions authorized. . . nearly 45,000. . . were concentrated in 17 cities with a population of 50,000 or more. In four of these 17 cities, more housing units were authorized for demolition than for new construction (12,000 for demolition and 7,000 for new construction).

The figures do not include losses from housing inventory due to abandonment, conversion to nonhousekeeping and nonresidential use, fire, flood, and other natural disasters.

Copies of the construction report, *Housing Units Authorized for Demolition in Permit-Issuing Places: 1972, Series C45-1972*, are available for \$1.25 each from the Publications Distribution Section, Bureau of the Census, Washington, D.C. 20233.

## Better Citizenship for Youngsters

There is an unusual success story in the Fair Oaks Apartments in Little Rock, Arkansas ... a Section 236 project. To encourage better citizenship among children in the complex and adjacent area, the resident manager and her husband, a state police sergeant, started a junior deputy state police club with 35 racially mixed members from 5 to 14 years old. The children have a mock court to learn how basic American justice works. The "judge" is a 14-year-old girl who presides over a court with a 12-member jury. When a youngster is charged with an "offense", he or she is tried by a jury of youngsters and the sentence is usually to pick up trash around the apartment complex for 30 minutes.



## Agreement With Boston Globe

Assistant Regional Administrator for Equal Opportunity Joseph S. Vera has negotiated a 1-year *Title VIII Conciliation Agreement* with the *Boston Globe*. ... resolving a complaint involving discrimination in the newspaper's advertising. The *Agreement* includes in its provisions the publication, at the beginning of the Sunday real estate section, of the Equal Housing Opportunity logotype, a publisher's notice of nondiscrimination, and the address and telephone number of the Regional Equal Opportunity office.



## Notes From Here and There

The Berkeley Garden Apartments. ... a 72-unit Section 236 project recently dedicated in Atlantic City. ... is the first HUD-assisted project in South Jersey exceeding \$1 million that has been built by a minority contractor.

Responding to HUD's urging that a system of housing surveys and information banks be developed on a regional basis. ... the City of Newark, Delaware, has utilized part of its 701 (Comprehensive Planning) funds to develop its *Newark Housing Survey and Prototype Information System*. Newark's study will be coordinated with County and State studies to help insure better urban planning. Also, Newark planners found 1970 census data to be unreliable and decided to develop their own survey including questions not in the census. Details on sizes of houses, types of heating and plumbing systems, ages of occupants, their occupations, modes of transportation and incomes are included in the report compiled from 900 interviews.

Instead of escaping to the suburbs... a Philadelphia firm... the *Tasty Baking Company* decided 5 years ago to get involved in its deteriorating North Philadelphia neighborhood. By staying... the *Company* has saved millions of dollars, and, through the *Allegheny West Community Development Project*, has helped bring about a number of positive changes, including the rehabilitation of homes, and improvement and upgrading of community facilities.



## FYI

*Chamber of Commerce of the United States*. ... Annual Meeting. ... Washington, April 27-30. Registration: Joseph J. Fanelli, *Chamber of Commerce of the U.S.*, 1615 H St., N.W., Washington, D.C. 20006 (202/659-6152).

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



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March 4, 1974

Vol. 5 No. 9

## Current Trends

Housing starts in January were at a seasonally adjusted rate of 1.486 million units... up 6 percent from the level of a month earlier... and down from the January 1973 rate of 2.472 million units. Total private starts in January were 86,000 units... down from 90,400 in December 1973... and 146,000 a year earlier. Privately-owned housing units authorized by building permits rose to a seasonally adjusted rate of 1.354 million units... up from 1.237 million in December 1973. This is the first month-to-month increase since June 1973. The rate a year ago... January 1973... was 2.233 million. Permits were actually issued in January for 89,300 units... up from 88,600 units in December.

HUD Secretary Lynn feels that housing starts data for January suggest that housing activity may have turned the corner. "The number of building permits issued for the month also were higher than December," he said. "Our revision of the GNMA Tandem, which would spur housing, was not effective until January 22 and therefore its effect is not reflected in the January figures. However, with the great interest and participation in the revised Tandem Plan, it is more than likely that it will have a salutary effect on subsequent months figures."

The revised figure for total public and private starts in 1973 was 2,057,400 units. For permits... the total has been revised upward to 1,795,500 units.

The revised and extended Tandem Plan... announced by Secretary Lynn on January 21... is having the desired effect of stimulating the commitment to buy mortgages on new construction insured by HUD-FHA and by VA. From the date of the announcement until February 11, commitments totaled \$122.234 million for unsubsidized home mortgages... and \$5.944 million for unsubsidized project mortgages. These commitments cover 4,570 of the 200,000 units Secretary Lynn said would be available under the revision.

A prime rate of 9 percent... the minimum interest charge on large corporate loans... is becoming widespread, as more than a dozen major banks have lowered their lending rate, following the lead of Bankers Trust Company. It appears that an 8¾ percent prime rate may soon be in the offing. The move reflects a downturn in rates in the open money market recently... due in part to an easing of the credit posture of the Federal Reserve System.

GNMA will hold an auction of home mortgages on March 13. Any mortgagee approved by FHA will be eligible to bid in the auction. The mortgages... totaling approximately \$117 million... bear interest at rates of 7, 7½, and 8½ percent. They are insured by FHA under the *National Housing Act* or guaranteed by VA. All mortgages offered are eligible for inclusion in pools of mortgages which support issues of GNMA-guaranteed mortgage-backed securities. A total of 6,091 mortgages will be sold in the auction.

The percentage of HUD field offices reporting funds generally adequate for financing Section 203(b) loans inched up to 88 percent as of February 1... compared to 87 percent on January 1. The percentage has risen for 6 consecutive months, from the 1973 low of 45 percent reported in August. The national average interest rate contracted to be paid by the borrowers on conventional first mortgages dropped ten basis points to 8.65 percent for both new and existing home transactions.

### New FHLMC Director

The *Federal Home Loan Mortgage Corporation* has announced the appointment of Richard G. Bartlett of Silver Spring, Md., as its Director of PMI (Private Mortgage Insurance) Relations. He is a veteran of over 15 years in the mortgage finance business in the Washington, D.C., area.

In the newly created post... Bartlett will oversee *FHLMC's* dealings with private mortgage insurers. *FHLMC*... pursuant to its Congressional mandate in the *Emergency Home Finance Act of 1970*... has established criteria for qualifying private mortgage insurers to insure loans purchased by *FHLMC* and has undertaken a continuing series of reviews of those insurers. In addition... it has asked its authorized insurers to verify the financial and professional soundness of the primary lenders whose mortgages they themselves insure.



### Joint Cooperation

A heartening account of HUD-HEW interdepartmental cooperation in fostering use of public housing facilities for the \$100 million nutrition program of the *Administration on Aging* is reported from Missouri.

Ten LHA's—among them St. Louis, Jefferson City, and Columbia—are involved... either as direct operators of nutrition projects or by supplying sites for them. The hot-meal-a-day program runs 5 days a week and costs the elderly 50 cents per meal. Elderly persons in the neighborhood... as well as public housing residents... are accommodated. A side benefit for public housing is the employment of a number of able-bodied elderly residents from housing projects as paraprofessionals in the meal service.



### Questionnaires for Philadelphia

As part of the HUD-funded *Urban Systems Engineering Demonstration Program*... 5,000 residents of Philadelphia will receive questionnaires relating to the condition and size of their housing needs. To provide incentive for return of the forms... \$2 compensation is being offered to the representative sample residents. The information will be computerized as part of an on-going file on the city's housing resources... and will be utilized by housing-related city agencies and city policy makers.

Philadelphia is the first city to set up this mechanism... as a Federal demonstration project... utilizing \$130,000 in HUD *Urban Systems Engineering* funds and \$170,000 in city money.



### Area Government Proposed for Northeast Ohio

The *Citizens League of Greater Cleveland* has again proposed a regional government covering the seven counties which now belong to the *Northeast Ohio Areawide Coordinating Agency (NOACA)*. A report prepared by the *Northeast Ohio 1990 Committee* points out some of the areas that beg for region-wide solutions: mass transit, sewage and solid waste disposal, open land, park and recreation space, and planning; notes that existing regional institutions do not have the necessary power to solve regional problems; and recommends an action research committee which would find facts and rally citizens behind some form of regional government.



### Elderly Housing Cited

Life Manor... a Tacoma, Wash., Section 236 elderly housing facility... has been cited by the *Consulting Engineers Council of Oregon* for excellence in structural design which provided precast floor slabs supported by sheer walls between each apartment and on both sides of the corridor... forming a "highly seismic-resistant honeycomb of precast elements," according to the judges' citation.

## GNMA Establishes New Record

GNMA-guaranteed mortgage-backed securities in an amount exceeding \$1 billion were issued in January to original subscribers and purchasers in the secondary market. Approximately 2,500 individual certificates were prepared, processed, and distributed by GNMA. Securities in the amount of \$655.5 million were issued to original subscribers, and securities in the amount of \$432.1 million were issued to subsequent purchasers. The total establishes a new monthly record. During the week ending January 31, applications were received for the guarantee of Pass-Through Mortgage-Backed Securities in the amount of \$100 million ... guarantee commitments were issued in the amount of \$181 million... and securities were guaranteed for \$264.9 million.



## HUD Houses for Sale

Some 4,000 single-family houses will be sold to localities throughout the country for use by the communities for any legitimate purpose... including homesteading. HUD has a number of structurally sound houses in its inventory of foreclosed properties which it is willing to sell to communities at the unrepaid, as-is value, in an effort to conserve existing housing and regenerate interest in the urban core. Several communities interested in starting urban homesteading programs have expressed interest in having HUD convey such houses to them.



## Governmental Revenue Rose by \$39 Billion in Fiscal 1971-72

Federal, State, and local governmental revenue from all sources for fiscal 1971-72 increased \$39.4 billion over the previous year... according to a report issued by the Census Bureau. Tax collections by all governments were \$30.3 billion higher than the year-before sum.

Revenue from all sources in fiscal 1971-72 reached \$381.8 billion. Tax collections accounted for \$262.5 billion of the total.

Expenditures by all governmental units totaled \$397.4 billion in fiscal 1971-72... up \$28 billion from the previous year's sum of \$369.4 billion.

Copies of the report, *Governmental Finances in 1971-72, GF72, No. 5*, are available for 90 cents each from the Superintendent of Documents, Washington, D.C. 20402, or from Commerce District Offices in major U.S. cities.



## Restoration

Restoration has begun on the Pioneer Building... a significant historic structure in Pioneer Square, Seattle. The long neglected six-story building will be the first of the major buildings fronting Pioneer Square Park... with its restored pergola... to be redone. Total cost is estimated at \$2 million.

Investors hope to retain the building's interior space... especially the balconies which open onto a pair of light wells extending from the second to the sixth floors.

Built in 1892, the structure... in its prime... was the center of Seattle activity and housed as many as 48 mining firms during the Alaska gold rush.

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## Flood Disaster Response

On January 25... the President declared the States of Oregon, Washington, and Idaho major disaster areas. Seventeen counties were designated in Oregon, four in Washington, and eight in Idaho.

In anticipation of the Presidential declaration... Federal and State personnel had been identified and alerted, and were able to commence operations of Individual Assistance Centers and four mobile centers have indicated that the problem of individual care is substantially lower than was originally estimated.



## Notes From Here and There

With a \$40,000 HUD grant... the first stage of a land-based management information system is being developed in Boulder, Colo. By May 31... the city hopes to complete the survey of 80 quarter-sections of land throughout the Boulder Valley, digitize these points, and begin to develop various data files which will be correlated to a specific geographic location. Boulder will be one of the first cities in the country to develop a geo-coding system of this type on the State plane coordinate system.

At its 12th Annual Building Awards Luncheon... the *Staten Island Chamber of Commerce* presented the HUD-insured (Section 232) New Vanderbilt Nursing Home an award for excellent interior design.

The Board of Directors of the *Associated Building Industry of California* has selected William T. Leonard as executive director... first official action since its recent formation. Leonard... a recognized housing industry leader... is currently serving in a similar capacity with the *Associated Home Builders of the Greater Eastbay, Berkeley*.



## New Publication

*Urban Homesteading: Process and Potential*... contains a survey of existing urban homesteading programs, including ordinances and financing provisions as well as proposed national legislation. Also included are models for implementation of urban homestead programs and excerpts from a recent urban homesteading workshop sponsored by the *National Urban Coalition*.

Price \$2.50 from the *National Urban Coalition*, Housing and Urban Growth Division, 2100 M St., N.W., Washington, D.C. 20037.

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# HUD newsletter

U. S. Department of Housing and Urban Development  
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March 11, 1974

Vol. 5 No. 10

## Current Trends

The prime rate has dropped to 8½ percent... the fourth decline this year in the basic lending fee to large corporations... its lowest level since last August. As it becomes industry-wide... it appears that the rate will continue to drop.

A survey by the *Advance Mortgage Corporation*, subsidiary of the *First National City Corporation*, indicates that housing starts this year may total 1.8 million... down from almost 2.1 million last year... the fourth best year on record.

A total of \$1.18 billion in bids was submitted in GNMA's February 20 auction of mortgages. Bids were accepted for the entire \$150 million of 7 percent mortgages offered. Accepted bids ranged from 87.20 to 89.00... resulting in an average accepted price of 87.42 and an average yield of 8.37 percent. The mortgages were purchased by GNMA under the *Tandem Plan* for unsubsidized multifamily mortgages insured by FHA under the *National Housing Act*.

FNMA reports that home mortgage purchases totaled \$24 million for the week ending February 14... leaving \$1.6 billion in outstanding commitments. The corporation has acquired \$182 million of home mortgages so far this year. Project mortgage purchases totaled \$19 million for the week ending February 14... bringing the total purchases to \$250 million for the year. There were \$3 million in new project commitments for the week. As of February 14... \$3.8 billion of project commitments were outstanding, including those on which construction loans have been made. Construction advances on projects under FNMA commitments have accumulated to \$1.3 billion out of agreements totaling \$1.4 billion. Over \$986 million in construction loans has been converted to mortgage purchases. Mortgages in portfolio total \$24.5 billion... including construction loans. An aggregate of \$5.1 billion in commitments... net of construction loans... was outstanding on February 14.

Project Notes in the amount of \$583 million to finance low-rent housing projects were sold in the private market February 13 at an average interest rate of 3.96 percent. This is in contrast to last month's average of 4.31 percent and is the lowest since April 1973... when the rate was 3.79 percent. There were 17 successful bidders. Average maturity for all notes was 7.4 months.



## Interest Rates Relatively Stable

Average effective interest rates on conventional home mortgage loans closed changed little from early December 1973 to early January 1974, following 9 months of rising rates.

The average effective interest rate on conventional loans for purchasing newly built homes was stable at 8.49 percent... and the average effective rate on loans for purchasing previously occupied homes edged up a single basis point to 8.62 percent. Only average rates on combination construction-purchase loans... which have moved erratically in recent months... rose substantially—by 19 basis points, according to FHLBB Chairman Thomas R. Bomar.



## Gimbels Spurs Redevelopment Action

The *Philadelphia Planning Commission* has approved a redevelopment contract with *Gimbels Brothers, Inc.*, for the construction of a new six-story department store in the Market Street East Project.

The agreement establishes the sale price of the 76,657 square-foot parcel at \$512,000 and requires *Gimbels* to spend \$1.9 million for "public improvements." Following this commitment by the firm, Mayor Rizzo announced that the city will give its total backing to the entire \$600 million Market Street East Project.

The city's initial priority... according to the Mayor... will be the construction of an air-conditioned pedestrian mall which would stretch seven blocks on the north side of Market Street to the new Federal Court House Building. The underground, skylit mall will contain at least two levels lined with retail shops and entrances to above-ground stores, office buildings, and mass transit facilities.



## Federal Disaster Aid

Federal agencies distributed \$11 million in emergency aid following three major disasters in Colorado last year... FDAA announced at a workshop in Denver. The three disasters were: failure of the 75-year-old dam at the irrigation reservoir in Kersey, flooding from Fort Collins to Pueblo following a heavy May rainfall, and flooding in southwestern Colorado during the runoff season in June.

The disaster recovery workshop was attended by 150 representatives of Federal, State, and private relief agencies in the six-state area of HUD's Region VIII.



## School of Public Financial Administration in Wisconsin

The School of Business Administration of the University of Wisconsin-Oshkosh has been selected as the national center for the School of Public Financial Administration. The inaugural program will take the form of a Professional Advancement Conference for Municipal Finance Executives scheduled for May 19-25, on the campus of the University of Wisconsin-Oshkosh.

Complete information on conference content, speakers, facilities, fees, and enrollment materials is available from: Dr. Gene Drzycimski, School of Public Financial Administration, University of Wisconsin, Oshkosh, Wisconsin 54901 (414/424-1424).



## FYI

*Housing Assistance Council*... Conference: *Non-Federal Roles in Rural Housing in the South*... Montgomery, Ala., March 13-14. For interested people in the nine-state southeastern region of the *Housing Assistance Council*-Fla., Ga., S.C., N.C., Miss., Ala., La., Tenn., and Ark. Details: Diane Sternberg, *Housing Assistance Council*, 1601 Connecticut Ave., N.W., Washington, D.C. 20009. (202/483-1426)

*American Savings and Loan Institute*... Annual Conference... Washington, D.C., March 17-20. Details: *United States League of Savings Associations*, 111 E. Wacker Drive, Chicago, Ill. 60601.

*American Institute of Architects*... Annual Meeting... Washington, D.C., May 20-23. Mayor Thomas Bradley of Los Angeles will be keynote speaker. Details: *American Institute of Architects*, 1735 New York Ave., N.W., Washington, D.C. 20006 (202/785-7300)

## Rent Supplement for the Elderly

Several hundred happy residents and friends participated in the dedication of Capitol House Apartments in Olympia, Washington, now an attractive rent supplement complex. It was formerly one of the State Capital's landmark buildings, St. Peter's Hospital. Board members of the Washington Public Employee's Retirement System expressed pride in the continuing investment of their system's funds in rent supplement projects serving the elderly in the State.

The 113-unit Capitol House Apartments brings the HUD Seattle Area Office total of rent supplement units in rehabilitation projects to 1,465. Older apartments, hotels, and a hospital... having served one economic life... have been converted through this program to a second important function. In each case they have been uniquely located... often with the oldest hotels in the prime location in a smaller community. In all... 19 hotels and apartments and one hospital have been converted through rehab. Not only do the residents benefit... but the economic life of the neighborhood or business sector has dramatically been revived in each instance.



## Urban Development Corporation Cited

The New York State *Urban Development Corporation* has been cited for special recognition by the *American Institute of Architects* for its accomplishments in the field of low- and moderate-income housing.

The *Citation of an Organization* award is made by the national professional society to an organization for achievement in any field related to architecture or planning. Since its creation in 1968... the *Urban Development Corporation* has worked to meet housing needs that could not be fully satisfied through private enterprise alone.



## New Publication

*Regional Policies to Fill the Existing Housing Gap in Northern Virginia*... a draft report prepared by the *Northern Virginia Planning District Commission* and financed in part through a comprehensive planning grant from HUD. The first three chapters of the report highlight existing population characteristics, housing characteristics, and housing institutions operative in the Northern Virginia region. These chapters set the framework for identifying gaps in the housing delivery process in Northern Virginia. The proposed policies are aimed at filling the housing gaps identified by the 12 governing bodies which make up the *Northern Virginia Planning District Commission*.

Details: *NVPDC*, 7309 Arlington Blvd., Falls Church, VA 22042. (703/573-2210)

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**HUD** newsletter  
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## Census Bureau Estimates Population Growth

Florida, California, and Texas gained the largest numbers of new residents between the last census on April 1, 1970, and July 1, 1973... the rate of growth for Florida was more than four times that of California and twice that of Texas. These State population estimates for 1973 are contained in a report released by the Census Bureau.

In the 39-month period... the U.S. added an estimated 6.6 million population... a growth rate of 3.3 percent. During that time... Florida had the largest numerical gain... 888,000... for a growth rate of 13.1 percent. California had the second largest numerical gain... 648,000... but its growth rate... 3.2 percent... was not much different than the national rate. This contrasts sharply with its previous growth rates... which have always been well above the national average.

Besides Texas, with 597,000... other large numerical gains were registered by Arizona, 285,000; Colorado, 230,000; and Tennessee, 202,000.

The largest percentage increase was Arizona... with 16.1 percent; followed by Florida, 13.1 percent; Nevada, 12.1 percent; and Colorado, 10.4 percent.

Three States which showed actual population losses between 1960 and 1970 are estimated to have gained during 1970-73 at rates near the national figure: West Virginia, 2.9 percent; North Dakota, 3.5 percent; and South Dakota, 2.7 percent. No State is estimated to have lost population since 1970... although the District of Columbia had a decline of 11,000... a loss of 1.4 percent.

On a regional basis, the South and the West continued to outpace the growth rate of the Nation... the South at a rate of 5.1 percent; the West, 5.0 percent; the North Central States, 1.8 percent; and the Northeast, 1.3 percent.

In addition to the July 1, 1973 estimates... the report contains revised July 1, 1972 estimates; 1970 census figures; the change from April 1, 1970, to July 1, 1973; and the percentage change for the same period of States and regions, for both the resident and civilian populations.

The report, *Estimates of the Population of the States: July 1, 1972 and 1973 (Advance Report)*, Series P-25, No. 508, is available for 25 cents from the Superintendent of Documents, Washington, D.C. 20402.

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# HUD newsletter

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March 18, 1974

Vol. 5 No. 11

## Current Trends

New York's First National City Bank has reduced to 8½ percent—from 8¾—its prime rate... the minimum interest charge on loans to large corporations. The reduction... the fifth this year... puts the prime rate on corporate loans 1½ percentage points below the peak 10 percent of last Fall. Only one other bank has announced that it would follow suit.

There is evidence that the slump in new housing construction has leveled off... starts edged upward in January and mortgage lenders are now reporting net inflows of money. Citibank is predicting a housing recovery. And Secretary Lynn said that the revised *Tandem Plan* undoubtedly will have a positive effect as we move along.

During the week ending February 14... GNMA reports applications were received for the guarantee of Pass-Through Mortgage-Backed Securities in the amount of \$382.3 million... guarantee commitments were issued in the amount of \$58.7 million... and securities were guaranteed for \$131.7 million.

FHLBB has adopted regulation changes allowing flexible payment mortgage loans by Federal savings and loan associations. These new amendments will allow a borrower and a lender to negotiate a payment schedule based on the borrower's needs. For example... a young couple may wish to make lower payments during the early years of their loan. Under the flexible payment mortgage plan... the payments would be: On an 8 percent, 30-year, \$30,000 mortgage, the normal monthly payment would be \$220. Using the flexible payment mortgage... the borrower could pay instead as little as \$200 per month for the first 5 years and then \$230 per month for the remaining term. This would enable a family with rising income expectations to purchase a home sooner than they otherwise could afford to.

The rapid decline in short-term market instruments that was evident in the 2 weeks preceding the FNMA February 11 auction seems to have terminated in the 2 weeks since the last auction. The rate on 90-day Treasury bills increased .03 percent over the 2-week period, from 7.03 percent for the week of February 8 to 7.06 percent for the week ended February 22.

FNMA reports that home mortgage purchases totaled \$23 million for the week ending February 21... leaving \$1.5 billion in outstanding commitments. The corporation has acquired \$205 million of home mortgages so far this year.



## Ford Foundation Grant to Fair Housing Agency

The *Ford Foundation* has made a grant of \$50,000 to *Westchester Residential Opportunities, Inc. (WRO)*, White Plains, N.Y., a nonprofit open housing agency which assists minority group families to locate and purchase homes throughout Westchester.

The grant is a follow-up to a 3-year \$75,000 grant that the *Foundation* made to *WRO* in 1969. In 5 years of operation... *WRO* has assisted over 400 black, Spanish, and white home seekers to buy homes. Services available include financial counseling, referral to cooperating real estate brokers, arranging of bank mortgages including FHA and VA loans without discounts, and the making of small second mortgages where the family's move would promote racial integration in housing.

## New Minimum Property Standards

All HUD offices now have copies of the new *Minimum Property Standards*. These MPS's consist of three volumes: 4900.1, Volume 1, *MPS for One- and Two-Family Dwellings*; 4910.1, Volume 2, *MPS for Multifamily Housing*; and 4920.1, Volume 3, *MPS for Care-Type Housing*. The three new volumes constitute the basic books of property standards.

This initial distribution is intended for the needs of local HUD office staff and for sponsors, architects, engineers, and builders actively doing business with HUD. The MPS's will be sold to the public by the U.S. Government Printing Office on a 3-year subscription basis. Quarterly revisions will be issued April 1, July 1, October 1, and January 1. The subscription price will include the cost of the original publication, the four revisions each year, and the mailing charges (domestic). Subscription prices are: Volume 1—\$10.25; Volume 2—\$8.95; and Volume 3—\$7.45. All requests for copies by the general public should be referred to the Superintendent of Documents, Washington, D.C. 20402.

Sponsors may elect to use the new MPS's at once because they offer more flexibility than the present standards. However... if so used... the new MPS's must be used in their entirety. Until July 1... sponsors may elect to continue to use the present standards, which must also be used in their entirety. On July 1... use of the new MPS's will be required and FHA Nos. 300, 2600, 4514.1, and HUD-PG-46 will become cancelled publications.



## Delaware Has Federal Crime Insurance

Since March 1... residents and businessmen in Delaware have been eligible to buy burglary and robbery insurance under the Federal Crime Insurance Program administered by HUD.

Federal policies can be purchased through any licensed Delaware property insurance agency or broker or the Servicing Company designated for that State—*Insurance Company of North America*—with offices at the INA Building, 303 East Fayette Street, Baltimore, Maryland 21202.

The Federal policies will be available to all residents and businessmen... regardless of their location... and will not be cancelled or nonrenewed because of losses. Other than payment of the premium... the only requirement is that the premises meet the program's protective device requirements for such entry points as doors and windows. The premises of commercial applicants will be inspected so that applicants may know for sure they meet the requirements.

Federal rates are based upon the overall metropolitan area statistics so that the cost of coverage in the inner city is the same as in the suburbs. For example... an individual desiring coverage on a residential premises in Dover or Wilmington would pay \$30 annually for \$1,000 of coverage; \$50 for \$5,000; and \$70 for \$10,000.

Federal crime insurance is currently available in Connecticut, Delaware, District of Columbia, Florida, Illinois, Kansas, Maryland, Massachusetts, Missouri, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, and Tennessee.



## Gasoline Rationing

Banks will not be used as distribution points for gasoline coupons if a rationing system goes into effect... according to the *American Bankers Association*.

John Hill, former Assistant Administrator, *Federal Energy Office*, wrote the *U.S. League of Savings Associations* the FEO believes "we must concentrate on distribution through a quasi-public institution such as the Postal Service."



## Developers Violate Interstate Land Sales Act

Developers of Rio Vista, near Ocala, Fla., have agreed not to sell any more lots on their property until 45 days after filing appropriate documents with the Office of Interstate Land Sales Registration. The documents consist of a *Statement of Record and Property Report* accurately describing the property.

In a stipulation signed by *Astor West, Inc.*, developers of Rio Vista, they further agreed that in the event the documents are accepted by HUD as effective, the developers will supply OILSR with the names and addresses of purchasers who bought lots while the company was in violation of the *Interstate Land Sales Act*. As part of the agreement, the buyers would be notified of their rights to a refund and payments... if requested... would be made in full without undue delay.

If the company complies with the terms of the stipulation... OILSR Administrator George K. Bernstein said his office will dismiss a law suit it has instigated against the developers.



## New FHLBB Regulations Governing Conversions

FHLBB has acted to adopt in final form a new set of regulations permitting conversions of FSLIC-insured mutual savings and loan associations... both Federally chartered and State chartered... to the State chartered stock form of organization if permitted by state law.

These proposed regulations were published in the *Federal Register* March 7 and will become effective April 8. However... a statutory moratorium enacted last August prohibits, until June 30, conversion from mutual to stock form by insured institutions, except for five study applicants FHLBB had in hand prior to the statutory moratorium. If these five study applicants choose to revise their conversion applications to satisfy the Board's new regulations... they will be processed immediately.

## Fuel Crisis Hits Housing Authorities and HUD

The fuel crisis is producing a budget crunch for local housing authorities with increased heating fuel costs.

In New England... increased costs already total some \$7.9 million more than a year ago. A survey last November indicated that costs might jump some \$2.94 million. LHA budgets have been submitted but cannot be approved without resolution of the deficit problem brought on by the fuel crisis.



## Denver Pentagon Building

A five-sided office tower with a glass wall to reflect Denver's historic D&F Tower and multiple-level landscaped plaza has been selected by the *Denver Urban Renewal Authority (DURA)* from among four outstanding proposals for development of a block in the Skyline Renewal Project. The development... to be called Towersquare... will cost an estimated \$30-\$35 million and includes a 27-story office tower and three plaza levels stretching westward from the office building to include 101,200 sq. feet of commercial and retail space.

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## Notes From Here and There

A program sponsored by the *National Association of Home Builders* aimed at providing consumer protection for families building new homes has been endorsed by the *West Virginia Home Builders Association*. The program would provide warranties against loss due to structural defects in the first year, and plumbing and electrical systems for the first 2 years.

In Seattle... the *Northwest Federal Regional Council* is assisting the Secretary of the Interior who is charged in the *Alaska Native Land Claim Settlement Act*, Section 2-C, to review Federal programs primarily benefiting "natives in the State of Alaska." Richard Moore, Assistant Director, Planning and Relocation, HUD Seattle Area Office, has been assigned full time for a 6-month period to assist the effort.

Insurance offices in Mississippi report a heavy influx of flood insurance applications. HUD's Regional and Area Offices in Atlanta have conducted an all-out effort with the news media to get the word out about insurance availability in the State. *Travelers Insurance* reports more than 17,500 policies sold.

The *National League of Insured Savings Associations* has changed its name to the *National Savings and Loan League*. "We feel the name *National Savings and Loan League* better reflects the nature and purpose of our organization," President Gilbert G. Roessner, the *League's* chief executive, explained. He also pointed out that the name is not really new for the *League*, explaining that it was the *League's* original name. The name was changed in 1959 to reflect the association's requirement that only insured institutions could become members.



### FYI

*American Society for Public Administration*... Annual Conference... Syracuse, New York, May 5-8. Details: *American Society for Public Administration*, 1225 Connecticut Ave., N.W., Washington, D.C. 20036.

*International Association of Assessing Officers*... Workshop: *Statistical and Computer Applications in Assessment Administration*... Kansas City, Missouri: May 13-17; Toronto, Ontario: June 17-21; and Seattle, Washington: July 15-19. Details: Research and Technical Services Department, *International Association of Assessing Officers*, 1313 East 60th St., Chicago, Illinois 60637.

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Vol. 5 No. 12

## Current Trends

The Senate has passed a comprehensive housing and community development bill. The legislation... which would authorize \$10.4 billion over 2 years for community development and housing assistance programs... cleared the Senate in a 76-11 vote. A House Banking Subcommittee is working on a separate housing bill... with final House action several months away.

FHLBB Chairman Thomas R. Bomar has announced that new new savings receipts of savings and loan associations in January rose to \$2.1 billion... the largest volume in the last 12 months. Mortgage lending activity of associations... however... continued relatively small, as these institutions used a portion of their increased savings receipts to repay borrowed funds and to rebuild liquidity which was drawn down last summer when net savings withdrawals occurred. The \$2.1 billion in net new savings receipted (excluding interest credited to savers' accounts) represents more than a seasonal increase from December's \$0.4 billion total... and is the largest saving flow since last January.

Newly contracted construction in January failed to recover from December's sharp decline... the F.W. Dodge unit of McGraw Hill, Inc., has reported. Contracts for future construction in January were \$5.95 billion... down 13 percent from \$6.82 billion in the year-earlier month... and about 3 percent from \$6.13 billion in December.

Project Notes totaling \$644,959,000 representing 65 local housing authorities were sold March 5 at an average rate of 4.46 percent. The interest rate last month was 3.96 percent. The bids ranged from 4.00 percent to 4.68 percent... and the average maturity of the Notes sold was 7.5 months.

To date... 17 New Communities have either received HUD guarantee funding commitments or certification for assistance apart from guarantees. HUD's Fiscal Year 1975 budget proposes four new communities with a total funding guarantee of \$170 million.

GNMA-Guaranteed Pass-Through Mortgage-Backed Securities... which have been issued and sold since inception of the program in 1970... have reached and passed the \$10 billion mark. Issuances since January 1 total \$1.231 billion. In addition... Bond-Type Securities have been issued in the amount of \$3.387 billion and are outstanding in the amount of \$2.51 billion. Commitments for the guarantee by GNMA of Pass-Through Securities in the amount of \$4.8 billion were outstanding as of February 28... and applications in the amount of approximately \$840 million were in process at that time.

Effective interest rates on federally-underwritten home mortgages have declined for the third consecutive month. The average effective interest rate on FHA-insured and VA-guaranteed home loans closed during the first week of February was 8.85 percent... down 14 basis points from the 8.99 percent level in early January. The data are derived from a nationwide survey conducted by HUD with the assistance of the Veterans Administration covering loans closed and loan commitments made during the first 7 business days of the month. The maximum contract interest rate on FHA-VA loans during the period covered in the latest survey was 8¼ percent.

## Urban Homesteading

Twenty-six city governments will receive 4,191 houses from HUD for use in urban homesteading or other municipal programs. A token payment of \$1 per house will be made to HUD by the recipient cities.

Eight cities... Washington, D.C., Newark, Detroit, Los Angeles, Cleveland, St. Louis, Philadelphia, and Gary... were given 2,170 federally owned houses on February 15. The largest single conveyance was 2,000 dwellings... to Detroit.

Washington... for example... received 14 padlocked, boarded-up houses to sell... probably for \$1 each... and is due to receive 36 more in the near future. Current plans call for recipients of the houses to be picked from lists of applicants who have agreed to live in them for 5 years, and to renovate them.

Other cities taking part in the program, and the number of houses they will receive, are: Newark, 50; Boston, 85; New York, 200; Paterson, 15; Jersey City, 35; Atlanta, 50; Decatur, 6; Highland Park (Michigan), 50; Chicago, 200; Flint, 75; Midland (Texas), 5; Amarillo, 5; Dallas, 150; New Orleans, 40; Kansas City (Missouri), 60; Las Vegas, 200; Compton, 200; Pasadena, 5; and Seattle, 100.

H.R. Crawford, HUD Assistant Secretary for Housing Management, said the houses were picked from among 75,000 federally owned dwellings that HUD had acquired through foreclosure of mortgages insured by the FHA.

*These were picked, Crawford said, because they are costing us too much to keep them up and do the paper work.* He estimated that it would cost \$8,000 each to fix up each house. In the meantime... the buildings cost HUD an average of \$4 a day to maintain.



## Significant Decision

In *Hurlburt, et al. v. Lynn, et al. (U.S.D.C., W.D.N.Y., Civ. 1973-113)*... which sought to compel HUD to promulgate a hearing procedure for use in the eviction of occupants of temporary housing provided by HUD under the *Disaster Relief Act of 1970*... has been dismissed by the Court on the grounds that the plaintiffs' requested relief has been granted. The basis for the dismissal was HUD's issuance of due process regulations in its Notice, Temporary Housing Pre-termination Procedure, dated October 3, 1973. The outcome of this case was being watched by Legal Aid Societies in all sections of the country. It is estimated that... at a minimum... one case per court district containing disaster housing occupants has been averted due to the successful outcome of this case for HUD.



## Two New Communities Certified

Negotiations have been completed between HUD's *New Communities Administration* and the New York State *Urban Development Corporation (UDC)* paving the way for project agreements certifying Roosevelt Island and Radisson as Title VII New Communities.

Roosevelt Island is a new-town-in-town occupying 85 percent of what was formerly known as Welfare Island... located in the East River in New York City. It is planned to house 5,000 households and have a population of 17,500 by 1979.

Radisson New Community is located on a 2,670-acre site 12 miles northwest of Syracuse, N.Y. It will also house 5,000 households and estimates a 1980 population of some 18,000.

## Housing Market Hit By Energy Crisis

Mortgage bankers have been urged to weigh the longer run impact of the energy crisis. Walter B. Williams, president of the *Mortgage Bankers Association of America (MBA)*, told the recent *MBA* conference in San Diego, *We can expect a significant dislocation in the development of real estate, particularly in the location of housing. Obvious steps will be taken first. For example, stepped up insulation requirements. . . . Clearly, energy costs will rise and will affect the cost of developing real estate. . . the Nation's life styles will change and, perhaps, our living standard will decline or at least improve less rapidly than we would like. Land ventures in suburban America will be affected by the availability of heating fuel and gasoline as well as continued efforts to control pollution and regulate land use. . . .*



## National Savings and Loan League Blueprint Reaffirmed

The *National League's* Blueprint for Evolutionary Development of the Savings and Loan Industry into Full Fledged Family Financial Centers was reaffirmed by delegates attending the *League's* Annual Legislative Conference. The Blueprint. . . originally adopted last October at the *National League's* Annual Meeting. . . becomes the main thrust of the *League's* legislative program for 1974.

As a matter of the highest priority. . . the *National League* favors the following:

- Rate controls on savings accounts, with a rate differential for thrift institutions.
- Checking accounts for savings and loan associations.
- Third party payment transfer systems.
- Unsecured loans to savers and borrowers up to \$10,000 per loan and 10 percent of the lender's assets.
- A Federal income tax deduction of up to \$750 per year for earnings on savings accounts in financial institutions that invest 70 percent or more of their assets in "qualifying" loans with reference to residential property.



## Housing for Paraplegics and Quadraplegics in Ohio

Construction has started on the long awaited 18-unit residential apartment designed for paraplegics and quadraplegics under HUD's Section 236 program in Columbus, Ohio. The pilot project. . . sponsored by *Creative Living, Inc.*, in Columbus. . . is believed to be the first of its kind in the Nation.

The units will be located near Dodd Hall. . . Ohio State University's noted rehabilitation institute. Completion is estimated within 6 to 8 months.

*Creative Living* is a nonprofit organization created for the general purpose of assisting the severely physically disabled. Its goal is to plan and implement programs with and for persons who. . . because of physical disabilities. . . are in need of assistance in the form of adaptive living facilities.

**HUD** newsletter  
U. S. Department of Housing and Urban Development  
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March 25, 1974  
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## Publications Available

*Handbook for the Home...* the 1973 yearbook of the Agriculture Department ... suggests ways that families can live fuller, more secure and more satisfying lives, and helps them avoid costly pitfalls of all kinds. The 400-page book with 78 articles deals with everything from selecting a building site, to the dangers of cheap construction, with some thoughts on family planning and community living thrown in for a good measure.

Available from the Superintendent of Documents, Washington, D.C., 20402, for \$5.70.

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*The Energy Index...* a one-stop reference to energy information released since 1970. A 500-page compendium that proves that the energy crisis is not a new problem. Provides access to more than 2,000 energy-related documents, includes maps and hard-to-locate statistics on power consumption and energy reserves, contains transcripts of major energy laws and policy statements. Other special sections include a guide to energy books in print, energy films available for screening, and energy patents issued by the U.S. Government. With more than 1,600 subject terms, this publication provides quick reference to four major problem areas of the energy shortage: resources—such as fossil fuels, atomic power, geothermal, wind, and solar energy; conversion—efficiency, and conversion and storage technology; consumption—demand growth, population trends, and new energy consuming technology; and environmental constraints—such as stripmining for coal or oil shale, thermal and air pollution from power plants, exhausts from cars, and nuclear wastes, and ways to minimize or eliminate them.

Available on 10-day approval for \$37.50 introductory price, regularly \$50, from *Environmental Information Center, Inc.*, 124 East 39th Street, New York, N.Y., 10016.

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A report on how the extensive intellectual and human resources of colleges may be used in helping solve community problems and improve local activities has been released by HUD. *The Role of a Black Institution of Higher Learning in Community Development*, was prepared by officials, faculty, and graduate students of Texas Southern University in Houston. The project was funded in April, 1972, by the HUD Office of Community Planning and Development.

Single copies of the report are available in limited number from: Dr. Hortense W. Dixon, Director, Urban Resources Center, Texas Southern University, Houston, Texas 77004.

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HUD-401



# HUD newsletter

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



April 1, 1974

Vol. 5 No. 13

## Current Trends

Housing starts rose 22 percent in February... the second monthly increase in a row. HUD Secretary Lynn called the February rise "a hopeful sign." He also cautioned that "figures during the winter months are subjected to so many variables that one must greet improved figures with cautious optimism."

New housing starts for February were at an annual rate of 1,800,000 units... up from a pace of 1,470,000 units in January. The February rate was off 26 percent from the 2,423,000 units of February a year ago. Actual starts are also running ahead of expectations with 104,100 in February... compared to 84,900 in January... and 138,000 in February a year ago. Most of the issuances and starts from January to February were single family homes in the West and the South. Issuances of housing permits were unchanged from January to February... with a seasonally adjusted rate of 1,304,000 in February... and a revised January rate of 1,301,000. The rate for February a year ago was 2,209,000. The actual number of units authorized by building permits in February was 83,600... down slightly from 85,900 units in January. The figure was 142,100 in February 1973.

The March 1 opinion survey conducted by HUD is the first report on secondary market prices and yields for HUD-FHA insured home mortgages at the 8½ percent maximum permissible interest rate which became effective January 22. Nationally... the secondary market price for HUD-FHA new-home mortgages with 30-year terms and minimum down-payments averaged \$97.7 per \$100 of outstanding loan amount. The equivalent gross yield to investors was 8.54 percent. By area there were variations... with the highest yield (8.62 percent) reported from the North Central section of the country... and the lowest (8.50 percent) recorded in the Northeast. In the Northeast... however... there is minimal activity in the secondary market.

FHLBB reports that average effective interest rates on conventional home mortgage loans closed rose further from early January to early February. The average effective interest rate on conventional loans for purchasing newly-built homes rose 9 basis points from the upward revised January average to 8.61 percent... while the average effective rate on loans for purchasing previously-occupied homes increased 2 basis points to 8.66 percent. Average rates on combination construction-purchase loans increased 24 basis points to 8.64 percent.

Interest rates on loans closed last month, FHLBB Chairman Thomas R. Bomar said, still appear to be responding with a lag to earlier increases in the interest rates at which lenders were making commitments for future lending, even though more recently commitment rates have edged down. Other factors contributing to last month's rise in rates on loans closed were recent increases in usury ceilings in a few areas and some liberalization in nonrate (maturity and loan-to-price ratio) loan terms.

Offers for FHA-VA mortgage commitments totaled \$351 million at the March 11 FNMA auction... compared with \$58 million of offers submitted at the auction 2 weeks before. Offers for conventional mortgage commitments totaled \$74 million... compared to \$49 million of offers submitted at the earlier auction. FNMA reports developments in the money and capital markets since the last auction have resulted in rapid increases in money and capital market rates. Rates on 90-day Treasury bills have increased .65 percent from 7.06 percent for the week ended February 22... to 7.71 percent for the week ended March 8.

## Nationwide Drive for Flood Insurance

In advance of expected spring floods this year... HUD is engaged in an all-out effort on a nationwide scale to enroll as many individuals and communities as possible in the National Flood Insurance program... for their own protection as well as in the public interest. The expanded program authorized by the *Flood Disaster Protection Act of 1973* is designed not only to save lives and property but also to relieve taxpayers in general from the heavy burden of paying for Federal disaster relief.

Owners of property covered by flood insurance need not fall back on Federal disaster relief... which comes out of the taxpayer's pocket. While flood insurance is subsidized, the cost to the government is small... compared to the billions of dollars spent in the past to help victims of natural disasters, mostly caused by flooding.



## Mortgage Delinquencies Reach Record High

A record number of American homeowners fell behind in their mortgage payments during the fourth quarter of 1973. The latest *National Delinquency Survey*... conducted quarterly by the *Mortgage Bankers Association of America (MBA)*... reports that the overall delinquency rate for one- to four-family residential properties rose to 4.70 percent as of December 31, 1973. This was up slightly from the previous high of 4.65 percent in the fourth quarter of 1972.

Inflation is cited as the primary cause of the rising delinquency rate. Many families are finding that their income is not rising as rapidly as are their bills for food, gasoline, and other goods and services. As a result... they no longer have enough money to pay all their bills on time.

New Hampshire had the lowest overall delinquency rate, 1.41 percent at the end of the fourth quarter. Vermont had the highest rate, 9.25 percent.



## Questions Asked in All 19 U.S. Censuses Shown

Questions asked in all 19 U.S. decennial censuses, starting with the first in 1790, are summarized in a publication issued by the Census Bureau. The questions relate chiefly to the social and economic aspects of the Nation's population and reflect the keen interest the people of the U.S. have shown in facts about themselves and conditions affecting their lives. They also reflect changing concerns and data needs down through the history of the Republic.

Through the 19th century... for example... there was a strong emphasis on detailed facts about the handicapped and the institutional population... whereas in the 20th century there has been more interest in housing, employment, and income. During the most recent censuses (1960 and 1970), special attention was given to geographic location of work and means of transportation to jobs.

Copies of the report, *Population and Housing Inquiries in U.S. Decennial Censuses, 1790-1970, Working Paper 39*, may be obtained for \$2.50 from the Publications Distribution Section, Bureau of the Census, Washington, D.C. 20233.

## Seminars on Mortgage Banking Accounting Practices

Four regional seminars on mortgage banking accounting practices have been announced by the *Mortgage Bankers Association of America (MBA)*. The 1-day seminars will explore such accounting problems as: the nature and timing of the recording of fees, including FHA fees, commitment fees, points and others; valuation of mortgage loan inventory and the treatment of gains and losses on the sale of such loans; valuation of purchased servicing, including GNMA pooled purchases, amortization methods and amortization lives; how to treat mortgage origination costs.

The four seminars are to be held in: Washington, D.C., April 24; Houston, May 14; Los Angeles, May 24; and Chicago, June 13.

Registration is open to *MBA* members and to nonmember firms or individuals sponsored by *MBA* member organizations. Additional information may be obtained from Robert Distelhorst, Management Services Department, *Mortgage Bankers Association of America*, 1125 15th St., N.W., Washington, D.C. 20005.



## Payrolls of Local Governments Increased in 1970-72

Local governments in the Nation's 72 largest metropolitan areas employed 4.2 million persons in October 1972... and their payrolls totaled nearly \$3.2 billion... according to the Census Bureau. This was a sharp increase over the October 1970 figures, when employment totaled 3.9 million and payrolls reached \$2.7 billion. In October 1971... local government employment in the 72 Standard Metropolitan Statistical Areas (SMSA's) was slightly more than 4 million, and payrolls totaled about \$2.9 billion.

Slightly more than one-sixth of all persons counted as paid employees of local governments in these largest SMSA's were employed on a part-time basis. When the number of these employees is discounted by applying average full-time earnings rates, the full-time equivalent employment in October 1972 was 3.7 million.

The 1972 Census of Governments shows that these 72 SMSA's included within them more than 12,900 local governments, or 16.5 percent of the U.S. total. Approximately 107 million persons, or 53 percent of the national population, lived in the 72 SMSA's in 1970.

*Local Government Employment in Selected Metropolitan Areas and Large Counties: 1972, GE-72, No. 2*, is available for \$1.25 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.



## FYI

*Housing and Development Reporter*... Seminar: *Energy and Environmental Controls—Impact on Land Development*... San Francisco, April 25-27, and New York, May 9-11. Details: *BNA-HDR* Seminar Secretary, 1231 25th St., N.W., Washington, D.C. 20037. (202/223-3500)

*American Bankers Association*... National Operations and Automation Conference... San Francisco, May 19-22. Details: Ms. Judy Martin, *American Bankers Association*, 1120 Connecticut Ave., N.W., Washington, D.C. 20036. (202/467-4036)

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## Notes From Here and There

The HUD Disaster Field Office in Rapid City, S.D., has been closed. All persons who had been living in HUD mobile home temporary housing units since the June 1972 flood are now in permanent housing.

Stephen D. Bechtel, Jr., named by *Engineering News-Record* as Construction's *Man of the Year*, heads the world's largest construction company and what is probably the largest privately-owned company in the U.S.

The *American Revolution Bicentennial Commission* has announced approval of a \$40,000 matching project grant for the restoration, reconstruction, and preservation of five focal historical bicentennial sites in the State of West Virginia.

Frederick E. Wheat has been appointed director of corporate real estate at *Combustion Engineering, Inc.* He will be located in C-E's Stamford headquarters and will direct all activities involving real estate functions, including organization development, administration, planning, acquisitions, and construction. *Combustion Engineering's* 1973 sales were \$1,272,733,000.

*The Realtor—A Voice for America's Property Owners*, is the theme selected this year for *Realtor Week*, April 21-27. Special *Realtor Week* programs, which will establish the *Realtor's* identification as spokesman for the property owners of America and will demonstrate how the *Realtor* works both professionally and cooperatively in the community and in national affairs, will be made available to local boards.

The *National Trust for Historic Preservation* will be celebrating National Historic Preservation Week, May 6-12. The *Trust* has assembled a Preservation Week Kit which will spark ideas to help alert everyone to the need for historic preservation. The Kit contains an organizational and program planning guide, a publicity guide and checklist, a preservation film list, a sample proclamation for Preservation week, a summary list of special events, and print and media aids. Contact: Public Affairs Department, *National Trust for Historic Preservation*, 740 Jackson Pl., N.W., Washington, D.C. 20006. The Kit is distributed free to *National Trust* member organizations and at a cost of \$3 per Kit to nonmember organizations.

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# HUD newsletter

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



April 8, 1974

Vol. 5 No. 14

## Current Trends

Residential mortgage lending and commitment activity remained at comparatively low levels in December. However... the decline in mortgage market activity which began last fall appears to be bottoming out. The volume of both loan transactions and new commitments... though still well below comparable year-ago levels... showed normal seasonal increases in December compared with November activity. Recent increases in housing starts in January and February indicate a likelihood that mortgage lending and commitment activity may also be on the rise and will become evident as data for the early months of 1974 become available.

If business indicators in January, February, and mid-March can suggest what the rest of the year will be like... 1974 should be a good year for home lending and home construction firms. More important... the majority of homebuyers should be able to find and buy new or larger housing accommodations during the year. *Mortgage Guaranty Insurance Corporation*, the Nation's largest private insurer of home mortgages, says the number of new home under construction today is over 1.8 million units... higher than at any time during the fourth quarter of 1973.

Another good sign for housing: more money is available to the Nation's savings and loan associations... which make the majority of loans to homebuyers. The Nation's savings and loan associations realized a \$2.1 billion excess of savings funds in January... the amount left after expenses and payments to savers. It was the largest excess of funds in more than a year... coming as the result of a spurt in savings by individuals across the country.

During 1973... FHLBB set records for activity... particularly in the areas of industry expansion and regulation liberalization. FHLBB Chairman Thomas R. Bomar said, *The Board has adopted an expansionist policy, emphasizing the liberalization of regulations, carrying out a sweeping decentralization of authority from Washington to the District Federal Home Loan Banks, and developing an application procedure so efficient that it earned Presidential management improvement awards for the last 2 years.*

The result has been an outpouring of ideas for new services and facilities for the benefit of the saver and homeowner-borrower. Some of the most significant regulations in the history of the FHLBB... acted on as amendments or proposed amendments during 1973... included changes in the maximum rates of return payable on S&L accounts, conversions from the mutual to the stock form of association, elimination in stages of the FSLIC secondary reserve, and the adoption of comprehensive guidelines for use by member institutions in practicing nondiscrimination in lending.

Bids totaling \$430 million were submitted in GNMA's March 13 auction sale of \$117 million 7 percent, 7½, and 8½ percent FHA-insured and VA-guaranteed subsidized and unsubsidized home mortgages. Bids were accepted for the entire offering at prices reflecting a weighted average yield of 8.38 percent... as compared with a yield of 8.41 percent produced by accepted prices at the previous GNMA auction of home mortgages on January 11. FNMA was the successful bidder for mortgages totaling \$109 million.

## Resident Manager Training

The first national program to train and accredit resident managers of multifamily housing complexes was announced jointly by HUD and the *Institute of Real Estate Management (IREM)*.

The announcement described the program as one "which will qualify eligible men and women through intensive training for this vital management area."

*IREM* is now establishing standards for its accreditation program. . . which will qualify on-site managers under the designation of *Accredited Resident Manager (ARM)*.

The program was designed following a request of HUD Assistant Secretary for Housing Management H.R. Crawford at a meeting with *IREM* officials last November. Mr. Crawford. . . who was a professional housing manager before coming to HUD. . . has long been interested in improved education of resident managers and a national accreditation program.



## Public Housing for Indians

Some 2,200 units of low rent public housing for Indians have been authorized by HUD Secretary Lynn. These are in addition to 1,788 units designated on February 5 of this year. . . in fulfillment of HUD's budget of 4,000 units of housing for Indians for FY 1974.

HUD Area Offices may now accept applications from Indian Housing Authorities for the number of units authorized. Under the conventional method. . . the Local Housing Authority acts as its own developer, employing its own architects and taking competitive bids on the construction contract.

The Turnkey method allows a builder to deal with a Local Housing Authority as he would with a private customer. Not only does he build the project. . . but designs it and chooses the location, subject to the approval of both HUD and the LHA.



## Renewal Action By HUD in Chelsea, Massachusetts

Chelsea, Mass., which was crippled by a major fire 5 months ago. . . leading to a Presidential declaration and much Federal recovery assistance through HUD's *Federal Disaster Assistance Administration*. . . will soon see redevelopment of the 450-acre area devastated by the fire. This will be made possible by HUD's approval of an amendatory application from the *Chelsea Redevelopment Authority* to add an adjoining 15 acres, formerly designated for State-assisted renewal, to the 30 burned-out acres of the 88-acre, federally funded Murray Industrial Park Urban Renewal Project.

HUD approval was delayed because a State eminent domain law amendment enacted in December restricted to urban renewal areas the policy of paying predisaster valuations for properties publicly taken. Corrective legislation. . . making the law applicable to all public takings. . . was voted by the Massachusetts Legislature and signed by Governor Sargent. This cleared the way for HUD to add \$4,330,375 to the \$10,096,830 previously obligated as the Federal share. . . to authorize HUD funds for payment of predisaster valuations of properties in the original urban renewal area. . . and to add former State project acreage for redevelopment purposes, including relocation benefits. The LPA can now select a developer for 126 units of housing provided in the expanded urban renewal project plan so that the *Massachusetts Housing Finance Agency* can fund the housing development with a portion of the 500 Section 236 units allocated by HUD for Chelsea.

## New Ideas for New Federalism

HUD has launched a research and demonstration program to find and test new ways to help local government officials deal with challenges presented to them under the New Federalism.

New Federalism is the Administration's planned return of influence, resources, and authority from Federal to State and local governments for remedying problems that can best be handled at State-local levels.

The first step in the new Capacity Building program, a *Request for Proposals (RFP)* issued March 1, invites proposals for experimental projects that will provide methods for helping local government policy-makers and chief executives evaluate policy options and resource allocation decisions available to them under New Federalism. More than one award is anticipated from the *RFP*, which closes April 15, 1974.

Copies of the *RFP* (No. H-265-74) are available in Room 2148, HUD, Washington, D.C. 20410.



### Local Government Revenue and Expenditure Increase Sharply

Revenues and expenditures by local government units within the 72 largest metropolitan areas in the United States both increased about 30 percent between fiscal 1970 and 1972... according to the Census Bureau. The report shows that general revenue for the 12,900 local governments in the 72 Standard Metropolitan Statistical Areas (SMSA's) amounted to \$64.8 billion in 1972... compared to \$49.4 billion in 1970.

Direct general expenditures totaled \$65.6 billion in 1972 and \$50.4 billion in 1970.

Outstanding debt reached a new high of \$78.6 billion in 1972 compared with \$64.2 billion in 1970... an increase of 22.4 percent.

Copies of the report, *Local Government Finances in Selected Metropolitan Areas and Large Counties: 1971-72, GF72, No. 6*, may be obtained for \$1.50 each from the Superintendent of Documents, Washington, D.C. 20402, or from Commerce District Offices in major U.S. cities.



### FYI

*American Society of Planning Officials*... 40th Annual Conference... Chicago, May 11-16. Details: Ms. Linda Corby, *American Society of Planning Officials*, 1313 East 60th St., Chicago, Illinois 60637.

*National Trust for Historic Preservation*... Conference: *Preservation and Building Codes*... Washington, May 18-19. Discussion will focus on such topics as how preservation can be accomplished through the cooperation of architects and code officials, and how the State and Federal governments preserve important structures while satisfying health and safety codes. Details: Department of Field Services, *National Trust for Historic Preservation*, 748 Jackson Place, N.W., Washington, D.C. 20006. Deadline: May 1.

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## GSA/AIA Publication on Energy Conservation

GSA has announced publication of *Energy Conservation Design Guidelines for Office Buildings*. Prepared by the *American Institute of Architects Research Corporation*, *Dubin-Mindell-Bloome Associates*, consulting engineers, and *Heery and Heery*, architects, under a professional services contract with GSA's Public Buildings Service. . . the guidelines provide the first comprehensive criteria for conserving energy in the design, construction, and operation of office buildings.

Copies may be obtained for \$2 by writing GSA's Business Service Centers, located throughout the country.

GSA invites comments on the guidelines from architects, engineers, and other concerned parties through May 1, 1974. Comments should be directed to Walter A. Meisen, Assistant Commissioner for Construction Management, Public Buildings Service, Room 3341, GSA, 18th and F Sts., N.W., Washington, D.C. 20405.



### Notes From Here and There

A \$1.6 million commercial center is under construction in downtown New Castle, Pa., with completion scheduled next January. Known as the Washington Centre. . . the complex is being built on a 3.3 acre site within the urban renewal project by *Central Area Renewal Associates* of Akron, Ohio. It will contain 65,000 square feet of building area with two financial institutions and about 10 retail-service stores.

The *Federal Home Loan Mortgage Corporation* announced the promotion of James P. McTernan to Senior Vice President-Marketing. It is through mortgage sales and other financings that *FHLMC* raises the capital it needs to continue to buy loans. Mr. McTernan will be responsible for all such activities and for coordination with the Office of Finance of the Federal Home Loan Bank System. He had been a Regional Vice President in charge of *FHLMC*'s operations in Boston and New York City. . . covering the New England states.

The *Urban Land Institute*, the *American Law Institute*, and the *American Bar Association*, have announced a new *ALI-ABA* and *ULI* course of study, *Land Use Litigation: Critical Issues for Attorneys, Developers, and Public Officials*. The conference will be held in Chicago, June 7, 8, and 9. Details: The Registrar, *ALI-ABA* Joint Committee, *ULI* and *ALI-ABA* Conference, 4025 Chestnut St., Philadelphia, Pa. 19104.

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# HUD newsletter

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



April 15, 1974

Vol. 5 No. 15

## Current Trends

FNMA reports a sharp increase in interest rates since its last auction. Over the 2-week period, 90-day Treasury bills increased 35 basis points to the highest point of the year... from 7.71 early in March to 8.06 for 2 weeks later. Offers for FHA-VA mortgage commitments totaled \$1.2 billion at the auction... compared with \$351 million of offers submitted at the earlier auction while conventional mortgage commitments totaled \$126 million... compared to \$74 million. The large increase in offers received appears to be a result of uncertainties generated by the sharp rate increases in the money markets since the last auction. Home mortgage purchases totaled \$45 million... leaving \$2.1 billion in outstanding commitments. FNMA has acquired \$331 million of home mortgages so far this year. Project mortgage purchases totaled \$79 million... bringing total purchases for the year to \$462 million.

FHLBB Chairman Thomas R. Bomar announced that the flow of savings to savings and loan associations in February continued at close to the January volume... while mortgage lending activity picked up substantially as a result of the larger savings influx of recent months. Mortgage loans closed by insured associations totaled \$2.6 billion in February... 15 percent more than in January... but 27 percent less than a year earlier. Last month's pick-up in lending volume was substantially larger than the typical January-February rise... resulting in the largest seasonally adjusted lending volume since August.

The pace of new construction appeared to be heading back toward normal last month... even though new construction contracts slipped 3 percent in February to \$6.61 billion from \$6.81 billion a year before... according to the *F.W. Dodge Division of McGraw-Hill*. In February 1973... construction proceeded at a record pace. The level of contracts this February showed healthy improvement from the sluggishness in January and December.

A *Leisure Time, Inc.* survey conducted for the *American Furniture Mart* reported 42 percent of the Nation's 57 million householders redecorated or remodeled their homes... at least in part... during the past 12 months. The survey involved telephone interviews with 6,000 female heads of households representing all segments of the Nation.

Preliminary figures... assembled by the *Mortgage Bankers Association*... reveal that mortgage companies issued \$30 billion of new commitments to finance real estate loans for builders and borrowers in 1973... while closing \$22 billion of permanent mortgages, \$8.8 billion of construction loans, and \$1.1 billion of land loans. During 1972... the previous record year... mortgage companies issued \$28 billion of commitments to builders and borrowers... and closed \$21 billion of permanent mortgages, \$7.7 billion of construction loans, and \$.8 billion of land loans.



## Fortune Magazine Sees Spurt in Housing Starts

*Fortune's* semi-annual survey of builders suggests that a vigorous recovery should soon begin to transform housing from a source of weakness to a source of strength for the economy as a whole. The builders' own plans indicate 2 million housing starts this year, nearly the same as last year... but well above most forecasts, which have ranged from 1.8 million to 1.5 million.



## From Former Quarry to Apartment Community

The surveying and mapping of a filled-in granite quarry in Quincy, Mass., to prepare it for development of a high-rise apartment community has won one of five awards for "engineering excellence" made by the *Consulting Engineers Council of New England*.

The vacant 73-acre former quarry planned for development into a residential community is 8 miles from downtown Boston and adjoins the Quincy station of the rapid transit MBTA. Its convenient location and available public transportation makes it exceptionally desirable for apartment development.

For more than 130 years... starting in 1815... the site had been the center of the Quincy granite industry. Numerous quarriers had carved holes as deep as 300 feet in some places. After the abandonment of the quarries... a building demolition contractor acquired them for use as a disposal area. Rubble and debris eventually covered most of the site... filling the deep holes. The long-range plan calls for approximately 2,000 apartments in buildings ranging from 12 to 16 stories in height.

The builder, *Kanavos Enterprises*, and the consulting geotechnical engineers, *Haley & Aldrich, Inc.*, of Cambridge, received plaques at the engineering group's annual banquet in Boston.



## 23 Million New Housing Units Needed

A recent report by the *MIT-Harvard Joint Center for Urban Studies*... concludes that 23 million new housing units will be needed between 1970 and 1980 by Americans who can 'pay their own way' in obtaining the housing. This figure is some 20 percent above many earlier figures covering the same group of potential home seekers. In addition... the *Center's* report said that in 1970... there were 13 million families who were 'deprived' of adequate housing. Of this number... 5.5 million lower-income families were living in units which rented for 25 to 30 percent more than they could reasonably afford... 6.9 million families were living in physically inadequate housing... and 700,000 families were living in overcrowded conditions.



## Sixth Biennial HUD Awards for Design Excellence

HUD has announced the Sixth Biennial Awards for Design Excellence. Architects, planners, engineers, and other design professionals; builders and developers; and local governments and public agencies are invited to submit entries.

The Awards Program... commended by Congress... is part of continuing HUD activities to recognize and stimulate superior design and planning quality in the management and execution of all HUD-assisted local programs and projects. In direct response to the *National Environmental Policy Act of 1969* the program also seeks to identify exemplary design and development efforts that integrate the natural and social sciences with the environmental design arts.

A limited number of honor awards will be made for winning entries. This year a new category of Management Approaches will be added to those of Project Design and Urban Design Concepts.

Work in respective categories must have been undertaken under a financial assistance program of HUD or its predecessor, the Housing and Home Finance Agency. It must have been finished since January 1, 1969. Winning entries in previous Departmental awards programs will not be eligible.

All entries must be postmarked by midnight July 1, 1974. Following receipt of entries, the jury composition and awards ceremony details will be announced.

## HUD to Assist Minority Contractors

Affirmative action programs to insure minority contractor participation in housing construction projects are to be undertaken by all HUD Offices. The requirement that each HUD Regional, Area and Insuring Office plan, carry out, and monitor a plan providing minority contractors and subcontractors "every feasible opportunity to participate" in HUD-funded construction has been issued jointly by Sheldon B. Lubar, Assistant Secretary for Housing Production and Mortgage Credit, and Dr. Gloria E.A. Toote, Assistant Secretary for Equal Opportunity.

The memorandum from the Assistant Secretaries to HUD Field Offices called for special efforts to achieve a significant percentage of minority contractor participation at all levels, including general speciality contracting awards.



## Model Cities Clean Up in Philadelphia

Philadelphia's Mayor Frank Rizzo has announced the beginning of a \$2.2 million HUD-funded clean-up program for the city's Model Cities area. Under the program, every block in the Model Neighborhood will be cleaned at least three times each week and vacant lots will be cleaned twice a week. The project will provide 213 jobs... of which 184 will be filled by Model Neighborhood residents. The pilot program is scheduled to run for a 1-year period.



## New Trade Group Formed

John C. Williamson, a Washington, D.C., attorney, has been named Executive Vice President of the *Mortgage Insurance Companies of America*... a newly formed trade group representing the Nation's private mortgage insurance companies.

MICA President Max H. Karl, who made the announcement, reported that the association will have its offices at 1730 Rhode Island Ave., N.W., Washington, D.C. 20036.



## Federal Crime Insurance for Florida

Residents and businessmen in Florida are eligible to buy burglary and robbery insurance under the Federal Crime Insurance Program administered by HUD. Florida was made eligible because of difficulty in obtaining affordable crime insurance coverage from other sources. Federal policies can be purchased through any licensed Florida property insurance agent or the servicing company designated for that State—Aetna Casualty and Surety Company—with offices at 5200 Kennedy Blvd., Tampa, Florida."



## "Energy Conservation" House Planned

An "energy conservation" model house is being planned by the *Builders Association of Metropolitan Pittsburgh*. Local builders have been asked to participate in the activity which would highlight and use energy conservation methods of construction... primarily with products from Pittsburgh-based corporations.

Robert E. Johnston, association executive director, has asked members interested in building such a house... which would sell for approximately \$70,000... to submit proposals based on plans and specifications prepared by the association.

**HUD newsletter**  
U.S. Department of Housing and Urban Development  
Washington, D.C. 20410



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HUD-318-119-PA

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Management and Budget, January 9, 1973.

## Proportion of Substandard Housing in U.S. Decreased During 1960-1970

The proportion of substandard housing in the United States decreased by 45 percent during 1960-1970... according to estimates released by the Census Bureau.

A new report... resulting from the 1970 Census of Population and Housing... shows that in 1970 some 6.4 million year-round housing units... or 9.5 percent of the total 67.7 million counted... were classed as substandard. This compares with 9.8 million... or 17.3 percent... of the 56.6 million units counted in 1960.

The decrease in substandard housing units was due to the great reduction in the number of housing units lacking some or all plumbing facilities. In 1970, 4.7 million or 6.9 percent of the total 67.6 million units lacked plumbing facilities... compared to 9.0 million or 15.9 percent of the total 56.6 million units in 1960.

The term "substandard" is not a Census Bureau classification, but was a category defined by the Federal housing agencies in the 1950's... the report notes. The category included (1) all units lacking complete private plumbing facilities, plus (2) those units with plumbing but rated as "dilapidated" by a census enumerator.

Copies of the report, *Plumbing Facilities and Estimates of Dilapidated Housing, HC(6)*, are available for \$6.40 from the Superintendent of Documents, Washington, D.C. 20402, or from Commerce District Offices in major U.S. cities.



### FYI

*National Materials Conservation Symposium...* Co-sponsored by *National Bureau of Standards, Bureau of Mines, Environmental Pollution Agency, National Center for Resource Recovery, American Society for Testing and Materials...* Gaithersburg, Maryland, April 29-May 1. Details: R.B. Johnson, B346 Materials Bldg., *National Bureau of Standards*, Washington, D.C. 20234.

*National Association of Housing and Redevelopment Officials...* National Urban Homesteading Workshop... Washington, D.C., May 13-15. Will examine the process of urban homesteading, the experiences in implementing urban homesteading programs in Wilmington, Baltimore, Washington, D.C., and Philadelphia, and the prospects of urban homesteading as a contributing force to a city's housing conservation efforts. Details: Steve Weil, *NAHRO*, Watergate Bldg., 2600 Virginia Ave., N.W., Washington, D.C. 20037.

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Mrs. Landis  
Rm. 8141

# HUD newsletter

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



April 22, 1974

Vol. 5 No. 16

## Current Trends

Effective interest rates on FHA-insured and VA-guaranteed home mortgages were lower during the first week of March than a month earlier... a HUD survey showed. The average effective interest rate on federally underwritten home loans closed in early March was 8.73 percent... 12 basis points below the 8.85 percent level reported in early February. Similarly, the effective interest rate on new commitments to make FHA-insured and VA-guaranteed home loans declined to 8.68 percent in March... compared to 8.73 percent in February and 8.93 percent in January. Among major metropolitan areas, the effective rate on FHA-VA home loans closed in early March was: Boston—8.46 percent, Chicago—8.93 percent, Denver—8.74 percent, Los Angeles-Long Beach—8.73 percent, and Washington, D.C.—8.83 percent.

FNMA purchased a record \$6.1 billion in mortgages in 1973... as compared with \$3.7 billion in 1972... while commitments to purchase were approximately the same... \$8.9 billion. Earnings per share were \$2.76 on net income of \$125.7 million... up from \$2.17 a share on net income of \$96.4 million in 1972. FNMA's conventional mortgage program responded to "a greatly increased demand by participants"... with purchases increasing from \$55 million in 1971 to \$939 million in 1973. Further expansion of the conventional mortgage program is anticipated in 1974 when FNMA begins issuing commitments to purchase mortgages on condominiums and planned unit developments.

The Census Bureau reports that average sale price of new single family homes sold during 1973 rose 14.1 percent to \$34,800... representing a \$4,300 increase over the 1972 average sale price. The price index of new homes sold during 1973 rose to 144.7... an increase of 10.5 percent over 1972. The largest regional increase... 12.9 percent... was recorded in the West. Increases in other regions were North Central, 9.2 percent; South, 8.8 percent; and Northeast, 7.0 percent. Single family homes sold in 1973 totaled 619,000, 13.8 percent below the total of 718,000 sold in 1972.

The Census Bureau also reported that State and local tax collections rose 9.2 percent last year to \$125.1 billion. Corporate income taxes showed the sharpest increase (17.1 percent) and property taxes the slightest (7.1 percent).



## New HUD Under Secretary

The Senate has confirmed President Nixon's nomination of HUD General Counsel James L. Mitchell as Under Secretary... succeeding Floyd H. Hyde, who resigned effective March 1. Mr. Mitchell has been General Counsel since March 1973.



## HUD and Labor Provide Employment Opportunities

More than 1,500 residents of public housing held jobs under the Emergency Employment Program in 1973, earning wages approximating \$7.5 million... according to HUD's Counseling and Community Services Division in the Office of Housing Management. These figures reflect a cooperative effort between the Department of Labor's Manpower Administration and HUD to provide employment opportunities for LHA residents. The Emergency Employment Program is being continued under the *Comprehensive Employment and Training Act* now being implemented by the Department of Labor.

## New Research in Lead Poisoning

HUD is asking scientists and engineers to help develop improved methods for detecting lead in painted surfaces, as part of the expanded Federal effort to combat the lead poisoning hazard in housing.

Nearly all of the Nation's 30 million pre-1940 housing units contain some lead-based paint. . . as do many of the post-1940 units. The *National Bureau of Standards* estimates that up to 600,000 children between the ages of one and six have "elevated blood-lead levels" . . . commonly caused by eating flakes of lead-based paint.

HUD research efforts are directed toward eliminating the lead paint hazard from federally owned or financed housing, and towards helping States and localities make their lead poisoning prevention programs more effective.

Detection of lead in painted surfaces is an essential step in these efforts. Up to now, however, lead detection systems have been either too imprecise to be adequate or too expensive to be widely available for lead poisoning control programs.

Therefore. . . HUD has issued a *Request for Proposal (RFP)* inviting technicians to design and test moderately-priced, portable devices which can give quick, precise lead measurements. The *National Bureau of Standards* will provide HUD with technical assistance in evaluating the devices produced.

Copies of the *RFP (H-298-74)* can be obtained by writing to: HUD, Contracts Division, Research Branch, Washington, D.C. 20410.

Hearings on the causes and prevention of lead poisoning will be held by HUD during the period of May 20-24. . . in Washington. Requests to testify, written comments, and any other communications regarding the hearings should be submitted no later than May 8 to the Assistant Secretary for Policy Development and Research, HUD, Washington, D.C. 20410, Attention: Lead-Based Paint Committee, Room 4120.



## Public Transport Abroad

How France, Japan, Germany, Sweden, and the United Kingdom are coping with the growing effects of private automobiles on urban development is reviewed in a 15-page booklet prepared by HUD's Office of International Affairs.

Entitled *Transportation Innovations in New Communities Abroad*, the booklet . . . HUD International Brief 19. . . is on sale by the Superintendent of Documents, Washington, D.C. 20402, at 30 cents per copy. The report concludes that new technology offers the prospect of a variety of forms of public transport better able to compete with the private car than most existing modes.



## FYI

*U.S. League of Savings Associations*. . . Management Conference. . . New York City, April 28-May 1. Details: *USLSA*, 1709 New York Avenue, N.W., Washington, D.C. 20006.

*American Society for Public Administration*. . . Annual Conference. . . Syracuse, May 5-8. Former Governor Nelson Rockefeller of New York and Governor Tom McCall of Oregon are scheduled speakers. Registration: Alan K. Campbell, Conference Chairman, Maxwell School, University of Syracuse, Syracuse, N.Y. 13210.

*U.S. Chamber of Commerce*. . . Annual Conference. . . Washington, May 5-8. Details: *USCC*, 1615 H Street, N.W., Washington, D.C. 20006.

*American Institute of Architects*. . . Annual Convention. . . Washington, D.C., May 19-24. Convention theme: *A Humane Architecture*. Registration: *AIA*, 1735 New York Avenue, N.W., Washington, D.C. 20006.



## New Regulation to Become Effective

HUD has announced that independent testing laboratories will be the certifying agencies for mobile homes financed by loans insured by FHA. This action by HUD will assure that the homes meet the criteria established by the *American National Standards Institute (ANSI)* under a revised HUD regulation.

To be recognized by HUD as a certifying testing laboratory... the organization must be either a State agency, or, if a private testing laboratory, have been approved by at least two States.

Under the new regulation... the manufacturer must certify that the mobile home was constructed in accordance with the *ANSI* standards in effect at the time of manufacture.

The manufacturer must also certify that the home bears the label or seal showing that it has been subject to representative inspections by an FHA approved testing agency in accordance with a quality control program established by the FHA Commissioner.

The revised regulation... first published for comment in the *Federal Register* September 4, 1973... becomes effective April 29, 1974.



## Housing Costs Rise 50 Percent

The *National Association of Home Builders* has made a nationwide survey of housing costs covering the period from 1966 through 1973. Its findings... the average cost of all housing increased 50 percent... new housing rose 42.8 percent during the 8-year period... and existing housing increased an average of 60.5 percent. There was a wide variation in individual metropolitan area rises, however. For new housing... the rise in San Francisco was only 2.8 and Detroit 3.1 percent... compared to Miami's 156.7 and Boston's 117.5 percent... with Atlanta, Cleveland, Dallas, and Washington in the 40-50 percent range. For used housing... the variation was less marked... Dallas being the highest, almost doubling in the period, with 90.3 percent. Miami was next highest at 77.8 percent. Seattle experienced the lowest rise with 27.8 percent. Except for these cities... existing housing costs were generally within a few percentage points of the national average.



## New Appointment

L. Wayne Gertmenian has been named by Secretary Lynn as Special Assistant for International Liaison. He will head HUD's Office of International Affairs, which represents the Secretary in the Department's cooperative activities with other countries and international organizations.

Born in Pasadena, California... Mr. Gertmenian, 34, is a graduate of the University of Southern California, where he majored in International Relations. He received his Master's degree in Business Administration at the University of Idaho, and expects to receive his Doctorate in Economics in June 1974. He has travelled around the world twice, lecturing in a student program sponsored by Chapman College, Orange, California, and has directed numerous research projects on the comparative economic development of various industries and government activities in several countries.

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## BLS Changes Price Base

The *Bureau of Labor Statistics* has announced it will make a substantial change in its *Consumer Price Index*... beginning in 1977. The *Price Index*... which determines the incomes of about 50 million people... Social Security recipients, food stamp beneficiaries, many pensioners, and others where escalator clauses are in effect... will be changed to reflect the changing spending habits of the American people. The current *Index* which covers the spending habits of about 55 percent of the people... represents mostly urban wage and clerical workers... and has been in use for 10 years. The new *Index*... representing 80 percent of the population... will add the elderly, the unemployed, professional workers, salaried executives, and the self-employed... to the list of those surveyed.



## Minority Research Program Announced

A new 4-point program to increase the professional involvement of minority researchers and institutions in HUD's research program has been announced by Michael H. Moskow, HUD Assistant Secretary for Policy Development and Research.

The new program... to be carried out in cooperation with HUD's Office of Equal Opportunity... will include:

- Analysis of all research and demonstration program requirements... on a continuing basis... to determine those appropriate for inclusion in *Small Business Administration* assistance program designed to aid expansion and development of small businesses either owner by minority group members or employing significant numbers of economically disadvantaged persons;
- Consultation on HUD research and demonstration activities with minority organizations, universities, and research firms, thus enabling these groups to suggest research areas they believe HUD should address;
- Active coordination between Mr. Moskow's office and that of EO Assistant Secretary Gloria E.A. Toote in publicizing contracting opportunities for minority researchers... in part through regional conferences with representative minority organizations; and
- Establishment of a file of minority research sources to be used for mailing out competitive procurement data to qualified firms that have expressed an interest in the research area addressed in the procurement.

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# HUD newsletter

U. S. Department of Housing and Urban Development  
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April 29, 1974

Vol. 5 No. 17

## Current Trends

Housing starts in March were at an annual rate of 1.46 million... 22 percent below February... and 35 percent below the rate in March, 1973.

Urban renewal project notes totaling \$426.6 million, representing 112 local issuing agencies, were sold on April 16... at an average interest rate of 5.2076 percent. The average interest for the \$370.3 million of project notes sold in March was 4.665 percent.

HUD's April mortgage market survey indicates lower secondary market prices for HUD-FHA insured mortgages. Compared to a month earlier... the national average secondary market price for HUD-FHA new home mortgages with 30-year terms and minimum downpayments has dropped nine-tenths of a point to \$96.8 per \$100 of outstanding loan amount. This decline raises the equivalent gross yield to 8.66 percent. All areas of the country report the same trend of declining prices though the degree of decline ranges from one half of a point to one and three tenths of a point.

GNMA will hold an auction of unsubsidized multifamily mortgages on May 15. Any mortgagee approved by FHA will be eligible to bid in the auction. The mortgages... totaling approximately \$118 million... all bear interest at the rate of 7 percent... and are insured by FHA. All mortgages offered are eligible for inclusion in pools of mortgages which support issues of GNMA-guaranteed mortgage-backed securities.

Effective April 15... Secretary Lynn directed an increase in the maximum allowable interest rate permitted for mortgages insured by FHA from  $8\frac{1}{4}$  percent to  $8\frac{1}{2}$  percent. "I have reluctantly taken this step," the Secretary said, "because it is vital to keep the FHA as an available practical mortgage money source for American home buyers. In the current money situation, with market interest rates again on the rise, our only choice would be to leave the FHA interest rate where it is and subject American homeowners to pay more points—in effect, prepaid interest—in selling their homes. This increases the price of the home, increases the buyer's taxes and insurance and, depending on when the buyer resells the home, can result in a windfall profit to the lender."

The energy crisis is expected to have only a slight impact on the heating and cooling of new houses in 1974 and 1975... according to a survey of building products manufacturers. Polled at the *Producers Council's* Construction Marketing Seminar, held in Chicago last month, 55 percent of the 163 market research and sales executives in attendance felt the "availability of energy for heating and cooling of new housing would curtail home building only slightly in 1974 and 41 percent felt there would be no effect at all in 1975."



## Fair Housing Commitment Reaffirmed

Marking the sixth anniversary of the passage of the Federal Fair Housing Law... Secretary Lynn, other top officials, and hundreds of HUD employees, reaffirmed the Department's commitment to the policy, practice, and spirit of Fair Housing. Large display posters were prominently placed in each of the lobbies of the HUD Building. In a ceremony on April 12... the Secretary signed his name to the affirmation... followed by other officials and employees of the Department. The Secretary called for support from all citizens of attitudes and practices that enable equal housing opportunity to be a reality for all Americans.

## Riot Insurance Premiums Reduced

A reduction in the basic premium rate for companies reinsured under the Federal riot program has been announced by HUD. . . effective for the period May 1, 1974 through April 30, 1975.

The announcement was made following publication in the *Federal Register* of the offer by HUD of the 1974-75 *Standard Reinsurance Contract*. The contract protects insurance companies against some losses from riots and civil disorders.

The insurance is available only in States where statewide FAIR (Fair Access to Insurance Requirements) Plans on a risk-bearing basis are in effect. States and jurisdictions having acceptable FAIR Plans are: California, Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Iowa, Kentucky, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, Virginia, Washington, and Wisconsin.



## State Land Sales Laws Questioned

State registration and disclosure reports on the sale of undeveloped land may no longer be acceptable to the Federal Government as a substitute for Federal filing and the use of HUD *Property Reports*. Interstate Land Sales Administrator George K. Bernstein has advised in separate letters to the four States whose registrations previously were accepted by HUD Office of Interstate Land Sales Registration (OILSR). The four States are New York, Florida, California, and Hawaii.

OILSR has already acted to limit acceptance of State filings to subdivisions physically located within the four States. . . and this restriction will become effective May 1.

HUD is now questioning Federal acceptance of any State filing. . . even for subdivisions within the State. . . because State requirements for disclosure do not measure up to Federal standards as provided under the recently amended OILSR regulations.

The new regulations. . . which resulted from public hearings in 17 cities around the country. . . and more than a year of intensified enforcement by OILSR, vastly improve disclosure to prospective purchasers. Little of this federally required information is available to purchasers of subdivisions registered in the four States. . . and HUD finds no reason why these buyers should receive less disclosure protection than those in the rest of the country.

Administrator Bernstein called on the four States to advise him of their reaction to his proposal, but he said they should be prepared to justify the denial to purchasers in their States of the disclosure which could be afforded through a HUD *Property Report*.



## FYI

*American Society of Planning Officials*. . . Annual Conference. . . Great Gorge, N.J., May 11-16. Write: ASPO, 1313 East 60th Street, Chicago 60650.

*International Association for Housing Science*. . . symposium on lower-cost housing . . . Montreal, May 27-31. Information: Dr. P. Fazio, Sir George Williams University, Montreal, Quebec, H3G 1M8.

*American Consulting Engineers Council*. . . Annual Convention. . . Miami Beach, May 28-30. Details: ACEC, 1155- 15th Street, N.W., Washington, D.C. 20005.

*American Land Development Association and Land Development Institute, Ltd.*. . . Workshops covering HUD's new land sales regulations. . . Boston, May 7. . . St. Louis, May 14. . . Saddle Brook, N.J., June 14. . . and San Diego, July 18. Registration: George G. Potts, Workshop Director, ALDA/ULI, 1000 - 16th Street, N.W., Washington, D.C. 20036.

*National League of Insured Savings Associations*. . . Management Conference. . . West Palm Beach, Florida, May 26-29. Registration: NLISA, 1200 - 17th Street, N.W., Washington, D.C. 20036.

## Land-use Maps for U.S. Cities

The San Francisco Bay region is the first of eight selected metropolitan areas of the U.S. to be covered by an experimental series of maps showing various categories of land use and their changing patterns. . . the *U.S. Geological Survey* announced.

The *USGS* prepared a total of 44 maps covering 7,000 square-miles of the nine San Francisco Bay counties. The maps document 14 major categories of land use from unimproved open space to multi-family residence.

Similar maps are being prepared for Boston; Cedar Rapids, Iowa; New Haven; Phoenix; Pontiac; Tucson; and Washington, D.C.



## America's Mayors Speak

The April issue of *Nation's Cities* contains the results of a nationwide survey sponsored by the *National League of Cities*. The survey covered over 1,000 elected municipal officials. . . who were asked a number of questions regarding their jobs. On the subject of the major problems facing their communities. . . 675 (2/3) of those surveyed cited refuse and solid waste as their number one problem. Next came law enforcement. . . followed by streets and highways. Reporting on citizen complaints. . . over 60 percent of the respondents stated that dogs and other pet control problems was first. . . traffic control such as street signs, lights, and parking was next. . . and rezoning problems number three. Tax rates ranked fifth. . . crime was eighth. . . and housing rated ninth.

Copies of the full report are available from the *National League of Cities*, 1620 Eye Street, N.W., Washington, D.C. 20006. The price is \$7 for municipal officials, and \$10 for others.



## 600,000 New California Households

California. . . the Nation's most populous State. . . added 600,000 households between the 1970 census and last July, the Census Bureau estimates.

New Bureau estimates put the total of California households at 7.2 million. . . a 9.1 percent increase over the total counted in 1970. In Florida. . . where the largest 1970-73 population growth in all age groups occurred. . . the number of households increased some 434,000 or 19 percent to 2.7 million.

The largest percentage increase in households occurred in Arizona where the total of households increased about 22 percent. . . from 539,000 to 655,000. . . between 1970 and 1973—an average annual increase of 6 percent.

New York State's percentage increase between 1970 and 1973 was comparatively small. . . only 5 percent. . . but the total. . . 6.2 million. . . is still the second highest in the Nation.

Copies of the report, *Estimates of the Number of Households by State, Series P-25, No. 515*, are available for 25 cents from the Superintendent of Documents, Washington, D.C. 20402.

**HUD** newsletter  
U.S. Department of Housing and Urban Development  
Washington, D.C. 20410



April 29, 1974  
HUD-318-121-PA

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## Joint Social Services Provided

During 1973... six local housing authorities under the jurisdiction of HUD's Pittsburgh Area Office obtained HEW funds from Titles I and IVa of the *Social Security Act*. The six authorities... Pittsburgh, McKeesport, Lawrence County, Fayette County, Washington County, Pennsylvania, and Charleston, West Virginia... obtained jointly funded contracts on a 75/25 percent basis, totaling over \$1 million from the Departments of Public Welfare in Pennsylvania and West Virginia. Six additional LHA's currently have proposals under review or consideration at the local board of assistance or at the State level.

These funds permit an LHA to supply a number of services which help to develop habits and attitudes of self-support and self-care among residents of authority's housing projects. These include such services as educational, employment, homemaker, health care, home management, transportation, and chores.

At the Pittsburgh Housing Authority, Title I funds have been joined with money from Titles III and VII of the *Older Americans Act* to provide a comprehensive nutrition and social service program for all elderly residents.



## New Appointment

James L. Young, Special Assistant to the Administrator in HUD Region X (headquarters in Seattle), has been appointed Administrator of the Region By Secretary Lynn.

Mr. Young succeeds Regional Administrator Oscar Pederson, who is retiring after being in that post since February 1970. Mr. Pederson had been with HUD and its predecessor agencies since 1957, when he was director of the Federal Housing Administration office in Portland, Oregon.

Region X embraces Washington, Oregon, Idaho, and Alaska.



## Guaranty Mortgage-Backed Securities Changes

Proposed changes in regulations concerning the guaranty of GNMA mortgage-backed securities to provide greater access to the mortgage-backed securities program... as well as greater liquidity in single-family and project mortgage financing feature the following: The minimum required pool size of securities backed by single family mortgages is reduced from \$2,000,000 to \$1,000,000; and the minimum required pool size of securities backed by project (multifamily) mortgages is reduced from \$2,000,000 to \$500,000.

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HUD-401



# HUD newsletter

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



May 6, 1974

Vol. 5 No. 18

## Current Trends

A joint HUD-Census Bureau survey showed privately-owned housing completed in December, 1973 was at a seasonally-adjusted annual rate of 1.76 million units. The November, 1973 rate was 1.965 million units... and the December, 1972 rate was 2.147 million units. Completions of single-family structures in December came to 958,000 units... and structures with 2 or more units reached 802,000 units. Final completion figures for the year 1973 came to 2.024 million units... compared to 1.999 million units in 1972.

New one-family homes sold in December 1973 at a seasonally-adjusted annual rate of 417,000 units... 18 percent below the November revised rate... and 44 percent below the December, 1973 rate. The number of new homes available for sale at the end of 1973 was 450,000... virtually unchanged from a month earlier... but 12 percent above the 1972 year-end figure.

The Federal Home Loan Bank Board announced it is rescinding... effective June 1... its regulation change of March 20 which would have increased the liquidity requirements for member S&Ls from 5½ to 6½ percent of their liquidity base. The action was taken as a result of sharply increasing interest rates and a slowdown of savings flows to S&Ls. As a result of these smaller savings flows... the Board believes that the industry should use its excess liquidity to continue mortgage lending.



## New HUD Funds Released

Secretary Lynn has announced the release of appropriated funds for urban renewal and Model Cities programs for the remainder of Fiscal Year 1974.

And... the Department will ask the Congress for an additional \$325 million to be used in Fiscal Year 1975, which begins July 1, 1974... to provide community development funds during the transition period between the present categorical grant system and the expected new community development legislation which would authorize a new consolidated grant program.

The Secretary said that \$281 million will be released immediately to enable urban renewal and Neighborhood Development programs in 430 neighborhoods throughout the country to continue at approximately their previous funding level. He said an additional \$200 million transitional funding will be sought for urban renewal in FY 1975.

Further... toward achieving such transition, \$75 million will be released to assist Model Cities programs in 145 cities in FY 1974 and an additional \$125 million will be requested for FY 1975 use.

In addition, the Secretary stated, rehabilitation loan funds under the Section 312 program will be available, above the \$60 million previously budgeted, to assist urban renewal activities.

The released funds... and the supplemental funds for FY 1975, when they become available, will be allocated to HUD Field Offices on a prorated basis for distribution to communities in their jurisdictions.

## Neighborhood Preservation Program

HUD and the *Federal Home Loan Bank Board* have announced a new program designed to encourage neighborhood preservation. The new effort will assist in the development of pilot programs; encourage projects begun by local partnerships of city governments, local financial institutions, and neighborhood residents; replicate the most promising programs in a number of cities; and disseminate information regarding these efforts.

Secretary Lynn said the program will carry out President Nixon's directive—stated in his September 19, 1973 *Message to the Congress on Housing Policy Recommendations*. . . to pursue promising approaches to neighborhood preservation through a partnership of the Federal Government, the local government, local financial institutions, and the citizens of the neighborhoods involved.

Secretary Lynn and FHLBB Chairman Thomas Bomar explained that the principal focus of the Neighborhood Preservation Program will be on city neighborhoods that are basically sound but which are beginning to exhibit early symptoms of deterioration and decline.

Initial funding for the program will be a HUD demonstration grant of \$750,000 in the current fiscal year. An additional \$2 million grant will be set aside by HUD for Fiscal Year 1975. "The funds will be used to establish Neighborhood Housing Services and other experimental local efforts in about 20 cities," Secretary Lynn said.

A major thrust of the effort will be to expand a program of the FHLBB: developing pilot neighborhood preservation programs which directly involve local financial institutions, local governments, and neighborhood residents. These programs are modeled on *Neighborhood Housing Services (NHS) of Pittsburgh*. . . a private effort begun in 1968 that, with the support of the local city government. . . has successfully brought private capital into what was formerly considered a declining neighborhood.

The FHLBB has been helping similar processes get started in Washington, D.C., Oakland, Cincinnati, and Dallas, where *NHS* programs are now operational. Additional programs are in the process of being organized and funded in Plainfield, N.J., Boston, Baltimore, San Antonio, Kansas City, and Chicago.

Under the Neighborhood Preservation Program, a neighborhood, or a group of banks, or a city, or any appropriate group, would form a partnership of such interests to develop and implement a program action which would be responsive to the purposes of this program. Proposals for funding would be submitted to the Urban Reinvestment Task Force.

Further information may be obtained from the Urban Reinvestment Task Force, 101 Indiana Ave., N.W., Washington, D.C. 20552 or by calling (202) 386-4346.



### FYI

*National Governors Conference*. . . Annual Meeting. . . Seattle, June 2-5. Details: NGC, 1150 - 17th Street, N.W., Washington, D.C. 20006.

*Urban Land Institute, American Bar Association, and American Law Institute*. . . Conference on Land Use Litigation. . . Chicago, June 6-8. Information: ULI, 1200 - 18th Street, N.W., Washington, D.C. 20036.

*The Center for Urban Policy Research*. . . Conference: *Crunch or Growth? Energy, the Environment, and Land Use* Rutgers University, New Brunswick, N.J. . . June 9-10. Registration: Center for Urban Policy Research, Building 4051 Kilmer Campus, New Brunswick, N.J. 08903.

*U.S. Conference of Mayors*. . . Annual Meeting. . . San Diego, June 22-26. Registration: USCM, 1620 Eye Street, N.W., Washington, D.C. 20006.

## Tax Collections By State Governments Rise

State governments collected \$67.9 billion in taxes during the 1973 fiscal year... according to a report issued by the Census Bureau. The sum represents a 13.5 percent increase over the \$59.9 billion collected in the previous fiscal year.

The report shows that general sales and gross receipts taxes continue to be the leading tax revenue source for States... increasing nearly 12 percent between the 1972 and 1973 fiscal years to \$19.7 billion.

Corporate net income taxes and individual income taxes showed the highest percentage gain over fiscal 1972... 23.1 percent and 20 percent... respectively. Following are the major tax revenue sources and their fiscal 1973 and 1972 totals:

	<u>1973</u>	<u>1972</u>
General sales and gross receipt taxes	\$19.7 billion	\$17.6 billion
Selective sales and gross receipts taxes:		
Motor fuels	8.0 "	7.2 "
Tobacco products	3.1 "	2.8 "
Alcoholic beverages	1.8 "	1.7 "
Insurance	1.6 "	1.7 "
Individual income taxes	15.6 "	13.0 "
Corporation net income taxes	5.4 "	4.4 "
Property taxes	1.3 "	1.3 "
Death and gift taxes	1.4 "	1.3 "
Severance taxes	\$850 million	\$785 million

More than one-half of all State tax revenue was collected in eight States... New York, \$8.2 billion; California, \$7.3 billion; Pennsylvania, \$4.4 billion; Illinois, \$3.7 billion; Michigan, \$3.5 billion; Texas, \$2.8 billion; Ohio, \$2.7 billion; and Florida, \$2.5 billion.

Thirteen States had tax revenue increases in fiscal 1973 of 15 percent or more over the previous year... while only two States showed an increase of less than 5 percent.

Copies of the report, "State Tax Collections in 1973," GF73, No. 1, may be obtained for 70 cents from the Superintendent of Documents, Washington, D.C. 20402.



## ABA-Smithsonian Exhibit Planned

A banking history exhibit is planned by the *American Bankers Association* and the *Smithsonian Institution*, to depict the 200-year history of American Banks and Banking. The special exhibit, to be located in the National Museum of History and Technology—popular tourist attraction in the Nation's capital—was said by W. Liddon McPeters, chairman of ABA's *Centennial Commission*, to be "a most appropriate way to commemorate ABA's centennial next year." He noted that "by continuing through 1976, it will be part of the array of exhibitions and festivities marking the Nation's 200th birthday." The exhibit will occupy 3,000 square feet. It will be based in part on historical materials donated or loaned by banks and banking organizations. Bankers interested in lending or donating artifacts or memorabilia should contact James D. Ritchie, senior director, Public Relations, *American Bankers Association*, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.

**HUD** newsletter  
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## U.S. Median Family Income Could Rise to \$15,500 by 1985

Median family income in the U.S. would rise to \$15,500 by 1985 if the annual rate of increase in average income is 3 percent (the average rate of the past 20 years), according to recent calculations by the Census Bureau.

The 1985 figure is one of a set of projections concerning income distribution calculated by Bureau statisticians for the first time. The projections are in terms of constant 1971 dollars—that is... they hold the purchasing power of the dollar constant over the projection period.

Median family income in 1972, the most recent year for which the Bureau has data, was \$11,120, 8.1 percent above the 1971 figure. In real or constant dollars, the 1972 median was 4.6 percent above 1971; the rest of the 1971-72 increase was a result of inflation.

Single copies of the report, *Illustrative Projections of Money Income Size Distribution for Families and Unrelated Individuals*, are available for \$1.20 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or from Commerce Department District Offices in major U.S. cities.



### HUD and SBA to Assist Small Business

An increased volume of procurement contracts with disadvantaged small business concerns is anticipated under a new HUD program. All HUD organizational units with contracting authority for procurement of research, personal property, and nonpersonal services are participating in the new system to increase negotiated procurement contracts with disadvantaged firms through the *Small Business Administration (SBA)*. The program... under HUD regulations for implementation of Section 8(a) of the *Small Business Act*... is designed to enhance the contracting opportunities of disadvantaged small business concerns owned and controlled by eligible persons.

The 8(a) program, administered by the *SBA*, assists the expansion and development of eligible, profit-oriented small business concerns. To be eligible, the small business must be owned and controlled by a disadvantaged person, defined as one who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of social or economic disadvantage. Eligibility of businesses for the 8(a) program is determined by *SBA*.

Products of procurement contracts with 8(a) firms could include: urban planning and social economic analysis; housing technology, architectural and engineering services, construction, research, automatic data processing, and housekeeping services.

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May 13, 1974

Vol. 5 No. 19

## Current Trends

FNMA's auction of conventional commitments was held on April 22. The 2-week period since the last auction was characterized by increased restraint in money and capital markets. Offers for FHA-VA mortgage commitments totaled \$334 million at the auction ... compared with \$1.1 billion of offers submitted at the auction 2 weeks before. The average offered yield of 9.099 percent was .225 percent higher than the previous auction. The range of yields was from 8.930 to 9.332 percent. . . reflecting a price of 97.00 to 94.30 for 8½ percent coupon mortgages. Accepted bids totaled \$169 million. . . or 49 percent. . . of the offers received. This volume provided an average yield of 9.183, .233 percent higher than the previous auction and produced a price of 95.29 on an 8½ percent mortgage, \$.16 above the previous auction's average.

Offers for conventional mortgage commitments totaled \$80 million at the April 22 auction. . . compared to \$162 million of offers submitted at the auction 2 weeks before. Yields ranged from 8.190 to 9.500. . . compared with the previous auction's range of 8.500 to 9.100. The average of offers received was 9.106 percent. . . an increase of .239 percent from that of the previous auction. Accepted bids totaled \$41 million. . . 49 percent of the offers received. This volume provided an average yield of 9.214 percent, .215 percent higher than at the previous auction.



## Materials Recovery Program in Washington

The District of Columbia is taking a positive step toward the solution of solid waste problems. It has signed an agreement with the *National Center for Resource Recovery, Inc. (NCR)*, providing for a demonstration program on recovering valuable, reusable materials from trash and garbage.

The 1-year program will be conducted by *NCR* at the District's solid waste reduction center. . . beginning this month. It will include research and testing of methods and equipment for mechanically separating reusable materials from refuse, while serving as a demonstration for the District and visitors from other cities.

The agreement provides for the installation of waste separation equipment by the *National Center*, which also will provide staff to operate the equipment.

While the demonstration will concentrate on recovering reusable materials. . . methods of using refuse as a source of energy also will be explored. The District already has conducted a preliminary study with the *Potomac Electric Power Company* of the possible use of trash as a source of fuel to generate electricity.

During the demonstration period, the *Center* will work with some 1,000 pounds per day of Washington's trash. Through the process of air classification, organic and inorganic waste fractions will be separated. Iron-based metal will be magnetically separated. . . and glass and non-ferrous metals will be sorted through a rising current separator and other units.

## Recent Decisions

In *Pernell v. Southall Realty*... the Supreme Court by unanimous vote ruled that the Seventh Amendment's guarantee of right to a jury trial extends to proceedings to evict tenants for nonpayment of rent. The Court reversed a decision of the District of Columbia Court of Appeals denying a jury trial to a tenant in privately-owned property where the landlord sought to repossess the premises. When read in conjunction with the recent decision in *Curtis v. Loether*... (the constitutional guarantee of a jury trial applies to an action brought under Title VIII of the *Civil Rights Act of 1968*)... it appears that the Court will extend the right to a jury trial to any action or proceeding that seeks adjudication of rights and remedies traditionally enforced at law rather than through equity or admiralty.

The right of "testers" to represent themselves as homeseekers in probing for racial discrimination in the sale or rental of housing was affirmed in a lawsuit concluded by a stipulated settlement filed in the U.S. District Court for the Southern District of Ohio. The plaintiffs were the *National Committee Against Discrimination in Housing*, individual black residents of Columbus, white residents of the City of Upper Arlington, *National Association for the Advancement of Colored People*, *National Neighbors*, *League of Women Voters of Metropolitan Columbus*, *Housing Opportunity Center of Metropolitan Columbus*, and the *Northwest Area Human Relations Council*.

The settlement involved deletion of a provision in an Upper Arlington, Ohio, fair housing ordinance passed last year that made it unlawful for anyone to test compliance by the widely-used technique of having whites express a desire to rent or buy a housing unit that had been refused to blacks or other racial minorities. A willingness to rent or sell to whites in such circumstances has been accepted by courts as evidence of discrimination. Upper Arlington... a suburb of Columbus... had made such testing a misdemeanor, subject to fines ranging from \$100 to \$500 for each offense.

*NCDH* and other plaintiffs charged in their suit that the "anti-checking" provision of the ordinance interfered with rights granted by Title VIII of the *Civil Rights Act of 1968*, the Federal fair housing law, and by State laws. They also contended that it denied affected persons and groups their Constitutional right to equal protection of the laws. The United States Department of Justice and the *Ohio Civil Rights Commission* intervened as plaintiffs.



## Banks Major Suppliers of Housing Funds

The *American Bankers Association* reported that at the end of 1973... banks held over \$177 billion in loans and investments in family shelter. That figure represents over one fourth the total of bank loans and investments that went toward housing in the U.S.

During 1973... banks acquired \$13 billion in residential construction loans... almost half of all construction loans written last year by all financial institutions. Banks represented the major lender for home improvement loans in 1973... providing \$4 billion.

Also... at the end of 1973 banks held \$7.2 billion in mobile home loans... 57.5 percent of all such debt. As of June 1973... banks held an estimated \$4.2 billion for the purchase of land. The *ABA* estimates that half that amount was loaned for residential land use.

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## AIA Announces 1974 Awards

The American Institute of Architects has announced its 1974 Honor Awards... which will be presented at the Institute's Annual Convention in Washington... May 19-23.

Eight buildings... ranging from the meticulously restored 19th-century Renwick Gallery in Washington, D.C., to a thoroughly contemporary telephone equipment building near Chicago, have been selected to receive the Nation's highest awards for architectural excellence... the 1974 Honor Awards of the American Institute of Architects.

The award-winning projects represent eight different types of buildings; all were praised by the Honor Awards jury for the way in which they fit their sites and meet the requirements of their owners. The jury was impressed by the "highly motivated and committed design intent" of the buildings, which it described as "structures in support of architecture—structures of process rather than of styles."

The 1974 Honor Awards winners are (architects in parentheses): Multi-purpose Track and Field Stadium, University of California, Los Angeles (Daniel L. Dworsky, FAIA & Associates, Los Angeles); Illinois Bell Telephone Co., 4A Equipment Bldg., Northbrook, Ill. (Holabird & Root, Chicago); Renwick Gallery, Smithsonian Institution, Washington, D.C. (Hugh Newell Jacobsen, FAIA, architect for interior restoration; John Carl Warnecke & Associates, architect for exterior restoration, both, Washington, D.C.).

And: Twin Parks Northeast Housing, Bronx (Richard Meier & Associates, New York City); MDRT Foundation Hall, Adult Learning Research Laboratory, American College of Life Underwriters, Bryn Mawr, Pa. (Mitchell/Giurgola Associates Architects, Philadelphia); Morgan Residence, Atlantic Beach, Fla. (William Morgan Architects, Jacksonville).

And: Paul Mellon Center for the Arts, The Choate School, Wallingford, Conn. (I.M. Pei & Partners, New York City); North Carolina National Bank, Charlotte, N.C. (Wolf Associates, Charlotte).

Also: a university library in Cambridge, Massachusetts, and public libraries in Minneapolis, Minnesota, and Omaha, Nebraska, have been selected for First Honor Awards in the 1974 Library Buildings Award Program sponsored jointly by the American Institute of Architects, American Library Association, and the National Book Committee. Awards of Merit went to a private school library in Cleveland, Ohio, and a library shared by two colleges in Baltimore, Maryland.

First Honor Award in the Academic Library category was won by the Monroe C. Gutman Library of the Harvard Graduate School of Education, designed by Benjamin Thompson and Associates. The building houses all of the university's collections, services, media and offices for the study of education. The jury described the building as "a visually exciting and active learning environment for active minds."

Two First Honor Awards were given in the Public Library category: the North Branch Library of the Omaha Public Library, designed by Dana Larson Roubal and Associates, and the Southdale Hennepin Area Library, Minneapolis, designed by the Hodne/Stagberg Partners, Inc.

In the Academic Library category, an Award of Merit was given to Loyola-Notre Dame Library, Baltimore, designed by Meyer Ayer Saint Steward, Inc., to serve two neighboring colleges. An Award of Merit in the School Library category was given to Villa Angela Academy, Cleveland, designed by Richard Fleishman Architects, Inc.

The AIA's 1974 Craftsmanship Medal goes to Sheila Hicks, designer and creator of wall hangings. Kevin Lynch of Cambridge, Mass. has been selected to receive the AIA 1974 Allied Professions Medal for his work in urban design and environmental planning.

## Notes From Here and There

An April 17 estimate showed 7,745 families in 10 tornado-stricken States will require temporary housing assistance. Applications have been received from 5,994 families... and 1,231 families have been housed. It is projected that 2,815 mobile homes will be needed. To date... 1,322 mobile homes have been ordered and 764 have been dispatched to the disaster areas from storage centers.

Garth Marston of the State of Washington is the newest member of the *FHLBB*... serving the unexpired portion of a 4-year term ending June 30, 1975. Mr. Marston comes to the *Federal Home Loan Bank Board* after nearly 20 years of experience in the thrift and mortgage banking industries. Since 1967... he has served as Senior Vice President of the Washington Mutual Savings Bank of Seattle, Wash.

### FYI



*Building Officials and Code Administrators International*... Annual Conference... Detroit, June 9-14. Registration: *BOCA International*, 1313 East 60th Street, Chicago 60637.

*National Association of Counties*... National Convention... Miami Beach, July 14-17. Details: *NAC*, 1735 New York Avenue, N.W., Washington, D.C. 20006.

### Public Housing Regulations Issued



Regulations covering the Section 23 Housing Assistance Payments Program for New Construction (Part 1272) were published in the *Federal Register* of April 22. The issuance of Part 1272 sets forth the essential elements of the Section 23 program, including... among other things... the roles and responsibilities of HUD, the Local Housing Authority, the owner/developer, and the eligible low-income family.

### New Publications



The *Federal Home Loan Bank Board 1973 Annual Report*... contained in a special issue of the *Bank Board Journal* of April 1974. For sale by the Superintendent of Documents, Washington, D.C. 20402, \$1.25 single issue... \$14.60 for 12 issues.

The *1974 Municipal Year Book*... now in its 41st year... contains basic information on municipal governments such as police, fire, finances, and other details. 405 pages... 200 tables. For sale for \$22.50 (\$20.50 if accompanied by payment) from the *International City Management Association*, 1140 Connecticut Ave., N.W., Washington, D.C. 20036.

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# HUD newsletter

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



May 20, 1974

Vol. 5 No. 20

## Current Trends

*The F.W. Dodge Division of McGraw-Hill* has reported that in March new construction contracts totaled \$7.9 billion. Outlays for construction activity for the same month was at the seasonally-adjusted rate of \$133.6 billion. Residential building contracts in March were \$3.37 billion.

At the end of April... *FNMA* had an available uncommitted authorization of \$4.444 billion... of its total \$31.5 billion authorization. The *Association's* outstanding debt at the end of April was \$22.3 billion.

The *Federal Home Loan Bank Board* reports market interest rates rose during March and early April under pressure from large credit demands... before receding slightly around mid-April. At their recent highs... short-term market rates were only 50-100 basis points below the cyclical peaks reached last autumn, and long-term bond yields were 25-50 basis points higher. Effective interest rates on conventional home mortgage loans closed for purchasing newly built single-family homes rose 2 basis points further to a new high... but average rates on loans for purchasing previously occupied homes dropped by 7 basis points... the first decline in rates on loans closed in a year.



## President Acts To Improve Mortgage Situation

On May 10... President Nixon announced a series of actions designed to improve the present mortgage situation by making available an additional \$10.3 billion of mortgage money. This would be accomplished by providing:

- An additional \$3.3 billion of FHA/VA mortgage money at an interest rate of 8 percent through an expansion of the existing GNMA Tandem Plan. The current extended Tandem Plan is providing up to \$6.6 billion in assistance for over 200,000 new housing units at 7½ percent. GNMA is authorized to extend the Tandem Plan up to \$3.3 billion for additional FHA/VA mortgages at an interest rate of 8 percent, which is even lower in relation to today's market rates than the 7¾ percent was in relation to financing the market in January. This will provide at least 100,000 new homes.

- Up to \$3 billion under a new mortgage commitment program for conventional mortgages at 8¾ percent... by initiating a new Federal Home Loan Bank Board mortgage commitment program... committing to buy up to \$3 billion of conventional mortgages for over 100,000 units of new construction. This new initiative will be administered by the FHLBB System... using Treasury standby lending authority.

- Up to \$4 billion through below market rate advances to thrift institutions. The FHLBB System will make available a new program under which the System will make up to \$4 billion of advances to thrift institutions at interest rates below the System's current borrowing costs.

- In addition... action was taken to raise to a competitive level the allowable mortgage rate on FHA/VA loans from 8½ percent to 8¾ percent. The increase in the maximum allowable interest... the second within a month... was made necessary, Secretary Lynn said, by the continuing rise in market interest rates. "In the current money market situation," he said, "we had to increase the rate so that prospective homebuyers would continue to have FHA financing available as a mortgage money source. With the 8½ percent maximum, the number of "points" payable has become intolerable.



## U.S. Chamber Elects

Charles H. Smith, Jr., Cleveland industrialist, is the new chairman of the Board of Directors of the *Chamber of Commerce of the U.S.* for 1974-75. His election was announced at the *Chamber's* 62nd Annual Meeting.

Mr. Smith, who also is board chairman of SIFCO Industries, Inc., manufacturer of metallurgical products for industry, was elected to the 1-year term under a revision of the organization's officer structure. As board chairman, he becomes the principal elective officer of the world's largest business federation.

Arch Booth, under the officer restructure, becomes the 47th President. Formerly, the president was the chief elective officer. Mr. Booth will continue as chief of operations ... carrying out all administrative management responsibilities he has held as executive vice president since 1950.

Clinton Morrison of Minneapolis will occupy a new position of vice chairman of the Board, another result of the officer restructure. Mr. Morrison is also vice chairman of the board and chairman of the trust committee of the First National Bank of Minneapolis. The retiring president, Edward B. Rust of Bloomington, Ill., becomes chairman of the executive committee.

Six vice presidents representing the National Chamber's geographical divisions round out the elective officers for 1974-75. The six business leaders are: J.D. Anderson, president, Guarantee Mutual Life Co., Omaha—Northwestern Division; Marion M. Fidler, chairman and chief executive officer, Mountain Fuel Supply Co., Salt Lake City—Western Division; Daniel L. Goldy, president and director, International Systems & Controls Corp., Houston—Southwestern Division; Dr. David L. Grove, vice president and chief economist, IBM Corporation, Armonk, N.Y.—Northeastern Division; Herbert S. Richey, president and chief executive officer, The Valley Camp Coal Co., Cleveland—Northern Central Division; and Eugene B. Sydnor, Jr., president, Southern Department Stores, Richmond—Southeastern Division.



## SMSAs Listed By Land Area and Density

The Census Bureau has issued a special report... listing the Nation's Standard Metropolitan Statistical Areas by land area and density of population. The largest in area is the Riverside-San Bernardino-Ontario, California SMSA... which contains 27,293 square miles... an area larger than nine of the States... and larger than the combined area of Belgium and the Netherlands. By contrast... the smallest SMSA in area is Meriden, Connecticut... with 24 square miles.

The most densely populated is the Jersey City SMSA... with 12,963 persons per square mile... and Reno, Nevada, is the most lightly populated area... 19 persons per square mile. Among the very large SMSAs... New York is the most densely populated... 7,206 persons per square mile... followed by Boston with 2,351.



## HUD's Detroit Office Processes Largest Mortgage

A \$21 million mortgage... the largest ever processed by HUD's Detroit Area Office... will provide funds for a major expansion and refinancing of the existing debt for Detroit's Sinai Hospital. The closing was the result of nearly 3 years of negotiations among HUD, HEW, and the Michigan Department of Public Health. The loan was made possible through Section 242, Title II, of the *National Housing Act*... which authorizes HUD to insure mortgage loans for construction or rehabilitation of nonprofit hospital facilities and to supplement HEW guaranteed loans for the same purpose.

Expansion of two major diagnostic departments... radiology and laboratory medicine... will begin this Spring. Other projects include expansion of facilities for intensive care, cardiac diagnostic procedures, and respiratory care services. In all... six building projects are covered by the new funds.

## More Rural Housing Allocated

At least 36,000 units of single-family housing outside metropolitan areas have been allocated by HUD and the Veterans Administration under the *Tandem Plan* of *GNMA*. These earmarked units will carry out President Nixon's wishes expressed in his housing message of September 19, 1973.

To be eligible under the *Tandem Plan*... mortgages must be for new construction, bear an interest rate of 7-¾ percent, and must not have been owner-occupied before application to *GNMA* has been made by the lender for a mortgage purchase commitment.

According to the 1970 Census... 99 percent of all the communities in the United States outside metropolitan areas have a population under 25,000. Approximately 28 million people live in these smaller communities. In general... these communities lag behind urban areas in adequacy of housing and related services... although more people are showing a desire to live in them.

This special use of the *GNMA Tandem Plan* is only one way in which HUD, VA, and other Federal agencies are encouraging rural homebuilding. The *Farmers Home Administration* of the Department of Agriculture is increasing its activity, and the *Federal Home Loan Bank Board*... by permitting savings and loan associations to operate any place in the State of original license... is also contributing to the rise in rural homebuilding.

Also expected to cooperate are private mortgage insurers and trade associations whose activities relate to housing.



## FHLMC Reports

The *Federal Home Loan Mortgage Corporation* bought some \$1.3 billion worth of residential mortgages as part of its effort to keep up with the supply of mortgage money last year... according to *FHLMC's* 1973 annual report just issued.

The credit shortage of the second half of the year provided *FHLMC* with a major test, as not since *FHLMC's* beginning in 1970 had the mortgage market faced such a scarcity of funds. While acknowledging the inability of any single institution to do much to counter a national market trend, *FHLMC* President William J. Popejoy expressed satisfaction with the efforts of *FHLMC* and the rest of the secondary mortgage market to ease the effects of the shortage... as well as the hope that the 1973 experience would lead to creation of "new mortgage market tools that will help provide the mortgage market with the capability to compete more equally for money in the future."

The report... which also presents a photographic essay on housing in America is "a tribute and a challenge to the housing industry"... further discloses the following end-of-year statistics for *FHLMC*:

- mortgage purchase commitments issued in 1973: \$1.630 billion.
- mortgage portfolio at year-end: \$2.6 billion.
- conventional mortgage purchases in 1973: \$998 million.
- average cost of debt at year-end: 6.94 percent.
- average maturity of debt at year-end: 8.6 years.
- average portfolio yield at year-end: 7.65 percent.
- equity and retained earnings at year-end: \$121,315,000.

**HUD newsletter**  
U. S. Department of Housing and Urban Development  
Washington, D. C. 20410



May 20, 1974

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## Lumber and Plywood Prices Rise

The *Wall Street Journal* reports lumber and plywood prices rose faster than expected in early 1974 and... despite some downward adjustments in recent weeks... prices still remain at relatively high levels.

While they were below year-earlier records... prices of some key products rose 25-35 percent in the first 3 months from their levels at the beginning of the year, industry sources say. Even after some recent declines... they remain well above early January levels. For example... random-length dried hemlock or white fir 2x4's, standard or better, sold for \$154 per thousand board feet in early May. This was up from \$135 on January 4. Half-inch exterior plywood sheathing, another key building product, sold at West Coast mills earlier this month at \$137 per thousand square feet... up from \$115 January 4.

Lumbermen don't know quite what to make of the first quarter's steady rise. A puzzled William Dean, editor of *Random Lengths* an industry pricing publication, frankly concedes: "I can't tell whether prices are going up, coming down, or moving sideways. I've never been so completely out of touch with what's going on." Some of the best and most experienced traders in the business have been "a bit off balance" with the recent upward price trend, Mr. Dean says.

Prices climbed most sharply during February... when there was an unexpectedly high number of housing starts. A shortage of railroad boxcars and what some industry observers call "unorthodox factors" also have helped to boost prices.



## Publication Available

The *Pocket Data Book USA 1973*... quick-reference book on American life, has been published by the Census Bureau. The handbook of facts and figures is a handy, non-technical version of the *Statistical Abstract of the United States*, summarizing statistics on the social, political and economic organization of the Nation. It contains approximately 350 pages, more than 500 tables, and dozens of charts.

Sections are devoted to population, vital statistics, immigration, area and climate, government, elections, national defense and veterans, law enforcement, labor, health, education, science, welfare, income prices, parks and recreation, agriculture, forests and fisheries, business enterprise, manufacturers, mining, construction and housing, transportation, communications, power, finance and insurance, distribution and services, and foreign commerce. Available for \$2.80 from the Superintendent of Documents, Washington, D.C. 20402.

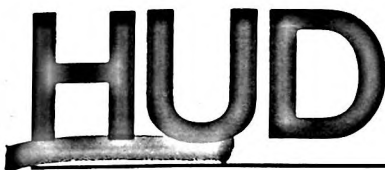
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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HUD-401





# newsletter

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

DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT



May 27, 1974

WASHINGTON, D.C. 20410 Vol. 5 No. 21

## Current Trends

FHA-VA and conventional commitment auctions were held early in May. Conditions in the money and capital markets continued to tighten in the two weeks since the last auction. . . resulting in further increases in interest market rates. Weekly average rates on the 90-day Treasury bill and new Aaa utility bonds. . . for example. . . rose to their highest levels of the year, 8.81 and 9.27, respectively.

Mortgage-lending thrift institutions are experiencing a period of substantial deposit outflow. Mutual savings banks. . . as well as savings and loan associations. . . are losing deposits in the face of high and rising short-term rates of interest. The Treasury's announcement of another huge offering of securities will result in further heavy drains on deposits.

Housing starts in April were at the seasonally-adjusted rate of 1.626 million. . . up 9.6 percent from March. . . and residential building permits issued in April totaled 1.321 million units. Both categories were down from a year ago. Completions in March were 1.871 million units. . . virtually unchanged from February.



## Senate Confirms NCHP Directors

The Senate has confirmed the three persons nominated by President Nixon as members of the *National Corporation for Housing Partnership*.

They are Ray Harris, Darlington, S.C., Realtor; Henry F. Trione, Santa Rosa, California, chairman of the board of the Wells Fargo Mortgage Company; and Charles J. Urstadt, New York, chairman of the Battery Park City Authority.

*NCHP* was created by the Congress to encourage maximum provision by private enterprise of housing for low and moderate income families. Its 15 directors consist of three appointed by the President with the advice and consent of the Senate and 12 elected by the stockholders at the annual meeting. *The National Housing Partnership* has equity commitments in 142 projects in 33 States costing more than \$444 million.



## HUD Helps Preservation Efforts

Last week HUD joined the *National Trust for Historic Preservation* and other Federal and State agencies and private groups in observing Historic Preservation Week.

Assistant Secretary David O. Meeker Jr., whose office has the responsibility for HUD's Historic Preservation activities, pointed out that HUD has sponsored Community Development legislation which will offer full Federal grants to localities which may apply them to a wide variety of urban preservation needs.

Emphasizing its special concern for this preservation, he pointed out that HUD has reproduced three studies prepared by local urban renewal agencies in the course of planning substantial preservation programs. These projects are in Hoboken, N.J., Sacramento, and Boston."

## GNMA Increases Mortgage Support

HUD's GNMA has reported its support for the mortgage market recently increased dramatically in response to the needs of homebuyers during the current period of credit restraint and rising interest rates.

In remarks at the National Conference on Real Estate Finance in Atlanta sponsored by the *American Bankers Association*, GNMA President Woodward Kingman announced that more than \$1.3 billion in commitments for mortgages had been issued by GNMA since the new Tandem Plan program was announced by Secretary Lynn on January 22. Of this amount... over \$800 million was issued during the past six weeks.

"With interest rates on residential mortgages now averaging over 9 percent, the availability of mortgage financing at 7½ percent through the GNMA program is another indication of the Government's efforts to help homebuyers," said Mr. Kingman. "Prospective homebuyers whose mortgage requirements are not more than \$33,000 should take advantage of this opportunity by going to an FHA-approved lender who can provide GNMA financing through the Tandem Plan."

Total commitments issued so far under the program come to 54,000 units, out of a total of 200,000 units available (up to \$6.6 billion) under the new authorization.



## Mortgage Discrimination Challenged

The first suit under Title VIII of the *Civil Rights Act of 1968*... the Federal Fair Housing Law... charging discrimination in the financing of housing has been filed. The action... aimed at the lending practice of "redlining" certain inner-city neighborhoods for discriminatory treatment... was filed against a Cincinnati building and loan company charging rejection of a mortgage application because of the neighborhood's racial character. The *National Committee Against Discrimination in Housing (NCDH)* is counsel to the plaintiffs. The complaint... filed in Federal court... is a class action on behalf of themselves, and others affected by discriminatory lending.

The case arises from the attempt of the plaintiffs to secure a mortgage in a racially integrated neighborhood of Cincinnati. They contend that the company advised them that loans were available but not on the houses in that neighborhood. The prospective purchasers have sued... together with the prospective sellers... on behalf of "all property owners residing in racially integrated or predominantly black neighborhoods within Hamilton County (Ohio)" and "all prospective purchasers of homes in integrated or predominantly black neighborhoods" within the county. The buyers and sellers... all of whom are white... allege damages as a consequence of the building and loan company's refusal to make the requested loan.

The plaintiffs are asking the court to declare invalid the policy and practice of the loan company in discriminating on the basis of the racial composition of the neighborhood. The court is also asked to award actual and compensatory damages.



## New Appointment

Mrs. Helen Holt has been named Assistant to the Secretary for Programs for the Elderly and the Handicapped by Secretary Lynn.

Her office will be responsible for coordination of Departmental efforts and programs serving the elderly and handicapped and it will seek to maintain effectiveness of the Department's various programs which serve these special groups.

Mrs. Holt has been with HUD and its predecessor agencies since 1960 when President Eisenhower appointed her as Special Assistant to the Commissioner of the Federal Housing Administration. In that post she administered the Federal mortgage insurance program for nursing homes and related facilities.



## MBA President Favors Loan Limit Rise

Speaking May 6 in Atlanta at an *American Bankers Association* conference, Walter B. Williams... president of the *Mortgage Bankers Association of America (MBA)*, said Congress should enact legislation to raise the maximum loan amounts and guarantee provisions for FHA, VA, Federal National Mortgage Association, (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac).

Williams said that the current limits on loan amounts are too low because of the rapidly increasing costs of housing. "Limitations on the size of the loan combine with inflation to throttle the mortgage market's ability to serve the public's needs," he said.

Williams advocated legislation currently in Congress that would increase FHA maximum amounts to \$45,000...with corresponding changes in the downpayment schedules, raise VA loan guarantees to \$15,000, and increase Fannie Mae and Freddie Mac maximums to approximately \$50,000. "To make our present programs work, we must bring the dollar limits of these programs up to levels that conform with today's inflation-boosted costs," the *MBA* president explained.



## More AIA Awards

The *American Institute of Architects* annual *Homes for Better Living Awards* program has announced 16 architect-designed homes and multifamily housing project awards for 1974. Award certificates were presented to the winners during the *AIA* convention in Washington, May 19-23.

The annual awards program—largest and oldest for residential design in the United States—is sponsored by the *American Institute of Architects* in cooperation with *House & Home* and *American Home*. The program was instituted 19 years ago to inspire excellence in originality of architectural design and use of building materials.

Over 400 entries were submitted this year, in the program's three categories: custom-designed houses for specific clients, houses designed for sale, and multifamily housing.

### **The winners:**

Awards of Merit for custom-designed houses to Booth & Nagle, Chicago; Freedman/Clements/Rumpel, Jacksonville, Fla.; Myron Goldfinger, New York City; Huygens and Tappe Inc., Boston; William Kessler & Associates Inc., Grosse Pointe, Mich.; Stanley Tigerman & Associates, Chicago; and Robert Whitton, Coconut Grove, Fla.

First Honor Awards for multifamily housing: Anderson Notter Associates Inc., Boston; Donald Sandy Jr., AIA and James A. Babcock, San Francisco.

Awards of Merit for multifamily housing: Design Five Maine Inc., Cambridge, Mass.; Louis Sauer Associates, Philadelphia; Kaplan and McLaughlin, San Francisco; Schleicher-Soper Architects, AIA, Syracuse, N.Y.; Werner Seligmann & Associates, Cortland, N.Y.; and Daniel Solomon, AIA, San Francisco.

An Award of Merit in the built-for sale house category was won by Robert E. Jones and Edwin K. Hom of La Jolla, Calif.

**HUD** newsletter  
U.S. Department of Housing and Urban Development  
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**FYI**

*Government Information Services Seminar...* "A Guide to Federal \$\$\$\$"  
... Washington, D.C., June 10-12. Vice President Gerald Ford is scheduled to be the keynote speaker on the topic - "New Directions in Federal Funding for Local Governments" on Monday morning (June 10th). There will also be other addresses by officials of the Departments of Labor, HUD, Commerce, and Transportation, and by experts in the Federal aid field. For further information: Fraser Lang, *Government Information Services*, 752 National Press Building N.W., Washington, D.C. 20004.

*The Urban Land Institute*, and the *Financial Times* of London, England... World Property Conference... London, June 12-13. Noted authorities from the U.S., England, and Canada will cover topics on the environmental, development, investment, and economic aspects of land use. Conference information can be obtained from *ULI-the Urban Land Institute*, 1200 18th Street, N.W., Washington, D.C. 20036, or from *The Financial Times Publications, Ltd.*, Suite 1006, 516 Fifth Ave., New York, N.Y. 10036.

*New York University's School of Continuing Education...* National Conference on Government Financial Systems... New York City, August 14-15. Information: Sandy Padrick, New York Management Center, Department 14NR, 360 Lexington Avenue, New York, N.Y. 10017 (212) 953-7266.



**New Publication**

*Buyer's Guide to Environmental Media...* second edition. This 50-page directory ... designed to provide assistance in the selection of information resources. ... also lists 800 new environmental books in print and some 250 environmental films released in 1973. The *Buyer's Guide to Environmental Media, Special Energy Edition*, is available for \$2.60 from *EIC-Environment Information Center, Inc.*, Media Services Dept., 124 East 39th Street, New York, N.Y. 10016.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HUD-401



June 3, 1974

Vol. 5 No. 22

## Current Trends

Project notes totaling \$495.7 million representing 88 local housing authorities were sold in mid-May... at an average interest rate of 5.62 percent. The interest rate a month earlier was 5.63 percent. Bids ranged from 5.32 percent to 5.79 percent. The average maturity of the notes sold was 7.0 months.

A total of \$507 million in bids was submitted in GNMA's mid-May auction of mortgages... and bids were accepted for \$226 million of 7 percent mortgages offered. Accepted bids ranged from 77.10 to 82.16 resulting in an average accepted price of 80.81 and an average yield of 9.21 percent. This compared with an average yield of 9.343 at the last FNMA auction held in early May.



## Construction Costs Rise

The *Dodge Division of McGraw-Hill* has reported that construction costs rose... on a national average basis... 11.38 percent from May 1973 to May 1974. Of the major cities of the country... Memphis had the highest increase... 21 percent, and San Francisco the lowest, 6.7 percent. Other representative percentages: Atlanta, 7.51; Baltimore, 16.8; Boston, 9.92; Chicago, 10.5; Dallas, 11.38; Denver, 10.8; Los Angeles, 13.3; New Orleans, 14.5; and Washington, D.C., 12.3.



## Developer Suspension Upheld

For the second time within a month... an administrative hearing was decided against a developer and in favor of HUD's Office of Interstate Land Sales (OILSR).

Following the hearing held in Washington, D.C... Administrative Judge John G. Underwood... ruled that Maumelle Land Development Inc. of Little Rock, Ark., failed to comply with disclosure provisions of the *Interstate Land Sales Full Disclosure Act*. The developer had taken exception to suspension orders issued by OILSR on filings by the company for portions of the Maumelle New Town development... a 2,044-acre new community for which HUD has issued a \$7.5 million commitment. HUD-approved new communities come under the jurisdiction of the *Interstate Land Sales Act* for the sale of undeveloped residential land to private purchasers.

Specifically under contention was the developer's failure to disclose a prior violation of the *Securities Exchange Act*, and improperly including in the property report language stating that the report had "been submitted to and approved by the Secretary of the U.S. Department of Housing and Urban Development." OILSR had previously found 12 deficiencies with the developer's registration.

Judge Underwood held that reference to approval by HUD was self-serving and "would be misleading to a purchaser since it would imply that the subdivision had been approved by the (HUD) Secretary for all purposes, including disclosure to a prospective purchaser, when it had not." Judge Underwood held that this is specifically prohibited by the *Interstate Land Sales Act*.

## More Public Housing Allocated

HUD has announced allocations for some 40,000 units of public housing under the revised Section 23 program to be funded pursuant to the President's Message of September 19, 1973.

These additional units are made available under the provisions of Section 23... added in 1965 to the Housing Act of 1937... and are funded by existing contract authority. The controlling administrative Regulations have been substantially revised.

There are three types of units in the new allocations. Regulations for new construction were published in the *Federal Register*, April 22, 1974. Regulations covering existing and rehabilitated housing will be published shortly.

The units are allocated on a fair-share basis to HUD's 10 Regional Offices. Each Regional Office will in turn allot units to the HUD field offices within its jurisdiction. The field offices will then accept applications from Local Housing Authorities. Regional Offices have been specifically instructed to make sure that at least 25 percent of the total units be utilized for housing the elderly.

The action taken established the program level at 98,000 public housing units for FY 1974. The allocations, by HUD Regions, are:

Region I	(Boston)	2,456
Region II	(New York)	4,649
Region III	(Philadelphia)	3,790
Region IV	(Atlanta)	2,364
Region V	(Chicago)	8,594
Region VI	(Dallas)	4,164
Region VII	(Kansas City)	1,219
Region VIII	(Denver)	425
Region IX	(San Francisco)	10,023
Region X	(Seattle)	1,696



## Tenant Employment Study Approved

A \$50,000 grant to the *National Association of Housing and Redevelopment Officials (NAHRO)* and the *National Tenants Organization (NTO)* to develop strategies to increase the employment and employability of public housing tenants has been announced jointly by HUD Assistant Secretaries Michael H. Moskow and H.R. Crawford.

*NAHRO* and *NTO* will develop guidelines for the design and operation of tenant job-training and employment programs for large urban Local Housing Authorities throughout the country.

They will first analyze the training and employment situations in a representative sample of large housing authorities, with emphasis on employment opportunities both in the housing authorities themselves, and in the surrounding communities. The new guidelines will be based on this analysis and on an assessment of the feasibility of cooperation between the housing authorities and local public as well as private job-training and employment services.

The joint *NAHRO/NTO* study is to be completed in 2 months. HUD is considering a program to select several large urban housing authorities to develop employment demonstrations built on the findings of the *NAHRO/NTO* grant.



## New FNMA Directors

President Nixon has nominated four directors to the Board of Directors of the *Federal National Mortgage Association*... for the term ending in May 1975. They are: Sheldon B. Lubar, Assistant Secretary of HUD, and FHA Commissioner; Louis R. Barba, a Short Hills, N.J., builder; John N. Costello, a Parma Heights, Ohio, lawyer, appraiser, and real estate salesman; and Julian H. Zimmerman of Fentress, Texas, president of Lumbermen's Investment Corporation.

## Elementary School Enrollment Drops

Elementary school enrollment in the U.S. dropped by some 770,000 or 2.4 percent in 1973 as a result of the Nation's declining birth rate.

A Census Bureau survey taken in October 1973 shows 31.5 million students enrolled in the Nation's elementary schools (grades 1 through 8). This compares with 32.2 million in 1972 and 33.5 million in 1971. The decline... the report points out... reflects decreasing numbers of children born in the mid 1960's compared to the totals born in the high fertility period of the 1950's. The annual number of births in the U.S. began to decline in the early 1960's, and elementary school enrollment declined after 1970.

The report shows that the number of persons of high school and college age has not yet been affected by the declining trend in fertility. High school and college enrollment levels for persons under 35 have not changed significantly during the past two years. About 15.3 million students attended high school (grades 9 through 12) and 8.2 million persons 14 to 34 years old attended college at the time of the survey.

There is evidence, however, from the 1973 survey as well as from a similar survey conducted in 1972, that persons of college age are not attending college at the same high rates as in the late 1960's. About 43 percent of persons 18 and 19 years old were enrolled in school in 1973 compared with 48 percent in 1970.

Although women have been attending college in increasing numbers over the past 10 years, in 1973 there were still more men than women in college and a higher percentage of men were attending. Women were more likely to be attending college at the freshman or sophomore levels than at the upper levels, however. Approximately 47 percent of freshmen were women compared with 42 percent of juniors and seniors and only 36 percent of graduate students.

Copies of the report, *School Enrollment in the United States: October 1973, Series P-20, No. 261* are available for 25 cents from the Superintendent of Documents, Washington, D.C. 20402.



## Report Favors Mixed-Income Housing

A report on "A Social Audit of Mixed-Income Housing" was presented at a HUD/Massachusetts Housing Finance Agency (MHFA) Housing Seminar sponsored by the Apartment Management Institute and the Rental Housing Association of the Greater Boston Real Estate Board. It concludes that "mixed-income housing developments produce greater satisfaction at all income levels than do homogeneous housing developments that are either traditionally subsidized or conventionally-financed." The report also showed that MHFA developments are superior in design, construction, and management.

The audit made a detailed analysis of 16 MHFA developments... with a total of 3,200 housing units in smaller cities and towns throughout Massachusetts. It reflects interviews with developers, community officials, and social workers as well as with low, moderate, and middle-income residents in MHFA developments and conventionally-financed market-rate developments, moderate-income housing produced through HUD's Section 236 program, and low-income public housing.

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FYI

*American Society for Engineering Education*... Conference... Troy, N.Y., June 17-20. Contact: C.A. Eckert, *American Society for Engineering Education*, Suite 400, One Dupont Circle, Washington, D.C. 20036.

*Massachusetts Institute of Technology*... Study program in Management in the Construction Industry... Cambridge, Mass., June 17-28. Contact: Department of Civil Engineering, Room 1-382, MIT, Cambridge, Mass. 02139.



Notes From Here and There

The design for a Neighborhood Center under construction at a HUD-assisted new community... Gananda, near Rochester, New York... will be displayed at a school architecture exhibit June 10-14 in Brussels, Belgium.

The *U.S. Information Agency*... after the close of the Brussels exhibit... sponsored by the *European Association of Manufacturers and Distributors of Educational Materials*... will send the Gananda exhibit around the world.

Gananda is one of 17 New Communities, which stress innovation in design and construction of private dwellings and public facilities.

The Gananda Neighborhood Center... entered in the exhibition at the recent annual convention of the *American Association of School Administrators* and the *National Association of Secondard School Principals* in Atlantic City... was judged "a well-considered solution to a community program for a new city." The judges described the Center as a "combined school and community-use facility, presenting an inviting barn-like form and cheerful, spacious interiors."

Architects for the Neighborhood Center are *Urban Design Associates* of Pittsburgh, Pa.. The Center is scheduled to open in September 1974.

Publication Available



*A Guide to Quality Construction Products*... which contains a comprehensive listing of about 150 major national manufacturers of construction products and over 4,000 local representatives and/or distributors in 51 major market areas... has been issued by the *Producers' Council*.

It is available from *Producers' Council*, 1717 Massachusetts Ave., N.W., Washington, D.C. 20036. Cost is \$2.00 postpaid.

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HUD-401



# HUD newsletter

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



June 10, 1974

Vol. 5 No. 23

## Current Trends

Over \$580 million worth of special 8¾ percent home mortgage purchase commitments were contracted for on the first day the FHLMC offered them to the Nation's lenders. FHLMC President William J. Popejoy announced: "It was a record 1-day commitment volume and vigorous and healthy reaction by the industry to FHLMC's segment of housing finance assistance programs announced recently by the President." Under the special program, FHLMC is committing to purchase... up to 12 months in the future... \$3 billion worth of single-family home mortgages at 8¾ percent interest. To be eligible for purchase, mortgages must have a coupon interest rate of no more than 8¾ percent and have been closed after May 20, 1974, on new single-family or condominium homes. No individual mortgage may exceed \$35,000. The 8¾ percent rate represents a reduction of one full point from the rate prevailing for similar FHLMC commitments before institution of the program.

In the mid-May sale of tax-exempt urban-renewal notes... 126 local urban-renewal agencies sold \$345.1 million in notes at an average interest rate of 5.5617 percent. The average rate on the 137 issues was up from 5.2076 percent at the April sale.

In FNMA's latest auction of 4-month commitments to buy Government-backed home loans... FNMA issued \$82.8 million in such commitments at an average yield of 9.483 percent, up from 9.343 percent at the prior auction 2 weeks earlier and exceeding the previous record of 9.42 percent set in January 1970. The Association received 305 bids totaling \$217.1 million and accepted 229 at yields ranging from 9.434 percent to 9.694 percent.



## Emergency Services Study Continued

New ways to speed fire, police, and ambulance service in the Nation's cities has moved to the final testing stage with the signing of a \$247,000 contract between HUD and the *New York City Rand Institute*. The new agreement... continuing work begun in 1972... will enable the *Rand Institute* to complete testing and evaluation in seven pilot cities of new systems analysis techniques developed, and proven effective, for New York City's fire and police departments. The city's fire department... for example... was able to coordinate closely the number and locations of companies to the real needs for fire protection in various areas of the city, to ensure that more units were sent to real fires than to false alarms and save more than \$4 million annually.

Tailored to needs of individual cities... this new technology is being tried out in Denver, Jersey City, Wilmington, Del., Yonkers, St. Louis, Washington, D.C., and New Haven. Fire systems analysis is being applied in the first four cities... ambulance systems analysis is being tested in St. Louis and Washington... and the police systems approach in New Haven. Purpose of the technology transfer is to provide local officials with new methods for systematically assessing alternative courses of action in providing emergency service protection.

For further information: Alan R. Siegel, Director, Division of Community Management, Technology and Environmental Research, HUD Office of Policy Development and Research, Washington, D.C. 20410.

## President Signs Disaster Relief Act

The President has signed into law the *Disaster Relief Act of 1974*, which will strengthen and streamline the disaster assistance available to individuals, communities, and States. This legislation provides:

- grants for the repair or reconstruction of recreational facilities and private nonprofit educational, utility, emergency, medical, and custodial care facilities damaged or destroyed by a major disaster;
- 90 percent grants to State and local governments that may be used to restore certain selected damaged public facilities or to construct new facilities in lieu of repairing or replacing particular public facilities damaged by a disaster;
- grants to the States of up to \$250,000 for the development of plans, programs, and capabilities for disaster preparedness;
- emergency assistance in less-than-major disaster situations to save lives and protect property and public health and safety;
- insurance provisions designed to protect State and local governments against economic hardship resulting from future disasters;
- grants to the States to provide financial assistance to individuals or families adversely affected by a major disaster who are unable to meet disaster-related necessary expenses or serious needs;
- loans to local governments which may suffer a substantial loss of tax and other revenues as a result of a major disaster and which have demonstrated a need for immediate financial assistance to perform their governmental functions;
- a long range economic recovery authority for major disaster areas.

Individual and family grant programs are retroactive to April 20, 1973. All other provisions of the *Act* are effective April 1, 1974.



## Companies Approve President's Housing Program

"The President's five-point program to allocate \$10.3 billion to the beleaguered housing market must be applauded by all sectors of the housing and mortgage lending industries as an imaginative, necessary step to neutralize the disproportionate impact of high interest rates and tight money on housing," Max H. Karl, president of the *Mortgage Insurance Companies of America* told representatives of the country's 15 private mortgage insurance companies at their first annual meeting held recently in Washington.

Karl explained that \$7 billion of the \$10.3 billion will be pumped through the FHLB System to savings and loan associations... which are suffering from extraordinarily high interest rates and outflows of savings due to disintermediation into more competitive investments.

Karl commended the quick action of the FHLBB and the FHLMC in getting the program rolling. The presidents of the 12 regional home loan banks met with the Board on May 14 to iron out the details of the \$4 billion in below-market advances to the S & L's, and on the same day issued to its authorized seller-servicer the details of the new forward commitment program for mortgage loans on new one-to-four family homes closed after May 20, 1974.

FYI

*American Water Works Association...* Annual Conference... Boston, June 16-21.  
Write: AWWA, 2 Park Avenue, New York, N.Y. 10016.

*Section 23 Leased Housing Association...* Third Annual Seminar... Washington, June 20-21. Details: Ms. Susan Baron, *Association Headquarters*, 1025 Connecticut Avenue, N.W., Washington, D.C. 20036. (202) 833-2327.

*National Association of Housing and Redevelopment Officials...* 2-in-1 Workshops... 2½ days each. Each workshop will be presented in two locations.

Neighborhood Preservation and Housing Rehabilitation: New Strategies for Comprehensive Local Programs;

Urban Development and Redevelopment: Public-Leverage and Incentives for Private Action Programs.

Denver: Neighborhood Preservation and Housing Rehabilitation... July 15-17 (ending at 2 p.m.) Urban Development and Redevelopment... July 17-19 (starting at 3 p.m.). Registration: *NAHRO Workshop Registrar*, c/o Jack Clifford, *Denver Urban Renewal Agency*, Room 900, 910 16th Street, Denver, Colo. 80202.

Philadelphia: Neighborhood Preservation and Housing Rehabilitation... August 12-14 (ending at 2 p.m.) Urban Development and Redevelopment... August 14-16 (starting at 3 p.m.). Registration: *NAHRO Workshop Registrar*, c/o Carl Werner, *Maple Corporation*, Suite 340, 1819 John F. Kennedy Blvd., Philadelphia, Pa. 19103.



### Tax Collections Rise

The *Tax Foundation* estimates that the amount collected through Federal, State, and local taxes this fiscal year will total \$394 billion... nearly \$50 billion more than in fiscal 1973.

If all taxes were shared equally among households across the country... the average this year would be up to \$5,647 per living unit... compared with \$5,051 in 1973, an increase of nearly \$600, the *Foundation* said. Total tax payments have more than doubled since 1966... rising from \$185 billion to this year's estimated \$394 billion.

In the same period, governments have increased their spending—from tax and nontax revenues, as well as by borrowing—from \$225 billion in 1966 to over \$480 billion in the current fiscal year.

Federal taxes are estimated to rise from \$222 billion in fiscal 1973 to \$258 billion in fiscal 1974... which ends June 30. In the same period, State-local taxes are estimated to increase from \$123 billion to \$136 billion. In 1960... total taxes were \$127 billion, Federal taxes were \$88 billion, State and local taxes were \$38 billion, and the per household figure was \$2,399.

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## FmHA Now Official

The FHA abbreviation has often been used for both the Farmers Home Administration and the Federal Housing Administration. . . thus causing some confusion. In the April 27 *Federal Register*. . . a new official abbreviation for Farmers Home was announced. It is FmHA.



## N. Y. State to Audit Funds

New York State has agreed to audit Federal general revenue-sharing funds paid to the State and to localities.

Graham M. Watt, Director of the Treasury Department's Office of Revenue Sharing, said the undertaking was "illustrative of the intergovernmental cooperation that has resulted from the President's *New Federalism*."

Mr. Watt said his office was negotiating with other States to obtain an arrangement similar to New York's, and added that his office would continue to investigate complaints and make random audits.

Arthur Levitt, the New York State Controller, said the Federal audit would be part of the State's routine operation. "We now have an experienced audit force which travels around the State, auditing the State's 1,700 localities," Mr. Levitt said. The localities have thus far received \$1.4 billion in Federal general revenue-sharing funds.



## New Community Honored

The Woodlands New Community. . . 28 miles north of Houston, was among 31 corporate winners honored for its land use planning. The HUD-assisted new community was one of the recipients of the Fifth Annual Environment Honor Awards, sponsored by the *Environment Monthly*. . . a national publication.

"The key to the Woodlands land use is this: the land allocation plan was not derived first and then changed to respond to the natural environment; instead, the natural environment was first studied and comprehended, a process which then made land use allocation responsive to both man and nature," *Environment Monthly* said in announcing the award.

The publication said Woodlands "...manifested an extraordinary command of environmental complexities, both from the ecological and man-made vantage points."

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June 17, 1974

Vol. 5 No. 24

## Current Trends

New construction contracts rose slightly in April, with gains in heavy construction overcoming the decline in homebuilding... according to the *F.W. Dodge Division of McGraw-Hill, Inc.* April contracts for future construction rose about 2 percent to \$8.93 billion from \$8.79 billion in 1973. "At this time last year residential building accounted for more than half of all newly contracted construction," said George A. Christie, vice president and chief economist for *Dodge*. "With the current total still about the same, housing's share now is down close to 40 percent and will probably shrink further in the months ahead as the latest money crunch chokes off the expected housing recovery."

Figures released by the FHLBB show that savings withdrawals exceeded new savings at FSLIC-insured savings and loan associations by \$335 million in April. This contrasts with the \$1.751 billion of net new savings received in March and the \$724 million received a year earlier. Historically... April is one of the poorer savings months of the year because of income tax payments. Interest credited to savers' accounts last month... however... reduced the net decline in savings balances at insured associations to \$198 million.

April's savings outflow appears to have resulted from withdrawals for investment in bonds and other securities at the sharply higher rates that have recently become available. Despite this adverse savings experience... associations increased both outstanding commitments for future mortgage lending and actual mortgage loans closed during April. These funds were obtained from large borrowings from the Federal Home Loan Banks and a reduction in liquid asset holdings. Outstanding commitments for future mortgage lending by associations rose by \$1.0 billion in April... bringing the monthend total of \$12.8 billion. While this was 13 percent less than a year earlier... April's rise in commitments outstanding was larger than the usual seasonal increase, resulting in the highest seasonally adjusted total outstanding since August 1973. Loans closed by insured associations in April totaled \$4.4 billion... 23 percent more than in March and only 10 percent less than a year earlier. The April rise in lending volume was substantially greater than seasonal... producing the largest seasonally adjusted volume since July of last year.

Sealed bids will be opened at noon (EDT) June 26, 1974... by Local Housing Authorities in 28 States and Puerto Rico... on 57 tax-exempt bond issues totaling approximately \$359 million. Proceeds of the bond sales will be used to reimburse the Federal Government for funds advanced to local housing authorities for low-rent projects already completed and to provide additional funds to complete projects. Since the program started in 1951... \$10.2 billion in housing bonds has been issued and over \$1.8 billion has been retired.



## All America Cities Named

The *National Municipal League* has announced its All America City awards for 1973-74. The annual honors are given to cities which have engaged in significant community activities and development... in which local citizens have been major participants. This year's choices are North Adams, Mass.; Tulsa; St. Cloud, Minn.; Albion, Mich.; Jamestown, N.Y.; Macon, Mo.; Port Arthur, Texas; LaHabra, Calif.; Lewistown, Pa.; and Lexington, Neb.

## Mobile Home Program Changes Announced

A new FHA Mobile Home Loan Insurance program aimed at improved mobile home purchase financing has gone into effect. New regulations were published in the *Federal Register* on May 28.

The essentially new FHA Mobile Home Loan Insurance program... in combination with a significantly revised GNMA program for mobile homes... should provide for new sources of financing for mobile home purchases at the lowest possible cost to the consumer. This is made possible... in part... by replacing the fixed interest rate previously required in the FHA program with a 11.25 percent interest rate which will be adjusted as market conditions require. Conventional rates generally are in the 12 to 15 percent range.

HUD has also made changes in the FHA Title I program and the program that operates through GNMA to insure better underwriting by lenders and to otherwise make the new program actuarially sound. A key element of the revised GNMA pass-through securities for mobile homes insured under Title I is the introduction of a coinsurance feature under which the lender is required to assume a 10 percent risk of loss on each loan.

The FHA Title I program provides consumer protection by requiring:

- a 1-year warranty from the manufacturer against defects in mobile home units; and
- that units be tied down, or stabilized, against high winds.



## New Historic Preservation Concept

A new concept... which Ada Louise Huxtable, architectural critic for the *New York Times*, heralds as "one of the most dramatic and hopeful developments in urban America... with far-reaching significance for American urban heritage... a proposal at once overwhelmingly sensible and dramatically revolutionary... with ramifications for every city in the country," has been put forward in *Space Adrift: Landmark Preservation and the Marketplace*... a report published by the University of Illinois Press with grant assistance from HUD's Office of Policy Development and Research. Principal author of the report and the concept is John Costonis of the University of Illinois Law School... who discusses how the enormous pressures for continued high-density development can be turned to the advantage of endangered urban landmarks which are all too often the victims of economic progress. Economic, legal, and design aspects of the plan are explored.

Popularly known as the Chicago Plan... because of its proposed application to 12 of that city's major landmark buildings... the new concept calls for development rights unused by landmarks that cannot take advantage of the full potential of their sites as now zoned to be sold and transferred to nearby sites. For instance... if the owner of a 9-story landmark is not realizing the full value of his investment and wishes to demolish the building and replace it with a 30-story high-rise, under the Chicago Plan he has the alternative of selling the development rights to the 21 floors above his landmark at market value. This space could be sold to developers who want to go higher on their own lots than current zoning permits. The sale of the rights would compensate the landmark owner for retaining the historic structure. New projects resulting from the transfers would pay proportionately greater real estate taxes, offsetting the reduced taxes that landmark properties... now shorn of their excess rights... would pay. Complementing the Plan would be a development rights "bank," where unused rights would be deposited and later sold, in varying quantities, under city supervision.

Assistant Secretary Michael H. Moskow who heads HUD's Office of Policy Development and Research termed the plan "both promising and practical: cities adopting it could preserve the best of their architectural heritage, and play a more effective role in guiding urban growth."

Single free copies of the report may be obtained by writing the *National Trust for Historic Preservation*, 740-48 Jackson Place, Washington, D.C. 20006.

## Communications Experiment To Be Exhibited

A communications experiment involving sophisticated graphics for Syracuse (N.Y.) innercity residents is presented in *CitySlick*. . . a 60-item print and video exhibit opening July 10, at the Syracuse Everson Museum.

The experiment. . . conducted over the past 3 years by the Syracuse Model City Agency's Neighborhood Report (NR) information project. . . includes displays from a three-color, tabloid monthly newspaper; several TV productions featuring the innovative use of videotape; posters; handbills; election ballots; and other items.

The NR program has received much favorable comment within the Syracuse community and in other Model City agencies across the country. A recent NR television production, *Your Neighbor's a Politician*, was aired in Syracuse and in New York City. . . and was selected for showing in an international video exhibition in June in the Paris (France) Museum of Modern Art.

*CitySlick* closes at the Everson Museum's Robineau Memorial Gallery, August 5, 1974, before traveling to other museums throughout the country.



## New Appointment

Secretary Lynn has announced the appointment of Thomas G. Cody, 45, formerly Executive Director of the *Equal Employment Opportunity Commission*, as HUD Assistant Secretary for Administration. Mr. Cody replaces W. Boyd Christensen, who resigned his post to join Utah State University as Vice President of Business.

Prior to entering government service in 1972, Mr. Cody was a consultant and officer of Fry Consultants Inc. of New York, an international management consulting firm. A native of Massachusetts, Mr. Cody graduated magna cum laude from Holy Cross College in Worcester, Mass., in 1950. He did graduate work and was a fellowship teacher at Boston College Graduate School. He received a Master's Degree in Business Administration from Harvard Business School in 1957.



## Shorter Mortgage Maturities Expected

The *Wall Street Journal* reports that longer maturities for home mortgages may be getting harder to find.

Average maturities for new and existing home loans have held fairly steady for over a year. Mortgage maturities for new homes averaged 26.4 years last month, for existing homes the average was 23.2 years. But 'with mortgage money becoming tighter'. . . many real-estate people expect lenders to insist on shorter periods of payment, along with higher interest rates. Some see a trend to shorter maturities in mortgages, with lenders writing more 20- and 25-year loans, rather than 30-year mortgages.

Some lenders encourage customers to apply for shorter mortgages by basing interest rates on the length of the loan instead of the size of the down payment. For example. . . the interest rate might be 8.75 percent for a 15-year mortgage, 9 percent for 20 years, and 9.25 percent for 25 years.

On the other hand. . . many banks and other lenders say they don't worry too much about the length of mortgages. They figure most are paid off well before maturity dates.

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## Material Shortages Pose Problems

Approximately \$10 billion in construction could be adversely affected in 1974 by a severe shortage of one of the most basic, yet vital, of all construction materials—reinforcing steel. Saul Horowitz, Jr., President of the *Associated General Contractors of America*, called for an immediate, temporary embargo on steel scrap exports to alleviate the shortage. Approximately half the raw material used in the production of reinforcing steel is steel scrap, Horowitz said. “The current export level of scrap steel does not leave a domestic supply adequate for our Nation’s needs,” he added, “and the U.S. is the only Nation which permits substantial export of this essential material.”

Add nails to the critical items affecting construction. The common nail is the latest building component to fall into the scarce and expensive category. And, according to a *Chicago Sun-Times* report: “Here in the world’s most affluent country nails are short. . . and even in a world of concrete, glass, plastics, and steel. . . quite a few things would fall down. . . or never get put up. . . if it weren’t for nails.” The shortage. . . and accompanying price rise. . . an increase of up to 50 percent. . . have occurred even with a drop in housing construction. Some in the trade see a crisis if housing volume recovers its 1972 level. In recent years. . . most nails used in this country came from Canada, Poland, Japan, Yugoslavia, West Germany, Austria, and Belgium. A campaign to increase both imports and domestic production has already begun by the building supply industry.



### Publications Available

Two new publications have been published by the *International City Management Association*.

**Policy Analysis in Local Government** by Kenneth L. Kramer. Written for policy makers in local government and those preparing for such roles. . . provides a management perspective on concepts, principles, techniques, and strengths and weaknesses of policy analysis. Price \$10.00.

**Managing Municipal Leisure Services**. . . Sidney G. Lutzin, Editor. . . Edward H. Storey, Associate Editor. Stresses community involvement, organizational change, planning and management, and services for citizens from every major social and economic group. Particularly significant is the shift from traditional park and recreation programs toward the broader concept of the creative use of unobligated time. Price \$15.00 (\$13.50 cash with order).

Both publications available from *International City Management Association*, 1140 Connecticut Ave., N.W., Washington, D.C. 20036.

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HUD-401



# HUD newsletter

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



June 24, 1974

Vol. 5 No. 25

## Current Trends

The average price of new houses in March rose to a record \$35,000. . . up 50 percent over the past 3 years. Sales of new homes rebounded in March to the level of last summer when the tight money period was beginning to have its full impact on rising interest rates.

The number of housing units under construction or completed but unsold is still very high. Rental vacancy rates climbed to 6.2 percent in the first quarter. . . compared with 5.8 percent in the last quarter of 1973. This is the highest vacancy level since 1968. The homeowner vacancy rate at 1.2 percent in the first quarter matched the rate of the prior quarter which was also the highest since 1968.

The Department of Commerce has reported that April construction activity rose 1 percent over March. . . to a seasonally adjusted level of \$136.2 billion. The figure was 1.7 percent higher than April 1973. Private construction outlays were at an adjusted annual rate in April of \$99.7 billion. . . a 1 percent increase over March. . . accounted for principally by a 5.5 percent rise in commercial construction during the month. Public construction also rose in April to an annual rate of \$82.9 billion. . . compared to the March \$82.7 billion figure. This was lower. . . however. . . than the April 1973 level.



## FHA Reaches 40

On June 27, 1934, the bill creating the Federal Housing Administration was signed into law. A number of special activities relating to FHA's 40th birthday are planned.



## HUD Initiates De-Leading Program

HUD plans to de-lead some 250 dwelling units in four cities as part of an intensive effort to find the best and most cost-effective way of removing lead-based paint hazards from housing.

HUD's Office of Policy Development and Research has issued a *Request for Proposals* to manage the experiment. . . tentatively identifying the cities as Washington, D.C., Atlanta, Cincinnati, and Los Angeles. The properties involved will be selected from pools of federally-owned or assisted housing in those cities.

Michael H. Moskow, HUD Assistant Secretary for PD&R, said various combinations of de-leading methods will be tried out during the year-long experiment, including different paint removal techniques, methods of covering painted surfaces with such materials as wallboard, chipboard or plaster, and replacing smaller painted surfaces such as doors, windows and trim. The purpose of the experiment is to obtain reliable cost figures on these techniques, as well as data on their feasibility, performance, and effectiveness.

The new experiment is part of HUD's larger lead-based paint research effort, directed not only at removing paint hazards from federally-owned or financed housing, but also at helping States and localities make their own lead poisoning prevention programs more effective.

Full details may be obtained from Thomas C. McFadden, HUD Contracts Division, Research Branch, Washington, D.C. 20410 (202/755-5450).



## Public Housing Improvements Slated

A short-term, \$35 million program intended to improve the physical condition and livability of public housing projects that are facing serious operational and environmental problems has been announced by HUD. The program... called the *Target Projects Program (TPP)*... will go into effect immediately.

Selection of the *Target Projects* was made by HUD based on a number of factors... including extent of physical deterioration and inadequate maintenance, crime and vandalism, closed and vandalized dwelling units, lack of adequate municipal services, and poor reputation in the community.

The *Program* will consist of two major components... and funding will be provided for each. One will be modernization funds for major rehabilitation and physical improvement of the property. The other will be additional operating subsidies for so-called "software" items such as deferred maintenance, improved security services, and tenant services.

Local Housing Authorities located throughout the country have been designated by HUD to submit applications for initial *TPP* funding. Among the candidate housing authorities are: Atlanta; Birmingham; Boston; Burlington, N.C.; Camden; Charleston, S.C.; Chicago; Creek Nation, Okla.; Dade County, Fla.; Detroit; East St. Louis, Ill.; Gonzales, Texas; Jersey City; Las Vegas; Lorain, Ohio; Los Angeles; Louisville; Memphis; Mobile; Newark; New Haven; New Orleans; New York City; Norfolk; Oakland; Oxnard, Calif.; Papago, Ariz.; Philadelphia; San Antonio; St. Louis; Turtle Mountain, N.D.; Washington, D.C.; Wilmington, Del.; Winnebago County, Ill.; Winston Salem; and Yakima Nation, Wash.

An essential part of each local authority's plan must be a strong local government commitment to support the program with adequate municipal services to the project and its residents.

The minimum support required is the level of services which the local government is already obligated to provide under an existing Cooperation Agreement with the LHA. However... a local government commitment to provide additional support in the form of services or financial assistance will strengthen the local authority's application.

Funds provided by the *Program* will be over and above allowable operating subsidies and modernization funds that have already been made available. The obligation of funds for individual projects will not be announced until applications are submitted by Local Housing Authorities reviewed and approved by HUD.



## More Indian Housing Obligated

Up to 7,500 units of housing for Indians will be obligated by HUD for FY 1975. These are in addition to the 4,900 units designated for FY 1974... and are part of the 30,000 units agreed upon in 1968 by HUD, HEW, and the Interior Department.

Experience has demonstrated that the most meaningful effort to improve the housing conditions of Indian families has been HUD's public housing program. HUD will provide subsidies under the revised leasing program when possible, and in other instances, continue the subsidies through the mutual Self-help or Turnkey III homeownership program.

In addition to providing funding and technical assistance to Indian Housing Authorities... HUD will continue to develop a more viable program of homeownership education service to be used especially on Indian territories.

HUD is also working with the Department of Labor on a joint venture for a building trades apprenticeship training program that will qualify Indians to work on HUD-assisted housing on Indian lands.

The 7,500 units for FY 1975 will be distributed on the basis of approvable applications submitted by Indian Housing Authorities.

## Minority Workshops Scheduled

A series of workshops to inform small and minority group home repair contractors and real estate brokers of business opportunities in the repair and sale of federally owned housing began in New York City on June 12. . . and was followed by one in Los Angeles on June 22. Other workshops are scheduled in Kansas City, Mo., on August 22, and Philadelphia, September 18. A number of other cities will be scheduled for workshops when locations and dates are determined.

This is the second series of such workshops. Six were held in cities across the country last year. Workshops will be scheduled for weekends or evenings in order to accommodate the small businessman, who can't afford to take time off during the working day.

One reason for the programs is to help HUD dispose of its large inventory of foreclosed properties. As of the end of April. . . HUD owned 77,979 single family houses throughout the Nation. The Office of Property Disposition usually 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 255 multifamily projects with nearly 30,000 units. These properties are managed under contract by local management brokers, rehabilitated if necessary, and put out to bid.

In each city the workshop will consist of a 3-hour meeting to acquaint the small businessmen with HUD's property disposition program. Each workshop will be followed by a specialized, extensive training course for repair contractors.

Two other Federal agencies are involved in the program and the training sessions: the Small Business Administration and the Office of Minority Enterprise of the Department of Commerce.



## New Regulations Published

Regulations covering *Section 23 Housing Assistance Payments Program—Existing Housing*. . . Title 24 CFR. . . New Part 1274 were published in the *Federal Register* (Vol. 39 No. 93) on May 13. The regulations set forth the essential elements of the *Section 23 Housing Assistance Payments Program—Existing Housing* including. . . among other things . . . the roles and responsibilities of the Department, the Local Housing Authority (LHA), the owner, and the eligible low-income family; the steps in applying for the *Section 23 Existing Housing Program*; the basis for determining the amount of housing assistance payments; and the prescribed form of contracts and other documents. (FR Doc. 74-10876. Effective May 13, 1974. pp. 17186-17200.)



## Electric Code Revised

The *National Electric Code* has been revised to permit the installation of non-metallic sheet cable (Romex) in one-, two-, and multifamily dwellings. . . and other structures not more than three stories above grade.

The approved change was made by the *National Electric Code* delegates meeting jointly with the *National Fire Protection Association* at the annual code convention in Miami Beach.

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### New GNMA President Named

Daniel P. Kearney, presently Deputy Assistant Secretary for Housing Production and Mortgage Credit and Assistant Commissioner of FHA will succeed Woodward Kingman as President of the Government National Mortgage Association (GNMA). Mr. Kingman is resigning to return to private industry.

Mr. Kearney first came to HUD in July 1973, as second in charge of HUD's programs affecting housing production and mortgage credit. Prior to that. . . he had been Director of the *Illinois Housing Development Authority*. 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.



### Women Mortgage Bankers Increasing

The June issue of the *Mortgage Banker*. . . the magazine of the *Mortgage Bankers of America*. . . reports that mortgage banking appears to be an exception to the rule that women cannot attain high executive positions in industry. The magazine states that "the number of women holding professional positions in mortgage banking has increased dramatically." A number of women in the United States have organized. . . and successfully operate. . . their own mortgage banking companies. Women hold positions in mortgage banking companies ranging from underwriters to president and executive vice president.

Female mortgage bankers have even organized their own professional trade association, the *National Association of Professional Mortgage Women (NAPMW)*. The organization began in Seattle in 1964 with only nine members. . . but today it has already expanded to 14 chapters with 775 members.

*NAPMW's* goals include encouraging young women to become professional mortgage bankers, promoting educational opportunities for its members, and working for equal recognition and opportunities for women.

The *Mortgage Banker* conducted a random sampling survey of women mortgage bankers. Of the 41 women who responded to the questionnaire, 80 percent said they experienced no unequal treatment from their male peers at the office. However. . . 42 percent said they encountered some sex discrimination from clients. Also. . . 58 percent said their salaries were not comparable to those of men occupying same positions.

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# HUD newsletter

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



July 1, 1974

Vol. 5 No. 26

## Current Trends

Effective interest rates on FHA-insured and VA-guaranteed home loans were higher in early May than they were a month earlier. The rate averaged 8.95 percent during the first week of May... 25 basis points above the 8.70 percent level reported in early April. Rates on loans for existing homes continue to be higher than rates on new homes. The rate on FHA-VA existing home loans closed in early May was 8.98 percent... compared to 8.80 percent for new home loans. The rate on new commitments also rose: for new home loan commitments the rate was 9.03 percent... 33 basis points above the 8.70 percent figure for April.

The FHLBB reported that effective interest rates on conventional home mortgage loans closed increased moderately from early April to early May... following two months of mixed movement. The rate on loans for newly-built homes rose 5 basis points to 8.72 percent... and for previously-occupied home the increase was 6 basis points to 8.66 percent.

The mid-June sale of project notes totaling \$436.3 million... representing 88 local housing authorities... brought an average interest rate of 5.39 percent... compared to the interest rate last month of 5.62 percent. The bids ranged from 5.18 to 5.68 percent. Average maturity of the notes was 7.7 months.

Housing starts in May were at a seasonally adjusted annual rate of 1.45 million units... down 11 percent from the 1.63 million units started in April and 38 percent below May 1973. Housing permits issued in May were at a seasonally adjusted annual rate of 1.05 million units... down 19 percent from April... and 43 percent from a year earlier.

The *National Association of Mutual Savings Banks* reports that in May the Nation's mutual savings banks suffered a \$190 million net outflow. Traditionally... May is a month when savings increase as depositors prepare for their summer vacations.

HUD's mortgage survey as of March 31 showed acquisitions of home loans by 11 lender groups (including mortgage companies) totaled \$14.8 billion in the first quarter... down \$2.5 billion from a year ago and \$700 million less than in the fourth quarter of 1974. This decline from the previous quarter is due primarily to a reduction in acquisitions by commercial banks and mutual savings banks. First quarter acquisitions of long-term loans on multifamily properties totaled \$3.1 billion... down 5 percent from the first quarter of 1973. Outstanding commitments for long-term loans totaled \$27.7 billion at the end of March... down from \$34.0 billion a year ago... while total mortgage debt outstanding including land, construction, and long-term loans reached \$629.1 billion at the end of March, for the 11 major lender groups surveyed... an increase of \$12.3 billion over the previous quarter. With the exception of mortgage companies... all lender groups surveyed increased their holdings of mortgage loans in the first quarter. Of the total outstanding, \$572.5 billion was in long-term mortgage loans, \$44.9 billion was construction loans and \$11.8 billion was in land and development loans.

New home sales in April were 584,000 units... down only 1 percent from the 590,000 unit rate in March. Existing home sales were also reported to be at a strong rate. Mobile home shipments in April... however... experienced an 8 percent drop from March to a seasonally adjusted annual rate of 435,000 units... 32 percent below the same 1973 period.

## Homeowners Payments Lag

One out of every 25 homeowners was behind in his mortgage payments at the end of March. . . the *Mortgage Bankers Association of America (MBA)* has reported. *MBA's* latest *National Delinquency Survey* found that for all types of loans on one-to-four family residential properties, 2.80 percent of the loans were one month delinquent, while .76 percent were two months delinquent, and .45 percent were three or more months delinquent.

While the 4.01 percent overall delinquency rate was a decrease from 4.71 percent, at the end of 1972. . . rates generally decline in the beginning of the year, after peaking in December. According to John M. Wetmore, *MBA's* director of economics and research. . . this was the highest first quarter overall delinquency rate in the 20-year history of the *MBA* survey.

"An increasing number of homeowners are being overtaken by inflation," Wetmore said. "Nevertheless, the high delinquency rates are concentrated in short-term delinquencies because of the squeeze on consumer budgets. The relatively low levels of long-term delinquencies reflect the overall health of the housing and mortgage markets."

The survey found that the State with the lowest overall delinquency rate at the end of March was New Hampshire, at 1.41 percent. For the fifth consecutive quarter, Vermont posted the highest rate, at 8.75 percent.



## Recent Decisions

A U.S. District Court in North Carolina has held in *Stevens v. Dobbs* that plaintiffs in housing discrimination cases are entitled to be reimbursed for counsel fees. . . so that victims of discrimination will not hesitate to enforce their rights. However. . . the Court said that the amount of reimbursement to the plaintiff must be limited to the amount the litigant is financially able to assume without help.

In *Jeffrey Hart, et. al. v. The Community School Board of Brooklyn, et. al. v. the Secretary of HUD, et. al.*, the U.S. Supreme Court has declined to set aside an order of the Second Circuit which refused to entertain an appeal from an order of the District Court postponing the effective date for integrating the school population of the Coney Island neighborhood from September 1974 to September 1975. In this suit the Secretary of HUD has been directed to participate in the preparation of a plan designed to encourage white families with children of school age to return to the neighborhood.



## AIA to Investigate Misconduct Charges

In an unprecedented action. . . the Board of directors of the *American Institute of Architects* voted to establish within the *Institute* a national committee to investigate allegations of misconduct by architects. If investigation of such allegations warranted. . . the committee could bring charges of unprofessional conduct before *AIA's* National Judicial Board, the appropriate State registration board, and/or appropriate legal authorities.

The national inquiry committee. . . which will consist of 10 to 50 members appointed by the *Institute's* Board of Directors. . . will provide a pool from which a panel of three to five members will be selected to investigate specific charges on an ad hoc basis.

The inquiry committee will be charged with investigating matters brought to its attention (whether by complaint or otherwise) that appear to involve unprofessional conduct or violations of *AIA's* Standards of Ethical Practice involving a major public interest, such as recent allegations of illegal political contributions and kickbacks by architects seeking public contracts.

While the *AIA* may terminate membership of *Institute* members found guilty of violating its Standards of Ethical Practice, suspension or revocation of licenses to practice is reserved to the appropriate architectural registration board.



## Masonry Industry-Wide Committee Formed

A *Masonry Industry Committee*... composed of representatives of the major elements of masonry construction in North America... has been created to serve as a voluntary liaison-communications-action group. The organizations involved are the *Brick Institute of America*; the *Bricklayers, Masons & Plasterers International Union*; the *Laborers International Union of North America*; the *Portland Cement Association*; the *Mason Contractors Association of America*; and the *National Concrete Masonry Association*... with the *International Masonry Institute* as an ex officio member.

Objectives of the *Committee* are to improve the masonry industry's liaison and communications; develop and correlate data about the industry; and study and act on problems of mutual interest.

Elected Chairman of the *Committee* was David B. Soloff, Jr., of Chattanooga, immediate Past President of the *Mason Contractors Association of America*.

William S. Jones of Pleasant Garden, N.C. . . currently President of the *Brick Institute of America* . . . was elected Vice Chairman and John T. Joyce . . . Secretary of the *Bricklayers, Masons & Plasterers International Union* . . . was chosen Secretary of the *Committee*.



## Home Warranty Program Begins

The *Home Owners Warranty Program (HOW)* . . . created by the *National Association of Home Builders* "to provide home buyers with long term assurance on new homes" . . . was formally launched last month by George C. Martin, chairman of the board of directors of the *Home Owners Registration Corporation*.

John W. Biasucci, an attorney experienced in housing development programs and housing finance, has been appointed president of the *Corporation*.

Mrs. Virginia H. Knauer, Special Assistant to President Nixon for Consumer Affairs, joined Martin and Biasucci in launching the new consumer protection program. Mrs. Knauer has worked with *NAHB* during the past year in arranging details for consumer review within the *HOW* program.

A 9-member board of directors administers the *HOW Corporation* . . . which is a wholly owned and controlled subsidiary of *NAHB*. The board of directors will meet three times a year with an advisory board composed of 15 representatives from consumer and public interest groups, government, home finance, and the press, along with architects, manufacturers, and attorneys.



## South Dakota Makes First Rural Housing Loan

Though less than a year old . . . the *South Dakota Housing Development Authority* has become the first State Agency to make construction financing available to a sponsor of a FMHA Section 515 rural housing project. Last month . . . the *HDA* floated \$4.25 million of short-term notes at 6.42 percent . . . enabling the agency to provide loans to cooperative and nonprofit sponsors at 6.545 percent . . . which includes the one-time ¼ percent financing fee called for by the enabling legislation creating the authority.

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



July 1, 1974

HUD-318-130-PA

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## New Doctoral Program Announced

HUD has announced an experimental grant program to support the dissertation research of selected doctoral candidates studying specialized housing and urban problems. The Office of Policy Development and Research is financing the one-year experiment. . . providing individual grants up to \$10,000 made to universities in the names of doctoral candidates. Funds will be used for tuition payments, research costs, stipends, and dependent allowances. The grant university will be required to share costs.

The closing dates for submitting proposals during the coming academic year are November 1, 1974 and March 1, 1975. The first group of grants will be awarded about February 1, 1975.

Guidelines for submitting doctoral dissertation proposals and other pertinent information have been sent by HUD to all institutions which belong to the Council of Graduate Schools in the United States and to the *National Association for Equal Opportunity in Education*.

For further information write or call: Dr. Earl W. Lindveit, Room 4270, HUD Office of Policy Development and Research, Washington, D.C. 20410, (202) 755-5351.



### FYI

*National Association of Counties*. . . 39th Annual Convention, Miami Beach, July 14-17. Details: *NAC*, 1735 N.Y. Avenue, N.W., Washington, D.C. 20005.

*American Bankers Association*. . . National School of Real Estate Finance . . . Columbus, Ohio, August 12-23. Registration, *ABA*, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.

*National Association of Home Builders*. . . Executive Officers Council Silver Anniversary Seminar. . . Arlington, Texas, August 18-22. Details: *NAHB*, 15th and M Streets, N.W., Washington, D.C. 20005.

*International Federation for Housing and Planning*. . . 32nd World Congress. . . Vienna, Austria, August 18-24. Registration: *IFHP*, The Hague, Netherlands.

*International Union of Building Societies and Savings Associations*. . . XIII World Congress. . . Rio de Janeiro, Brazil. . . August 19-24. Registration: *National Savings and Loan League*, 1200 17th Street, N.W., Washington, D.C. 20036, or Secretary General, World Congress, *IUBSSA*, Rua Teofilo Otoni 63, Rio de Janeiro.

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# HUD

DEPARTMENT OF HOUSING  
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U. S. Department of Housing and Urban Development  
Washington, D. C. 20410-2000  
202-755-2280

NEWSPAPER BE TAKEN  
LIBRARY

July 8, 1974

## Current Trends

LIBRARY  
WASHINGTON, D.C. 20410

Vol. 5 No. 27

Urban renewal project notes totaling \$344.7 million... representing 89 local issuing agencies... were sold in mid-June... at an average interest rate of 5.5841 percent... compared to the average interest rate of 5.5617 percent for the \$345.110 million of project notes sold in late May.

At FNMA's mid-June auction of FHA-VA and conventional mortgages... offers for FHA-VA mortgage commitments totaled \$39 million... compared with \$85 million of offers submitted at the auction 2 weeks before. The average offered yield of 9.451 percent was .060 percent lower than the previous auction. The range of yields was from 9.193 to 9.608 percent... reflecting a price of 96.94 to 94.19 for 8-3/4 percent coupon mortgages. Accepted bids totaled \$32 million or 82 percent of the offers received. This volume provided an average yield of 9.541... equaling the average yield at the previous auction... and produced a price of 94.62 on an 8-3/4 percent mortgage.

The 2-week period since the last auction was characterized by increasing money and capital market rates. For example... the weekly average rate on the 90-day Treasury bill rose to 8.23 percent... up from 8.04 percent for the week ended May 31. Rates on new issues (Aaa) utility bonds rose from 9.08 percent to 9.28 percent for the week ended June 14. FHA-VA and conventional mortgage yields as reported by FNMA regional offices decreased by 1 and 4 basis points, respectively. Offers for conventional mortgage commitments totaled \$22 million at the auction compared to \$23 million of offers submitted at the auction 2 weeks before. Yields ranged from 9.250 to 9.754... compared with the previous auction's range of 9.217 to 9.843. The average of offers received was 9.591 percent... a decrease of .042 percent from that of the previous auction. Accepted bids totaled \$11 million... 52 percent of the offers received. This volume provided an average yield of 9.689 percent, .007 percent lower than at the previous auction.

*The Federal Home Loan Bank Board* has adopted regulations which allow savings and loan associations to issue certificates of deposit (CD's) of \$100,000 or more which may be negotiable instruments. It is hoped that negotiable CD's will provide an additional tool for savings and loan associations to attract funds for use in housing markets... as savings and loans will now be able to compete more vigorously for the funds of larger investors who are seeking marketable instruments competitive with rates in the money market. Another advantage... the investor cannot withdraw from a negotiable CD before its maturity... so that an association can plan the use of the funds more accurately. Certificates of deposit of \$100,000 or more issued by S&L's are not subject to federally regulated ceilings. The maturities for these large CD's range from 30 days to 10 years.



## Metropolitan Areas Pay Highest Tax

The nonprofit research organization... *The Tax Foundation*... has completed a study which shows that the 125 largest metropolitan areas averaged a \$1,085 per capita Federal tax burden in 1972... compared to the annual average of \$795 per person in nonmetropolitan areas. This includes income, payroll, and excise taxes. The six highest metropolitan areas were New York, \$1,388; San Francisco-Oakland, \$1,364; Paterson-Clifton-Passaic, \$1,322; Newark, \$1,320; Chicago, \$1,310; and Washington, D.C., \$1,286. The lightest tax load was enjoyed by Columbus, Georgia, \$620; Charleston, S.C., \$621; and El Paso, \$626. Right at the average of \$1,085 were Dallas, Toledo, and Milwaukee.

## Two States Create Housing Agencies

Governor Carter of Georgia signed into law a bill under which low-interest housing loans could be available within a year for an estimated 172,000 families. The measure creates the *Georgia Residential Finance Agency*, which will work with local lending institutions to make low-interest housing and construction loans. Families with incomes from \$7,500 to \$14,500 could be eligible for the loans although the limits would vary with the median income in each county. Loans under the program will probably begin within a year. The program would reduce monthly payments on a \$20,000 house from \$145 under a conventional loan to about \$114. The reduction will be achieved by using up to \$100 million in tax-free State revenue bonds to make the loans, and then passing the savings on to consumers.

A bill establishing a *State Housing Finance Agency* to help home buyers get mortgages at reduced interest rates was enacted by the North Carolina Legislature.

Replacing the defunct *State Housing Corporation*. . . the new agency was funded with \$4 million, which experts said would enable the new units to finance \$50 million in bonds. Original recommendations had called for an \$8 million appropriation to cover \$100 million in bonding.

Supporters said that the new *Finance Agency* will have more financing flexibility and authority than did the old *Housing Corporation*.

## Municipal Employment Increases



City government employee and payroll totals continued upward climb in 1973, the Census Bureau reports with 2.5 million persons in municipal employment in October 1973. . . 5.5 percent more than in October 1972. Of the 1973 total. . . 2 million were full-time and 490,000 part-time workers. When the average October earnings for full-time employees is applied to part-time employee payrolls, the 490,000 part-time employees are found to be equivalent to 118,000 full-time city workers; thus, total municipal employment in October 1973, on a full-time equivalent basis, is calculated at 2.124 million.

Municipal payrolls for the month of October 1973 were \$1.9 billion. . . 15.2 percent higher than in the same month in 1972, the report says.

Single copies of the report, *GE-73, No. 2, City Employment in 1973*; may be obtained for \$.50 from the Superintendent of Documents, Washington, D.C. 20402.

## New Mortgage Trading System Begins



*AMMINET, INC.* . . . a nonprofit corporation sponsored by HUD, the American Bankers Association, the Federal Home Loan Mortgage Corporation, the Mortgage Bankers Association, the National Association of Mutual Savings Banks, the National Savings & Loan League, and the U.S. League of Savings Association. . . has begun the first phase of its computerized *AMMINET* secondary mortgage market. The system, similar to that used by the *National Association of Securities Dealers* for trading over-the-counter stocks, allows traders to list offers to buy and sell mortgage investments. . . whole loans, participations or forward commitment contracts. . . with a central computer and to ask that computer for listings of offers that meet their particular needs. The network. . . over which traders can communicate offers to buy and sell mortgage investments. . . has taken nearly 2 years to develop. The first 30 of what will soon be over 200 secondary mortgage market traders have already been linked through the computerized *AMMINET* market information network. Approximately 170 additional mortgage trading institutions, including banks, savings and loan associations, mortgage bankers and brokers, mutual savings banks, insurance companies, and private mortgage insurers, will be phased into the system over the next month, with the system becoming completely operational by August 1. Announcing the opening . . . *AMMINET* President Dallas Bennewitz said: "For the first time, there will be a centralized, nationwide secondary mortgage market. It ought to make mortgage investments more liquid and attract new investors, and liquidity and new blood are certainly what housing finance needs now."



## Pipeline Increases Housing Needs

Start of construction of the Trans-Alaska Pipeline by the Alyeska Pipeline Service Company and its contractors has resulted in a flood of administrative, engineering, and technical personnel... plus hundreds of construction workers into Fairbanks. Also... more than 2,500 workers now are employed in construction camps along the right-of-way with the current concentration of activity on the bridge that will be the major pipeline crossing of the Yukon River. A pipeline *Corridor Community Conference*... attended by HUD's Region X economist... discussed the impact of the tremendous influx of workers on the State and on the many small communities.



## Florida and California Lead in Housing Starts

The *Dodge Division of McGraw-Hill*... reported on housing starts in the first quarter of 1974. Of the top 10 areas in the country... six are in Florida and California. The 10 leaders are: Ft. Lauderdale-Hollywood, 13,340 units; New York, 10,018; Chicago, 9,010; Miami, 8,141; Los Angeles-Long Beach, 7,595; Dallas, 7,159; Phoenix, 6,797; Tampa-St. Petersburg, 6,346; Anaheim-Santa Ana-Garden Grove, 5,960; and Atlanta, 5,693.

## Publication Available



*Downtown Redevelopment*... a summary of downtown renewal experience of various-sized communities... including examples of communities that have undertaken projects without Federal assistance. Describes tax increment financing and private development corporations. Prepared by the *Urban Strategy Center* of the *Chamber of Commerce of the U.S.* Available at \$5 from the *Center*, 1615 H Street, N.W., Washington, D.C. 20006.



## New Utility System to be Studied

HUD is ready to begin the demonstration phase of its *Modular Integrated Utilities System (MIUS)*... an innovative combination of all the utilities required for community development in a single on-site plant. The *MIUS* is capable of servicing an entire residential or residential-commercial complex.

HUD has just issued a *Request for Proposals (RFP)* seeking developers who... by themselves... or in cooperation with local governments and/or utility companies... will provide sites for the *MIUS* demonstration, build and operate the *MIUS*, and permit HUD to evaluate the system under realistic conditions. Michael H. Moskow, HUD's Assistant Secretary for Policy Development and Research, emphasized that HUD is looking for residential or residential-commercial developments already in the active planning stage. The developments must be of moderate-to-high density, have between 700 and 1,000 dwelling units, and be designed for year-round occupancy.

Responses to the *RFP (No. H-86-74)* are due by 2:00 p.m. (EDT), August 15.

Architects, engineers, equipment suppliers, and others interested in participating in the *MIUS* program should submit their names to HUD as soon as possible. They will receive from HUD a list of potential respondents to this *RFP*.

For copies of the *RFP*, or other information, write Duane Murray, HUD Contracts and Agreements Division, Room 2146, Washington, D.C. 20410.

**HUD** newsletter  
U.S. Department of Housing and Urban Development  
Washington, D.C. 20410



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## New Appointment

Robert R. Elliott of Depew, New York, has been confirmed by the Senate as HUD General Counsel.

Mr. Elliott, 33, served as HUD Deputy General Counsel since August 1973... and has been Acting General Counsel since April 1974 when President Nixon nominated former General Counsel James L. Mitchell as Under Secretary of HUD.

Before joining HUD... Mr. Elliott 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 connection with nationwide secondary markets for conventional FHA-insured and VA-guaranteed mortgages.

Mr. Elliott received his A.B. Magna Cum Laude from Harvard College in 1963 and J.D. from Harvard Law School in 1966. He studied law and economics as a Doherty Fellow in Chile in 1967.



## Price \$1 Million Per Acre

Eight acres of land fronting on 3-mile-long Kaanapali Beach on the island of Maui, Hawaii, are being offered for sale at \$1 million per acre.

The negotiations for sale were announced by *Amfac, Inc.*, the company that bought the land several decades ago for about \$10 an acre.

## FYI



*American Savings and Loan Institute*. . . Financial Management Program. . . Chicago, August 3. Details: American Savings and Loan Institute, 111 East Wacker Drive, Chicago, Ill. 60601. (312/644-3100)

*United States League of Savings Association*. . . Summer Clinic. . . Chicago, August 4-7. Details: USL, 111 East Wacker Drive, Chicago, Ill., 60601. (312/644-3100)

*Conference on Urban Transportation*. . . *Sixth International Conference*. . . Pittsburgh, Sept. 8-10. Registration: Sixth International Conference on Urban Transportation, P.O. Box 2149, Pittsburgh, Pa. 15230.

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# HUD

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



July 15, 1974

Current Trends

Vol. 5 No. 28

~~NOT TO BE TAKEN  
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WASHINGTON, D.C. 20410

New housing authority bonds totaling \$25.4 billion representing 30 local housing authorities... were sold in late June at an average net interest cost of 5.9836 percent. This compares with the average net interest cost of 5.1077 percent obtained at the last previous sale in early March. This was the 81st bond sale since 1951 and brings the amount marketed to almost \$10.5 billion.

Secretary Lynn announced an increase in the maximum allowable interest rate for mortgages insured by HUD's FHA from 8 3/4 to 9 percent... effective July 8. The increase in the maximum rate was made necessary... the Secretary said... by the continuing rise in market interest rates... and to insure that prospective homebuyers will continue to have access to FHA-insured mortgages. With the interest rate at former maximum of 8 3/4 percent... the number of points payable has effectively discouraged would-be homebuyers and sellers. The new rate was determined after consultation with Donald Johnson... Veterans Administrator... who simultaneously announced a similar increase in the maximum rate of GI mortgage loans.

Building contracts in May rose to the highest level of any month of 1974... according to the *F.W. Dodge Division of McGraw-Hill*... in spite of the substantial drop in housing activity. The monthly total... \$10.1 billion... was 9 percent above the level of May 1973. The rise in overall construction contracts was attributed mostly to three types: electric power plants, oil refineries, and the preparation work for the trans-Alaska pipeline. There was also a 57 percent increase over May 1973 in nonbuilding contracts... such as sewers, highways, and water facilities.



## President Signs Housing Accord With Russia

The mutual exchange of information and experts... and future joint projects in the housing and construction fields... were among the various matters President Nixon and the leaders of the Soviet Union agreed on in the recent summit meeting. Particular emphasis was placed on research covering residential buildings in earthquake-prone areas through a joint project on a "priority basis" in seismic areas. A 5-year agreement... which can be automatically extended for another 5 years between HUD and the *Soviet State Committee on Construction*... augments joint field work now underway in earthquake prediction under a 1972 *Environmental Cooperation Agreement*.

Other topics covered by the accord include the improvement of construction in extreme climatic areas... including cold and arid regions... with special consideration given to difficult and unusual soil conditions. The agreement also provides for innovations in construction technology... with an evaluation of new methods and materials... and the planning, design, and construction of new towns. A joint committee on cooperation in housing and other construction will be established to implement the provisions.



FYI

*Council of State Governments*... National Legislative Conference... Albuquerque  
... August 12-16. Registration: NCSG, 1150 - 17th Street, N.W., Washington, D.C. 20036.

## Corporate Debt Grows Most

The Department of Commerce has completed a study that shows overall public and private debt on December 31, 1973, hit \$2.5 trillion. . . up from \$486.2 billion at the end of 1950. Of the \$2.5 trillion. . . corporate debt is not only the highest. . . at \$1.1 trillion. . . it is also growing the fastest. . . at a recent annual rate approaching \$300 billion. . . and up 267 percent. . . from \$404 billion. . . since 1950.

Debt of individuals rose 212 percent in the same period. . . from \$263 billion to \$821 billion. . . while government debt (Federal, State, and local) has risen. . . by comparison with corporate and personal debt. . . only a modest 93 percent from \$308 billion to \$593 billion.



## TPP Announced

Secretary Lynn has announced that 36 Local Housing Authorities have been selected to participate in HUD's \$35 million *Target Projects Program (TPP)*. Funding levels for each Authority were also announced. TPP is a short-term program to improve the physical condition and livability of individual public housing projects that are facing serious operational and environmental problems.

The Authorities selected are: Atlanta; Birmingham; Boston, Burlington, N.C.; Camden; Charleston, S.C.; Chicago; Creek Nation, Okla.; Dade County, Fla.; Detroit; East St. Louis, Ill.; Gonzales, Texas; Jersey City; Kansas City, Mo.; Lorrain, Ohio; Los Angeles; Louisville; Memphis; Mobile; New Haven; New Orleans; New York; Norfolk; Oakland; Oxnard, Calif.; Papago, Ariz.; Philadelphia; St. Louis; San Antonio; Turtle Mountain, N.D.; Washington, D.C.; Wilmington, Del.; Winnebago County, Ill.; Winston-Salem; and Yakima Nation, Wash.

Major funding went to the following LHAs: Atlanta, \$1.9 million; Boston, \$2.0 million; Chicago, \$3.3 million; Detroit, \$2.2 million; Los Angeles, \$1.1 million; New Orleans, \$2.2 million; New York City, \$5.0 million; Philadelphia, \$1.2 million; and Washington, D.C., \$3 million.



## Migration Analysis Begins

A research contract intended to take the guesswork out of determining the migration of people and jobs into and out of the Nation's urban centers has been announced by HUD Assistant Secretary Michael H. Moskow. . . whose Office of Policy Development and Research is funding the 18-month study. The study is being undertaken because urban growth analysts, planners, and leaders at various levels of government need and currently cannot get detailed, up-to-date information on this kind of population trend to make accurate projections on housing and job needs, public service demands, and tax requirements. "Different kinds of people need different numbers and kinds of houses, schools, utilities, and hospitals," Moskow pointed out, "and will have to bear different tax burdens depending on their demand for public services and the size of tax bases created. Further, migrants in general tend to behave differently from other people during the first year or so after their arrival."

Under a \$145,150 contract. . . the *Joint Center for Urban Studies of Harvard University* and the *Massachusetts Institute of Technology* will develop and test a mathematical model capable of simulating by computer the flows of different kinds of people from each area of the Nation to each other area, year by year, for the next 10 to 15 years. The contract and the model it will produce are part of HUD's continuing effort to help local officials make more effective use of their resources.

HUD is also planning a related project which will determine the effect of annual migrations of the labor force on the economic development of communities and urban areas around the Nation. This research will be carried out at the *International Development Center of Indiana University* in Bloomington.

For further information: Professor David Birch, *Joint Center for Urban Studies*, 66 Church Street, Cambridge, Mass. 02138.

## Indian Housing Corporation Shares Profits

In March 1973... the *Standing Rock Housing Corporation* was formed... and began building modular houses for the *Standing Rock Sioux Housing Authority* under contract to HUD. A year later... 47 employees of the Indian housing organization received a dividend as a result of a profit for the first full year of operation. Employees who meet certain requirements participate in the profit-sharing program.

The houses are manufactured in the *Corporation's* plant in McLaughlin, South Dakota, and are then assembled on location throughout the reservation.

The operation has been a boon to the Tribe and the local area. During 1973... about \$1.5 million for payroll, subcontracts, materials, and working supplies was spent. This represents over \$6 million in purchasing power for local business establishments, which has helped solidify the economy of the area.

To date... 158 houses have been completed... providing many of the Tribe's families with modern living facilities.

The comptroller of the *Corporation* stated that the immediate production outlook is much better than previously forecast. A 50 percent increase in sales and a considerable increase in profits in 1974 are anticipated.



## Rural Homes Contracts Awarded

HUD's program of basic homes for the rural poor has moved into the construction stage with the award of contracts to six subcontractors who will build prototype homes in rural areas of eight States.

The subcontractors... all public or nonprofit organizations... will begin construction this summer on a limited number of low-cost, single-family homes in selected rural areas of California, Minnesota, South Carolina, West Virginia, Alabama, Maine, New Hampshire, and Vermont. *Battelle-Columbus Laboratories* of Columbus, Ohio, is the prime contractor for the overall effort.

Designed for rural families with incomes ranging from \$2,000 to \$6,000... the basic homes prototypes will cost between \$6,000 and \$12,000, depending on size and location. The homes will range from efficiencies to three-bedroom units. Some models will include multi-use and loft space that can be partitioned into additional bedrooms by the buyer. All units are designed toward achieving low cost by reducing floor areas and amenities and by using... in some instances... advanced building methods. All models... however... will meet health and safety requirements of HUD's *Minimum Property Standards*, and are designed for low operating and maintenance costs.

After the completion of Phase I in the Fall... the basic homes will be inspected by rural families to determine marketability. Their opinions on the units will be considered when HUD evaluates the developer's design, construction techniques and final products.

In Phase II... the prototypes are to be used by the subcontractors to implement these marketing activities which were developed as part of the delivery system in Phase I. It is anticipated that a variety of Federal and State mortgage programs will be used to finance the houses that are sold as a result of the marketing program. Purchasing families will also receive counseling services from the subcontractors.

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July 15, 1974

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## Optimists Receive HUD Award

Secretary Lynn has awarded a HUD Certificate of Appreciation to Ron Thompson, President of *Optimist International*, for his leadership in creating and supporting a national *Optimist's* program to help low-income families in inner-city neighborhoods. The program, called "*Adopt a Neighborhood*"... is a collaborative efforts of *Optimists*, Local Housing Authorities, public housing tenants, and city leaders in a program that will lead to the upgrading of inner-city neighborhoods and improved living conditions for public housing residents.

The *Optimist* Board of Directors, under Mr. Thompson's leadership, initiated a 12-city series of seminars to acquaint some 330 local *Optimist* Clubs with the human needs in public housing projects, and to enlist their cooperation in the "*Adopt a Neighborhood*" program. The program was started as the result of a meeting of a number of service club officials called by HUD Assistant Secretary H.R. Crawford in Washington in January. The meeting was designed to enlist the large national and international service clubs in helping solve inner-city problems, particularly in public housing projects.



### 'Riding To The Rescue'

*Riding To The Rescue* is the title of a recent article in the *Wall Street Journal* ... stating that "Fannie, Ginnie, and Freddie are providing about the only mortgage funds available." And, the article goes on: "Here's the scenario. Interest rates are going up and mortgage money is drying up, but Fannie, Ginnie, and Freddie are riding to the rescue of a lot of beleaguered people who want to buy... or sell a home." None of the three... all offshoots of the Federal Government's efforts to keep an adequate flow of mortgage money available at all times... makes loans directly. Their full names are *Federal National Mortgage Association (FNMA)*, *Government National Mortgage Association (GNMA)*, and the newest agency... *Federal Home Loan Mortgage Corporation (Freddie Mac)*. The article quotes Anthony Downs, Chairman of Chicago's *Real Estate Research Corporation*. The three are currently "supplying a large chunk of mortgage financing when everybody else is out to lunch. Together... they're capable of pumping billions of dollars a year into the mortgage market." The three operate by providing a secondary market for mortgage loans through various devices for making money available to banks, savings and loans, and other lenders. And what is most unusual about Freddie... according to the *Journal*... is that its ultimate goal is to "self-destruct" and go out of business. Once its objectives of developing a private market for mortgage funds are achieved, it will liquidate and permit the private market to pick up where it leaves off.

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HUD-401





# HUD newsletter

U. S. Department of Housing and Urban Development  
Washington, D. C. 20440-5280



July 22, 1974

Vol. 5 No. 29

## Current Trends

Savings flow at savings and loan associations improved slightly in May. *FSLIC*-insured associations had net new savings receipts of \$400 million in May... whereas in April withdrawals exceeded new savings received by \$300 million. A substantial portion of this improvement... however... reflected usual seasonal influences, and May's net new savings receipts were only one-fourth the year earlier volume and the smallest inflow for May since 1966. Including \$100 million interest credited to savings accounts... the May rise in savings balances at associations totaled \$500 billion. Despite their recent poor savings experience... associations continued to increase their mortgage lending activity, obtaining funds from near-record borrowing, a reduction in holdings of liquid assets, and from loan repayments. Mortgage loans closed by insured associations during May totaled \$4.8 billion... 10 percent more than in April. Even with this slightly more than seasonal increase, lending volume was still 10 percent smaller than May 1973.

Effective interest rates on *FHA*-insured and *VA*-guaranteed home loans closed were higher during the first week of June than a month earlier. The effective interest rate on loans closed was 9.21 percent... compared to 8.95 percent in early May.

The *Engineering News-Record Construction Scoreboard* for June shows that construction costs rose 4.9 percent nationally from June 1973 to June 1974 in the 20 cities across the country which comprise the *ENR* Index. The largest rise was in Philadelphia... with 15.5 percent. Baltimore had a decrease in costs of .5 percent. Other sizable departures from the average: Dallas, +9.5 percent... Seattle, +7.0... and Los Angeles, +7.4. In the two Canadian cities *ENR* covers, the yearly increase was 18 percent in Montreal and 13.6 percent in Toronto.

The price of farm land in the U.S. rose 25 percent in the past year... the largest annual increase since 1920... according to a report from the *Agriculture Department*.

~~NOT TO BE TAKEN  
FROM THE LIBRARY.~~

## Cities Invited to Join Experiment

The *Urban Observatory Program*... an experiment in which university researchers have helped officials of 10 big city governments solve some of their most pressing problems... will be set up in 10 smaller American cities through a \$2.6 million *HUD* contract. The 3-year contract was awarded to the *National League of Cities*... which administers the *Urban Observatory Program*.

The 10 cities... ranging from 30,000 to 250,000 population... will be selected for the second phase. All cities in this population range will be informed of the program and given a chance to qualify. An *Urban Observatory* will then be set up in the 10 cities to draw together the academic resources of participating universities and the research needs defined by the city's chief executive.

For further information: Allen E. Pritchard, Jr., Executive Vice President, *National League of Cities*, 1620 Eye Street, N.W., Washington, D.C. 20006.

## New Communities Studies

Contracts for the first major study of the operations of *New Communities* since the Federal program was enacted in 1968 have been entered into by HUD. The contracts ... totalling \$144,807... were awarded to three firms to design a system to evaluate seven federally-assisted *New Communities* and two privately developed new towns.

The firms are: *ABT Associates, Inc.*, Cambridge; *CONSAD Research Corporation*, Pittsburgh; and *ULTRASYSTEMS, Inc.*, Newport Beach, Calif.

The companies have 30 days in which to submit to the *Community Development Corporation*... the HUD agency responsible for *New Communities*... completed evaluation systems.

Three firms have been given the job in order to insure development of a definitive evaluation system.

One or more of the contractors will subsequently be awarded a major contract for the comprehensive study of all major aspects of *New Community* operations, with recommendations for remedial action where necessary.

Areas to be studied are new town market forecasting, cash flow, local political and legal problems, community service programs, management structure and accounting systems, development costs, land appraising, and environmental quality.

The study is being funded by HUD's *Office of Policy Development and Research*.

Federally-assisted *New Communities* to be evaluated are: **Jonathan**, near Minneapolis; **Park Forest South**, near Chicago; **Flower Mound**, near Dallas-Fort Worth; **Riverton**, and **Gananda**, near Rochester, N.Y., and **St. Charles**, near Baltimore.

The contractors will select the seventh HUD-assisted New Town from a list that includes **Maumelle**, near Little Rock; **Cedar-Riverside**, Minneapolis; the **Woodlands**, near Houston; and **Radisson**, near Syracuse.

The two privately developed new towns to be included in the study will be selected by the developers.



## Ford Foundation Grant

**Sunset Park**, a once stable area of Brooklyn, New York, inhabited largely by ethnic minorities, has recently been hit by a wave of housing abandonment. Over the last 4 years some 100 sound two- and three-family homes have been foreclosed and boarded up... the result of activities for which several local real estate dealers and government housing officials have been indicted.

In an effort to halt this neighborhood decline... the *Sunset Park Redevelopment Committee*, a community organization, and the *Lutheran Medical Center* have joined forces in a unique partnership to buy, rehabilitate, and sell these structures to low- and moderate-income families. A \$150,000 Foundation grant will support administrative costs, a revolving loan fund for the purchase and rehabilitation of properties, and counseling services for the homebuyers. The two groups also hope to have additional units of multifamily substandard housing rehabilitated under a municipal government loan program.

The medical center... to be relocated in a converted factory... is a key institution in the neighborhood's revival. In addition to a number of community health services... it provides jobs for many low-income residents and has joined in sponsoring plans for the area's commercial, industrial, and recreational development.

Full details from Eugene Murphy, *Lutheran Medical Center*, 45-20 Fourth Ave., Brooklyn, N.Y. 11220.

## 1974-75 BOCA Officers Elected

Fred J. Davis, Building Department Superintendent and Assessor from Garden City, New York, was elected 1974-75 President of *Building Officials and Code Administrators* at the organization's 59th Annual Conference in Detroit.

Joining Davis as newly-elected BOCA officers are: Leo J. Cantor, P.E., Commissioner of Building, Richmond, Virginia, First Vice President; William L. Kralj, P.E., Director of the Department of Building and Zoning, West Allis, Wisconsin, Second Vice President; Ottmar H. Becker, Building Commissioner, Country Club Hills, Illinois, Secretary; and Glenn Erickson, P.E., City Architect, St. Paul, Minnesota, Treasurer. Erickson had previously served as a member of BOCA's Executive Committee, while the other newly-elected officers had previously served in different officer positions.

On the agenda at the Conference was consideration and decision on more than 200 proposed changes to the *BOCA Basic Building Code*, along with a smaller number of proposed changes to other *BOCA Basic Codes* (Mechanical, Plumbing, Housing-Property Maintenance) and the One- and Two-Family Dwelling Code, a document published jointly by BOCA and other model code groups.

In another development... the BOCA Executive Committee shifted the *BOCA Basic Codes* from a 5-year to a 3-year code change and publication cycle... beginning in 1975. The *Basic Codes* will be revised and republished every 3 years with one series of supplements to the various codes published during the interim. Code changes proposals will be accepted during 2 of the 3 years in each cycle.



## Mandatory Minority Hiring Rules Issued

The *Labor Department* has imposed mandatory minority-hiring goals in the building trades in 19 cities and two States. The decision to make the goals mandatory followed the failure of the unions to meet the hiring targets on a voluntary basis. Under the decision... contractors and subcontractors in the areas covered... will be expected to meet specific minority hiring goals and timetables for each trade. Employers failing to make "good-faith efforts" to meet the requirements could lose Federal contracts.

The order involves 17 trade unions in about 100 locals covering the States of Delaware and Rhode Island... and in the following metropolitan areas: Alameda, Santa Clara and Fresno area, Akron, Boston, Buffalo, Cleveland, Dayton, Evansville, Indianapolis, Kansas City, New Haven, New Orleans, Omaha, Pittsburgh, Topeka, Trenton, Tulsa and Westchester County, N.Y.



## GNMA and FNMA Change Procedures

GNMA and FNMA have made changes in their procedures designed to accelerate the purchase of home mortgages. Effective immediately... GNMA and FNMA will purchase loans that are submitted from originators immediately following closing of the loans even though the documentation is incomplete, provided a complete mortgage documentation package is delivered within 60 days. A non-refundable fee of \$35.00 per mortgage will be charged. The new procedure to speed up the purchasing process is being instituted on a temporary basis. Mortgage originators and their warehousing banks, if any, will be required under the accelerated purchase program to repurchase the loans if the required documentation is not submitted within the 60-day limit.

**HUD** newsletter  
U.S. Department of Housing and Urban Development  
Washington, D.C. 20410

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## Publications Available

*Developing the Municipal Organization...* by Stanley Piazza Powers, F. Gerald Brown, and David S. Arnold. A new book on management of change that emphasizes development of people, management systems, and organization development and renewal. Stresses the integration of social and technological processes of organization so that people, systems, and tools are joined to deliver services to citizens. Price \$15.00 (\$13.50 cash with order) from *International City Management Association*, 1140 Connecticut Ave., N.W., Washington, D.C. 20036.

*Perspectives for Code Administrators...* by Richard L. Sanderson, Executive Director of *Building Officials & Code Administrators International...* covers over a quarter-century of the author's working experience as an inspector, city government administrator, and association executive working with Federal, State, and local government officials, design professionals, and trade association representatives on national code matters. The book deals with such code administration related subjects as Federalism, Bureaucracy, Discrimination, Code Enforcement, Education and Training, Housing, etc. Price \$5.00, list; \$4.00 BOCA members; soft cover; 151 pages. . . from BOCA, 1313 E. 60th St., Chicago 60637.

*Vacant Housing...* prepared by the *Greater Pomona Valley Mayors' Action Committee on Abandoned Housing*. The summary and recommendation report has been published by the California consortium of the *Valley Association of Cities*. The report was financed in part by HUD. Price is \$4.50 per copy. . . from Joe Korpsak, Executive Officer, *Valley Association of Cities*, P.O. Box 660, Pomona, California 91769.

*HUDCO Bulletin...* June 1974. A report of the activities of the *Housing and Urban Development Corporation, Ltd.*, and enterprise of the *Government of India*. Available free from HUDCO, 12-A Jamnager House, New Delhi, India 110011.

*The Energy Directory...* 500-page guide to U.S. energy organizations, decision-makers, and information sources by the Directory covers both Executive and legislative activities, including energy offices, special committees, regulatory commissions, and the energy divisions of all Federal and State governments. In the private sector, the Directory provides profiles of energy-related trade and professional organizations, citizen action groups, a roster of energy companies, utilities, and energy coordinators of leading industrial companies.

It is available for \$45 from EIC - Environment Information Center, Inc., Energy Research Div., 124 East 39th Street, New York, N.Y. 10016.

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HUD-401





# HUD newsletter

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



July 29, 1974

Vol. 5 No. 30

## Current Trends

Project notes totaling \$380 million... representing 48 local housing authorities... were sold July 9 at an average interest rate of 6.87 percent. The interest rate last month was 5.39 percent. The average maturity of the notes sold was 7 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.

The *National Association of Mutual Savings Banks* reports the net deposit outflow in June totaled \$350 million, the largest outflow for any June since the *Association* began compiling monthly statistics in 1947. In June 1973... the net outflow was only \$21 million. In May this year... the net outflow was \$190 million. Total for this year's second quarter was \$1.2 billion, "the worst second quarter in industry history and, except for the July-September 1973 period, the poorest for any quarter on record," a spokesman said. "The resulting shortage of mortgage funds has dealt a severe blow to the already depressed housing industry," he added.

The *FHLBB* has announced record increases in June on conventional home mortgage interest rates. Chairman Bomar said the month's rise in average rates... 10 basis points on loans for purchasing newly built homes and 17 basis points on loans on previously occupied single-family residences... was the sharpest since last fall.

The national average effective interest rate of 8.84 percent was charged borrowers purchasing newly-built, single-family homes with conventional mortgages closed during the first 5 business days of June... 10 basis points higher than a month earlier and 105 basis points higher than a year earlier.

The Treasury's Series E and H Savings Bonds... broke all records for sales in the second quarter... ending June 30. This reverses a downward trend which has been present for some time. Bonds sales... at \$1.8 billion... were the highest for any second quarter since the H Bond series was instituted in 1952. Sales exceeded redemptions during the quarter... at cost price... by \$465 million. Holdings of the bonds during the quarter rose \$823 million to a total of \$61.92 billion.

Housing starts in June were at the seasonally-adjusted rate of 1.595 million units... 8 percent above the May 1974 level... and permits issued were 1.116 million units... unchanged from May... but both below the 1973 rate.



## Construction Contracts Up

*Engineering News-Record* reports that contractors' new business in the first half of 1974 showed a 59 percent increase over the same period of 1973... and plans for future construction climbed 43 percent. This excludes residential construction. The increase far exceeds cost increases due to inflation... and is mostly in the industrial area. States and municipalities have cut back from their 1973 levels by 6 percent. Major increases are in process plants, power plants, and oil and gas pipelines. A surprise is the big spurt in the Northeast... which has had no substantial growth in construction activity since the 1960's. New England shows an increase of 52 percent in plans and 165 percent in bids... while the Middle Atlantic States show a 10 percent rise in plans and 42 percent in bids. The Far West... as usual... leads the country with +114 percent in plans and +77 percent in bids.



## Neighborhood Preservation Study

Under terms of a \$157,162 HUD contract. . . the *Real Estate Research Corporation* of Chicago will produce a catalog of locally-developed neighborhood preservation projects that have been particularly effective in preserving or stabilizing neighborhoods in cities across the country. To ensure its widespread usefulness. . . the catalog will present representative preservation approaches and methods by community type, regional location, and city size.

The need for such a catalog has become increasingly apparent as a result of the recent shift in Federal housing policy from one of emphasis on housing production to the use and preservation of existing housing. This change will place greater program development responsibilities on local governments, other local public or semi-public agencies, private investors and developers, local lending institutions, and citizens' organizations.

The *Center for Urban Policy Research* at Rutgers University, New Brunswick, N.J., also will participate in the contract. . . assisting *RERC* in the extensive survey design and field work for this project.

Contract work is scheduled for completion in late October. . . and the catalog should be ready for distribution by the end of 1974.

More information is available from Margery al Chalabi, Project Director, *Real Estate Research Corporation*, 72 W. Adams St., Chicago, Ill. 60603 (312;346-5885).



## Publications Available

*Urban Economic Development*. . . by Bennett Harrison. The book's thesis is that the central city is not destined to stagnation. . . but contrary to the conclusions of many observers. . . is viable and can be restored to full vitality. 216 pages. . . \$10 cloth. . . \$4.50 paper. . . from the *Urban Institute*, 2100 M Street, N.W., Washington, D.C. 20037.

*Metropolitan Broward: A Demographic Overview*. . . by William W. Jenna, Jr. Describes the changing face of Broward County, Florida. . . an area in transition from an agricultural-tourist economy to a residential-financial-commercial community. . . which led the Nation in the rate of new construction in 1972. Published by the *University of Miami Press* in cooperation with the University's *Center for Urban and Regional Studies*. 111 pages. . . 11 x 14 inches, spiral-bound. Available at bookstores, \$25.

*The Federal Client*. . . published by the *American Consulting Engineer's Council*. A 36-page directory containing the names, addresses, and telephone numbers of the national, regional, and State administrators of more than 25 Federal agencies that employ consulting engineers and other design professionals. Price \$2 from *ACEC Documents and Mailing Department*, 1155 - 15th St., N.W., Washington, D.C. 20005. Ask for Publication No. 46.

The following publications on energy are available:

- *Energy Conservation in Building Design*. . . prepared by the *American Institute of Architects*. Funded by the *Ford Foundation*. Free from John P. Eberhard, president, *AIA Research Corporation*, 1735 New York Avenue, N.W., Washington, D.C. 20006.

- *Exploring Energy Choices*. First report from the *Ford Foundation's Energy Policy Project*. . . a \$4 million effort over a 3-year period. Good background information on the use and availability of energy. 75 cents from the *Energy Policy Project*, P.O. Box 23212, Washington, D.C. 20024.

- *Energy Directory*. . . comprehensive 500-page guide to energy organizations and information sources in industry and government. Cost \$45 from *Environment Information Center, Inc.*, *Energy Research Division*, 124 East 39th Street, New York, New York 10016.

## Per Capita and Median Family Income

The *Census Bureau* has ranked all 50 States, the District of Columbia, the more than 3,000 counties and county equivalents, and 263 metropolitan areas according to both per capita and median family income. Income levels used for the ranking are for the year 1969 (calculated on the basis of information gathered in the 1970 census).

The report shows that the **Stamford, Conn.**, Standard Metropolitan Statistical Area (SMSA) ranked first among metropolitan areas in both per capita and median family income. The 1969 per capita income figure for the **Stamford SMSA** was \$6,319 and the median family income figure was \$15,834. The **Norwalk, Conn.**, SMSA was second in both per capita income (\$5,100) and median family income (\$14,649). The **Washington, D.C.** SMSA was third in per capita income (\$4,232), and the **Anchorage, Alaska**, SMSA third in median family income (\$13,590).

**Arlington County, Virginia**, had the highest per capita income (\$5,446) among all counties and county equivalents. Second and third in per capita income were **New York County, N.Y.** (Manhattan Borough of New York City) and **Montgomery County, Maryland**, respectively. The **New York** figure was \$5,212 and the **Montgomery** figure, \$5,183.

**Hinsdale County, Colorado**, with a population of 111 persons in April 1970, had the highest 1969 median family income (\$18,333); in second place was **Montgomery County, Maryland** (\$16,708); in third place, **Juneau Census District, Alaska** (\$16,030).

The top five ranking States by median family income, in order, are: **Alaska** (\$12,441); **Connecticut** (\$11,808); **Hawaii** (\$11,552); **New Jersey** (\$11,403); and **Maryland** (\$11,057).

Copies of the report, *Per Capita Income, Median Family Income, and Low Income Status in 1969 for States, Standard Metropolitan Statistical Areas, and Counties: 1970, PC(S1)-63*, may be obtained for \$1.05 from the *Superintendent of Documents*, Washington, D.C. 20402.



## Condominium Study Begins

The *Federal Trade Commission* has begun a nationwide investigation of companies that build, sell, or manage residential condominium developments. *FTC* will try to determine if any of the companies have been... or are now engaging... in unfair or deceptive practices. The *Commission* will take legal action wherever it finds wrongdoing... and will also take the necessary steps to impose Federal guidelines and regulations... if it considers this necessary.

At the same time... increased Congressional concern with condominiums is showing up... as several proposed pieces of legislation have been introduced... mostly as a result of consumer complaints about irregularities and misrepresentations in condominium sales. A recently released *HUD* study showed that almost half of all new units built for sale in 1973 in 25 metropolitan areas were condominiums.



## Largest Mortgage

A \$200 million mortgage loan... believed to be the largest ever made for a single real estate project in the United States... will finance the development of the first phase of **Detroit's Renaissance Center**. The long term loan will be provided by **Aetna Life & Casualty**, **The Equitable Life Insurance Company**, **The Travelers Insurance Company**, and **Ford Motor Credit Company**.

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**FYI**

**American Management Association.** . . *Info '74* . . . an information conference designed for the production man, government executive, municipal planner, and administrators. . . New York, September 9-12. Registration: *Clapp & Poliak, Inc.*, 245 Park Avenue, New York, N.Y. 10017.

**Mobile Home Manufacturers Association and the Recreational Vehicle Institutes.** . . Exhibit. . . New Orleans, September 18-20. Registration: *MHMA*, 14650 Lee Road, Chantilly, Va. 22021.

**National Association of Home Builders.** . . Fifth Annual Apartment and Condominium Conference. . . San Francisco, September 22-25. Registration: *NAHB Convention and Meetings Department, National Housing Center*, 15th and M Sts., N.W., Washington, D.C. 20005.



### New HUD-Census Annual Housing Survey

Twenty metropolitan areas will be the first canvassed in a new annual survey of the Nation's housing to be conducted jointly by HUD and the Census Bureau.

The survey was initiated in response to a need for frequent and up-to-date data on U.S. housing. . . considered a prime indicator of the Nation's economic health.

The survey got under way in the 20 Standard Metropolitan Statistical Areas (SMSA's) on April 1 and will continue through March 1975. About 140,000 housing units in the 20 SMSA's will be covered. A second group of 20 metropolitan areas will be canvassed during the second year. . . and a third group of 20 during the third year. During the fourth year. . . the rotation will begin anew in the 20 areas included in the first canvass.

Previously. . . housing data have come only from the 10-year census, irregular sample surveys, and one-time special studies. Joint HUD-Census reports will be issued about 6 months after completion of the interviews.

The 20 SMSA's in which the first year's survey will be made are:

(To include 15,000 housing units) Boston; Washington, D.C.-Md.-Va.; Detroit; and Los Angeles-Long Beach.

(To include 5,000 housing units) Albany-Schenectady-Troy; Newark; Pittsburgh; Memphis, Tenn.-Ark.; Orlando; Green Bay; Minneapolis-St. Paul; Saginaw; Dallas; Fort Worth; Wichita; Salt Lake City; Anaheim-Santa Ana-Garden Grove; Phoenix; Spokane; and Tacoma.

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HUD NEWSLETTER  
JULY 29, 1974

# HUD newsletter

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



August 5, 1974

Vol. 5 No. 31

## Current Trends

Urban renewal project notes totaling \$330 million... representing 76 local issuing agencies... were sold in mid-July at an average interest rate of 6.7095 percent. Maturities of the 79 issues sold ranged up to 1 year. The average interest rate for the \$345 million of project notes sold in mid-June was 5.5841 percent.

The *FHA-VA* and conventional commitment auctions were held on July 15. Since the last auction at the beginning of July... most sectors of the money and capital markets continued under pressure. Short-term rates varied during the period... but several key rates rose to record levels. The weekly average 3-month *Treasury* bill rate advanced by 8 basis points to 7.53 percent for the week ended July 5... then slipped back to 7.45 for the week ended July 12. Federal funds... generally viewed as a sensitive indicator of credit conditions... on average remained tight for the first week, continuing to trade well up in the 13 to 14 percent range, however, averaged somewhat lower on the second week. Rates on new issue (Aaa) utility bonds rose from 9.50 percent for the week ended June 28 to 10.25 for the week ended July 12. Offers for *FHA-VA* mortgage commitments totaled \$376 million at the July 15 auction... compared with \$271 million of offers submitted at the auction 2 weeks before. The average offered yield of 9.817 percent was .246 percent higher than the previous. The range of yields was from 9.515 to 10.025 percent... reflecting a price of 96.49 to 93.18 for 9 percent coupon mortgages. Accepted bids totaled \$193 million or 52 percent of the offers received. This volume provided an average yield of 9.895, .245 percent higher than the previous auction and produced a price of 94.01 on a 9 percent mortgage.

*HUD* sold 5,539 home properties in June of this year... the highest monthly sales in the 40-year history of the insured mortgage program. The previous record was 5,222 in August 1967. For the Fiscal Year ending June 30... there was also a steep rise in sales over the previous year... 50,288... second only to 53,513 properties in 1967. Sales in Fiscal Year 1973 were 36,722 homes. The property disposition program set another all-time record during the year in the sale of multifamily projects... 87 multifamily projects consisting of 8,649 units... surpassing the sale of 81 projects in 1967. The total sales price was \$66.2 million. In the 40-year history of the program, 566,743 home properties and 101,731 multifamily units in 1,140 projects have been sold.

*HUD's* July opinion survey showed prices and yields on *HUD-FHA* insured home mortgages holding at the record highs they reached on June 1. The national secondary market price for immediate delivery of *HUD-FHA* insured  $8\frac{3}{4}$  percent new-home mortgages with 30-year terms and minimum downpayments averaged \$94.7 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 9.46 percent. Three of the five areas of the country reporting secondary market activity showed decreases ranging from one-tenth to one-half of a point. In contrast... the price was up one-tenth and one-half a point in the North Central and West, respectively. National average interest rates contracted to be paid by the borrowers on conventional first mortgages advanced ten basis points to 9.25 percent for both new- and existing-home contracts. This is the fourth consecutive month in which higher rates were reported and the second consecutive month in which a record high has been established. Rates in the Northeast and North Central continue to remain below 9 percent and the highest rates continue to be reported in the West.

At the beginning of Fiscal Year 1975... *FNMA's* status under Section 304(b) of the *FNMA Charter Act* was: Maximum debt authorized October 18, 1973... including \$7.5 billion for Section 221(d)(3), *Rent Supplement*, and Section 236 mortgages... \$31.5 billion... while total obligations were \$27.5 billion... leaving a total available of \$4 billion.

## HUD Field Offices

A number of our subscribers have asked if we could list all the *HUD Offices* as a regular feature of the *Newsletter*. Unfortunately... space limitations make this impractical. We are showing our Regional and Area Offices in this issue... as of July 1, 1974... and suggest that readers keep this page for future reference. The telephone number in each city will be listed under *U.S. Government, Department of Housing and Urban Development*.

### Region I

John F. Kennedy Federal Building  
Boston, Massachusetts 02203  
Connecticut, Maine,  
Massachusetts, New Hampshire,  
Rhode Island, Vermont  
**Area Offices:**  
Manchester, N.H.; Boston, Mass.;  
Hartford, Conn.

### Region II

26 Federal Plaza  
New York, New York 10007  
New Jersey, New York,  
Puerto Rico, Virgin Islands  
**Area Offices:**  
New York, N.Y.; Newark, N.J.;  
Camden, N.J.; Buffalo, N.Y.;  
San Juan, P.R.

### Region III

Curtis Building  
6th and Walnut Streets  
Philadelphia, Pennsylvania 19106  
Delaware, District of Columbia,  
Maryland, Pennsylvania, Virginia,  
West Virginia  
**Area Offices:**  
Pittsburgh, Pa.; Philadelphia, Pa.;  
District of Columbia; Baltimore, Md.;  
Richmond, Va.

### Region IV

1371 Peachtree Street, N.E.  
Atlanta, Georgia 30309

Alabama, Florida, Georgia,  
Kentucky, Mississippi,  
North Carolina, South Carolina,  
Tennessee  
**Area Offices:**  
Birmingham, Ala.; Jacksonville, Fla.;  
Atlanta, Ga.; Louisville, Ky.;  
Jackson, Miss.; Greensboro, N.C.;  
Columbia, S.C.; Knoxville, Tenn.

### Region V

300 South Wacker Drive  
Chicago, Illinois 60606  
Illinois, Indiana, Minnesota,  
Michigan, Ohio, Wisconsin  
**Area Offices:**  
Detroit, Mich.; Chicago, Ill.;  
Indianapolis, Ind.; Minneapolis, Minn.;  
Columbus, Ohio; Milwaukee, Wisc.

### Region VI

New Dallas Federal Building  
1100 Commerce Street  
Dallas, Texas 75202  
Arkansas, Louisiana,  
New Mexico, Oklahoma, Texas  
**Area Offices:**  
Dallas, Tex.; Oklahoma City, Okla.;  
San Antonio, Tex.; New Orleans, La.;  
Little Rock, Ark.

### Region VII

Federal Office Building  
911 Walnut Street  
Kansas City, Missouri 64106

Iowa, Kansas, Missouri,  
Nebraska  
**Area Offices:**  
Kansas City, Kans.;  
St. Louis, Mo.; Omaha, Nebr.

### Region VIII

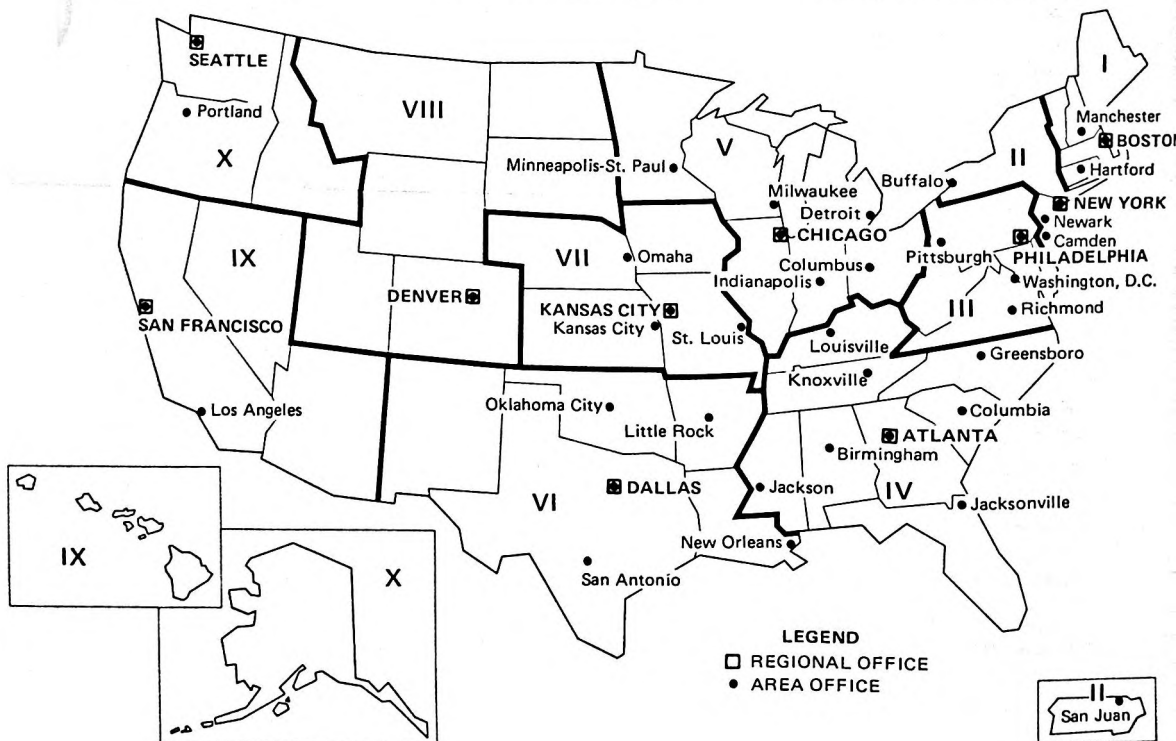
Federal Building  
19th and Stout Streets  
Denver, Colorado 80202  
Colorado, Montana, North Dakota,  
South Dakota, Utah, Wyoming  
**NO AREA OFFICES**  
**Insuring Offices:**  
Casper, Wyo.; Helena, Mont.;  
 Fargo, N. Dak.; Sioux Falls, S. Dak.;  
Salt Lake City, Utah

### Region IX

450 Golden Gate Avenue  
P.O. Box 36003  
San Francisco, California 94102  
Arizona, California, Hawaii,  
Nevada, Guam, American Samoa  
**Area Offices:**  
San Francisco, Calif.;  
Los Angeles, Calif.

### Region X

Arcade Plaza Building  
1321 Second Avenue  
Seattle, Washington 98101  
Alaska, Idaho, Oregon,  
Washington  
**Area Offices:**  
Seattle, Wash.; Portland, Oreg.





## NLC and State Leagues to Co-Sponsor Workshops

The *National League of Cities*, with *State Municipal Leagues* acting as co-sponsors, has scheduled a series of 2-day housing and community development workshops for municipal officials.

The workshops... all in the 10 Federal Regions... will be held during August and September.

They are designed to prepare local elected officials and their key policy advisory staff with knowledge regarding plans for implementation of community development and housing bloc grants, and both the necessary and recommended procedures for the most effective use of the new program, said Allen Pritchard, *NLC* executive vice president.

The following dates and locations have been selected for workshop sessions: Region 1, Sept. 16-18, Boston; Region 2, Aug. 21-23, New York; Region 3, Sept. 4-6, Philadelphia; Region 4, Sept. 4-6, Atlanta; Region 5, Aug. 26-28, Chicago; Region 6, Aug. 28-30, Dallas; Region 7, Aug. 28-30, Kansas City; Region 8, Aug. 26-28, Denver; Region 9, Sept. 11, Oakland; Sept. 23-25, Phoenix; and Region 10, Sept. 9-11, Seattle.

For registration information: Ron Gatton, *National League of Cities*, 1620 Eye Street, N.W., Washington, D.C. 20006.



## Minority Training Succeeds in N.Y.

In a full-page advertisement in the *New York Times*... The *Board of Urban Affairs* of the *New York City Building and Construction Industry* reported that its program for training minorities is the most successful in the Nation... and that the record for employing minorities in the construction industry leads all other major New York City industries. Its claim... under the voluntary local action provision of *Executive Order 11246*... is based on official Federal Government figures... and further makes the point that it was achieved without any Federal funding and... the performance in New York is compared to that of some selected other areas of the country.

In New York City... with a minority goal of 1,000... 1,600 individuals were actually enrolled... a 160 percent performance. In addition... over 1,200 minority apprentices have been enrolled in the City's building trades... and 6,500 minority workers have been accepted as journeymen into various building trades unions in the past 4 years... so that minorities now constitute more than 22 percent of the work force.



## Significant Decision

Dismissal of the suit was ordered by the *U.S. District Court* in the case of *Rachel Evans, et. al. v. Lynn, Tri State Regional Planning Commission, et. al.*, a class action by minority group residents of Westchester County, N.Y., to enjoin the disbursement of a *HUD* sewer grant and a *Department of Interior* park recreation grant to the *Town of Newcastle*, until the *Town* ceases to engage in exclusionary land use practices which allegedly exclude minority group and low-income people from residing in the *Town*. The *Court of Appeals for the Second Circuit* denied an injunction pending an appeal to be heard on September 16.

**HUD** newsletter  
OFFICE OF PUBLIC AFFAIRS  
U. S. Department of Housing and Urban Development  
Washington, D.C. 20410



August 5, 1974  
HUD-318-135-PA

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FYI

*National Legislative Conference*. . . Annual Meeting. . . Albuquerque, Aug. 12-16. Details: *NLC*, 1150 17th St., N.W., Washington, D.C. 20036.

*The University of Michigan and Michigan State Chamber of Commerce*. . . *Energy Outlook Seminar and New Products Seminar*. . . Traverse City, week of August 19. Registration: *Industrial Development Division, Institute of Science and Technology, University of Michigan*, Ann Arbor 48105. (313/764-5304).

*Urban and Regional Information Systems Association*. . . Annual Convention. . . Montreal, Aug. 19-22. Details: *URISA*, P.O. Box 1431, Wichita Falls, Texas 76307. (817/322-5611).

*Massachusetts Institute of Technology* and the *National Center for Resource Recovery*. . . Summer program. . . *Resource Recovery and Energy Recovery from Municipal and Commercial Refuse: Scientific Background, Engineering, Economics and Organization*. . . Cambridge, Mass., Aug. 19-23. Details: *NCCR*, 1211 Connecticut Ave., N.W., Washington, D.C. 20036.

*American Bankers Association*. . . *National Correspondent Banking Conference*. . . Atlanta, Sept. 8-10. Details: Ms. Judy Blum, *American Bankers Association*, 1120 Connecticut Ave., N.W., Washington, D.C. 20036. (202/467-4043).

*International Union of Building Centers*. . . Congress and General Assembly. . . Prague, Czechoslovakia, September 30-October 1. Details: *UICB Congress Secretariat*, Czechoslovak Building Centre, Malestranski namesti 23, Prague, 1.

*Boston Architectural Center*. . . *Recycling Old Buildings Conference*. . . Boston, October 18-19. Registration: *BAC*, 320 Newbury Street, Boston 02115.



#### HUD-Financed Study Wins Award

*Space Adrift*. . . a HUD-financed study describing how historic landmarks can be saved through the use of the *Chicago Plan*. . . was one of the publications cited at the annual awards luncheon of the *National Trust for Historic Preservation*. Based on a transfer of air rights when historic buildings are involved. . . the *Chicago Plan* study was written by John J. Costonis. Copies are available. . . paperback free. . . hard cover \$10 from the *Trust*, 780 Jackson Place, N.W., Washington, D.C. 20006.

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HUD-401



# HUD

## DEPARTMENT OF HOUSING newsletters

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



August 12, 1974

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Vol. 5 No. 32

### Current Trends

Short-term interest rates paid by *FNMA* and the *FHL Banks* were lowered in late July. New rates of 9 percent were announced for all maturities... down from 9.3 percent (30-179 days) and 9.25 percent (180-270) days. *Federal Home Loan Bank* rates were cut to 9.3 percent from 9.85 percent on 30- to 44-day maturities; 9.3 from 9.75, 45-59 days; 9.0 from 9.25, 60-179 days; and 8.75 from 9, 180-270 days.

Interest on 92-day *Treasury* bills... an indicator of the short-term money market... rose at the end of July to an average of 7.698 percent... up from a week earlier... but slightly below the July 15 level of 7.702 percent. On 182-day bills... the rate was 8.055 percent... compared to 8.48 percent early in July.

Interest paid at the end of June accounted for an increase of \$40 million in savings at S&L's. According to Chairman Thomas Bomar of the *FHLBB*... June 1974 was the "poorest June since 1969." Since January 1974... net new savings have totaled \$5.586 billion... compared to \$9.9917 billion for the first 6 months of 1973. Mortgage loans closed by S&L's were \$4.16 billion in June... 25 percent below the same month a year ago.



### Neighborhood Preservation to Be Studied

*HUD* has announced the award of a \$62,451 research contract to *ACTION-Housing, Inc.* of Pittsburgh to evaluate Pittsburgh's *Neighborhood Housing Services (NHS)* program. *NHS* is a neighborhood preservation effort initiated in 1968 to restore lender confidence in one of Pittsburgh's inner-city neighborhoods... the Central North Side. *ACTION-Housing* will document the experience of Pittsburgh's *Neighborhood Housing Services* program... and determine what role this program has played in stemming neighborhood decline in the Central North Side and in attracting additional private sector investment into the community.

Key elements of the Pittsburgh *NHS* program include: forming a partnership among neighborhood residents, the city government, and local institutions; and creation of a revolving loan fund by a local foundation to make high risk home repair loans to eligible Central North Side residents.

The apparent success of this partnership approach to neighborhood preservation induced the *Federal Home Loan Bank Board (FHLBB)* to adopt the Pittsburgh approach as the prototype for its current *Neighborhood Housing Services Program*. In turn... both the Pittsburgh and the *FHLBB NHS* program have served as the motivating force behind the recently announced *Urban Reinvestment Task Force* which is to encourage and assist cities in developing neighborhood preservation projects modeled on the partnership approach. *HUD* Secretary Lynn and Thomas R. Bomar, Chairman of the *FHLBB*, are codirecting this venture.

The results of *ACTION-Housing's* evaluation will be helpful to other cities interested in preserving neighborhoods before they are seriously deteriorated... and will also be of major use to the *Urban Reinvestment Task Force* in developing details of its own *Neighborhood Preservation Program*. The program is expected to last 9 months with a final reported published in March 1975.

## Recent Significant Decisions

In July... a number of decisions having a significant impact upon housing and the administration of HUD programs were handed down.

In *Commonwealth of Pennsylvania, et al. v. Lynn, et al.*, the *Court of Appeals for the District of Columbia* reversed a *District Court* decision, and held that the Secretary's decision to suspend the *Section 235* and *Section 236* programs and the *Rent Supplement* program and the termination of those programs following completion of the *Housing in the Seventies* study, were reasonable and did not constitute an abuse of discretion.

The refusal by suburban communities in the Cleveland area to enter into cooperation agreements with a metropolitan housing authority, and to accept low-rent public housing, was held by the *Sixth Circuit* in *Mahaley v. Cuyahoga Metropolitan Housing Authority*, not to violate the Constitutional rights of low-income blacks residing in Cleveland. The *Court* held that the *Housing Act of 1937* permits the municipality to decide whether low-rent housing is needed, and that there is no basis to infer discrimination by a municipality because it refuses to participate in the public housing program. The *Court* cited the *Supreme Court* decision in *Lindsey v. Normet* for the proposition that "no one has a constitutional right to adequate housing. Since a person has no right to public housing in his own city, it follows that he has no such right in a municipality in which he does not reside."

A *U.S. District Court* in New York adopted a *Special Master's Report* requiring measures to integrate a school in Coney Island by encouraging white families with school-age children to return to the neighborhood. However, the *Court* declined to order HUD to take the steps recommended by the *Master* in the area of housing and community development. HUD has agreed to cooperate with State and city agencies to achieve integration of the neighborhood within the limitations of its statutory authority and program policies.

A settlement agreement terminating the 4-year rent strike in the Stella Wright low-rent project in Newark and providing for payment of rent arrearages has been signed by HUD and local interested parties. In his opinion approving the settlement, *United States District Court* (N.J.) Judge Frederick B. Lacey was critical of the use of rent strikes in public housing where rent payments cover only a portion of the cost of the housing received.



### Racial Discrimination Cited in Land Sale

For the first time since the enactment of the *Interstate Land Sales Act*... racial discrimination has been cited in a suspension action taken by HUD. While there have been many instances of suspension of sales because of failure to disclose essential facts about developments... never before has the matter of racial discrimination been involved in a disclosure action by HUD.

*Candlewood Lake*... a development near Columbus, Ohio... has had its sales suspended for failing to disclose in its official records that... among other matters... it was being sued for racial discrimination in its hiring and sales practices. The suspension against the developer, *Whetstone, Inc.*, was announced by George K. Bernstein... HUD *Interstate Land Sales Administrator*.

As the culmination of a suit brought in *Federal Court* last November... the developer signed a consent decree with the *Justice Department* in late July to recruit nonwhite employees and solicit back customers in five Ohio cities. Failure to mention its legal difficulties in its *Statement of Record and Property Report* was one of the reasons for the suspension. Also... most of the facilities at *Candlewood Lake* were not completed by the dates designated in the official documents filed with HUD's *Office of Interstate Land Sales Registration*.

The suspension will remain in effect until adequate amendments to the *Statement of Record and Property Report* are filed with HUD and full disclosure given to prospective customers.



## Career Education Employees Selected

Six HUD career employees with potential for management and executive responsibilities have been selected for the 1974-75 *Career Education Program* by Secretary Lynn.

The employees... picked on a Department-wide competitive basis... will study for one year at selected universities and colleges starting next Fall. They will receive, in addition to their regular salary, costs of transportation, tuition, books, and other expenses incident to their studies in various technical, operational, managerial, social and economic aspects of urban development.

Since HUD started the *Career Education Program* in 1962... 70 employees have taken graduate level courses that have helped many of them move up to top level positions at HUD. In the 1974-5 program... employees and the schools they will attend are: Stephen J. Berko, 27, *Philadelphia Area Office*... Syracuse University; Mary T. George, 34, *Office of Equal Opportunity, Headquarters*... Stanford University; William E. Hallett, 31, *Denver Regional Office*... University of New Mexico; Gloria D. Horiuchi, 35, *Denver Regional Office*... Harvard University; Thomas Kilbride, 46, *Kansas City Regional Office*... University of Southern California; and Roy Max Vigil, 35, *Boston Area Office*... Harvard University.



## First Payoff of Indian Housing Mortgage

In June... Leroy Pine made his final \$120 house payment and became the first Indian in the United States to pay in full the mortgage on a mutual-help home. Mr. Pine built the house in 1967... in Busby, Wyoming. It was one of the first 10 homes to be built on the Northern Cheyenne Reservation under the jurisdiction of the first *Indian Housing Authority*... formed in 1962. Pine did much of the construction himself, although this was his first building experience.



## Home Warranty Program Launched

The *HOW* program... intended to assure home purchasers that claims made for a newly-built house are true... has begun.

*HOW* is an acronym for *Home Owners Warranty Program*... a flourishing child of the *National Association of Home Builders*... which represents most of the home construction industry in this country.

Officially launched only a few weeks ago... *HOW* has been accepted by 77 builders' associations in 24 States and is growing rapidly in popularity in the rest of the Nation.

Warranties are not yet available but will be very soon as an insurance firm... *American Bankers Company* of Miami, FL... has been selected to back the program.

Here's how *HOW* works:

It sets up a system of registering builders, monitoring their performance, resolving any builder/buyer disputes, and issuing 10-year warranties to buyers of new houses. Information about *HOW*... including the names of builder groups in the program... can be obtained from Ms. Mary Jo Douds, *HOW* Information Officer, 15th and M Sts., N.W., Washington, D.C. 20005.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Washington, D.C. 20005



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**FYI**

*Governmental Research Association* . . . Annual Convention . . . Boston, Aug. 25-28. Details: *GRA*, P.O. Box 387, Ocean Gate, N.J. 08740 (201/269-3489).

*American Public Works Association* . . . Annual Convention . . . Toronto, Ontario, Sept. 14-19. Details: *APWA*, 1313 E. 60th St., Chicago, Ill. 60637 (312/947-2520).

*International Association of Assessing Officers* . . . Annual Convention . . . San Francisco, Sept. 15-18. Details: *IAAO*, 1313 E. 60th St., Chicago, Ill. 60637 (312/324-3400).



**Amended Minimum Property Standards Published**

Amendments to *Title 24 of the Code of Federal Regulations* to establish a new *Subpart S*, entitled *Minimum Property Standards*, within *Part 200* were published in the *Federal Register* (page 26985) on July 24. The new *Standards* became effective August 1.

The *Minimum Property Standards* define the minimum level of acceptability of design and construction standards for housing built under *HUD* mortgage insurance and low rent public housing programs. The *Minimum Property Standards* are a single unified set of technical and environmental standards relating to those characteristics in a property which will provide present and continuing utility, durability, desirability, economy of maintenance, and a safe and healthful environment.

The *Standards* are oriented to types of building rather than to programs or types of occupancy. Where practicable, requirements have been stated in performance terms to permit flexibility. Dependence has been placed upon nationally-recognized building industry standards and reference to them has been employed in the several appendices to each volume of the standards.

The *Minimum Property Standards* consist of three volumes of mandatory standards: (1) One- and Two-Family dwellings; (2) Multifamily Housing; and (3) Care-Type Housing. Variations and exceptions for seasonal homes intended for other than year-round occupancy are found in volume 1. Exceptions for elderly housing are listed in volumes 1 and 2. (There is a volume 4, *Manual of Acceptable Practices*, which contains illustrative materials for the first three volumes of mandatory standards but which is not mandatory itself and is not incorporated by reference into the *Code of Federal Regulations*.)

Inquiries regarding *MPS* should be addressed to James A. McCullough, Director of the *Architectural Engineering Division of the Office of Underwriting Standards, HUD*, Washington, D.C. 20410. (202/755-5718)

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HUD NEWSLETTER  
AUGUST 12, 1974

# HUD newsletter

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



AUG 22 1974

August 19, 1974

Vol. 5 No. 33

## Current Trends

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The August 6 sale of \$555 million of tax-exempt *Local Housing Authority* bonds was at an interest rate of 6.47 percent... down from the July level of 6.87 percent... and the lowest rate since the 5.62 percent in the May sale.

*FHA-VA* and conventional commitment auctions were held on July 29. The money market experienced mixed short-term rates over the 2-week period since the July 15 auction. The weekly average rate on 90-day *Treasury* bills advanced to 7.72 percent for the week ended July 19... then dropped to 7.43 percent for the week ended July 26. Offers for *FHA-VA* mortgage commitments totaled \$151 million at the auction... compared with \$376 million submitted at the auction 2 weeks before. The average offered yield of 9.883 percent was .0666 percent higher than the previous auction. The range of yields was from 9.590 to 10.131 percent... reflecting a price of 95.99 to 92.51 for 9 percent coupon mortgages.

The *F.W. Dodge Division of McGraw-Hill* reports that the value of construction contracts in June dropped 14 percent below June 1973... down 12 percent from the seasonally-adjusted index for May 1974. The value of all contracts in June was \$8.48 billion. During the first 6 months of 1974... construction contracts totaled \$47.1 billion... a 6 percent decline from last year. Residential contracts during the month dropped 22 percent below the same month in 1973... and contracts for nonbuilding construction fell 16 percent the year-earlier figure. Declines in highway and utility construction led to the loss in this category.

A survey by the *National Association of Home Builders* showed a number of construction components continue in short supply. This is true in spite of the drop-off in housing construction. Steel deliveries are running 2 months behind... and bathroom fixtures one month. Spotty regional shortages of brick, nails, and plastic pipe are also appearing. Nationwide... builders report little difficulty obtaining concrete, concrete blocks, lumber, plywood, drywall, and paint.

In addition to shortages... price increases continue to plague home builders. The *Wholesale Price Index* for all construction materials in May jumped 14 percent over a year earlier.



## More Low-Interest Homes Available

*HUD's GNMA* has relaxed its regulations... so that more homes are being made eligible for the benefits of 7-3/4 percent *FHA*-insured and *VA*-guanteed mortgages. Under the revised regulations... it is no longer mandatory that the houses be built under *FHA* or *VA* supervision... provided the properties meet *FHA* or *VA* standards. In addition... the period of eligibility has been increased from 12 to 15 months since the completion of the new dwelling... provided it has never been occupied. However... under the law, the maximum mortgage amount insurable remains the same... \$33,000.

Currently, 7-3/4 percent financing is available for 77,000 units. Prospective home-buyers seeking the benefits of the low interest rate should inquire at any lending institution that is an approved *FHA* mortgagee.

~~NOT TO BE TAKEN  
FROM THE LIBRARY~~

## Bank Board Continues Mortgage Support

Chairman Thomas R. Bomar of the *FHLBB* has announced the last of the \$3 billion allocated for special 8 3/4 percent *Federal Home Loan Mortgage Corporation* mortgage commitments was contracted for July 16...concluding the program. Since May 20...*FHLMC* had been contracting to buy 8 3/4 percent mortgages between 3 and 12 months in the future under a program announced by the *White House* May 10 as part of a \$10.3 billion housing assistance package. In addition...Bomar announced that \$894 million of an available \$1 billion has been advanced or committed to support and encourage the housing market in the first phase of the special lending program of the *FHLB System*. Another \$500 million will be made available later this month.

This is part of a commitment by the *Federal Home Loan Bank System* to make available up to \$4 billion by the end of the year at interest rates at least 1/2 percent below the cost of the funds to the *Bank System*. Bomar cautioned that money at very high rates...such as we have today...will have a limited impact in certain regions for homebuyers, due to usury laws and other reasons.

The cost of this special effort is being borne entirely by the *Federal Home Loan Bank System*. The *Banks* are continuing their regular lending programs in addition to this special program.



## Mortgage Tax-Break Suggested

Mortgage funds...now trickling from savings banks and savings and loan associations at the lowest rate in history...may dry up completely unless savers in such institutions are given a tax break for leaving their funds there. This is a recommendation of a blue-ribbon committee of the *Philadelphia Board of Realtors* which is seeking ways of improving the mortgage picture.

Joseph J. Braceland, chairman of the committee of mortgage bankers and officers of savings institutions, said little could be done at the local level to improve the flow of mortgage funds.

One recommendation was to free from Federal income tax the interest on the first \$5,000 in an account in a savings institution. Such an exemption would approximate the \$200 credit given to a couple filing a joint return—on income from stock dividends.

A second recommendation was to permit these institutions to offer tax-free, government-guaranteed debt securities with the proceeds to be earmarked for home mortgages. Such securities would carry an interest rate of 6.5 percent...enabling savings and loan associations to make mortgage loans available at 8.5 percent interest instead of the present 9.5 to 10 percent.



## HUD Design Program to be Studied

*HUD* has awarded the *AIA Research Corporation* a contract to study and evaluate *HUD's Biennial Design Awards Program*. *HUD*...which initiated the program in 1962 to recognize superior design quality in all *HUD*-assisted plans and projects...now plans to broaden its scope and impact. In addition to the criteria of physical design and performance...entries will not be evaluated for socio-economic implications, managerial strategies and overall impact of the structure on the community.

The *Research Corp.* study will identify alternative criteria and methods of evaluation to meet these new objectives of the design awards program. The results of the study are also expected to have applications in a wide range of future *HUD* programs and plans.

An interdisciplinary group of consultants from the fields of architecture, planning, management, and the social sciences will provide input reflecting every aspect of the design process. In mid-October...some 75 professionals will meet at *AIA* headquarters to review the criteria and evaluation methods developed in the study. Information generated at the conference will be incorporated in a final report of recommendations to *HUD*.

## Moisture Study Funded

The moisture that gets between the sealed panes of insulated glass windows and doors... where it can't be reached... not only creates fogging and frustration... it is also expensive... because moisture conducts heat... and heat loss or gain in homes and buildings is costly. This results in higher heating and cooling bills for homeowners... and a continued erosion of energy supplies. This moisture film is unnecessary and can be eliminated through continued research.

According to HUD Assistant Secretary Michael H. Moskow, there are no industry-wide performance standards for insulating glass, and until recently, no way to predict the "life" of a sealed glass unit... that point at which the seal allows moisture to enter. But now... under research being done by the *American Society for Testing and Materials (ASTM)*, in cooperation with the *National Bureau of Standards*... a device has been developed that will make precise measurements of the "dew-point" of insulating glass. HUD, which has a \$50,000 share in that research, is particularly interested in the development of procedures to strengthen the quality control standards in the manufacture of sealed insulating glass. The manufacturers themselves... along with component suppliers and others... have been active participants in the insulating-glass research program. Now that HUD's *Minimum Property Standards* include more stringent requirements to save energy and reduce operating costs, it is more important than ever that objective insulating-glass performance standards be used to evaluate these products.

The establishment of standards will also make it more feasible for architects to specify the use of insulating glass in structures... which many have been reluctant to do in the absence of performance standards.



## Subsidence Reports Available

A new technique has been developed for filling abandoned mines which may reduce the threat of land subsidence, or cave-in, posed by crumbling caverns under some 4.5 million acres of land across the Nation. A HUD report has been issued which describes a successful demonstration of the new backfill technique in *Rock Springs, Wyo.*, a community built over abandoned coal mines. The report... *Demonstration of a Technique for Limiting the Subsidence of Land Over Abandoned Mines*... outlines the new closed-system hydraulic technique involving high-velocity pumping of crushed solid materials and water into mine cavities.

"The applicability of this technique to urban areas is of key importance," said Michael H. Moskow, HUD Assistant Secretary for Policy Development and Research (PD&R). "As of 1970, it was estimated that more than 158,000 acres in urban localities had experienced subsidence, causing homes, utilities, and pavements to crack and cave in, with much human suffering and loss of property values."

Rock Springs' own history of subsidence dates back to 1967, when earth shifts in the community of 13,000 people broke water mains, gas lines, severely damaged homes, and drastically reduced property tax values.

Single free copies of the report can be obtained from the Department of Planning, Engineering and Community Development, 444 N Street, Rock Springs, Wyo. 82801.

A supplementary technical report on the project can be purchased for \$3.00 from the *National Technical Information Service (NTIS)*, 5285 Port Royal Road, Springfield, Virginia 22151. The NTIS order number is PB 212708.

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## **FYI**

*Town Affiliation Association*. . . Annual Convention. . . Phoenix, Sept. 18-21. Details: TAA, 1612 K St., N.W., Washington, D.C. 20006. (202/293-7360).

*State of Oregon Housing Division and Council of State Housing Agencies*. . . *Western States Conference on the Creation and Operation of a State Housing Finance/Development Agency*. . . Portland, Ore., Sept. 19-20. Registration: *Western States Housing Conference, Division of Continuing Education*, 565 Capitol N.E., Salem, Oregon 97310.

*American Public Welfare Association and American Association of Information Systems Management*. . . Annual Convention. . . St. Thomas, Virgin Islands, Sept. 25-28. Details: *American Public Welfare Association*, 1155 16th St., N.W., Washington, D.C. 20036. (202/833-9250).

*National Association of Housing and Redevelopment Officials*. . . Annual Convention. . . Boston, Sept. 29-Oct. 2. Details: *NAHRO*, 2600 Virginia Ave., N.W., Washington, D.C. 20037, (202/333-2020).

*International Technical Cooperation Center and the Association of Engineers and Architects in Israel*. . . *International Conference on Housing for the Emerging Nations*. . . Tel Aviv, December 17-20. Information and registration: *ITCC Secretariat*, 200 Dizengoff Street, Tel Aviv, Israel.



### **Mobile Home Survey Begins**

*HUD* has signed a contract with the *Census Bureau* to undertake a new monthly survey of the location of new mobile homes sold in the United States, and the total expenditures on them. The \$161,000 contract with *Census* will provide for the first year of survey work to determine when and where new mobile homes are placed on site. . . ready for occupancy.

Previous information on the numbers, sizes, types, and sales prices of new mobile homes. . . provided by the *Mobile Home Manufacturers Association*. . . covered only the manufacturing and shipment of mobile homes from manufacturers to dealers and to land developers. The new survey will carry the process to the final step. . . the retail sale of a mobile home by a dealer and the placement of that home on the site for use by its first occupant. . . the housing consumer. Eventually, the monthly survey also will provide information on the various characteristics of the mobile home and its site, and on how it is financed.

Data from the survey will be made available on a continuing basis by *Census* in one of its construction reports as a joint publication of the *Department of Commerce* and *HUD*.

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HUD NEWSLETTER  
AUGUST 19, 1974



# HUDnewletter



August 26, 1974

## Current Trends

June was the poorest month for deposits in savings and loan associations since 1969, *FHLBB* Chairman Thomas R. Bomar announced. Federally insured S&Ls gained \$40 million in June... only 4 percent of the inflow for June 1973... and only 10 percent of the inflow in May of this year. Because of the drop in deposits, lenders have tapped \$3 billion of the special 8.75 percent loan commitments made available by the President in May through *Freddie Mac*. Lenders also have used \$894 million of the \$1 billion offered thus far as advances from the *Federal Home Loan Banks*.

Secretary Lynn has announced that... effective August 14... the maximum allowable interest rate for mortgages insured by *HUD's FHA* will be increased to 9½ percent. The current rate is 9 percent, set on July 8, 1974. The further increase in the maximum allowable interest rate was necessitated by the continuing increase in effective mortgage market yields, the Secretary said. With the maximum allowable interest rate ceiling at 9½ percent... the number of points charged on *FHA*-insured mortgages should be substantially reduced from the 6 to 8 points being charged under the present 9 percent rate. That higher number of points... which in effect represent prepayments of interest... discourages both buyers and sellers from using *FHA* loans. The new 9½ percent rate was determined after consultation with Donald Johnson, Administrator of the *Veterans Administration*, who simultaneously announced a similar increase in the maximum rate of GI home mortgage loans.

The *FHLBB* sold three short-term bond issues at interest rates above 9 percent. The total amount involved was \$1.8 billion... and maturities are in 1976, 1977, and 1978.

Continuing the recent downward trend... July housing starts were at the seasonally-adjusted rate of 1.335 million units.



## Elderly Homeowner Taxes Studied

*HUD* has announced a study of property tax relief measures that could keep older people from being forced into selling their homes. A \$203,000 research effort is aimed at reducing economic pressure on some 13 million older Americans who own their homes and might have to sell them because of mounting property taxes.

While 85 percent of these homes are debt-free... most older people live on fixed incomes, and the increasing burden of property taxes often forces the sale of a home the elderly person would prefer to keep. Development of property tax relief measures for the elderly was recommended by the *White House Conference on Aging* in 1971... and while many jurisdictions have instituted such measures, they have not evaluated their effect.

Under terms of the 15-month contract, *ABT Associates* of Cambridge, Mass., will survey existing measures of tax relief for the elderly on Federal, State, and local levels and evaluate their effectiveness in helping elderly homeowners keep their homes. *ABT* also will make recommendations for expanding or improving these existing measures, or for developing a model system which States can adapt to their own tax situation. The Study will also assess the impact of existing and proposed property tax relief systems for the elderly on the jurisdictions involved.

## RESSI Moves to Wash.

Headquarters of the *Real Estate Securities and Syndication Institute (RESSI)*, an affiliate of the *National Association of Realtors*, has moved from Chicago to Washington.

*RESSI* is the newest affiliate of the *Realtors Association*. . . and was organized to provide publications, educational courses, and services for those involved in marketing of real estate syndications and other forms of real estate securities.

*RESSI* now has more than 1,200 members throughout the U.S. For more information, write to *Real Estate Securities and Syndication Institute*, c/o *National Association of Realtors*, 925 15th St., N.W., Washington, D.C. 20005.



## Ford Foundation Grants

In recognition of the emergence of black political leaders, particularly in large cities and throughout the Southeast. . . which is a major consequence of the civil rights movement of the 1960's. . . the *Ford Foundation* has increased its grant program in the field of minorities in government. Nearly 3,000 blacks currently hold elective office (out of a total of 500,000 such offices). . . up from 1,200 five years ago. Recent *Foundation* grants aimed at increasing minority representation and expertise in State and local government have gone to:

- *The Joint Center for Political Studies of Howard University*. . . a \$1,089,000 two-year supplement for research, education, and technical assistance to improve the participation and effectiveness of minorities in government. Established in 1970 by *Howard* and the *Metropolitan Applied Research Center*. . . the *Center* has helped minority officials solve recruitment and management problems, arrange conferences, and negotiate grants and contracts with Federal agencies. It has conducted studies on the effect of revenue sharing on the minority community, problems of southern black mayors, and municipal budgeting. An increasing portion of the *Center's* income is coming from contracts with Federal agencies and from other foundations. A separate \$75,000 grant will help the *Center* establish an experimental program of public policy studies in which two visiting scholars will spend a year investigating the effect upon blacks of such issues as energy policies and health care. For further information: Eddie N. Williams, *Joint Center for Political Studies*, 1426 H St., N.W., Washington, D.C. 20005.

- *The American Society for Public Administration (ASPA)*. . . a four-year \$500,000 supplement to provide fellowships for some 75 minority students at 15 universities. Initiated 3 years ago. . . the program has sponsored the graduate study by 156 blacks, Mexican Americans, Puerto Ricans, and American Indians. To date, 65 have graduated with Master's degrees, taking jobs with such agencies as the *County of Los Angeles*, *Jacksonville's Office of Intergovernmental Affairs*, the *Massachusetts Office of State Planning and Management*, *Wichita's Urban Renewal Agency*, and the *Oakland (Calif.) Police Department*. The *ASPA* fellowships are part of a *Foundation* program to increase minority representation in urban professions—architecture, urban planning, and public administration. The effort. . . totaling \$4.5 million. . . is expected to produce about 500 graduates—a noticeable dent in those professions—by the time the final grant expires in 1978. For further information: Seymour Berlin, *American Society for Public Administration*, 1225 Connecticut Ave., N.W., Washington, D.C. 20036.

- *The International City Management Association*. . . \$110,450 to establish an office to recruit and place minorities in key urban administrative jobs. Most minorities trained in public administration move into Federal jobs, where the pay scales are higher, or into State and local government staff positions such as community relations specialists, special assistants to mayors and other officials, and equal opportunity recruiters. Few occupy top "line" positions, for example, only four of the country's 2,000 city managers and chief administrative officers are black. The new office will identify and steer new graduates into local government and help those already in service to upgrade their skills and move up to the local government management ladder. For further information: Mark Keane, *International City Management Association*, 1140 Connecticut Ave., N.W., Washington, D.C. 20036.

## Publication Available

The *Federal Home Loan Mortgage Corporation* has issued its *Annual Report for 1973*. The *Report* presents a photographic essay on housing in America as "a tribute and a challenge to the housing industry," and discloses the following end-of-year statistics for **FHLMC**:

- mortgage purchase commitments issued in 1973: \$1.630 billion.
- mortgage portfolio at year-end: \$2.6 billion.
- conventional mortgage purchases in 1973: \$998 million (75 percent of total).
- average cost of debt at year-end: 6.94 percent.
- average maturity of debt at year-end: 8.6 years.
- average portfolio yield at year-end: 7.65 percent.
- equity and retained earnings at year-end: \$121,315,000.

It is available without charge from the *FHLMC*, Washington, D.C. 20552.



## House Prices Rise

Statistics compiled by the *National Association of Realtors* show that the supply of homes at prices below \$30,000 is dwindling. The percentage of existing single-family homes sold in lower price ranges during the second quarter of 1974 was down sharply from 1973 and 1972... and from the first quarter of 1974. During the second quarter... 55.3 percent of the existing home sales were above \$30,000. In contrast... in the second quarter of 1973, 46.2 percent of the sales were in the higher price categories.

The statistics are based upon reports from 123 market areas... and show the median price of homes sold during the second 1974 quarter was \$32,210... up 11.2 percent from the \$28,830 reported from the same period in 1973 and 19.9 percent from the \$26,860 figure for existing single-family homes in 1972 and percentage increases for the second quarter were greater than those in the first. During the first quarter of 1974... the median price was \$30,880... up 10.1 percent from the 1973 level of \$27,960 and 15 percent from 1972.

These are the percentage distribution figures in the various price categories:

Price Class	1972 2nd Quarter	1973 2nd Quarter	1974 2nd Quarter
\$9,999 or Under	2.9	2.3	1.9
\$10,000-\$12,499	3.1	2.3	1.7
\$12,500-\$14,999	5.1	3.9	3.0
\$15,000-\$17,499	6.6	5.4	4.1
\$17,500-\$19,999	8.5	7.3	6.0
\$20,000-\$22,499	7.8	7.1	5.8
\$22,500-\$24,999	9.9	9.3	7.4
\$25,000-\$29,999	16.4	16.2	14.8
\$30,000-\$39,999	20.8	21.8	24.2
\$40,000-\$49,999	9.8	11.7	14.0
\$50,000 and over	9.1	12.7	17.1

**HUD** newsletter  
OFFICE OF PUBLIC AFFAIRS  
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August 26, 1974  
HUD-318-138-PA

Published weekly by the U.S. Department of Housing and Urban Development... James T. Lynn, Secretary... William I. Greener, Jr., Assistant to the Secretary for Public Affairs... James C. Biller, Editor. Subscription rate \$7.30 per year, domestic... \$9.15 foreign. Address all communications regarding subscriptions, changes of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

## National Forest Products Week

The President issued a proclamation calling on the people of the U.S. to observe the week beginning October 20, 1974, as *National Forest Products Week*. Activities and ceremonies during the week are scheduled to give recognition and emphasis to the importance of forest resources and forest products to the Nation.



## Environmental Study Announced

The effect of the *Bay Area Rapid Transit (BART)* system on environmental quality in the San Francisco Bay area and its impact on the lives of people living near the rail line will be evaluated under a \$340,900 Federal contract. Award of the contract to the *San Francisco Bay Area Metropolitan Transportation Commission (MTC)* and its subcontractor... *Gruen Associates, Inc.* of Los Angeles... has been announced jointly by the Department of Transportation and HUD. The 15-month contract is one of six projects to be conducted under the *BART* Impact Program. The six projects make up the comprehensive, long-range, program to determine how the system and related changes affect land use and urban development, the environment, travel condition, economic activity, public policies, and other aspects of life in the metropolitan region.

Michael H. Moskow, HUD Assistant Secretary for Policy Development and Research, said this MTC contract will provide definitive answers to four questions:

- What impact has *BART* had on noise levels, use of energy resources, air pollution, community appearance, and other environmental qualities?
- What are the effects of these impacts on the people who live near the system and what are their perceptions, attitudes, and behavioral responses to these impacts?
- Why have some perceived impacts on the environment taken place and why have some anticipated impacts not occurred, or occurred to a lesser degree than expected?
- How can the fullest local and national benefits be obtained from understanding *BART's* environmental impacts?

The contract will not evaluate the *BART* system itself, but will seek to identify and measure the impacts that the system has had on the physical environment... as well as the social and psychological consequences of these environmental impacts.

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September 2, 1974

Vol. 5 No. 35

## Current Trends

Mortgage loan acquisitions for the year 1973 totaled \$55.4 billion... 8.6 percent below the 1972 record. Mortgage lending peaked during the first half of the year; the number of loans closed and purchased by S&Ls associations during the second half was 29.7 percent below the total for the final 6 months of 1972.

In July... withdrawal of savings from Mutual Savings Banks came to \$725 million... the largest single month's outflow since the initiation of the monthly reporting series in 1947. The previous record outflow was \$651 in August 1973.

Urban renewal project notes totaling \$414 million... representing 109 Local Housing Authorities... were sold in mid-August, at an average interest rate of 6.3289 percent. Maturities of the 111 issues ranged up to one year with one-year notes accounting for 43.1 percent of the total amount sold. Average maturity for all notes was 8.2 months. The average interest rate for the \$330 million of project notes sold in mid-July was 6.7095 percent.



## Minority Birth Rate Drops

The birth rate is falling faster for certain minorities... including blacks... than for Americans generally, according to two studies published by the *Planned Parenthood Federation*.

As has been earlier reported... the U.S. birth rate has fallen sharply in recent years, to 15 births per 1,000 population in 1973 from 21.7 births in 1963 and 25.1 births in 1953.

The studies were conducted by James A. Sweet, a *University of Wisconsin* sociologist, and Frederick S. Jaffe, an official of *Planned Parenthood*.

Groups that traditionally have had the highest fertility rates have shown the sharpest declines. Between 1960 and 1970, the fertility of blacks fell 37 percent, American Indians 45 percent, and Spanish-surname Americans 30 percent... compared with a 27 percent decline for urban whites.

The birth rate for minorities and the poor is still higher than for most whites, the studies note.

The faster decline for minorities could have important social implications, said Messrs. Sweet and Jaffe. For one thing, certain cities and neighborhoods may lose population much faster than others. Said Mr. Sweet, "With the rate of natural increase rapidly approaching zero in many areas, communities that were growing may find themselves in stasis" (with a stable population), "and areas which were barely holding on to their populations face accelerated declines."

In many cities, added Mr. Sweet, the number of babies is only 60 percent that of a decade ago. "This means that the educational system, without any increase in aggregate real expenditure, has the opportunity of making a rather substantial increase in investment per child," he concluded.



## 1974 Housing Bill Becomes Law

On August 22... President Ford signed into law the *Housing and Community Development Act of 1974* significantly affecting Federal involvement in community development and urban and rural housing.

Beginning in 1949 Congress enacted a series of Federal grant programs, directed at a narrow category of community development activities: urban renewal, rehabilitation loans, public facility loans, open space land, neighborhood facilities, water and sewer grants, urban beautification, historic preservation, model cities, and neighborhood development programs. All of these involved a process of applications on a project-by-project basis followed by extensive Federal review.

*Title I of the 1974 Act* consolidates all of these categorical programs and eliminates the narrow, rigid purposes for which communities can spend Federal grant funds. The *Bill* allocates funds on a formula based on population, housing overcrowding, and poverty (counted twice) for cities over 50,000 and urban counties and provides limited assurances that communities will continue to receive funds at levels of the recent past. In addition, it earmarks special discretionary funds for smaller communities in each metropolitan area and for rural communities in each State, and reduces application requirements and Federal review of applications.

### Act Has Two Main Objectives

Specifically, the *Act* has two goals:

a. To develop viable urban communities by providing decent housing and a suitable living environment... and expanding economic opportunities... principally for persons of low and moderate income.

b. To further national growth policy by consolidating programs so as to provide aid annually with certainty and minimum delay. Funds for the new program will become available January 1, 1975. Federal disbursement limitations are as follows: \$2.5 billion in FY 1975; \$2.95 billion in FY 1976; \$2.95 billion in FY 1977. Congress has not yet appropriated funds under these authorizations. Up to \$50 million for fiscal years 1975 and 1976, and \$100 million for FY 1977, will be authorized for transition grants to communities with urgent community development needs that cannot be met through the *Act's* allocation provisions.

States, cities, counties, other units of general local government (including designated public agencies) and new community entities are eligible.

To secure funding, a community must file an annual application for Federal approval which provides and describes a three-year plan showing community development needs and objectives and a comprehensive strategy to meet those needs, including: (a) a program to eliminate or prevent slums, blight, and deterioration, (b) a housing assistance plan; and, (c) compliance with civil rights legislation and provisions for adequate citizen participation.

### HUD Will Review Programs Annually

Applications will be deemed approved after 75 days unless *HUD* issues notification to the contrary. *HUD* will review programs at least annually and may make adjustments where recipients fail to carry out programs or conform to law. Environmental factors will be taken into consideration.

Allocation of funds will be based on population, the amount of housing overcrowding and extent of poverty with 80 percent to metropolitan areas and 20 percent to non-metropolitan areas. Cities and counties that have been receiving a higher level of funding under prior programs will continue to receive this higher level (will be "held harmless") during the first three years. Cities receiving a lower level of funding under prior programs will be phased in by thirds over the first three years. Other provisions in the *Act* cover smaller communities that have no previous formula entitlement.

(continued)

## HUD May Guarantee States' Taxable Borrowing

Subject to an appropriations act, *Title VIII of the Act* authorizes **HUD** to guarantee, up to \$500 million, taxable borrowings of State housing and development agencies for use in slum area revitalization and to make interest differential payments on the taxable borrowings of such agencies.

### Housing

To increase the availability of mortgage credit, for homebuyers, the *Act* provides authority to extend all of the unsubsidized *FHA* mortgage insurance programs until June 30, 1977 and substantially increase the size of mortgages that can be insured by *FHA*, from \$33,000 to \$45,000 and loans by savings and loan associations—from \$45,000 to \$55,000 for single family homes. In addition, the *Act* increases the size of mortgage loans that can be purchased by the *Federal National Mortgage Association (Fannie Mae)* and the *Federal Home Loan Mortgage Corporation (Freddie Mac)*—from \$35,000 to \$55,000; and, the *Government National Mortgage Association (Ginnie Mae)* from \$33,000 to \$38,000 for single family homes. Downpayments required on *FHA*-insured mortgages will be lowered from \$3450 to \$1750 on a \$35,000 home.

Authority to insure mortgages under the *Section 235* interest subsidy homeownership program and the *Section 236* interest subsidy rental program was extended to June 30, 1976. The *Act* reestablished the old *Section 202* program of direct loans for elderly projects but only to the extent approved in appropriation acts. The *Act* authorizes **HUD** to transfer *HUD*-held properties to communities for use in urban homesteading programs.

### Public Housing Projects to Be Modernized

The operation of existing public housing needs substantial improvement in many situations. *Title II* makes a start in this direction by provisions authorizing funding of over \$400 million for modernization of projects; increased operating subsidies up to \$500 million for this fiscal year; and, establishing the principle that all tenants must pay some rent. Housing authorities are authorized to establish a "mix" of tenant incomes so that the aggregate rent paid to the authority equals 20 percent of aggregate tenant income. Lower income families will receive housing assistance through 400,000 units of existing substantially rehabilitated or new housing. This program's formula calls for the Government to defray the difference between what the family can afford and what it costs to rent a unit in view of the market. Maintenance of units will be the responsibility of private owners.

### Other Provisions

The *Act* prohibits discrimination in housing and mortgage credit lending on the basis of sex and require lenders to consider more income of a spouse.

After consultation with the *Consumer Product Safety Commission*, **HUD** is authorized to issue national standards with respect to the safety, quality, and durability of mobile homes, to enforce such standards and to require the repair defects.

The *Act* contains a number of additional provisions, including amending the *Section 701* comprehensive planning program, the new communities program and several sections relating to rural housing, establishing a *National Institute of Building Sciences* to develop and evaluate criteria for housing and building regulations, authorizing a solar energy demonstration program and directing the study of possible abuses in condominium and co-operative housing.

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**FYI**

*The George Washington University* in cooperation with the *American Society of Civil Engineers*. . . *Seminar on Residential Architectural Design to Meet New Flood Control Requirements*. . . Washington, D.C., Sept. 24-25. Registration: Director, *Continuing Engineering Education Program*, *George Washington University*, Washington, D.C. 20006.

*National Trust for Historic Preservation*. . . *Annual Convention*. . . Portland, Ore., Oct. 2-6. Details: *National Trust for Historic Preservation*, 740-748 Jackson Pl., N.W., Washington, D.C. 20006. (202/382-3304)

*Water Pollution Control Federation*. . . *Annual Convention*. . . Denver, Oct. 6-11. Details: *W.P.C.F.*, 3900 Wisconsin Ave., N.W., Washington, D.C. 20016. (202/3624100)

*Urban Land Institute*. . . *Semi-annual Convention*. . . Kansas City, Kans., Oct. 7-9. Details: *ULI*, 1200 18th St., N.W. Washington, D.C. 20037 (202/331-8500)

*American Institute of Architects*. . . *Architects in Industry Seminar*. . . Palm Beach, Fla., Oct. 7-9. For further information, write or call: Maurice Payne, *AIA*, Director of Design (202/785-7364), or Evagene Bond, PR Projects Director (202/785-7267); *American Institute of Architects*, 1735 New York Avenue., N.W., Washington, D.C. 20006.

*National Association of Home Builders*. . . *Fifth Annual Apartment and Condominium Conference*. . . San Francisco, September 22-25. A number of HUD officials will participate. Registration: *NAHB Convention and Meetings Department*, National Housing Center, Washington, D.C. 20005.



#### Future of New Communities

*The future of New Communities in America is tied to acceptance by and approval of States and local governments*, Alberto F. Trevino, Jr., General Manager, *Community Development Corporation*, HUD, recently told a New Towns Symposium in San Diego. He said that New York State has taken the lead in officially recognizing the growing importance of New Towns by creating a State agency—the *Urban Development Corporation*—whose operations include New Towns. . . New Communities may be the laboratories in which solutions will be discovered for some of the more perplexing problems now threatening continued urbanization of America.

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# HUD newsletter

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September 9, 1974

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Vol. 5 No. 36

## Current Trends

The seasonally adjusted annual rate of building permits issued declined in July to 1.043 million units from a 1.106 million unit rate in June. The July permit rate was 42.5 percent under the 1.814 million units in the same month last year. Single family permits declined 7.9 percent to 621,000 units from a 674,000 unit rate in June. Single family permits showed a 31.2 percent decline from the 902,000 units in July 1973. The multifamily permit rate dropped 2.3 percent to 422,000 units from 432,000 units in July. July permits for multifamily were 53.7 percent below the 912,000 unit rate in the same month last year.

The June seasonally adjusted annual rate of mobile home shipments declined 2.2 percent to 441,000 units from 451,000 units in May.

Effective interest rates on *FHA*-insured and *VA*-guaranteed home loans closed were higher during the first week of July than they were a month earlier. The effective interest rate on loans closed was 9.35 percent... compared to 9.21 percent in early June. Similarly, the effective interest rate on new commitments to make federally underwritten home loans rose to 9.39 percent, 10 basis points above the 9.29 percent rate reported in early June.

Nonresidential construction activity in the first half of 1974 remained strong. Preliminary estimates of value of construction put in place show that it was up 13.0 percent, from 1973's first half total of \$35.8 billion to \$40.5 billion for 1974.

The *FHLBB* reports that the recent trend of deposit losses in savings and loans continued in July. Net withdrawals for the month were \$582 million... the largest savings loss since August 1973... when the decrease was more than \$1 billion. Consequently... actual mortgage lending and future commitments were reduced during the month by the associations... which are the largest source of home financing funds in the Nation. The continuing loss of deposits by the savings associations has resulted from competition from higher yielding bonds, notes, and securities.

During the first 3 weeks of August... many California savings and loan associations boosted their prime mortgage rate on single-family dwellings to a record 10¼ percent to 10½ percent. Most California *S&Ls* report that they aren't making many home loans these days, and, when they do, they are trying to stick with established customers. "In effect what we're saying is we don't have any money, so what difference does it make if the prime is 10 percent or 10¼ percent?" asked one *S&L* executive.



## Environmental Improvement Month Set

September 15 to October 15 has been designated as this year's Johnny Horizon "month." Sponsors, cooperating agencies, and organizations are encouraged to expand the list of environmental action and awareness projects carried out during this period. Activities encouraged during *Environmental Improvement Month* include planting trees and flowers, ridding the neighborhood of rats, cooperating in neighborhood recycling programs, riding a bike, starting a carpool, or taking a bus to work. Many organizations will sponsor litter cleanups, too.

*Johnny Horizon '76* is a nation-wide, action-oriented environmental awareness program to clean up America for our 200th birthday... then keep it clean!



## Assessment Procedures Study Announced

New approaches to property taxes that could benefit local governments and taxpayers alike will be developed and tested under a \$415,000 HUD research contract. The *International Association of Assessing Officers (IAAO)* will survey and analyze the property tax assessment procedures of more than 200 local governments. On the basis of this research... IAAO will produce a handbook on alternative assessment practices that local governments can use to improve both the yield and equity of their own property tax collection systems.

The project is part of HUD's effort to help strengthen local governments by developing useful management tools for local officials.

Property taxes now account for 85 percent of all locally-raised revenues and IAAO will document the performance and cost of different assessment techniques; develop recommendations for improving assessment administration; and provide recommendations for improved monitoring of assessment performance. The resultant handbook will then be tested with several local governments, refined, and transferred to potential users both directly and through IAAO workshops and seminars.

For further information: Richard Almy, Director of Research and Technical Services, *International Association of Assessing Officers*, 1313 East 60th Street, Chicago, Illinois 60637.

## A-E Primer on Federal Contracts Published

The second edition of *Contracting with the Federal Government/A Primer for Architects and Engineers* has just been published by the *Committee on the Federal Procurement of Architect-Engineer Services (COFPAES)*.

The comprehensive document provides a full explanation of the A-E procurement process used by the Federal Government... and contains a listing of Federal agencies which contract for A-E services, an explanation of how Government agencies select and negotiate architect/engineer agreements, and copies of Federal regulations covering A-E contracts. It also includes reviews of standard A-E contract clauses, a discussion of Federal fee arrangements and how they are set, and a compendium of publications and periodicals to which A-E's interested in Federal work should subscribe.

Member organizations of COFPAES are the *American Consulting Engineer Council*, the *American Institute of Architects*, the *American Road Builders Association*, the *American Society of Consulting Engineers*, and the *National Society of Professional Engineers*.

Cost of the primer is \$10. Orders must be accompanied by a check to COFPAES, 9170 Brookville Road, Silver Spring, Md. 20910.



## Publications Available

*Urban Studies and the University-the Ford Foundation Experience*... A reprint of a Statement regarding the Foundation's grants to universities, by William C. Pendleton. Mr. Pendleton is a program officer in the office of Urban and Metropolitan Development at the *Ford Foundation*.

Copies of the reprint... as well as a complete list of *Foundation* publications... may be obtained free from the *Ford Foundation, Office of Reports*, 320 East 43 Street, New York, N.Y. 10017.

*A Guide for Codes Adoption and Code Enforcement*... a series of 10 articles written by Daniel M. Taylor and published in *Southern Building* is now available in reprint booklet form.

Copies may be obtained by written request to the *Assistant Regional Administrator for Community Planning and Management, HUD, Region IV*, 1371 Peachtree St., N.E., Atlanta, Georgia 30309.



## Leased Housing Seminars

Comprehensive one-day seminars on the \$11.2 billion *Housing and Community Development Act of 1974* will be held in New York City on October 4th, Houston on October 9th, and San Francisco on October 11th. The landmark legislation... signed by President Ford on August 22... restructures Federal housing and community development programs. The seminars are sponsored by the *Section 23 Leased Housing Association*... a national organization of 170 State and local housing authorities, developers, and financiers involved in leased housing and development activities.

Key changes in the *Act* to be discussed include a new leased housing program (formerly known as Section 23)... as well as the new Community Development block grant program to replace the *Model Cities*, *Urban Renewal*, and *Neighborhood Development Programs*... and comprehensive Federal guarantees for State Agency financing. Other significant features of the *Act* will be analyzed.

Speakers include various HUD officials, State and local officials, and others involved in housing and community development programs. Charles L. Edson of Lane & Edson, General Counsel to the *Section 23 Leased Housing Association*, will serve as seminar chairman. Each program will begin at 9:30 a.m.

For more information: *Section 23 Leased Housing Association*, Suite 707, 1025 Connecticut Ave., N.W., Washington, D.C. 20036. (202/833-2327)



## Trash as an Energy Source

Homes of the future may be heated and cooled with trash as a result of a Federally-backed energy experiment getting underway early next year in Jersey City, N.J. Some 5 tons of household trash generated daily in the HUD-sponsored *Summit Plaza Apartments* will be incinerated in a unique heat-energy recovery system that uses waste heat and converts it into energy for heating and cooling buildings in the 6.5-acre residential-commercial complex.

The study... designed by HUD... in cooperation with the *Federal Energy Administration (FEA)*, as part of a larger HUD-directed energy conservation demonstration already underway at the Newark Avenue site.

When added to a total energy plant operating on-site since December 1973, the innovative solid waste-energy recovery system will work like this: the heat generated by advanced incineration methods will be captured, instead of being discharged into the air, and recycled through the total energy system where it will be converted into hot water and energy for absorption refrigeration machines which, in turn, produce chilled water for air conditioning. The process will produce energy for heating during the winter months. All solid waste is transported from the site to a central location by an automated, underground pneumatic trash collection system.

In addition to the solid waste energy demonstration in Jersey City... HUD and FEA have agreed to study further other possible advances in the technologies of integrated utility systems. For further information: Write to HUD's *Division of Publications and Information*, Room 1202, Washington, D.C. 20410.

**HUD** newsletter  
OFFICE OF PUBLIC AFFAIRS  
U.S. Department of Housing and Urban Development  
Washington, D.C. 20410



September 9, 1974  
HUD-318-140-PA

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FYI

*National Savings and Loan League*... Annual Meeting... Honolulu, Oct. 13-16. Details: *NSLL*, 1200 Seventeenth St., N.W., Washington, D.C. 20036. (202/659-1955)

*Producers' Council*... National Member Conference... Colorado Springs, Oct. 15-17. Registration: *Producers' Council*, 1717 Massachusetts Ave., N.W., Washington, D.C. 20036.

*American Public Transit Association* (merger of the *American Transit Association* and the *Institute for Rapid Transit*)... Annual Convention... New York, Oct. 13-17. Details: *American Transit Association*, 475 L'Enfant Plaza, S.W., Washington, D.C. 20024. (202/484-5410)

*International City Management Association*... Annual Convention... Dallas, Oct. 13-17. Details: *ICMA*, 1140 Connecticut Ave., N.W., Washington, D.C. 20036. (202/293-2200)

*International Personnel Management Association*... Annual Convention... Montreal, Oct. 13-17. Details: *IPMA*, 1313 E. 60th St., Chicago, Ill. 60637. (312/324-3400)

*National Recreation and Park Association*... Annual Convention... Denver, Oct. 20-25. Details: *NRPA*, 1601 N. Kent St., Arlington, Va. 22209. (703/525-0606)

*U.S. Conference of City Health Officers*... Annual Convention... Theme: *Planning for Health of Poor and Non-White Americans*... New Orleans, Oct. 21. Details: *U.S. Conference of City Health Officers*, 1620 Eye St., N.W., Washington, D.C. 20006. (202/293-7300)



#### New Minimum Property Standards Available

New *FHA* mandatory *Standards* have been published in three volumes:

*Volume 1, MPS for One- and Two-Family Dwellings, 4900.1*

*Volume 2, MPS for Multifamily Housing, 4910.1*

*Volume 3, MPS for Care-Type Housing, 4920.1*

The *MPS* will be revised four times each year. Supporting back-up data to the *MPS* are contained in a guidance document, the *Manual of Acceptable Practices, 4930.1*.

The *MPS* are sold by the *Superintendent of Documents*, Washington, D.C. 20402. The price includes the *MPS*, quarterly revisions for 3 years, and mailing charges. Prices are: 4900.1-\$10.25; 4910.1-\$8.95; 4920.1-\$7.45; and 4930.1-\$22.15.

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HUD-401





SEP 18 1974

WASHINGTON, D.C. 20410

September 16, 1974

Vol. 5 No. 37

## Current Trends

Interest yield on the bellwether *Treasury* notes have dropped. Latest bid for the 13-week notes was 9.02 percent. . . down from 9.60 a week earlier. The *FHLBB* lowered the rate it pays on its consolidated 60-89 day discount notes to 10.9 percent. . . from 11.25. These notes are sold by the *Board* to finance its mortgage-market operations.

The *Conference Board* reports a substantial increase in authorizations of new capital outlays for plant and equipment by the Nation's 1,000 largest companies. While much of the increase is concentrated in such industries as petroleum, nonferrous metals, paper, and chemicals. . . many durable goods manufacturers are likewise planning expansions. As would be expected. . . automotive and steel makers are not planning major new facilities at this time.

The Chief Economist of the *American Life Insurance Association* estimates that a number of large life insurance companies have increased their direct investment in real estate by almost 20 percent since the first of the year. While their investments in bonds and mortgages continue to be the main outlet for the companies' funds. . . equity investments have gone up. . . while the traditional mortgage investments have been reduced in the same period. The trend includes the very largest companies. . . and covers such projects as office buildings, shopping centers, hotels, motels, and apartment houses.

The current drop in housing production has brought about a significant change in the proportion of housing starts that occur in the 10 largest metropolitan areas. The reduced rate was only 24 percent of the total. . . where ordinarily the majority of new starts occur in the 10 areas. Chicago remained in first place. . . but with an almost 50 percent drop. . . while New York City, San Francisco, Houston, and Denver were not in the first 10 in the April to June quarter. In second place was Dallas. . . followed by Detroit, Tampa, St. Petersburg, Miami, Anaheim/Santa Anita/Garden Grove, Ft. Lauderdale/Hollywood, Phoenix, Atlanta, and Los Angeles/Long Beach.



## Insured Municipals Are Sold

Municipal bond insurance. . . a relatively new innovation in the marketing of local government bond issues, is being used successfully by issuers and the investment community to market new bond issues at reasonable terms. . . in spite of an adverse bond market. Insurance companies recently approved over \$40 million of protection for new issues of municipal bonds. The coverage was provided for both general obligation and revenue bond issues. The policies were issued by *American Municipal Bond Assurance Corporation (AMBAC)* and *MGIC Indemnity Corp.* . . both subsidiaries of *MGIC Investment Corp.*, Milwaukee.

Frank C. Carr, *AMBAC's* president, says the insurance protection was arranged by investment dealers to make it possible for them to market the bond issues at acceptable interest rates.

"We were told that without the insurance, several of these financings could not have been done under existing prejudicial market conditions," said Carr. He said the insured issues were all offered and promptly marketed in late June and July. Carr said the insurance on a local government G.O. or revenue bond issue provides an absolute and noncancellable guarantee of principal and interest payments over the life of the issue.

## Building Trades Wages Rise

Average hourly wage rates of unionized building trades workers in cities of 100,000 or more rose 4.6 percent in the second quarter of 1974... the *Labor Department* reported. The second quarter increase was significantly above the 1.8 percent recorded for the second quarter last year and was the largest three-month rise since the second quarter of 1971.

Over the year that ended July 1, 1974, the increase was 7.4 percent... well above the 4.9 percent rise for the previous year. The wage rate gain was the largest since 1970-71.

Union wage rates for the building trades averaged \$8.16 an hour on July 1, 1974... up 35.6 cents in 3 months and 55.8 cents in 12 months.

When employer payments to health, pension, and vacation plans are added to the basic rate, the average becomes \$9.55 an hour, up 42.1 cents (4.7 percent) in 3 months and 71.0 cents (8.2 percent) in 12 months. In 1973, corresponding advances were 2.2 percent and 6.0 percent. The increases for the 12 months ending July 1, 1974:

	Hrly av. July 1, 1974	Cents Increase
All trades	\$8.16	55.8
Bricklayers	8.97	67.0
Building laborers	6.31	48.9
Carpenters	8.41	57.3
Electricians	8.96	53.0
Painters	8.07	58.8
Plasterers	8.32	59.0
Plumbers	9.00	58.6



## New Mortgage Study

A study of new forms of mortgage financing that could ease homeownership for American families now priced out of the home-buying market will be undertaken under an \$84,172 HUD contract awarded to the *Sloan School of Management* at the *Massachusetts Institute of Technology*, Cambridge.

Under the contract... various alternatives to the fixed-rate, level-payment mortgage will be evaluated. The alternatives include mortgages linked to rates of inflation, variable-interest-rate mortgages and graduated-payment mortgages. The *FHLBB*... which is cooperating with HUD is supporting this study... has already issued regulations permitting one form of graduated-payment mortgages by the Savings and Loan Association it regulates.

Commenting on potential impact of the study, *HUD Assistant Secretary for Policy Development and Research* Michael H. Moskow said that a significant cause of the high interest rate that make mortgage payments high in relation to a family's ability to pay is the lender's anticipation of inflation. "The lender adds to the interest rate which he sets at the beginning of the mortgage an inflationary premium to ensure that the payment he receives 5 or 10 years from now will be large enough to offset the effect of inflation," he explained. "But if the mortgage instrument provided for monthly payments which were adjusted to keep pace with inflation, the lender might be willing to charge interest at a much lower rate... perhaps as low as 5 or 6 percent. This... in turn... would make the family's initial monthly payments much lower and would bring home purchase within the reach of a great many more families."

It is expected the study will be completed this Fall and that its findings will be discussed in a major conference of lenders and building industry leaders designed to provide guidance for future HUD and FHLBB policies.

## Ford Foundation Grants

The Ford Foundation has recently made the following grants in housing and related fields:

● **Housing Opportunities Council of Metropolitan Washington.** . . \$150,000 two-year supplement for a program to accelerate housing desegregation in the Washington, D.C. area. The **Council's** staff, assisted by volunteer lawyers and student interns, encourages affirmative marketing of homes to minorities and affirmative recruitment of minority personnel on the part of the housing industry. It also works with government agencies to improve their planning and enforcement activities. For further information: William H. Dickerson, Director, **Housing Opportunities Council of Metropolitan Washington**, 1522 K St., N.W., Washington, D.C. 20005.

● **University of Illinois.** . . \$50,000 one-year terminal supplement for research on the relations between architectural design of subsidized housing and subsequent tenant satisfaction. Funds will cover the costs of analyzing data and preparing a comprehensive report. For further information: John E. Cabally, Jr., President, **University of Illinois**, Urbana, Illinois 61801.

● **National Committee Against Discrimination in Housing (NCDH).** . . \$400,000 two-year supplement for field services, research, and publications, and \$491,000 two-year supplement for litigation aimed at promoting equal opportunity in housing. The litigation office, established in 1972, has focused on cases that establish important precedents in the fair housing field, require Federal agencies to meet their equal housing obligations, or hold promise for large-scale institutional reform. For further information: Edward J. Holmgren, Executive Director, **National Committee Against Discrimination in Housing**, 1425 H St., N.W., Washington, D.C. 20005.

● **Rhode Island Housing Investment Fund.** . . \$26,180 over one year to help provide financial counseling and second mortgages to homeseekers contemplating moves that would promote racially integrated neighborhoods. The Fund is supported by the state **Department of Community Affairs**. For further information: Anthony Gomez, Jr., President, **Rhode Island Housing Investment Fund**, 19 Davis Street, Providence, Rhode Island 02905.



## New Publication

**Community Planning for the Elderly.** . . a study on the needs of the elderly in the planning of urban and rural communities. The 66-page report. . . intended for use by community planners in public and private agencies. . . relates the physical changes taking place, as a result of the human aging process, to community land use design. The report identifies the characteristics of the elderly population. . . summarizing current knowledge about their biological, psychological, and social capacities. Appropriate types of housing and community services are related to these characteristics. . . criteria are suggested for selecting elderly housing sites. . . and the questions of mixing the elderly by age, race, ethnic origin, income, and health are analyzed. Another concern is the effect of involuntary relocation.

Copies of the report may be obtained for \$3.75 in paper, or \$1.45 in microfiche, from the **National Technical Information Service**, Springfield, Va. 22151. Specify accession number: PB 232 000/AS.

Jan Wasserman  
11/17/77

**HUD** newsletter  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF PUBLIC AFFAIRS  
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FYI

*American Bankers Association... Annual Convention...* Honolulu, Oct. 19-23.  
Details: ABA, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

*George Washington University* with the joint sponsorship of the *Construction Industry Council on Energy Conservation and Optimization... Seminar on Energy Conservation for Commercial and Institutional Building...* Washington, D.C., Oct. 22-24. Registration: *Continuing Engineering Education*, George Washington University, Washington, D.C. 20006.

*Hardwood Plywood Manufacturers Association... Annual Fall Meeting...* Montreal, Oct. 23-25. Details: HPMA, 2310 Walter Reed Drive, Arlington, Va. 22207.

*Architectural Woodwork Institute... Convention...* New York City, Oct. 23-26. Details: AWI, 5055 S. Chesterfield Road, Arlington, Va. 22207.

*American Institute of Planners... Annual Convention...* Denver, Oct. 26-30. Details: AIP, 1776 Massachusetts Ave., N.W., Washington, D.C. 20036.

*American Bankers Association... Minority Lending Conference...* Chicago, Oct. 27-29. Details: ABA, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

*Mortgage Bankers Association of America... Annual Convention...* Miami Beach, Oct. 28-30. Details: MBA, 1125 Fifteenth St., N.W., Washington, D.C. 20005. (202/785-8333)



#### Public and Private Debt

The Department of Commerce reports that total debt in the U.S... public and private... at the end of 1973... came to \$2.5 trillion. This was \$256 billion... or 11.3 percent higher than a year earlier. During the year... corporate debt rose 13.6 percent... public debt 6.4 percent... and individual debt 11.6 percent. The figures... in trillions of dollars... for the past 3 years are:

Total public and private debt	1973	1972	1971
Public debt	2.525	2.270	2.045
Federal Government	.593	.557	.528
Federal financial agencies	.349	.341	.325
State/local governments	.059	.041	.039
	.184	.175	.162
Private debt	1.932	1.712	1.517
Corporations	1.111	.978	.869
Individuals and unincorporated enterprises	.821	.734	.648
Residential mortgages	.374	.339	.305
Consumer	.180	.157	.138
Business and farm	.266	.237	.204

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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



September 23, 1974

Vol. 5 No. 38

## Current Trends

The *F.W. Dodge Division of McGraw-Hill* reported that nonresidential building awards in July were up 28 percent above July 1973... to a level of \$3.7 billion. Residential construction dropped 19 percent from a year earlier... bringing the rate to its lowest level since the housing decline of 1970. The *Dodge Report* also compared the current typical one-family dwelling to its 1970 counterpart. Its cost has gone up from \$19,000 four years ago to \$28,000... and has... on the average 50 square feet less... indicating a per-square-foot cost increase of more than 50 percent.

The *FHLMC* has drawn from the *U.S. Treasury Department* and passed along to mortgage lenders the first \$5 million of what may be as much as \$3 billion to be injected into the housing finance supply over the next 9 months. In May, June, and July *FHLMC* committed to purchase up to \$3 billion worth of 8¾ percent mortgages between 3 and 12 months in the future, thus enabling lenders to assure homebuilders that mortgages would be available as homes were being completed for sale. Under the special commitment program announced in May as part of a \$10.3 billion housing-assistance package, loans sold to *FHLMC* must be on new homes, may be for no more than \$35,000 each, and may carry coupon interest rates of no more than 8¾ percent annual interest. The *Treasury Department* is supporting the program through its \$4 billion standing line-of-credit arrangement with *FHLMC's* parent organization, the *Federal Home Loan Bank Board*.

*Capital*... the newsletter of the *American Bankers Association* reports that money market participants believe the *FRB* is now trying to relieve the financial pressures built up by the Fed's tight money policy. This feeling... which is fairly general in the financial community... may account for the declining yields on short-term money in the last week or two. Some commentators believe that the drop in short-term interest rates may be the forerunner of a similar decline in mortgage and other long-term rates in the near future.



## Pipeline Safety Study Begins

Prompted by recent gas pipeline explosions in residential areas... *HUD* is reexamining how it can best implement its responsibilities for gas pipeline safety in Federally-assisted housing. A \$78,624 research contract will finance a study that will involve an intensive evaluation of *HUD's* safety guidelines and manuals to ensure their effectiveness. Federal safety standards relating to protection of underground lines and measures to prevent gas-related accidents inside Federally-assisted or insured housing will be received. During this process... 11 housing projects located in Washington, D.C.; Columbus, Ohio; Los Angeles; Boston, and Jacksonville, will be examined. Additionally... *HUD's Minimum Property Standards* will be reviewed and modified, if needed, for greater safety coverage.

The *Department of Transportation* has overall responsibility for setting safety standards for the network of transmission and distribution lines that carry natural gas and other gases between cities and the areas within cities. However, most gas-related accidents occur in the residential area distribution system... some 600,000 miles of it... rather than in the transmission lines.

The study's end-product will be a guidance handbook that will help housing project managers, engineers, planners, designers and architects assess the effectiveness of their own gasoline safety procedures and standards. *Arthur D. Little, Inc.* of Cambridge is the prime contractor.

## Hurricane Season Arrives

The arrival of the hurricane season points up the fact that far too many property owners along the Gulf Coast and Atlantic seaboard have failed to take advantage of the subsidized national flood insurance program, *Federal Insurance Administrator* George K. Bernstein warned. But... he said... there is still time to sign up before the hurricane season reaches its peak in mid-October.

Communities must be in the program before property owners can take out individual policies. But the Administrator said *HUD's FIA* is prepared to process community applications within a week of their receipt, provided the community meets minimum Federal requirements for flood plain management to control future floods.

In communities already eligible, he urged individuals to take immediate action to protect their property against storm-induced floods by obtaining a policy from any licensed property and casualty insurance agent or broker.

Mr. Bernstein said he was particularly concerned about potential flood damage in such states as Texas, Louisiana, Mississippi, and Florida... which have a long history of severe coastal storms and floods. In these States... the total number of policies sold amounts to less than 200,000.

"That represents about one-half of all the policies sold in the country," he said. "It may sound impressive. But it's just a drop in the bucket when you consider the tremendous amount of growth that has taken place along the coastal flood hazard areas in recent years and the number of homes exposed to flooding."

The Atlantic Coast States are also in danger... even though they have not been hit by a major hurricane for about 20 years. This has lulled many property owners along the East Coast into thinking that it can't happen. The *National Weather Service* has stated that the East Coast is long overdue for a major hurricane.

In communities currently enrolled in the program which have had their flood hazard areas mapped by *HUD*, property owners in these areas must purchase the insurance to be eligible for such financial assistance.



## Cash Assistance Test Begins

South Bend will become the site of the Nation's largest test of direct cash assistance to low- and moderate-income homeowners and renters. A *HUD* contract with the *South Bend Housing Authority* provides for a 10-year commitment to make assistance available to qualified residents in the Indiana city for housing which meets approved standards.

The program differs from previous Federal efforts in that payments are made directly to eligible families instead of to builders or landlords who provide the housing. The payments will equal the difference between the cost of modest standard housing in the South Bend market... and 25 percent of an eligible family's adjusted income.

Designed as part of the *Experimental Housing Allowance Program* conducted by *HUD's Office of Policy Development and Research*, the 10-year program is funded to reach as many as 9,638 homeowners and renters in the South Bend housing market.

The South Bend program will provide a test of the effect of direct cash assistance on the quality, quantity, and price of housing. Brown County, Wisconsin... the Green Bay metropolitan area... is the other site for the supply experiment part of *HUD's Experimental Housing Allowance Program*.

The *Rand Corporation* will oversee and evaluate the programs in both communities for 5 years. During the first 5 years of the program... a sample of landlords, allowance recipients, nonrecipients, and others will be interviewed periodically to insure a reliable measure of changes in housing quality prices and other factors, *HUD* officials said.

## Implementation Task Force Established

A task force to prepare recommendations for the implementation of some of the new housing assistance provisions of the 1974 *Housing and Community Development Act* has been organized. . . composed of staff members of HUD's *Office of Housing Production and Mortgage Credit* and representatives of the *National Association of Housing and Redevelopment Officials*. The task force is expected to develop procedures and regulations covering Housing Assistance payments under Section 8. . . allocation of housing funds under Section 213. . . and provisions for State housing finance and development agencies. Virginia Hedges, Assistant Executive Director of the *Los Angeles Housing Authority*. . . and Chairman of *NAHRO's Housing Production and Management Committee*. . . will act as *NAHRO* chairman.



## Philadelphia Adopts Security Program

A \$73,046 security program at 11 *Philadelphia Housing Authority* high-rise buildings has significantly reduced vandalism and is saving \$164,000 in its first year of operation. The successful pilot project is receiving considerable national attention from professional journals and housing officials interested in using similar programs in other cities.

Under the program. . . the lobby of each high-rise building is surrounded with a heavy glass enclosure. A 24-hour security officer is stationed at the lobby entrance. A visitor to the high rise must be cleared through the security officer by the family receiving the guest. In this way. . . only persons with stated business are able to enter the structure. The concept is identical to security measures used in luxury high-rise apartment buildings throughout Philadelphia.

The pilot program has been introduced at four *PHA* developments. . . and is being expanded to other high-rise buildings. Examples of how the savings are accomplished: In the senior citizen building of the *Southwark Plaza Development*, vandalism and out-of-service elevators cost the *Authority* \$73,649 last year. As a result of the security program. . . most of this expense has been eliminated. *PHA* paid \$26,328 to install a security system in the building and is now realizing a \$47,321 saving over last year's expense in the same building. In the case of the *Blumberg Apartments*, *PHA* spent \$78,121 last year for elevator repairs and vandalism, most of which has now been eliminated after installation of the security system for \$4,987. . . resulting in a savings of \$73,134.



## June 1974 Population Estimate

The total population of the United States (including Armed Forces overseas) was about 211,782,000, on June 1, 1974, according to estimates by the *Census Bureau*. This figure represents an increase of 1,509,000, or 0.7 percent, over the estimate for the corresponding month a year ago; and an increase of 122,000 over May. The monthly gain was the result of a natural increase of 92,000 (excess of births over deaths), and estimated net civilian immigration of 30,000.

The June 1, 1974, total population represents an increase of 7,448,000 over the population on April 1, 1970, the date of the census upon which these estimates are based. Estimates for the period since April 1, 1960 have been adjusted to be consistent with the official 1970 resident population count of 203,235,298.

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## New Publications

*Public Housing Management in the Seventies*... a 180-page book designed to offer practical, meaningful, help for all public housing managers and management staff. The 23 selected readings... all of them written in 1970 or later... were compiled by Virginia Hedges, assistant executive director of the *Housing Authority of the City of Los Angeles*.

The selected articles report on fundamental problems and new directions in public housing management in the first four years of this decade, with focus on practical solutions adopted by individual local housing authorities. Part one of the book deals with public housing management problems from a national perspective; part two details how such problems are dealt with by local authorities. Also included in the work are profiles of current (1973-74) salaries throughout the country for public housing management and maintenance personnel.

The cost is \$10 for members; \$15 for nonmembers. Quantity discounts. Order from **NAHRO**, 2600 Virginia Avenue, N.W., Washington, D.C. 20037.

*The Fannie Mae Guide to Buying, Financing, and Selling Your Home*... a 15-chapter joint effort of the *Federal National Mortgage Association* and the *National Association of Real Estate Editors* covers importance of location, types of housing and their advantages, financing information, use of brokers and agents, what to look for when shopping for a house and information in fair housing and the field of counseling.

Postpaid \$8.30 for hardback, \$4.30 for paperback (Md. residents add 4 percent sales tax). Shelf Nine. Box 1426, Bowie, Md. 20716.

*Housing—Volume II*... edited by George Sternlieb, Lynne B. Sagalyn, and Virginia Paulus of the *Center for Urban Research, Rutgers University*. A unique anthology for students of housing... collecting the significant research published between June 1970 and June 1971 in periodicals... many of which are not easily accessible. Approximately 500 pages. Clothbound \$15.00. Paper back \$8.95. *Volume I*... covering 1970-71... is still available for \$25.

*Housing: A Bibliography, 1960-1972*... edited by Virginia Paulus, *Rutgers University, Center for Urban Research*, with an Introduction by George Sternlieb. Designed as a supplement to the annual Housing anthology... the volume lists a variety of materials and sources concerned with housing in the U.S. from 1960 to the present. The period covered by this reference work covers a time when housing problems and issues became a national priority and when a great deal of new research on construction, urban deterioration, and taxation was published. 350 pages. Clothbound \$25.00.

Both publications for sale by *AMS Press*, 56 East 13th Street, New York, N.Y. 10002.

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# HUD newsletter

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Vol. 5 No. 39

## Current Trends

Acquisitions of 1-4 family home mortgage loans by lenders totaled \$20.5 billion in the second quarter... compared to \$22.3 billion a year ago. Acquisitions for the first half of 1974 amounted to \$35.3 billion... down \$4.1 billion from a year ago. Second quarter acquisitions of long-term loans on multifamily properties totaled \$3.3 billion... down 8 percent from the second quarter of 1973. Acquisitions of conventional multifamily loans represented 80 percent of long-term multifamily loans acquired. Federal credit agencies... principally *FNMA*... acquired 81 percent of all long-term *FHA* multifamily loans during the second quarter of 1974.

A recent survey of utility charges and real estate taxes in Section 236 projects for 1971 and 1973 found that in the 2-year period taxes increased \$81 per unit and utilities increased \$67 per unit. The total of \$148 represented a 35.4 percent increase. It is projected that there will be a further increase of 12 percent in 1974... which represents the equivalent of an increase of \$13.86 per unit per month.

Effective interest rates on *FHA*-insured and *VA*-guaranteed home mortgage loans closed during the first week in August were higher than during early July. The loans closed averaged 9.60 percent... up from 9.35 percent in early July. The effective interest rate on commitments to make *FHA-VA* home loans rose in early August to 9.59 percent... compared to 9.39 percent a month earlier. Among the major lender groups surveyed, the effective rate on *FHA-VA* home loans closed during the first week in August at mortgage companies was 9.73 percent; at commercial banks, 9.50 percent; at mutual savings banks, 8.95 percent; and at savings and loan associations, 9.50 percent.

Project notes totaling \$779 million representing 94 local housing authorities were sold in mid-September at an average interest rate of 6.125 percent. The interest rate last month was 6.47 percent. Bids ranged from 5.83 percent to 6.48 percent. The average maturity of the notes sold was 7.3 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.



## Mobile Homes Cost More

During the first 5 years, owners of mobile homes may pay more for shelter than conventional homeowners... according to a survey made by the *Texas Department of Community Affairs*. The survey compared payments made by owners of \$10,205 trailers with those made by owners of conventional homes that cost \$18,389 and found the average monthly costs to mobile homeowners to be \$377.39... compared with \$373.47 for the other group. The costs included principal, interest, taxes and insurance... plus other items not always considered... such as lot rental, maintenance, and depreciation. The survey did not include appreciation in the value of the conventional home.

For a free copy, write *Texas Department of Community Affairs*, P.O. Box 13166, Capitol Station, Austin, Texas 78711.

## Housing Mini-Summit Held

In Atlanta on September 12...the third of the current series of the President's economic mini-summits was held...covering housing and related problems. The major question asked by the participants...representing segments of the economy directly or indirectly involved in housing, construction, mortgage financing, and associated activities...was how this industry can contribute toward the fight against inflation without being itself the prime victim of the fight.

The essence of the meeting, as reported by the *New York Times* on September 13: The *Mortgage Bankers Association of America* summed up the situation...calling housing both the "victim of inflation" and the "scapegoat of restraint."

The *National Rural Housing Coalition* put it this way: "Housing has been a double victim of inflation. First, rising costs have priced a growing proportion of Americans—now the vast majority—out of the market for new housing. Second, the impact of the Federal Government's monetary policies has fallen hardest on housing."

James T. Lynn, the *Secretary of Housing and Urban Development*, who presided at the conference as President Ford's representative, made clear in an interview that he was well aware of the 'double-victim' status of housing. And he said that he did not like it.

"As far as saying we have one or two industries that have to take the steam out of inflation, I'm totally against it," he said. Productivity suffers in the long run and the Nation's interests are not served by 'violent swings' in the housing industry," he said, adding "what you've seen here is part of an attempt to moderate the swings."

The current swing in housing has seen housing construction starts fall from an annual rate of 2.5 million single family homes and apartments in late 1972 to 1.3 million this summer.

For the Administration, the question is how to cushion any effect on housing of the attempts to curb inflation. The host of possibilities suggested—ranging from vigorous implementation of newly authorized housing subsidy programs to tax deductions that would encourage deposits in the savings institutions that invest in housing—will be scrutinized and considered at length, Mr. Lynn said.



## More States Raise Interest Ceilings

Tight money policies, floating-rate notes...and the vacation season...have combined to interfere with attempts by some States to make more funds available for mortgage loans. This was the consensus of a random sample survey conducted by the *National Association of Realtors* in eight States that have raised their interest rate limits since early this year.

The raising of interest rate limits was supported by both the *National Association* and the savings and loan industry in an effort to make rates on mortgage loans more competitive with those charged other borrowers. In many areas...the hike also was intended to prevent the outflow of funds to neighboring States where permissible limits were higher.

States where interest ceiling were raised recently are Illinois, Kentucky, Maryland, Mississippi, North Carolina, Pennsylvania, Vermont, and West Virginia. Vermont's 7.5 percent limit...now 8.5 percent...was the lowest nationally. Rates in the seven other States now range from 8.5 percent to 10 percent.

But, according to *Realtors* contacted in the survey, raising of the maximum rates apparently did little more than keep the "mortgage market crunch" from worsening.

Working against the beneficial effects of higher rates in these States have been: the tight money situation and competition from other savings plans...including floating-rate notes that offer higher interest rates than thrift institutions...and the need for money during the vacation period.

## Land Sales Law Strengthened

Measures further protecting the public are built into a section of the new *Housing and Community Development Act of 1974*. Under the new requirements... covering land development... if a prospective customer is given a property report less than 48 hours before he signs a contract, he now has three business days, after the agreement is signed, to notify the developer he has changed his mind and wants to revoke the contract. The old regulations limited the grace period under these conditions to 48 hours after signing the contract.

This extra margin of protection will serve its purpose only if the buying public takes the time to read the property report... or have it examined by an expert, in time to exercise the revocation option.

In another change... developers no longer will be legally permitted to seek signed agreements from customers waiving their revocation rights if they have inspected the land and have read and understood the property report.

*Interstate Land Sales Administrator* George K. Bernstein has announced that the property reports and contract forms prepared by registered developers must be revised to reflect these changes, and must be filed with *HUD's Office of Interstate Land Sales Registration*. The deadline for this is October 21... the date on which the 1974 amendment to the *Land Disclosure Act* becomes effective.



## GNMA Purchases Increased

Secretary Lynn has announced a 15 percent increase in mortgage amounts eligible for purchase under the *Tandem Plan* program of the *Government National Mortgage Association (GNMA)*. This action will allow *GNMA* to purchase mortgages between \$33,000 and \$38,000 at a below-market interest rate of 8-3/4 percent throughout the United States.

In January... *GNMA* was authorized to purchase mortgages to support construction of 200,000 units at a below-market interest rate of 7-3/4 percent. In May... *GNMA* was authorized to purchase an additional 100,000 units of mortgages at an interest rate of 8 percent, upon expiration of its 7-3/4 percent program. The 8-3/4 percent plan announced will be allocated from the previously announced *Tandem Plan* authorization for 300,000 units.

*GNMA* has committed to purchase 150,000 units at the 7-3/4 percent interest rate to date. After committing to purchase the remaining 50,000 units... expected by mid-October... *GNMA* will launch the 100,000 unit, 8 percent interest rate program. These programs at the indicated interest rates will be continued for mortgages below \$33,000.

In a related action, the *Federal Home Loan Mortgage Corporation* announced modification of its special forward commitment program to allow a maximum mortgage amount of \$45,000 at an interest rate of 9 1/4 percent.



## New Mobile Home Interest Rate

Effective September 12, 1974... the maximum allowable interest rate for *FHA*-insured mobile home loans was increased to 12 percent for applications dated on or after that date. The old rate was 11.25 percent... set in May of this year... under a 1973 statute authorizing the *HUD Secretary* to make the rate current with the conventional money market.

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U.S. Department of Housing and Urban Development  
Washington, D.C. 20410

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Management and Budget, January 9, 1973.

## Modernization Program Authorized

Secretary Lynn has announced that \$20 million in contract authority has been authorized to finance an estimated \$215 million in capital improvements for low-rent public housing projects under the *HUD* modernization program. Contract authority is for the 1974 modernization program which was deferred into 1975 due to lack of sufficient contract authority in FY 1974. An additional \$20 million for the 1975 program is anticipated later in the year.

"The primary objective of the modernization program is to upgrade the living conditions of persons living in public housing," Secretary Lynn said. "This relatively large funding program should make a substantial improvement in the housing conditions of many of the families living in the more than 1.1 million units of public housing in this country."

Modernization funds are obtained by local housing authorities from *HUD* for the specific purpose of financing capital improvements. An authority can make such site improvements as installing new sidewalks... and such structural improvements as needed to alter existing family space for larger families, or to meet the special needs of the elderly or handicapped. Such items as new heating plants, kitchen cabinets to replace existing shelves, security and protective devices, and community facilities can be installed or built.



## First Annual Assistance Directory Published

What do *NLC*, *EDA*, *APWA*, and *LEAA* all have in common?

Answer: All are organizations—either private or governmental—which assist city governments in different ways. And... in an effort to bring order out of confusion... these and 200 other urban-oriented organizations are listed in the first *Nation's Cities 1974-75 Annual Directory*, published in the July issue of *Nation's Cities*... the monthly magazine of the *National League of Cities*.

The *Directory* will assist elected and appointed officials and others... to sort out the numerous governmental agencies and national associations which offer various types of programs and information city halls can use.

Divided into subject areas such as "Community Development," "Transportation," and "Environmental Quality," the *Directory* lists each organization's address, telephone number, principal officers, purpose, publication, and annual meeting information. In the case of Federal agencies, regional offices and administrators also are listed.

Copies of the directory issue of *Nation's Cities* are available for \$1 each from the *National League of Cities*, 1620 Eye St., N.W., Washington, D.C. 20006.

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# HUD

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT newsletter

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



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October 7, 1974

WASHINGTON, D.C. 20410

Vol. 5 No. 40

### Current Trends

HUD's September 1 opinion survey of conditions in the mortgage market showed the national secondary market price for immediate delivery of HUD-FHA insured 9½ percent new-home mortgages with 30-year terms and minimum downpayments averaged \$94.0 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 10.33 percent—the first yield to exceed 10 percent in the history of this survey. The survey also showed national average interest rates contracted to be paid by the borrowers on conventional first mortgages had advanced 20 and 25 basis points since last month to 9.60 and 9.65 percent for new- and existing-home contracts, respectively. These rates set record highs for the fourth consecutive month. Usury laws in many States restricted the rate from going even higher.

About \$4.5 billion in mortgages will be auctioned by the *Government National Mortgage Association (GNMA)* during the second half of the current fiscal year. This anticipated volume is 300 percent of the amount auctioned during the entire Fiscal Year 1974. The increase can be attributed to the volume of mortgages purchased under the agency's *Tandem Plan*. During this period of monetary restraint the Administration has provided for home mortgage purchases through *Tandem* up to \$9.9 billion in an effort to aid homebuyers and builders. These mortgages bear an interest rate substantially below market levels. The continued high mortgage interest rate levels result in a significantly increased use of commitments to purchase under the *Tandem Plan*. Securities guaranteed under *GNMA's Mortgage Backed Securities Program*, climbed to \$3 billion... 20 percent over last year. Recently enacted legislation affecting *FHA*... permitting lower downpayments and larger mortgage amounts... will be the most significant stimulus for the increase in both programs.



### Minority Employment Agreement Signed

Officials of Peoria, Illinois, have agreed to hire more minorities and women under an agreement mediated by the *Community Relations Service of the Department of Justice*... which requires that the *City* will hire minorities and women wherever possible to attain 15 percent of the work force within a 2-year period.

The agreement is the result of charges by the local *NAACP* chapter that Peoria... a recipient of funds under the *Federal Revenue Sharing Act of 1972*... discriminated against minorities in its hiring and promotion practices. The complaint specifically charged that minorities represented 15 percent of the city's population... but only 2 percent of the work force at the mid-management level.

The 1972 *Federal Revenue Sharing Act* forbids a recipient State or local government from using shared revenue in ways that discriminate on the basis of race, color, national origin, and sex. Failure to comply could lead to a withholding of funds by the *Federal Revenue Sharing Office* until corrective action is taken.

The *CRS Chicago Regional Office* entered the dispute last April at the request of the Peoria *NAACP* and Peoria City Manager Robert O. Wright. The *NAACP* was subsequently joined in the complaint by the *Urban League*, *Community Action Program*, and *National Organization of Women*.



## Savings Outflow Continues

During August... savings outflows continued from the Nation's two major thrift institutions... mutual savings banks and savings and loan associations. The *National Association of Mutual Savings Banks* reports that the total drop in savings for the month was \$800 million... up from July's \$733 million. The *Association* cited higher interest rates in other short-term investments as the primary cause. The *S&Ls* showed a reduction of \$1.24 billion in August... the largest since January 1970... and a sharp rise from July's \$581 million. *FHLBB* Chairman Thomas R. Bomar pointed to the \$4.4 billion in *Treasury* notes sold during the month... and yielding over 8 percent... as one of the principal reasons for the decline in savings accounts. The *Treasury* has now announced that in its next sale... the smallest denomination will be \$10,000... which will have the effect of reducing the impact of the sale on the thrift institutions.



## Fed Endorses Guidelines To Aid Housing

The *Federal Reserve Board* this week endorsed a set of guidelines for bank lending policies which encourage the placement of available loan funds in housing and other priority areas of the economy.

Prepared by the *Federal Advisory Council*... the guidelines state: "A regrettable aspect of restrictive monetary policy is that it tends to produce an uneven impact, bearing more heavily on some sectors of the economy than others. Therefore, banks should make an effort to utilize their limited funds equitably, giving consideration, for instance, to the special vulnerability of the home building industry." In its statement on the guidelines, the *Fed* dwelt heavily on this aspect of the recommendations. The *Board* noted particularly that the Council in its statement recognized 'the special vulnerability of the home-building industry,' the statement said. "An active home-building industry is vital to the well-being of local communities as well as of the Nation as a whole, and it is to the interest of banks and other financial institutions to give reasonable support to the financial needs of that industry."



## New Appraisal Form Available

The *Federal Home Loan Mortgage Corporation* has developed a condominium appraisal form... which has been sent to the more than 1150 financial institutions throughout the country which sell its home mortgages. "We've been buying condominium mortgages since 1971... over \$150 million worth so far"... said *FHLMC* Executive Vice President Philip N. Harrington, "but this is the first completely specialized form we have developed to deal with the unique detail of these properties."

The forms... which will be mandatory after November 1, 1974... are available to the industry for their reproduction and use... and may be reproduced under their individual letterhead.



## Elderly Head 20 Percent of U.S. Households

Almost one in every five of the Nation's households is headed by a person 65 years old or older... according to a report by the Census Bureau. A March 1973 survey showed that there were 68.3 million households in the United States... and that 13.5 million of these were headed by an elderly person. Some 12.3 million of these households were headed by whites, and 1.1 million by blacks... figures which represent 20 percent of all white households and 16 percent of all black households.

Copies of the report, *Household and Family Characteristics: March 1973, P-20, No. 258*, are available for \$1.80 from the Superintendent of Documents, Washington, D.C. 20402, or from Commerce Department District Offices in major U.S. cities.

**Wisconsin State Department of Local Affairs and Development...** and the **Housing Assistance Council...** *Midwestern Regional Conference on Non-Federal Roles in Rural Housing...* Madison, October 8-10. Covers States of Illinois, Indiana, Iowa, Nebraska, North Dakota, Minnesota, South Dakota, and Wisconsin. Registration: HAC, 1601 Connecticut Avenue, N.W., Washington, D.C. 20009. (202) 483-1426).

**Wharton School of Finance...** Three 3-day Seminars on *Public Sector Housing Policy...* Philadelphia, October 28-30; Chicago, November 18-20; and Los Angeles, December 16-18. Information and Registration: *Wharton Registrar, New York Management Center*, 360 Lexington Avenue, New York, N.Y. 10017.

**Governmental Refuse Collection and Disposal Association...** *Annual Convention...* Fresno, California, November 6-8. Details: *GRCDA*, 2333 W. 3rd. Street, Los Angeles, California 90057. (213) 383-2119).

**Institute of Real Estate Management...** *National Convention...* Las Vegas, November 7-11. Details: *IREM*, 155 East Superior Street, Chicago, Illinois 60611.

**National Association of State Development Agencies...** *Annual Convention...* The Virgin Islands, November 9-14. Details: *NASDA*, 1925 K Street, N.W., Washington, D.C. 20006. (202) 337-1881.

**National Association of Housing and Redevelopment Officials...** *National Housing Workshop...* Phoenix, November 11-13. Details: *NAHRO*, 2600 Virginia Avenue, N.W., Washington, D.C.

**Government Information Services - A Guide to Federal Dollars...** Two fall seminars on Federal funding available to local governments... particularly smaller communities... with special emphasis on the new Community Development legislation... Washington, D.C. November 20th to 22nd; San Francisco December 4th to 6th. This is the first time that *GIS* has scheduled a seminar on the West Coast. Registration: *Government Information Services*, 752 National Press Building, N.W., Washington, D.C. 20004. (202) 783-4240).



#### Publications Available

**Catalog of 1974 Publications of the Urban Institute...** listing books, papers, reports, and reprints in the fields of housing, public safety, social services, government finance, and associated subjects. Available from the *Institute*, 2100 M St., N.W., Washington, D.C. 20037.

Citizen groups, or *Project Area Committees (PACs)*, are authorized by law to ensure citizen participation in urban renewal projects. *Toward Effective Citizen Participation in Urban Renewal...* produced during a 2-year demonstration funded by *HUD's Office of Policy Development and Research...* is based on a survey of citizen groups in 75 cities by the *National Urban League...* and the testing of technical assistance to such groups in five other cities. The report reaffirms the *PACs'* usefulness in promoting more sensitive renewal for project residents and businessmen, but notes that many *PACs* face considerable difficulty in performing that role. The report also cites many instances of urban renewal which could be improved with *PAC* assistance and concludes with recommendations that could improve *PAC* effectiveness, with special emphasis on the need for funding for professional staffs.

Single free copies can be obtained from the *National Urban League Housing Division*, 55 East 52nd Street, New York, N.Y. 10022.

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## Proposed 'Block Grant' Rules Published

HUD has published its proposed rules governing the new program of block grants for community development in the September 17 *Federal Register*. The public has been invited to submit comments or statements regarding the proposed new regulations. . . which arise out of the *Housing and Community Development Act of 1974*.

Written statements should be filed in triplicate with the *Rules Docket Clerk, Office of the General Counsel, HUD*, Room 10245, Washington, D. C. 20410.

All material received by October 21, 1974 will be considered before adoption of the final rules, expected about November 1. Copies of comments submitted will be available for examination at the above address.

Topics covered in the proposed rules are: general provisions, allocation and distribution of funds, eligible activities, applications, grant administration, other program requirements, loan guarantees, financial settlement of urban renewal projects, and program management.

At a later date, regulations will be published on environmental protection procedures and distribution and application process for discretionary funds made available under the *Act*.



## Research Reports Available

Several reports covering research projects funded by HUD have recently been issued. The following are available from the *Superintendent of Documents*, Washington, D.C. 20402, at the price shown:

*A Design Guide for Improving Residential Security*. . . prepared by the *Center for Residential Security Design*. The *Guide* discusses hardware, personnel, and electronic equipment at length in separate chapters. Each component, however, should be understood in its interaction with a total system. The final chapter, therefore illustrates by examples solutions to the security of existing residential complexes. (200-00251, \$1.30).

*Feedback Volume 2: A Compendium of Building Concepts*. . . prepared by HUD. A compendium which describes some of the innovative concepts and techniques developed and utilized by the *Operation BREAKTHROUGH* housing system producers. The concepts are arranged under nine major building element classifications: enclosed spaces; heating, ventilating, and air conditioning; plumbing; electrical; elevators; and hardware, specialties, and appliances. (\$1.60) (Copies of *Feedback Phase 1: Design and Development of Housing Systems* are also available at \$2.85.)

*Single-Family Housing Final Report*. . . prepared by *Hittman Associates*. Identification and quantification of the characteristics of residential energy consumption in single-family housing. Also, an assessment of the effectiveness of various technical innovations in optimizing residential energy utilization. (2300-00258, \$2.10).

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# HUD newsletter

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



October 14, 1974

Vol. 5 No. 41

## Current Trends

The *F.W. Dodge Division of McGraw-Hill*... in its monthly survey for August... reported that contracts for all new construction for the month were 14 percent below August 1973. The nonresidential segment was up 2 percent... and the residential declined 26 percent. For the first 8 months of the year... total contracts came to \$68.8 billion... to \$25.9 percent from 1973. Residential contracts dropped 22 percent from \$33.1 billion to \$25.9 billion... while nonresidential and nonbuilding construction for the period was up 10 percent from last year to \$15.7 billion.

The late September sale of *Treasury* bills showed a substantial drop in interest rates. On \$2.6 billion 91-day bills... the interest rate fell to 6.385 percent... its lowest level since the 6.179 percent rate in May 1973... down from 7.002 percent a week earlier. On \$1.9 billion of 182-day bills... the rate fell in a week from 7.928 percent to 7.439 percent... the lowest rate since the 7.081 percent paid on February 25, 1974.

In 1974... the *Farmers Home Administration* advanced \$1.8 billion for its rural housing programs... down 3.75 percent from the preceding year's record outlay of \$1.9 billion. These obligations represent 83 percent of the \$2.2 billion *Congress* authorized for the year. Inflation... moreover... is a hidden factor in these comparisons. The average value of the initial loans (a good indicator of the cost of a single-family house) made in the *Section 502 Program* jumped 15.6 percent between FY 73 and FY 74... from \$15,546 to \$18,091. The *Section 502 Program*... *FmHA's* major program... consumed 89 percent of the FY 74 obligations, and the dollar value of loans approved fell from \$1.8 billion in FY 73 to \$1.6 billion in FY 74... a falloff of 8.4 percent. The number of loans approved under *Section 502* dropped 19.1 percent... from a record high of 116,705 in FY 73 to 94,371 in FY 74. The dropoff was twice as high (26.4 percent) in the interest credit portion of the *502 Program*, which serves the lower income rural population, as in the noninterest credit (unsubsidized) portion of the program (13.3 percent) which serves moderate income persons.



## Significant Decision

The *U.S. District Court for the Northern District of Ohio, Western Division*, in *Joseph Skillen and Company, et al, vs. the City of Toledo, et al.*, (No. C 74-202) held that a city's failure to approve sites for public housing projects was racially discriminatory and therefore the city's disapproval of rezoning for public housing is "void and unenforceable."

In a class action instituted by the *Toledo Metropolitan Housing Authority (TMHA)*... the *Skillen Company*... a construction firm... sought to enjoin the actions of the *Toledo City Council* and the *Toledo Plan Commission* in disapproving the rezoning and replatting of three sites. The sites... in predominantly white neighborhoods... had been designated by *TMHA* for turnkey public housing. In granting the plaintiffs the relief they requested, the *Court* found that the discriminatory housing pattern which evolved in Toledo resulted from a prior pattern of discrimination by the City... and that the denial of *TMHA's* rezoning request would effectively discriminate against minority group members who comprise an overwhelming majority of tenants and applicants for the city's public housing projects.



## The Economic Summit

President Ford's *Economic Summit Conference* was held in Washington on September 27 and 28... with representatives from every segment of the Nation's economic activity. A *Housing and Construction Panel* was set up to deal with the problems of what has been termed the 'country's largest industry.' HUD Secretary Lynn was Chairman of the *Housing and Construction Panel*. Among those appearing on the *Panel* were the following representatives of organizations directly involved in housing, construction, and related activities: Lewis Cener, President, *National Association of Home Builders*; M.C. Colvin, President, *National Forest Products Association*; Walter Williams, President, *Mortgage Bankers Association of America*; Joseph Doherty, President, *National Association of Realtors*; Saul Horowitz, President, *Associated General Contractors*; and Robert Georgine, President, *AFL-CIO Building and Construction Trades Department*.

In addition... other public interest group representatives... with special interests in housing, the poor, minorities, handicapped, and aging... as well as those concerned with such areas as the role of women... and with environmental problems... were heard. They were: Carl Holman, President, *National Urban Coalition*; Louis Clapper, Conservation Director, *National Wildlife Federation*; William Futrell, Secretary, *Sierra Club*; Ms. Cushing Dolbaire, *Rural Housing Alliance*; and Ms. Karen DeCrow, President, *National Organization for Women*.

The statements, comments, and recommendations of all the participants were heard... and will be considered by the President, Secretary Lynn, *Treasury Secretary William Simon*... who is chairman of the *Economic Policy Board*... the members of the *Panel*, and the *Senate* and *House* members of the *Joint Economic Committee of the Congress*.



### Revenue Sharing Papers Published

The *Census Bureau* has released a report describing statistical methodology of revenue sharing and related estimate studies. The report contains papers presented at the *Conference on Small-Area Statistics* in New York City last December during the annual meeting of the *American Statistical Association*.

Included are papers on statistical methodology of revenue sharing, development of population estimates for revenue sharing areas, preparation of final revenue sharing estimates of money income for political jurisdictions, and measurement of State and local tax effort.

The report also includes papers that touch upon the development of components of personal income and money income for States and counties and formulas for allocating revenue sharing funds.

Copies of the report, *Census Tract Papers, Series GE-40, No. 10, Statistical Methodology of Revenue Sharing and Related Estimate Studies*, may be obtained for \$1.40 from the *Superintendent of Documents*, Washington, D.C. 20402.



### NSLL Elects

The *National Savings and Loan League* has elected Edwin G. Alexander, president of a Denver S&L, and Arthur Tonsmeire, Jr., head of a Mobile (Ala.) association, as president and vice president, respectively, for 1975.

Mr. Alexander... who has served as the *NSLL's* Vice President for the past year, is President and Managing Officer of *Majestic Savings and Loan Association* in Denver.

Mr. Tonsmeire... who has most recently served the *NSLL* as Legislative Committee Chairman, has been associated with *First Federal Savings and Loan Association of Mobile* for 34 years. He has been president of the association since 1946.



## Land Developers Fail to Register

In a 2-month period, *HUD* field investigators have uncovered almost 1,000 land development companies suspected of noncompliance with the *Interstate Land Sales Full Disclosure Act* and its supplementing regulations... according to *Interstate Land Sales Administrator* George K. Bernstein in analyzing the operations of his 28-member investigative team since it was sent into the field early in July to spot check violators of the law.

Under the *Act*... developers with 50 or more lots operating in interstate commerce must register with *OILSR* and must file a *Statement of Record and Property Report* which accurately reflects the current status of subdivisions offered for sale.

As a result of the *HUD* teams's work during July and August, letters were sent to 973 developers notifying them of their apparent dereliction in failing to register with *OILSR*. They were given 15 days to respond to a questionnaire determining whether or not they fell under *OILSR*'s jurisdiction.

In the great majority of cases... the Administrator said... he believed the failure to register was based on ignorance of the law; specifically with reference to the meaning of the work "interstate."

Should a developer refuse to cooperate... *HUD* can subpoena the company's records and proceed with legal action that could lead to prosecution by the *Justice Department* in cases of willful defiance of the law.



## Mortgage Delinquency Remains High

The latest *National Delinquency Survey of the Mortgage Bankers Association of America (MBA)* revealed that homeowners are still having a difficult time trying to cope with inflation. As of June 30 of this year... the overall delinquency rate for one- to four-family residential properties was 4.01 percent... unchanged from the end of the first quarter of 1974. Last year on June 30... the rate was 3.84 percent.

This is the fourth quarter in a row that more than one out of every 25 homeowners was delinquent in his mortgage payments, according to *MBA's* director of economics and research. "Obviously, the primary reason for mortgage delinquencies is inflation," the director said. "Inflation is knocking consumers off their feet as skyrocketing prices unbalance their budgets."

The *Delinquency Survey* findings seem to indicate that most homeowners do find ways to readjust their budgets, even though they have difficulty making their mortgage payments. Although 2.95 percent of home mortgages were delinquent one month as of June 30... only .67 percent were delinquent two months and only 0.39 percent were delinquent three or more months, a number matching the year-earlier level. "Even more significant is the year-to-year decline in the foreclosure rate to 0.23 percent," the director commented.

*MBA's National Delinquency Survey* analyzed more than 6.5 million mortgage loans on one- to four-family residential properties serviced by more than 700 *MBA* members, including mortgage bankers, commercial banks, savings banks, savings and loan associations, and life insurance companies. The 6.5 million loans account for more than one out of every four home mortgages outstanding in the Nation.

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

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## Minority Research Contract Awarded

The first research contract awarded under a special program designed to increase minority involvement in *HUD* research activities has been awarded to the minority-owned *Pacific Training and Technical Assistance Corporation* of Berkeley, California. The \$165,000 contract activates a program that *HUD* announced last April to encourage participation by minority professionals and research institutions.

The award was made by *HUD's Office of Policy Development and Research* under the special-purpose provisions of the *Small Business Administration's Section 8(a) Program* designed to aid expansion and development of small businesses either minority-owned or which employ significant numbers of economically-disadvantaged persons.

Under the 12-month contract, the California firm will develop measures of cost-effectiveness that can be used to evaluate results of new management improvement techniques tested over the past year in 13 Local Housing Authorities under *HUD's Public Housing Management Improvement Program*.

The project was announced jointly by *HUD* Assistant Secretaries Michael H. Moskow and H.R. Crawford. Mr. Crawford's *Office of Housing Management* will transfer the most promising new management techniques to other Housing Authorities. The new effort is aimed not only at bringing a minority perspective into *HUD's* current research activities, but also at increasing the long range capabilities of minority firms and educational institutions in dealing with housing and community development problems.



### FYI

*National Association of Realtors*. . . Annual Convention. . . Las Vegas, Nov. 8-14. Details: *NAR*, 925 15th St., N.W., Washington, D.C. 20005.

*American Bankers Association*. . . Agricultural and Rural Affairs Conference. . . St. Louis, Nov. 10-13. Details: *ABA*, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

*National Municipal League*. . . Annual Convention. . . San Diego, Nov. 17-20. Details: *NML*, 47 E. 68th St., New York, N.Y. 10021 (212/535-5700).

*American Association of State Highway and Transportation Officials*. . . Annual Convention. . . Detroit, Nov. 18-22. Details: *AASHTO*, 341 National Press Bldg., Washington, D.C. 20004 (202/628-2438).

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# HUD newsletter

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



October 21, 1974

Vol. 5 No. 42

## President's Housing Proposal

Speaking on the current economic situation to a Joint Session of *Congress* ... President Ford made a number of recommendations intended to curtail the high rate of inflation and remedy related problems. The President said that the housing industry situation is critical. ... as over the past 22 months the annual rate of housing starts has dropped from 2.51 million units to 1.13 million units; that unemployment in the construction industry is 12.4 percent. ... and climbing. ... with almost a half million construction workers now unemployed; and that many homebuilders are in financial difficulty. He made the following proposal:

To extend. ... on a temporary basis. ... the advantages offered by *GNMA* to mortgages which are not *FHA*-insured or *VA*-guaranteed. These are the so called "conventional" mortgages. An amount sufficient to finance about 100,000 new homes. ... \$3 billion. ... would be made available. The proposed program will be in addition to the over \$19 billion of Federal funds that have been made available over the past year for the purchase of mortgages to supplement the buying power of hard-pressed thrift institutions.

*GNMA* currently aids in creating a supply of credit for mortgages on new homes insured by *FHA* or guaranteed by *VA*. ... about 20 percent of the total mortgages. ... at reasonable interest rates by: assuring, through commitments in advance, purchase of mortgages at a pre-determined price; subsidizing market interest rates to lower levels in the event interest rates do not fall after commitments are made; and guaranteeing, on a "full faith and credit basis," obligations secured by such mortgages.

By making conventional mortgages on new homes eligible for purchase by *GNMA*, builders and homebuyers will be assisted where home mortgage credit is scarce or nonexistent.

Subject to Congressional approval, the program would provide for a maximum mortgage amount for an individual home of \$45,000. The effective interest rate would be determined on the basis of market conditions at the time the program went into effect. Downpayments of 20 percent would be required in most cases.



## Current Trends

The Commerce Department report covering construction spending in August ... showed a total seasonally-adjusted outlay for the month of \$134.4 billion. ... down 1.3 percent from the revised July rate of \$136.2 billion. This was the third consecutive month that a decline occurred. The rate was 2.2 percent below the August 1973 figure. ... and was the lowest since last January's level of \$132.5 billion. Public construction outlays for the month were up in August to a \$36.8 billion annual rate. ... 1 percentage point above July. ... and 21 percent above August 1973.

## Municipal Revenue Figures Reported

Revenues of city governments in fiscal 1972-73 totaled \$49.3 billion. . . an increase of \$7.1 billion (17 percent) from the previous year's total according to a report released by the *Census Bureau*. Spending also continued upward. . . the report showed. . . reaching \$48 billion in fiscal 1972-73, as against \$43.9 billion in 1971-72.

Of the revenue total. . . city-imposed taxes yielded \$18.5 billion in fiscal 1972-73. . . or about 45 percent of all general revenue of city governments. Property taxation provided the predominant share of tax revenue. . . supplying \$11.9 billion. Other municipal tax revenue sources and amounts collected were: general sales and gross receipts taxes, \$2.1 billion; selective sales taxes, \$1.4 billion; and licenses and miscellaneous other taxes, \$3.0 billion.

Municipalities received about \$10.6 billion from State governments in fiscal 1972-73. Income received directly from the Federal Government, other local governments, and counties pushed the total of city intergovernmental revenue to \$15.6 billion.

Almost 70 percent of all municipal expenditure in fiscal 1972-73. . . \$32.5 billion . . . was for current operations. . . including amounts for publicly owned and operated utilities and general government purposes.

Capital outlay. . . mostly for construction. . . and to a lesser degree for equipment, land purchases, and the acquisition of existing structures. . . totaled \$9.2 billion.

Education topped all city government general spending with \$6 billion or 15.5 percent of all general spending in fiscal 1972-73. Next was police protection with \$4.4 billion; then public welfare, up sharply to \$3.4 billion; while highways, with \$2.9 billion, and fire protection, with \$2.3 billion increased slightly.

Personal service expenditures, including some amounts for personnel engaged in construction, but mostly for current operations, comprised nearly 43 percent of all municipal spending and totaled \$20.5 billion for fiscal 1972-73.

The report indicated that the conclusion of fiscal 1972-73, municipal indebtedness was \$56.0 billion. . . up almost 7 percent from a year ago. The debt total consisted of \$28.9 billion for long-term debt that is backed by the cities's full faith and credit, \$20.4 billion of nonguaranteed long-term debt, and \$6.8 billion of short-term debt.

In addition to statistics for municipalities as a group, the report provides detailed financial summaries for 405 cities with populations of 50,000 or more.

The report, *City Government Finances in 1972-73, GF73, No. 4*, may be obtained for \$1.30 from the *Superintendent of Documents*, Washington, D.C. 20402.



## Local Government Employment Report Available

A new *Census Bureau* report shows October 1972 employment and payroll statistics for selected local governments. Data are presented individually for all county governments; municipalities. . . and (in New England States, New York, New Jersey, and Pennsylvania) towns and townships with 10,000 or more population. . . independent school districts with 3,000 or more enrollment in October 1971; and special districts whose October 1972 full-time employment was 100 or more persons.

Although the *Bureau* published some public employment figures for 1973. . . this report contains local data unpublished until now. The 1972 *Census of Governments* is the most recent in a series taken every 5 years by the *Bureau* in years ending in "2" and "7".

Copies of the report, *1972 Census of Governments, Employment of Major Local Governments, Volume 3, No. 1*, are available for \$3.40 from the *Superintendent of Documents*, Washington, D.C. 20402.



## Neighborhood Upgrading Test Begins

**HUD** has awarded a \$250,000 demonstration grant to ensure that loan funds are available to homeowners who want to improve their homes and upgrade their communities under local neighborhood housing services programs developed by the *Urban Reinvestment Task Force*.

The *Task Force* is a joint effort by **HUD** and the *Federal Home Loan Bank Board* to help local interests revitalize neighborhoods approaching decline. . . and was formed in April.

The demonstration grant is intended to stimulate a national high-risk loan purchase pool that will serve as a financial resource for local neighborhood housing services programs in periods when local high-risk revolving loan funds are in short supply or otherwise unavailable. . . and to provide liquidity at those times by buying loans from the local funds at a modest discount.

The demonstration program will permit the *Task Force* to test the utility of a secondary market for high-risk loans. The *Task Force* is now working with some 20 cities to develop programs that will stabilize and reverse the decline of neighborhoods at an early stage by restoring the confidence of neighborhood residents and private financial institutions and obtaining a high level of city services.

Funds for the local revolving loan funds are normally contributed by foundations and local corporate sources, and matching grants may be provided by the *Task Force*. Financial support for the national high-risk loan purchase pool will be received from private sources as well as from the **HUD** demonstration grant.

Further information can be obtained from William A. Whiteside, Staff Director, *Urban Reinvestment Task Force*, 101 Indiana Avenue, N.W., Washington, D.C. 20552.



## Citizen Action Grants

As many as 20 American communities will be selected next year to receive technical and financial support for projects of citizen involvement in local decision-making. . . the *Citizen Involvement Network (C.I.N.)*. . . a Washington-based, nonprofit organization, has announced.

A key objective of the demonstration projects. . . designed to evaluate the strengths and limitations of citizen-action programs and techniques. . . will be increased communication between local government and its constituent citizenry.

Based on the results of a study on local community undertakings by the *Charles Kettering Foundation* and on a recently-issued report by the *Senate Intergovernmental Relations Subcommittee, C.I.N.* has concluded a coordinated citizen involvement program should be initiated on an experimental basis in 20 communities. According to spokesmen for the organization, the communities will be of varying size and location and will be those in which significant citizen participatory programs are already underway or are being initiated.

Selection of the communities will be announced in early 1975. Interested communities should write to: *Citizen Involvement Network*, 1211 Connecticut Ave., N.W., Washington, D.C. 20036. (202/466-8677)

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## Lenders Offer Low-Interest Loans

Seven financial institutions in Arlington, Virginia... a suburb of Washington, D.C., have agreed to participate in a public service program which will make \$14,000 available at 8 percent for repairs to sub-standard homes owned by low-and moderate-income families. Contributing \$20,000 each to the fund... the lenders have created the *Rehabilitation Loan Program*... to provide loans of from \$1,000 to \$5,000 to owner-occupants of single-family homes that have been cited for housing code violations. The 8 percent rate under the plan compares to 12 to 15 percent generally prevailing on the open market.

Both savings and loan associations and commercial banks are taking part in the program... aimed at moderate income persons living in the county's 14 neighborhood conservation areas, but including home owners with maximum annual incomes of \$12,000 for a family of six.

It is hoped that widows, the elderly, disabled persons, and those who purchased homes years ago... before increased costs... would now be able to make repairs to meet county housing code standards.

Arlington's neighborhood conservation program is a 10-year-old program in which \$3.2 million has been spend on gutters, sidewalks, recreational facilities, and other improvements to the physical appearance of older single family neighborhoods.

Many who have not made repairs have been unable to afford to do so... which is the reason the rehabilitation program is being instituted.



## S&Ls to Allow Travelers Withdrawals

The *FHLBB* has proposed a new Federal regulation governing travelers' convenience withdrawals. The proposed regulation permits a Federal association account holder to make a withdrawal from a savings account through a disbursing association whose accounts are insured by the *Federal Savings and Loan Insurance Corporation*.

An important provision of the proposed regulation requires the office of the disbursing association to be located more than 100 miles from the account holder's home. This will enable savings associations to offer an added convenience to the American traveler and enhance the flexibility of thrift institutions' savings accounts.

The proposal also permits a Federal association to act as the disbursing institution in such a withdrawal.

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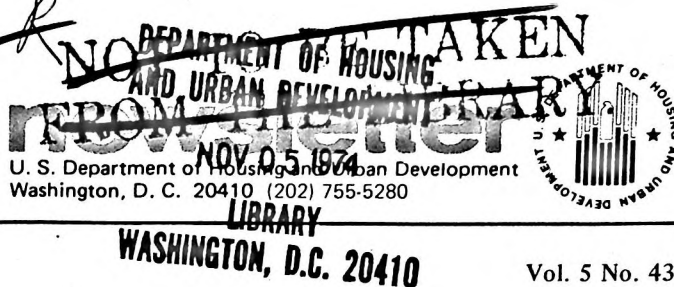
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HUD-401



HUD NEWSLETTER  
October 21, 1974

# HUD



October 28, 1974

Vol. 5 No. 43

## New Mortgage Bill Becomes Law

President Ford has signed into law the measure authorizing *HUD* to purchase up to \$7.75 billion a year in conventional mortgages. Under the new law... *HUD's GNMA* can buy conventional home mortgages carrying an interest rate of under 9 percent... compared to the current market rates of 10 to 11 percent. Prior to the passage of this legislation... the *GNMA* purchases were limited to *FHA*-insured and *VA*-guaranteed mortgages. Mortgages purchased under the plan cannot exceed \$42,000.



## Current Trends

The early October sale of project notes of 80 local housing authorities totaled \$552 million... and sold at an average interest rate of 5.18 percent. The interest rate last month was 6.125 percent. Bids ranged from 4.94 percent to 5.49 percent. The average maturity of the notes sold was 7.6 months.

*FNMA* has issued \$53 million in four-month commitments to purchase Government-backed and conventional home mortgages. \$29.7 million in commitments on Government-backed mortgages sold at an average yield of 10.317... and \$23.3 million in four-month conventional commitments at an average yield of 10.458 percent.

In early October... the *Federal Home Loan Mortgage Corporation*... as part of its "continuing efforts to attract new investors and capital into the mortgage market"... again began to sell its *Participation Sale Certificates*. The *Certificates* offer competitive yields and represent undivided ownership interests in large pools of conventional mortgages acquired and administered by *FHLMC*. *FHLMC* fully guarantees the *Certificates* and acts as collecting agent for the underlying mortgages and disbursing agent for the *Certificates*... which come in a minimum denomination of \$100,000... and have been ruled eligible for tax treatment as direct mortgage investments. Since beginning the program in late 1972... *FHLMC* has sold over \$900 million worth of the *Certificates* to investors of all types.

In September... privately-financed housing starts were at the seasonally-adjusted rate of 1.120 million units... up slightly from the August rate of 1.115 million.



## Mortgage Limits Raised

Mortgage limits for multifamily projects still being processed for insurance under *Section 236* of the *Housing and Urban Development Act of 1968* have been raised under the provisions of the *1974 Housing and Community Development Act*.

Secretary Lynn... in approving the change... said, "We have received many requests from applicants whose projects are still being processed. They point out that inflation has made the previous mortgage limits infeasible if the purpose of the basic legislation to assist in providing housing for people of low and moderate income is to be fulfilled. In weighing the equities of controlling inflation on the one hand, and helping our citizens get decent, safe and sanitary housing on the other, I believe the latter is more important. Accordingly, I have authorized the increases."

The new limits appeared in the *Federal Register* on October 7, 1974.

## Sixth Biennial Design Excellence Awards

Awards in *HUD's Sixth Biennial Competition for Design Excellence* in HUD-assisted activities have been announced. There were 24 awards from the 347 entries submitted by architects, planners, engineers, landscape architects, developers, sponsors, and public agencies from 30 States, the District of Columbia, and Guam.

This is the first time... on a national level... that an interdisciplinary group of environmental design specialists has been assembled to make public judgments on the quality of contemporary urban development in the U.S. Awards were presented in three categories: *Management Approaches*, *Project Design*, and *Urban Design Concepts*. A report... prepared by the Jury... *State-of-the-Art of Environmental Design* is available from the *HUD Urban Design Program Office*, Room 8230, Washington, D.C. 20410.



### HUD to Issue House 'Pre-Purchase Package'

Families with low to moderate incomes thinking about buying a house but uncertain whether they can afford it are about to get some help from *HUD* in the form of a *Pre-Purchase Information Package*. The package will help families determine not only what it will cost to buy and maintain the house of their choice but also what other costs they should be prepared to handle... including those of moving, furnishing, taxes, utilities, and transportation to and from work.

*HUD's Office of Policy Development and Research (PD&R)* has issued a *Request for Proposals*... inviting proposals from firms capable of producing a marketing information pre-purchase package. Responses to the *RFP (H-15-75)* are due about November 10. The potential beneficiaries of the proposed publication will be those families seeking housing within the *FHA* mortgage limits. This self-teaching aid... when completed... will provide information and criteria that are easily understood, so these families can make a realistic decision on whether to buy a house.

Copies of the *RFP* and other information about it can be obtained from Duane Murray, *HUD Research Demonstrations Division, Office of Procurement and Contract (ACR-A)*, Washington, D.C. 20410. Ask for *RFP No. H 15-75*.



### Pension Funds Asked to Invest in Mortgages

J.S. Norman, Jr. . . a Houston homebuilder. . . and legislative chairman of the *National Association of Home Builders*. . . appeared before a subcommittee of the *Joint Economic Committee of Congress*. . . and urged that legislation be enacted to require pension funds to invest 25 percent of their assets in home mortgages. Calling the pension funds the "fastest growing reservoir of savings in the Nation," Mr. Norman said the funds practically ignore the mortgage market. . . and invest instead in securities. If they were required to invest in mortgages. . . the builder claims. . . they would not only help get houses built. . . they would also help 'meet a high social goal.'



### Publication Available

*Questions About Condominiums - What to Ask Before You Buy*. A 48-page *HUD* booklet. . . designed to inform possible purchasers and to encourage condominium ownership. It explains potential pitfalls for purchasers and suggests ways to avoid them. Of particular interest is information for condominium owners who may become members of a Board of Directors or an Owners' Council. Finally, there is a discussion of *HUD-FHA* programs authorized under the *National Housing Act*.

Available free from *HUD's* 86 field offices throughout the country, as well as from the *U.S. Consumer Information Service*, Pueblo, Colorado 81009. The publication's code number is HUD-365-F.

## AILA Design Competition Announced

The *American Institute of Landscape Architects* has announced the entry requirements for its 1975 *International Design Competition*. Deadline for entries is December 15, 1974.

The major purpose of the competition is to provide recognition for outstanding works of landscape architecture.

In sponsoring the program... the *Institute* hopes to discover projects which best illustrate the role of the landscape architect in society, and to keep a graphic historical record of the work being produced by our present generation of professionals.

The competition is open to all landscape architects. Membership in *AILA* is not required.

Full details on the competition are available from *AILA Design Competition*, c/o Allen L. Keesen, *AILA*, 2000 South Quebec Street, Denver, Colorado 80231.

The *American Institute of Landscape Architects* is an organization of professionals practicing landscape architecture throughout the world. Founded in 1954... the *Institute* provides its members with a voice in local, national, and international affairs... Members are supplied with source information dealing with professional practices. The *Institute* also assists students... offering personal advice, consultation, and a placement service for those entering the profession. For further information about the *Institute*... write F.J. MacDonald, Executive Vice President, *American Institute of Landscape Architects*, 6810 N. 2nd Place, Phoenix, Arizona 85012.



## Energy From Waste

Municipal waste disposal... a costly and land-consuming problem in most urban centers... may yield new energy and environmental benefits for the Minneapolis area as result of a federally-assisted analysis of solid waste conversion now underway in Hennepin County, Minnesota... which includes Minneapolis and some of its suburbs.

Partially funded under a \$94,675 research contract from *HUD*... Hennepin County is developing a program plan for converting its solid waste into fuel and other resources. Such a process could produce enough energy to heat and cool some 17,000 homes and reduce county landfill needs by 83 percent. Heat produced by incineration of the solid waste would be recovered and used to generate steam, electricity, heating and hot water. Experts estimate the recycling process also could recover some 40,000 tons of ferrous metals each year.

Award of the *HUD* research contract was announced by Michael H. Moskow, *HUD's Assistant Secretary for Policy Development and Research*, and Alberto F. Trevino, Jr., General Manager of *HUD's New Communities Development Corporation*. Cedar-Riverside, a *HUD*-backed new community near Minneapolis, will be site of the solid waste energy recovery plant.

Hennepin County launched the \$200,000 research effort in June 1974, in cooperation with other major energy users in the area, and expects to have plans for the solid waste-energy recovery system completed by May 1, 1975. Balance of the funds for the project will come from the county.

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## 1973 U.S. Households Income Rose

Median income of U.S. households rose to \$10,500 in 1973...an 8.4 percent increase over the 1972 household median of \$9,700...according to the *Census Bureau*. Although part of the increase was eroded by price increases...the net gain in real purchasing power was 2.1 percent.

Household income differs from family income...about which the *Bureau* issued its annual advance report in July...in that household income includes the income of all persons in a household, related as well as unrelated. Household income also covers the income of one-person households whereas family income does not.

Aggregate household money income increased by 10.3 percent between 1972 and 1973, the report says, as a result of an increase of 1.6 million in the total of households (69.9 million in 1973) and a 7.7 percent increase in the average amount of income per household.

Of the 69.9 million households, 5.4 million (7.8 percent) had incomes of \$25,000 or more and 15.4 million (22.1 percent) had between \$15,000 and \$25,000 in 1973. A breakdown of the remainder shows that 15.8 million had \$10,000 to \$15,000; 10.2 million, \$7,000 to \$10,000; 7.0 million, \$5,000 to \$7,000; and the remaining 16.0 million, less than \$5,000.

Copies of the report, *Household Money Income and Selected Social and Economic Characteristics of Households*, P-60, No. 96, may be obtained for 75 cents from the *Superintendent of Documents*, Washington, D.C. 20402.



### FYI

*American Bankers Association*...23rd Annual Agricultural and Rural Affairs Conference...St. Louis, November 10-13. Details: Derl I. Derr, *ABA*, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036 (202/467-4010)

*HUD*...Indian Housing Conference...Scottsdale, Arizona...November 14-16. Details: Reaves F. Nahwoosky, *Office of Equal Opportunity, HUD*, Washington, D.C. 20410. (202/755-5974)

*Council of State Governments*...Annual Convention...San Antonio, Nov. 21-23. Details: *CSG*, P.O. Box 11910, Iron Works Pike, Lexington, Ky. 40511 (606/252-2291)

*Council for Urban Economic Development*...Annual Convention...Washington, D.C., Nov. 25-27. Details: *CUED*, 1620 Eye St., N.W., Washington, D.C. 20006. (202/293-6911)

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HUD NEWSLETTER  
October 28, 1974



# HUD newsletter

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



November 4, 1974

Vol. 5 No. 44

## Current Trends

HUD's October 1 opinion survey of mortgage market conditions showed... that nationally... the average secondary market price for immediate delivery of HUD-FHA insured 9½ percent new-home mortgages with 30-year terms and minimum downpayments dropped one-half a point from a month earlier to \$93.7 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 10.38 percent... up slightly from the revised yield of 10.30 percent as of September 1.

Urban renewal project notes totaling \$341 million... representing 114 local issuing agencies... were sold in mid-October at an average interest rate of 4.8334 percent. Maturities of the 120 issues sold ranged up to one year, with one-year notes accounting for 50.8 percent of the total amount sold. The average maturity of all notes... to be dated November 12, 1974... was 8.6 months. The average interest rate for the \$452 million of project notes sold in mid-September was 5.8495 percent.



## Emergency Program Launched

Secretary Lynn has announced that the first phase of the program authorized by the *Emergency Home Purchase Assistance Act* signed by the President on October 18 has begun. The initial action makes \$1.5 billion of a proposed \$3 billion total available immediately... with the remaining \$1.5 billion to be released in the near future.

The program authorized by the new law expands HUD's GNMA's regular mortgage-purchasing program by allowing GNMA to purchase conventionally-financed home mortgages. Prior to the passage of the new legislation... only FHA-insured or VA-guaranteed mortgages could be purchased.

The plan calls for \$1.5 billion to become immediately available through the facilities of FNMA for the period ending November 30, 1974. The second \$1.5 billion will be released through the *Federal Home Loan Mortgage Corporation*.

Under the formula provided by law... the maximum mortgage interest rate will be determined on the basis of yields on six- to 12-year *Treasury* issues for the month preceding the month in which the GNMA commitments are made, plus ½ of 1 percent. Therefore... the mortgage interest rate may vary from month-to-month as a new program is announced or as more money is made available. There is also a commitment fee and other fees to cover reserves for losses and certain marketing costs.

Under the law... the prescribed interest rate for commitments made through the initial program period (October 22 - November 30) will be 8½ percent. A downpayment of 20 percent will be required... except that a downpayment of 5 percent is allowed if the additional mortgage amount is covered by a qualified private mortgage insurance contract.

## Demonstration Program Announced

HUD will contribute nearly \$1.9 million to the overall cost of eight separate projects being launched under HUD's new *Capacity Building Demonstration Program*, a research and demonstration effort aimed at finding and testing management tools and techniques which can be used by local government policy-makers. Under the *Program*... local government officials in more than 60 communities in nine States will participate in the \$2.5 million federally-assisted program designed to help State and local governments make better use of new authority and resources available to them under the *New Federalism*.

The principal participating cities are: Boston; Cincinnati; Dayton; Houston; Petersburg, Va.; Prichard, Ala.; and about 50 cities in Texas, California, Tennessee, and South Carolina which will be selected by the State organizations involved.

The *Capacity Building Demonstration Program* is designed to produce relevant and usable management tools which can be adapted by many communities. Among the products anticipated are management information systems, program budgeting procedures, citizen participation techniques, and strategies for municipal community development programs.

Organizations receiving awards, the Federal share, and the cities with which they will be working in implementing the *Capacity Building Program* are: *The Charles F. Kettering Foundation of Dayton*, heading a consortium, \$230,410 (Dayton and Cincinnati); *The City of Boston*, \$249,000; *The City of Houston*, \$250,000; *The MATCH Institution of Washington, D.C.*, \$163,000 (Prichard, Ala. and Petersburg, Va.); *The Texas Municipal League*, \$249,783; and the *State of South Carolina, Office of the Governor*, \$249,237.

These cities were selected after intensive national competition in which over 100 different State and local governments, planning units, and other organizations submitted over 70 proposals. The quality and variety of these proposals have confirmed a tenet of *New Federalism*: that there is a wealth of talent and energy at the State and local level for dealing with pressing urban problems.

Winning proposals all provide for involving elected officials in defining the problems they wish to address, as well as direct integration of the capacity-building project into the community decision-making process.



## Dallas Affirmative Plan Succeeds

The *NAHB Journal-Scope* reports on the success of HUD's *Affirmative Fair Housing Plan in Dallas*. HUD Regulations require sellers and renters of FHA and VA properties to wage an affirmative marketing campaign aimed at educating minority groups about equal housing opportunities.

*The Dallas Plan*... a fair housing advertising campaign by a group of local builders... not only responds to the letter of HUD's *Affirmative Fair Housing Regulations*, but it attracts free public service newspaper, TV, radio, and billboard notices for the builders.

The Dallas Builders group joined to promote fair housing because it felt a combined effort would achieve results. Its members collectively develop 80 percent of all new homes in the area.

The two major Dallas daily newspapers run a free \$300 ad every other Sunday. Billboard companies have donated free space in choice locations as a public service. And, TV and radio stations run free community service spots advertising Dallas as an equal opportunity home market.

Advertising received so far is valued at \$170,000. A fraction of that was paid for by assessments on each of the 25 builders. Most of the agency talent and advertising space was contributed as a public service.

A series of stories on equal housing opportunities was also prepared and scheduled to appear in major newspapers monthly. Stories appear in ethnic papers more frequently.

## Mortgage Bankers Elect

New officers for 1974-75 were elected by the *Mortgage Bankers Association of America* at its annual convention in Miami, October 29. They are: President... William E. Ezzell, chairman of the board, *Kentucky Mortgage Company, Inc.*, Lexington, Kentucky; first vice president... Jerome L. Howard, chairman of the board and chief executive officer, *Mortgage and Trust, Inc.*, Houston; second vice president... Kennon V. Rothschild, chairman and chief executive officer, *H. & Val J. Rothschild, Inc.*, St. Paul, Minnesota; and treasurer... Franklin Briese, chairman of the board, *Minnesota Mutual Life Insurance Company*, St. Paul, Minnesota.

Ezzell... the new president, was previously *MBA's* first vice president. He is a member of the *National Association of Realtors* and the *Kentucky Chamber of Commerce*.

Howard... the first vice president, was previously second vice president of *MBA*. He is a member of the advisory board and the executive committee of the *Texas Mortgage Bankers Association* and is a past president of the organization.



## AIP Elects

*The American Institute of Planners*... the national professional society of urban planners elected new officers and Governors... who took office during *AIP's* annual conference in Denver, October 28. Officers will serve a one-year term and Governors a three-year term.

Robert C. Einsweiler, *AIP*, was reelected President. He is a private consultant with his own firm in Minneapolis. Diana C. Donald, *AIP*, is First Vice President. She is a partner in the firm of *Brown, Donald and Donald Planning Services* of Farmington, Connecticut. Leon S. Eplan, *AIP*, is Second Vice President. He is *Commissioner of Budget and Planning, City of Atlanta*.



## Erratum

Our October 14 issue contained statistics covering Fiscal Year 1974 program activities of the *Farmers Home Administration*. These data had been compiled by the *Housing Assistance Council, Inc.* We regret that we failed to credit the *Council* as the source of the information we used.



## Neighborhood Exhibit Available

Last June... the *Newsletter* published an article about *CitySlick*, an exhibition of the *Neighborhood Report* communications experiment in Syracuse, N.Y. A *CitySlick* exhibition is available to any institution for the cost of transportation. The show consists of 17 photo blow-ups and graphics that measure approximately 40X60", 50 *Neighborhood Report* published pieces (brochures, magazines, posters, etc.) mounted on plexiglass panels, and 45 minutes of videotape available on 3/4" cassette or 1/2" open reel. The tape gives samples of closed system and broadcast television produced by *NR* about the South side of Syracuse.

*NR* and *CitySlick* will be featured in a 5,000-word article in the Sept./Oct. 74 issue of *PRINT* magazine.

Information on *NR* or *CitySlick* may be obtained from Tom Klinkowstein, 416 W. Onondaga St., Syracuse, N.Y. 13202.

**HUD** newsletter

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

November 4, 1974

HUD-318-148-PA

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FYI

*The University of Chicago's Center for Continuing Education*. . . National Fund Raising Conference. . . Washington, D.C. December 10-11. For further information: Heidi Kaplan, *New York Management Center, Dept. 14NR*, 360 Lexington Avenue, New York, New York 10017, (212) 953-7262.

*National Association of Housing and Renewal Officials*. . . Housing Workshop . . . Miami Beach, December 5-7. Special emphasis on the provisions of the newly-enacted Housing and Urban Development Act of 1974. Registration: *NAHRO Workshop Registrar*, c/o Ralph Carey, *Metropolitan Department of Housing and Urban Development*, P.O. Box 250, Riverside Station, Miami, Florida, 33135.



New Publications

*HUD's Office of International Affairs* has announced the publication of four booklets. . . on housing, planning, urban affairs, and *New Communities*.

The first. . . *Statistical Profile, USA*. . . was compiled from data from *HUD*, the *Department of Commerce*, and the *Census Bureau*, and is related to and limited to housing and urban development.

*Major Airports and Their Effects on Regional Planning* is a digest of several papers prepared for the fourth meeting of the *Urban Environment Sector Group, Organization for Economic Cooperation and Development*, in Paris, France.

These two publications may be purchased from the *Superintendent of Documents*, Washington, D.C. 20402, at 25 cents and 60 cents a copy, respectively.

*The New Communities in Selected European Counties*. . . a basic information guide, especially useful to persons planning to visit one or more of these new communities. It includes a map showing location, developer's name and address, and other pertinent information.

*Urban Institutions Abroad* was published by *HUD* to meet increasing requests from researchers, professionals, and teachers for a source of information in this field. The publication is the result of a world-wide survey of institutions supporting urban development, conducted by the *Office of International Affairs* in cooperation with U.S. Embassies and the diplomatic community in Washington.

These two publications can be obtained without charge from the *Information Services Branch, HUD Office of International Affairs*, Washington, D.C. 20410.

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HUD NEWSLETTER  
November 4, 1974



# HUD newsletter

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



November 11, 1974

Vol. 5 No. 45

## Current Trends

John Stafford... vice president of the *U.S. League of Savings Associations*... told a group of housing and S&L officials at a meeting at Lake Geneva, Wisconsin... that while the figures had not yet been fully reported officially... it appeared that October would show a small increase of savings inflows at S&Ls. "Compared with the outflow in recent months, I think we can detect a turnaround in the savings flow," he said. Michael Sumichrast... chief economist of the *National Association of Home Builders*... told the same meeting that he felt that the slumping home building industry would start "on the road to recovery" in the second quarter of 1975. He agreed with Mr. Stafford... about the October savings inflow... estimating the October inflow rate at \$800 million... compared to a net outflow of over a billion each in both August and September... and that this would help spark the new trend next Spring.

The *Commerce Department* has reported that condominiums represented 14.5 percent of housing units started during calendar year 1973. The *Department* estimated that the 241,000 condo unit rate... about one out of seven of the housing units started during the year... was triple the rate in 1972. Nearly half of all condos started were in the South... mostly in Florida.

The *Census Bureau* is asking citizens and community groups to help it determine what questions to ask in the *1980 Decennial Census*. A series of regional meetings will be held for the purpose... and *Bureau* representatives will discuss the suggestions made by various business, demographic, and local governmental representatives... and pass them on to top *Census* officials. Similar meetings were held in planning for the 1970 count.

*NAHB* reports that the rate of increase in construction wages... which had been slowing since the spring of 1972... rose in July. The all-trades hourly average increased from \$9.13 in April to \$9.55 in July... and every indication is that it will reach \$10 by the early part of 1975. While the increase from July 1973 was 8 percent... the bulk of the rise (4.5 percent) occurred during the April-June quarter. This was the highest quarter-to-quarter increase since July 1970.



## FHA Eases Mortgage Flow

Builders seeking construction funds under *FHA's* insurance program will now find it easier to obtain funding under a change in *HUD* policy. In announcing the change... Sheldon B. Lubar... *HUD Assistant Secretary for Housing Production and Mortgage Credit-FHA Commissioner*... said that the housing industry has been "seriously affected by the shortage and high cost of mortgage funds. This has forced many builders to halt construction activities. To help alleviate this condition... *FHA* is amending its instructions for the issuance of firm commitments for the insuring of permanent loans to builders."

Under the relaxed policy... a firm commitment to insure a long-term loan in the name of an eligible builder will be made. This commitment should encourage lenders to make construction loans more readily than previously... since the interim lender is assured that the builder will have a permanent takeout loan.

Under former practice, *FHA* generally would not issue firm commitments to builders where they could obtain construction loans without them.



## AIA Investigates Irregularities

In one of the first instances of a professional group policing its own members' actions... the *National Inquiry Committee* of the *American Institute of Architects* has undertaken investigations of 15 cases involving alleged misconduct by architects. The *Committee* was established in May 1974.

Reporting to the Board of Directors of the 25,000-member professional society, F. Carter Williams, FAIA, of Raleigh, N.C., stated that eight of the 15 cases are currently active (one already heard... with two more hearings scheduled); three others have been held up pending further evidence... and four have been dismissed unless additional evidence in support of the allegation of wrongdoing is found.

Discussing the kinds of judgments his *Committee* is required to make, Williams told the *AIA Board*, "It is not surprising that one of the basic causes of problems being investigated by the *National Inquiry Committee* is in the area of political contributions and campaign financing."

He said that in considering cases brought before it, the *Committee* must decide such perplexing questions as:

- When does a legal contribution become an illegal and unethical "bribe?"
- When does an illegal "kickback" become "extortion?"
- If a great majority of government-allocated work in one area is commissioned to a very small percentage of regular, large, party-in power contributors, is this to be construed as a prima facie impropriety?

The *Committee* consists of 25 members... serving as a pool from which investigative panels are assigned to individual cases. If the investigative panel finds that valid grounds for complaint exist, the *Inquiry Committee* must decide whether the case should be referred to the *Institute's National Judicial Board*, to the appropriate State architectural registration board, and/or to legal authorities.

In cases referred to the *National Judicial Board*... the *Inquiry Committee* is authorized to act as complainant in instituting proceedings against the alleged offender... a departure from earlier procedures which have required that an individual bring charges.



## Neighborhood Change Study to Begin

Cities of the future may use computers to forecast and curb the beginning of neighborhood decline in changing residential areas as result of a \$585,000 study announced by HUD. The study will produce a mathematical model of neighborhood change and of new approaches for revitalizing older neighborhoods that could give computer-equipped cities a "prediction capability" for pinpointing potential neighborhood decline and lead to ways to prevent it in neighborhoods that are still in good condition.

The 33-month research effort will be conducted by the *Joint Center for Urban Studies of the Massachusetts Institute of Technology* and *Harvard University*, under contract to HUD's Office of Policy Development and Research.

One of HUD's major goals is the development of new ways to preserve neighborhoods and to utilize our stock of existing housing. Among recent actions was the creation of the new Urban Reinvestment Task Force, announced in April by HUD Secretary Lynn and Chairman Bomar, of the *FHLBB*. The new research project with the *Joint Center* is expected to provide a solid base of information on which these and future neighborhood preservation activities can be developed by the Federal Government and... more importantly... by States and individual localities.

For further information: Dr. David Birch, *MIT/Harvard Joint Center for Urban Studies*, 66 Church Street, Cambridge, Mass. 02138.

## Neighborhood Upgrading Report Available

Earlier this year... *HUD* and the *Federal Home Loan Bank Board* created an *Urban Reinvestment Task Force* to promote a program known as *Neighborhood Housing Services*... which was designed to help reverse the downward trend of urban neighborhoods wherever possible. This unique, painstaking, but largely successful approach began in Pittsburgh 6 years ago... and has now spread to several other cities. One of these is Dallas. A report on how the Dallas program was conducted appeared in the July 1974 issue of *DALLAS*... the magazine of the *Dallas Chamber of Commerce*.

The program... has reversed the familiar pattern of decline that sets in when people, industry, and capital flee certain urban areas. In essence... it arranges for structurally sound homes that have begun to deteriorate but still are salvageable to be rehabilitated through the combined efforts of residents, local banks, city government, private foundations, and the *FHLBB*. (Pittsburgh's pioneering effort was assisted by the *Sarah Mellon Scaife Foundation*; the programs in Washington, D.C., Baltimore, and Dallas were assisted by the *Ford Foundation*; and in Cincinnati by the *Edna McConnell Clark Foundation*.)

The success of the program is attributed to the initiatives of the residents of the neighborhoods... the willingness of local lending institutions to provide financing in neighborhoods they normally would shun... the municipalities' activities in improving facilities and services and in undertaking strict code enforcement... and the involvement of private foundations in making high-risk loans to residents who otherwise would not meet the lenders' standards.

Further information and copies of the reprint... *New Life for Old Neighborhoods*... is available from the *Neighborhood Housing Services of Dallas*, 4923 West Lovers Lane, Dallas, Texas 75209. Also... details of the operation of the program in a number of other cities... Washington, D.C.; Oakland; Jamaica, N.Y.; Boston; Plainfield, N.J.; and Cincinnati can be obtained from the *Office of Reports, Ford Foundation*, 320 East 43rd Street, New York, N.Y. 10017.



## Environmental Design Grants Awarded

*The National Endowment for the Arts*... continuing its support of environmental design... has awarded its FY 1975 grants aimed at increasing citizen awareness and participation under its *Architecture + Environmental Arts Program*. The awards cover the *Architecture Division's Public Education and Awareness Program* and the *Assistance to State Arts Agencies Program*... and include 48 projects in 25 States... representing a total of \$593,984.

The *Public Education and Awareness* grants are an attempt to assure that concern with architecture and design are not limited to professional designers. The *National Endowment for the Arts* is an independent agency of the *Federal Government*, formed in 1965 to develop the Nation's cultural resources, and is advised by the presidentially-appointed *National Council on the Arts*.

Because some of the projects being awarded funds coincide with America's forthcoming *Bicentennial* celebration, they have been designated *Endowment Bicentennial* projects.

More details are available from *The Endowment* in Washington.

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FYI

*American Association of Public Welfare Attorneys. . . National Conference. . . Atlanta, December 1-4. Details: Benjamin O. Hendrick, American Public Welfare Association, 1155-16th St., N.W., Washington, D.C. 20036. (202/833-9250)*

*National League of Cities. . . 50th Anniversary Congress of Cities and Exposition. . . Houston, December 1-5. Details: Congress of Cities Information, National League of Cities, 1620 Eye St., N.W., Washington, D. C. 20006.*

*National Association of Building Manufacturers and Professional Builder Magazine. . . International Building Exposition (INBEX). . . Chicago, December 10-12. Details: Charles Snitow Organization, (INBEX Show Management), 331 Madison Avenue, New York, NY 10017. (212/682-4802)*

*Committee on Federal Procurement of Architectural-Engineering Services (COFPAES). . . Third Annual Conference. . . Miami, January 9-10. Representatives of HUD, Defense, EPA, AEC, and Department of Transportation. . . along with delegates from the American Institute of Architects, the American Consulting Engineers Council. . . the American Society of Civil Engineers, the American Road Builders Association, and the National Society of Professional Engineers. . . will all participate. Registration: Marshall E. Purnell, Federal Liaison Office, AIA, 1735 New York Ave., N.W., Washington, D.C. 20006. (202/785-7384)*



#### Fair Housing for the Spanish Speaking

Discriminatory housing practices directed toward Spanish-speaking Americans will be explored in public meetings called by HUD's Office of Fair Housing and Equal Opportunity. The fact-finding national Administrative Meetings. . . titled *Fair Housing Problems of Spanish-Speaking Americans*. . . will be one-day sessions in New York City on November 18. . . and in Dallas on December 11. . . and are intended to identify circumstances of housing discrimination where there are large concentrations of Spanish-speaking.

Dr. Gloria E. A. Toote HUD Assistant Secretary for Fair Housing and Equal Opportunity, will preside at each session. Dr. Toote said, "We are seeking evidence and information in different localities, representative of geographical concentrations of Spanish-Americans. To be effective, it is important that the meetings be accessible to a significant portion of the affected population."

The meetings are open to the press and the public. They will be convened at 9 a.m. in each city. . . Room 305, 26 Federal Plaza in New York. . . and Room 1701, Federal Building, 114 Commerce Street, in Dallas.

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# HUD newsletter

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



November 18, 1974

NOV 15 1974

Vol. 5 No. 46

## Current Trends

Strong initial demand for the new *GNMA Conventional Home Mortgage Purchase Program* has been reported by *GNMA*. Over \$245 million of the initial \$1.5 billion of the new program was committed in the first 3 days of the program's operations. The new program was authorized by the *Emergency Home Purchase Assistance Act* signed by President Ford on October 18, 1974. The *Act* is designed to provide financing relief for homebuyers and sellers by allowing *GNMA* to purchase conventionally-financed home mortgages. Previously... the law allowed *GNMA* to purchase only those mortgages insured by *FHA* or guaranteed by *VA*.

The *F.W. Dodge Division of McGraw-Hill* reported that contract awards in September rose 4 percent over the September 1973 rate... totaling \$8.35 billion. The increase was due to a post-summer surge of large industrial, commercial, and electric utility projects... which offset the smaller volume of residential construction activity in 1974... compared to September 1973. The rise in manufacturing buildings was 64 percent... and office buildings 37 percent.



## Public Housing Subsidies Increased

Secretary Lynn has announced an increase in operating subsidies from last year's \$320 million to \$450 million this year... and an additional \$215 million for capital improvements for low rent public housing projects. Federal operating subsidies are used by local housing authorities to make up the difference between the cost of operating projects and the rents paid by tenants. The new level of funding has been authorized by the *Congress*.

In addition... the *Department* announced the following changes in the program:

- A new *Performance Funding System* is expected to commence April 1, 1975... under which housing authorities will receive operating subsidies on the basis of performance standards.

- Because of recent increases in utility costs... \$41 million is being made available to enable housing authorities to approach a reasonable level of working capital.

- An increase to \$105 million... with \$35 million available in Fiscal Year 1976... in the *Target Projects Program* under which housing authorities with especially severe problems will receive funds.

An additional \$20 million in contract authority will double the current *HUD* modernization program to an estimated total of \$430 million of capital improvements. The primary objective of the modernization program is to upgrade the living conditions of persons living in public housing.

An authority can make such site improvements as installing new sidewalks... such structural improvements as altering existing family space for larger families... or to meet the special needs of the elderly or handicapped. Such items as new heating plants, kitchen cabinets to replace existing shelves, security and protective devices, and community facilities may also be installed or built.



## A Ray of Hope

The widely-respected annual forecast by the *McGraw-Hill Information System's Dodge/Sweet's Construction Outlook for 1975*, said: "The year 1975 shapes up as an improvement over 1974, but that's not saying much. Next year's recovery will begin from a very low level, and its progress will be handicapped by a shrunken and disorganized homebuilding industry. The housing upturn will follow a continuing difficult period in what remains of 1974... and then will develop slowly in the first half of next year. The recovery may accelerate in the second half of 1975... if and when there is a move to greater monetary ease." For 1975 as a whole, *Dodge/Sweet* foresees the supply of mortgage funds to support approximately 1.5 million new homes, "deferring a considerable part of present demand into 1976 when easier credit and heavier funding of the new housing act will permit a strong expansion to the 1.8 million unit level."

A similar view was expressed by Oakley Hunter, chairman of *FNMA*, speaking to a group of security analysts in Boston. "The depressed housing industry may be in for something of a pickup next year... at a time some other industries are encountering their own lean times. I expect housing starts to rise to 1.7 million from about 1.5 million this year."

Mr. Hunter linked the upturn next year to a probable improvement in credit conditions and a more 'positive' flow of savings dollars into savings banks and savings and loan associations. Savings outflow from these institutions to higher yielding investments have contributed to the squeeze on mortgage funds in recent months.

## New FHA Procedures Published



A major revision of procedures for processing the environmental factors of applications for insuring mortgages by *HUD's FHA* was published in the *Federal Register* of November 4, 1974.

The new procedures are expected to materially accelerate processing... since they substantially reduce the paper work required by developers in connection with their applications. The revised procedures... in addition to governing all new applications... will also affect all other applications in process which will benefit from them.

The revised regulations became effective upon publication.

## National Center Issues Elderly Manual



The *National Center for Housing Management*... a nonprofit corporation created under an *Executive Order* to provide leadership in assisting the Nation to meet its housing management needs... has issued a 350-page looseleaf publication... designed to provide a comprehensive source document to help managers of housing cope with some of the problems posed by elderly tenants. Titled the *On-Site Housing Manager's Resource Book: Housing for the Elderly*... the publication provides a vast store of data regarding the needs of the thousands of elderly who live in multifamily properties... both public and private. The Center... in announcing its publication... called it "the first of its kind ever published." It is available for \$50 from *NCHM*, 1133 - 15th Street, N.W., Washington, D.C. 20005.



## Small Housing Authorities Have Best Record

A recent study by the *Urban Institute* of management performance in public housing failed to find any evidence to support critics' contention that public housing is a failure. They report instead that "generally speaking," *LHAs* provide housing services "which residents view favorably." Comparisons by size of program showed that "on the average," small authorities (100-499 units) performed "best," large authorities (1,250 units or more) least well. But the report attributes much of this difference to the fact that the larger the authority, the greater the likelihood of its housing being old and located in a deteriorating neighborhood.



## Joint Action to Provide Low-Income Housing in Mississippi

Joint action by private enterprise, 5 Federal agencies, and a nonprofit corporation funded by foundations and church groups has brought about a unique effort to upgrade housing and other facilities for low-income families in one of the Nation's poorest counties in Mississippi.

A partnership agreement... signed recently by *The National Housing Partnership* was a key step in launching *Pride Gardens* which will provide 76 units of decent low-housing in Flora, a town of 987 located 25 miles north of Jackson.

The agreement culminates more than two years of planning and activity by the *Mississippi Action for Community Education (MACE)*, a black nonprofit corporation funded by the *Ford Foundation* and other foundations and church groups. *MACE* will be the local partner of *NHP* in the housing project for which ground is being broken in an area where 94 percent of the residents live in substandard housing and the average income is \$4,000 a year. *MACE*... which is headquartered in Greenville, Miss.... provides technical assistance to local, social, civic, and economic development organizations in a 13-county area including Madison, in which the two-story buildings will be constructed.

The project... consisting of 32 three-bedroom, 20 four-bedroom, 16 two-bedroom, and eight one-bedroom units... will be built under the Section 221(d)(3)... 100 percent *HUD* rent supplement subsidized housing program.

*NHP* which has provided a portion of the equity funds and active monitoring of the development of the substantial project represents the major private enterprise participation. *NHP* is a private organization created by Congress to stimulate the provision of low and moderate income housing. Its initial capital of \$42 million was provided by 270 of the Nation's leading corporations, financial institutions, and labor unions.

Other Federal assistance for the joint effort to upgrade the area includes an 80 percent grant to *MACE* from the *Economic Development Administration of the Department of Commerce* to construct adjacent to the housing project a community center and recreational complex including a swimming pool, a baseball diamond, basketball courts, and picnic and boating areas.

The management agent for the housing project will be *Delta Management, Inc.*, a subsidiary of the *Delta Foundation*, a nonprofit corporation which has received funds from the *Federal Office of Economic Opportunity* under its special impact program. The *Foundation*... those purpose is economic development, manages the supermarket, gas station, and laundry facilities adjacent to the site. The supermarket... developed and built by *MACE* with the support of a *Small Business Administration* loan... is owned by 250 local black shareholders.

*Delta Real Estate Development, Inc.*, will be the general contractor for the housing project for which *Charles F. Craig*, Jackson, Miss., is the architect. *Wortman and Mann*, Atlanta, Ga., with a 90 percent participation by the *Ford Foundation*, will make the construction loan, and long term financing will be provided through the joint program of the *GNMA* and *FNMA*.

*Sheldon L. Baskin*, Chicago, is the *NHP* Associate who assisted in arranging *NHP* participation in the project.

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## U.S. Chamber Establishes Inflation/Recession Center

The *Chamber of Commerce of the United States* has announced the establishment of a *National Inflation/Recession Information Center* and called upon its members from coast-to-coast to report ways and means through which they are coping with the two-edged problem.

Arch Booth, *National Chamber* President, disclosed creation of the *Center* at a White House Meeting of the *Citizens Action Committee to End Inflation*. Mr. Booth is a member of the presidential committee.

"The purpose of the *Chamber's Information Center*," Mr. Booth said, "is to gather data on successful efforts by business firms to reduce costs, increase productivity and conservation of energy. Also, to assemble and report information on the obstacles which business is facing in striving to attain the goals of lower costs, more productivity and conservation of energy."

The *Chamber's* program is a sequel to its gathering and furnishing of data on the effects on wage-price regulations for the former *Cost of Living Council* which requested such aid during the period of mandatory economic controls.

Mr. Booth instructed the *Chamber's* headquarters staff to transmit its findings not only to the *Committee* but to President Ford's *Economic Policy Board*, the *Council on Wage and Price Stability*, and to the *WIN* staff which is in charge of direction for the *Action Committee*. The *Chamber's* information will also be available to all other Federal agencies which believe it will be useful, he added.



### New Publication

*The Energy Directory*, a 500-page publication... published by *Environment Information Center, Inc. (EIC)* of New York... shows nearly 300 Federal bureaus, 35 Congressional committees, and 450 State agencies that have jurisdiction in energy affairs. Also more than 400 trade and professional associations have energy programs, and hundreds of industrial corporations have appointed energy coordinators. Nearly 3,000 organizations and 12,000 officials and executives are included in the study. The comprehensive guide to the Nation's energy organizations, decision-makers and information sources is available for \$50. Order from *Environment Information Center, Inc. (EIC) Energy Research Department*, 124 East 39th Street, New York, New York 10016 Publication No. LC No. 74-79869.

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November 25, 1974

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## Current Trends

The latest *FNMA* auction of 4-month commitments to buy home loans brought a lower yield than the previous sale... a reduction from 10.113 percent to 9.926 percent... for the \$24.7 million of Government-backed mortgages. This was the lowest yield since a 9.895 percent sale on July 15.

The *FHLMC* is taking two steps to help lenders use their special commitments from *FHLMC* to purchase home mortgages from them at below-market interest rates. Because of market conditions... some lenders appear to be having difficulty getting together mortgages to deliver under the special program... so, *FHLMC* is allowing lenders who don't have sufficient business to fill their commitments to assign them to other eligible lenders who do. Also... lenders are permitted to ask for 3-month extensions of their 6-month commitments as little as 5 days before those commitments expire, instead of the 30 days previously required.

*FNMA* issued \$36.8 million in 4-month commitments to purchase Government-backed and conventional home mortgages in its early November sale. The corporation issued \$24.7 million in commitments on Government-backed mortgages at an average yield of 9.926... which converts to an average accepted price of 97.14 for 9½ percent *FHA/VA* mortgages. The range of accepted bids was from 9.869 (97.52) to 10.030 (96.46). *FNMA* received 120 bids totaling \$47.8 million and accepted 90 bids... including 69 noncompetitive. In the conventional auction... *FNMA* issued \$12.1 million in 4-month commitments at an average yield of 10.109. The range of accepted bids was from 9.980 to 10.250. *FNMA* received 48 bids totaling \$20.4 million and accepted 35 bids... including 19 noncompetitive. Yields from the latest auction were the lowest in both *FHA/VA* and conventional 4-month commitments since July 15 and July 29, 1974, respectively, when *FHA/VA* average yield was 9.895 and conventional average yield was 10.019.



## Mortgage Assistance Expanded

President Ford... speaking to the *National Association of Realtors* at their convention in Las Vegas... announced that the *GNMA Home Purchase Assistance Program* has been broadened to permit *GNMA* to purchase mortgages on existing homes... up to 10 percent of the \$3 billion authorized under the *Emergency Home Purchase Assistance Act of 1974*. Previously... only newly-constructed units were eligible for inclusion in these purchases. This is the second liberalization in recent weeks... the first was the authorization to make non-Government backed mortgages eligible for this assistance.

By making conventional mortgages on existing homes eligible for purchase by *GNMA*... homebuyers will be assisted where home mortgage credit is scarce. In some markets... potential homebuyers have been stymied by an inability to sell their existing homes because of the unavailability of mortgage credit.

The program calls for maximum mortgages of \$42,000... and under the statutory formula... the mortgage interest rate is 8 1/2 percent. Downpayments of 20 percent are required... except in certain instances where an additional mortgage is covered by a qualified private mortgage insurance contract... in which event the downpayment may be reduced.

## San Francisco Chosen for Test

San Francisco has been chosen by *HUD* as the first of two local governments to receive Federal funds for an economic analysis and planning staff to test the utility and feasibility of applying economic analysis in solving practical community development problems facing local governments.

The one-year \$150,000 demonstration project will provide immediate analysis of costs, benefits, and impacts of community development decisions that the local government must make during the next year.

The project is designed to fill the need felt in many local governments for expert economic capability and for meaningful and reliable analysis of local economic data. It will address methods of helping local governments recognize the utility of economic expertise, place it in the most appropriate position in the government structure, and make practical use of its analysis. The analytical staff will work on current practical problems suitable for intensive economic analysis. It will deal with problems that will require local government action over the next year, such as: cost effectiveness of proposed private and public development projects... financing methods for new building projects... priority determination of projects to be financed under revenue sharing... methods to develop reliable local economic data... impact on the city of existing and proposed Federal, State and local regulations... economic impact of proposed zoning changes... and resource conservation opportunities.

At the end of the demonstration, a handbook will be available describing the project's experience in a pragmatic way for local officials who will make the decisions about the future role of economic planning and analysis in their own jurisdictions.

*HUD* has contracted with *Griffenhagen-Kroeger, Inc.*, public management consultants, who will assist in implementing, monitoring, and evaluating the demonstration project.

For further information: Edward K. Hamilton, President *Griffenhagen-Kroeger, Inc.*, 351 California Street, San Francisco, California 94104 (415) 521-3412 or William Lilley, III, *HUD* Deputy Assistant Secretary for Policy Development, Washington, D.C. 20410, (202) 755-6697.



## Growth and Management Study Announced

*HUD* and the *American Bar Association* are about to begin a program that will provide attorneys concerned with the legal and administrative processes involved in urban growth and land-use management with some professional help.

*HUD* Assistant Secretary Michael H. Moskow announced that *HUD's Office of Policy Development and Research* has awarded a \$276,415 research grant to the *ABA* for a major examination of the legal and administrative procedures involved in urban growth and land-use management as they affect housing and balanced community development. The objective of the year-long research effort will be the general education of the legal profession with the expectation that a better understanding of the basic legal and institutional underpinning of the urban growth process will serve to strengthen legislative, judicial, and governmental decision-making.

A special *Advisory Commission on Housing and Urban Growth* set up by the *ABA* will carry out the project. The *Commission* is under the chairmanship of Houston attorney W. Carlross Morris, Jr., and is composed of leading lawyers, builders, developers, architects, planners, economists, and local government officials... all of them knowledgeable practitioners in the field of land-use and urban growth and development.

Further details regarding the study may be obtained from the *Commission's Liaison Officer*... Richard Fishman, *ABA*, 1705 DeSales St., N.W., Washington, D.C. 20036. (202/872-0610).



## Elections Held

James V. Rice, vice-president-finance, *Pease Company*, Hamilton, Ohio, was re-elected to a second term as president of the *Producers' Council, Inc.*, at that organization's 53rd *National Member Conference and Chapter Presidents' Conference* in Colorado Springs.

Other incumbent officers renamed were Richard I. Morris, *W.R. Grace & Co.*, first vice-president; Fred W. Rexford, *Elkay Manufacturing Co.*, second vice-president, and Robert C. Findlay, *Inland-Ryerson Construction Products Co.*, treasurer. Robert M. Winters, *Koppers Company, Inc.*, was chosen secretary.

George L. Whyel, vice chairman, *Genesee Merchants Bank and Trust Co.*, Flint, Mich., is the 1974-75 president of the *American Bankers Association*.

The *ABA Convention* in Honolulu also elected J. Rex Duwe, president and chairman of two Kansas banks—*The Farmers State Bank of Lucas* and *Traders State Bank of Glen Elder*—as president-elect. Duwe is expected to become *ABA* president next year.

J. Grant Bickmore, president of *Idaho Bank and Trust Co.*, Pocatello, was re-elected treasurer. Rex J. Morthland, chairman and chief executive officer of *Peoples Bank and Trust Co.*, Selma, Ala., moved from president to chairman of the *ABA Governing Council*.



## National Forum Inaugurated

Representatives of 20 national organizations met on November 4 at the headquarters of the *American Institute of Architects* for the first formal meeting of the newly-organized *National Forum on Growth Policy*.

Objectives of the new organization include the exchange of information and ideas on problems relating to national growth, encouragement of debate within the member organizations on growth-related issues, and increasing the awareness of such issues among Government officials and the general public.

The organizations which have formally adopted the *Forum's* founding resolution represent a broad spectrum of professional societies, civic organizations, and public interest groups. The *Forum* is a direct outgrowth of the *Interdisciplinary Coalition for a National Growth Policy*, composed of representatives from nearly 40 organizations that have met informally over the past 2 years to discuss questions related to growth.

The meeting was presided over by Archibald C. Rogers, FAIA, president of the *AIA* and former chairman of its *Task Force on National Growth Policy*.

Members organizations include:

*American Institute of Architects*  
*American Institute of Interior Designers*  
*American Institute of Planners*  
*American Society of Civil Engineers*  
*American Society of Consulting Planners*  
*American Society of Landscape Architects*  
*Associated General Contractors of America*  
*Consulting Engineers Council*  
*Industrial Designers Society of America*  
*International Downtown Executives Association*

*Junior League of Washington D.C.*  
*League of Women Voters of the United States*  
*Mortgage Bankers Association of America*  
*National Association of Housing and Redevelopment Officials*  
*National Committee Against Discrimination in Housing*  
*National League of Cities*  
*National Society of Professional Engineers*  
*Potomac Institute*  
*United States Conference of Mayors*  
*Urban Land Institute*

The next meeting of the *National Forum on Growth Policy* will take place in February 1975. For further information, contact Nancy Hallmark, *Public Relations Department*, *AIA*, 1735 New York Ave., N.W. Washington, D.C. 20006. (202/785-7264)



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## Significant Decisions

Two recent decisions of significance in housing have been handed down. *Congressional Rural Caucus, et al. v. Ash, U.S.D.C., D.D.C., C.A. No. 74-745*. This suit was dismissed without prejudice by voluntary stipulation of the parties, reportedly as a gesture of cooperation with the President's new program. Plaintiffs had challenged the actions of the **Director of the Office of Management and Budget** in withholding appropriated funds and other obligational authority from nine Federal programs, six of which were categorical grant programs administered by **HUD**.

*Fletcher, et al. v. Housing Authority of Louisville, Lynn, et al. Supreme Court No. 73-1934, 43 LW 3206*. Acting on the Government's petition for certiorari... the **Supreme Court** vacated the judgment of the *Sixth Circuit* which held **HUD's** rent range circular *HM 7465.12* to be incompatible with the provisions of the *United States Housing Act of 1937*, and remanded the case back to the *Sixth Circuit* for further consideration in light of the provisions of the *Housing and Community Development Act of 1974*.



## Connecticut Increases Mortgage Aid

The **Connecticut Housing Finance Authority (CHFA)** has announced that financing of up to 2,000 home mortgages for Connecticut residents will be provided as a result of the **Authority's** third bond sale of this year. The latest sale totaled \$55 million.

The average interest rate **CHFA** will pay for the bonds will be 7.208 percent... and the mortgage interest rate on loans financed from this bond issue is expected to be 8 percent. This rate covers the interest payments on the bonds... a mortgage servicing cost of  $\frac{3}{8}$  of 1 percent... and the administrative costs of handling the loan. It is substantially less than that available from institutions which are not designated **CHFA** lenders.

This bond sale brings **CHFA's** total financing to approximately \$180 million. The average mortgage loan to date is \$24,600.

## New Publication

*A Leased Housing Primer*. . . Second Edition. A comprehensive analysis of the *Leased Housing Program* (Section 23 renumbered Section 8) requirements under the *1974 Housing and Community Development Act* amendments... including the full text of **HUD's Handbook for Newly Constructed, Existing, and Substantial Rehabilitated Units, Under the Leasing Program**. Member price: \$15; nonmember price: \$20; quantity discount prices. Order from *Section 23 Leased Housing Association, 1025 Connecticut Ave., N.W., Washington, D.C. 20036*.

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**HUD newsletter**  
DEC 09 1974  
U.S. Department of Housing and Urban Development  
Washington, D.C. 20410 (202) 755-5280



December 2, 1974

WASHINGTON, D.C. 20410

Vol. 5 No. 48

Current Trends

Housing starts in October were at the seasonally-adjusted rate of 1.124 million ... down slightly from the September rate of 1.132 million. Actual starts for the month ... however ... rose from September's revised figure of 96,700 units ... to 98,200.

The *National Association of Mutual Savings Banks* preliminary estimate for October reported a net outflow of savings at \$275 million ... lowest since last May. While this was the seventh consecutive month of outflow exceeding inflow ... it was down substantially from the \$689 million figure in September. Bank officials stated that the improvement was due to a decline in interest rates in competing sectors of the money market ... and expect that the improvement in inflows is likely to continue.

In California ... the Nation's largest State and most active housing market ... most major savings and loans have reduced their prime interest rate on single-family houses from an early-October record 11 percent ... to a current 10 $\frac{1}{2}$  percent. One S&L went even further ... and reduced its rate to 9 $\frac{1}{2}$  percent ... foreshadowing ... according to California mortgage men ... a continuing drop in mortgage interest rates for the next few months.

Housing project notes totaling \$682 million ... representing 108 local housing authorities ... were sold in mid-November at an average interest rate of 4.51 percent. The interest rate last month was 5.18 percent.

HUD's November 1 opinion survey of conditions in the mortgage market showed that nationally, the average secondary market price for immediate delivery of HUD/FHA insured 9 $\frac{1}{2}$  percent new-home mortgages with 30-year terms and minimum downpayments advanced 1.7 of a point from a month earlier to \$95.4 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 10.13 percent ... a drop of 25 basis points from the October 1 yield.



FHA Interest Rate Reduced

Secretary Lynn announced the lowering to 9 percent of the maximum allowable interest rate for mortgages insured by HUD's FHA effective November 25, 1974. The previous rate ... set on August 14, 1974 ... was 9 $\frac{1}{2}$  percent.

The reduction in the maximum allowable interest rate ... the first since January 1974 ... was made possible by gradually declining interest rates throughout the capital markets and the growing availability of mortgage money.

"Lower interest rates mean lower monthly costs for homebuyers and more money flowing into housing," Secretary Lynn declared ... and pointed out that the decrease in the maximum allowable interest rate will mean a monthly savings of \$13 on a \$36,000 home mortgage.

The new 9 percent rate was determined after consultation with Richard L. Roudebush ... Administrator of the *Veterans Administration* ... who simultaneously announced a similar decrease in the maximum rate of GI home mortgage loans.

**NOTICE TO SUBSCRIBERS**

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## Block Grant Rules Published

Final rules covering the potential distribution of more than \$8 billion in community development funds to cities and other local governmental units were published in the November 13 *Federal Register* (Vol. 39—No. 220, pages 40136 to 40154). The funds... in the form of block grants... were authorized under *Title I* of the *Housing and Community Development Act of 1974*, signed into law August 22 by President Ford.

The new block grant program consolidates several existing categorical programs, including Urban Renewal, Model Cities, Open Space, Public Facility Loans, Water and Sewer, and Neighborhood Facilities.

The published rules take into consideration the comments in some 200 responses received by HUD following earlier publication of proposed regulations. These rules cover funds which will be distributed to cities, counties, and other units of general local government on the basis of a statutory formula covering the average past funding levels for recipients under the replaced categorical programs. The new *Act* calls for authorization levels of \$2.5 billion in FY 1975, and \$2.95 billion in FY 1976 and FY 1977. Regulations governing discretionary funding will be published for comment shortly.

It was emphasized that HUD would provide block grant funds to eligible bodies with minimum delay, with a Federal review process of not more than 75 days after receipt of application. Applicants for block grant funds must submit an annual application to HUD.

All applications must comply with Civil Rights Acts and include provisions for adequate citizen participation. Applications will be received for HUD processing starting on December 1, 1974... and must be received from communities with an entitlement or 'hold harmless' allocation under the *Act's* formula by April 15, 1975, for FY 1975 funding.



## 1974 Legislation Summarized

A concise summary of the provisions of the *Housing and Community Development Act* appears in the November 1974 issue of HUD's official magazine *Challenge*. Single copies of the magazine are available from the *Superintendent of Documents*, Washington, D.C. 20402 for \$1.40. The annual subscription rate is \$15.90 domestic... and \$19.90 foreign. DO NOT SEND ORDERS TO HUD.



## FYI

*University of Wisconsin-Extension*... Three programs designed for individuals responsible for the construction and field inspection of facilities enclosing living and working environments: *Existing Housing Inspection*, January 6-8; *New Residential Inspection*, January 8-10; and *Building Inspection*, January 13-17. Details and registration: *University of Wisconsin-Extension, Department of Engineering*, 432 North Lake Street, Madison, Wisconsin 53706.



## Hurricane Claims Settled

Within 2 months after Hurricane Carmen and its accompanying floods struck Louisiana, 91 or 83 percent of the 1,103 claims for property damages had been settled in full... HUD's *Federal Insurance Administration* has announced. The payments for flood losses amount to \$2,210,000, averaging about \$2,500 for each building damaged in last September's storm.

With extra crews of adjusters sent in to expedite payments... less than 200 claims are still pending. Some were delayed because of absentee ownership in the hard-hit area.

It is expected that total claims will rise to 1,200... amounting to about \$2.5 million in payments made under the *National Flood Insurance Program*. *Aetna Life and Casualty Insurance* is the servicing company in Louisiana for the program.

## Rent and Grievance Procedures Published

Proposed revisions in HUD's lease and grievance procedures for low-rent public housing were published in the *Federal Register* for November 6. Interested parties may submit written comments and suggestions by December 9, 1974.

Included in proposed revisions are the following:

- Provision that remedies available to the local housing authority for collecting unpaid rent are also available to them for collecting charges for utilities and services agreed to by the tenant under the lease.
- Provision that rents and other charges must be deposited in escrow as a condition to availability of the grievance procedure.
- Provisions specifying the tenant's right to use and occupancy of his dwelling and his obligations with respect thereto.
- Provisions specifying the local housing authority's obligations concerning maintenance and operation of the project.

The public may participate in the making of the proposed procedures by submitting written data, views, or statements. Comments should be filed in triplicate with *Rules Docket Clerk, Office of General Counsel, Room 10245, HUD, Washington, D.C. 20410*.

After December 9... the written suggestions and comments will be fully considered. The final procedures will be printed in the *Federal Register*.

The revised procedures will replace those in effect since 1971.



## New Publication

One half of the U.S. population uses ground water for its drinking supply... and there has been a rapid increase in the number of scientific papers and other publications written about the natural resource of ground water... which has occasioned the need for an up-to-date bibliography. *Ground Water... A Selected Bibliography...* Second Edition... has been published by the *Water Information Center*. The revision represents a 17 percent expansion in the number of references over the first edition and a 25 percent increase in the number of pages. The listings are grouped into 32 subject categories which include such topics as Artificial Recharge, Contamination of Ground Water, and Ground Water Law. The 146-page volume is available from the *Water Information Center, Dept. R, 44 Sintsink Drive East, Port Washington, N.Y. 11050*. The price is \$15 per copy.



## Women Continue to Lag in Engineering

More than three-fourths of all persons working in engineering and scientific occupations in 1972 were men... according to a report by the *Census Bureau*. Included in the total are operations and computer specialists, engineers, mathematical specialists, and life, physical, and social scientists.

Within all six major occupational groups... men were predominant. Only in the field of mathematical specialist did women make up as much as a quarter of the total... accounting for about 27 percent of those surveyed. The field with the highest percentage of men was engineering... where only about 1 percent were women. The 1970 census showed that women made up some 38 percent of the total experienced civilian labor force.

Copies of the report, *Characteristics of Persons in Engineering and Scientific Occupations: 1972, Technical Paper No. 33*, are available for \$2.65 from the *Superintendent of Documents, Washington, D.C. 20402*.

## Mobile Homes as a Low-Income Housing Resource

The use of mobile homes is part of the effort by HUD under the 1974 *Housing and Community Development Act* to make housing available for low-income families.

Sheldon Lubar... *HUD Assistant Secretary for Housing Production and Mortgage Credit-Federal Housing Administration Commissioner*... addressing an Atlanta meeting of the *Mobile Home Manufacturers Association*... said "Under the new *Act's* provisions for leased housing, qualified families may choose to live in mobile homes, as well as other types of housing. As a matter of fact," he added, "in some parts of the country, with the use of mobile homes, families may be able to get a decent home and a suitable living environment considerable sooner than if they were to wait for the availability of conventional multifamily dwellings."

Mr. Lubar reminded his audience of the advantages offered to lenders who make loans for the purchase of mobile homes. *FHA* insures mobile home loans up to \$15,000 for 15 years for double wide units. This program has been broadened so that these loans may be included in the mortgage-backed securities activity of the *Government National Mortgage Association (GNMA)*.

Through this program, approved *FHA* lenders may issue *GNMA* mobile home securities backed by loans made for the purchase of mobile homes. These securities are readily marketable, since principal and interest, regardless of whether they've been paid by the borrower to the issuer, are passed through to the certificate holder in a proportionate share, plus any prepayment.

"Thus," said Mr. Lubar, "an active viable secondary market is maintained by security dealers throughout the country. The program helps finance more housing by making mobile home loan investments attractive through the sale of privately issued securities carrying a *GNMA* guarantee, backed by the full faith and credit of the United States.

"Mobile home securities," he declared, "combine the best features of mortgages and government bonds, since they have attractive yields, cash flow, safety and marketability. In addition, the offer investors the opportunity to participate in a diversified loan portfolio.

"What's more, they require a minimum of paperwork and legal administration."

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HUD NEWSLETTER  
December 2, 1974



# HUD

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



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December 9, 1974

Vol. 5 No. 49

## Current Trends

The latest sale of housing project notes totaling \$497 million... representing 147 local housing authorities... were sold at an average interest rate of 4.4597 percent. The average interest rate for the \$341 million of project notes sold October 16, 1974, was 4.8334 percent.

A surprising development... according to the *Wall Street Journal*... was the increase in late November in the interest rate paid by banks on 'Certificates of Deposit' only a week after the banks had reduced the rates they charge borrowers. The reason for calling it "surprising" is that the move came at a time when interest rates generally were declining. *FHA* and *VA* mortgage interest rates were reduced. Several of the Nation's largest banks had lowered their prime rates... some as much as 1½ percent below the highs of less than a month earlier. *Treasury* short-term notes were down almost a full percentage point. And... *FNMA* interest rates fell to a 4-month low when its mid-November sale of commitments sold at a rate of 9.805 percent... down from 9.926 percent at its most recent previous sale. Also... \$493 million of urban renewal notes were sold by *HUD* at an interest rate of 4.4597 percent... down from the October rate of 4.8334 percent.

The Joint *HUD-Census Bureau* report of housing completions for September showed a seasonally-adjusted rate of 1.46 million units... down 2 percent from August.

*Title I* property improvement and mobile home loans for the first 9 months of 1974 numbered 107,357, 14 percent below that for the same period last year.



## The Dodge/Sweets 1975 Outlook

The 1975 annual *Construction Contract Outlook Estimate* of the *Dodge/Sweets Division of McGraw-Hill*... forecasts total value of all construction for next year at \$102.1 billion... up 8 percent from this year's preliminary final figure of \$94.8 billion. Broken down... a decrease in nonresidential buildings of 4 percent... from 1974's \$33.8 billion to \$32.5 billion in 1975... is offset by predicted increases in residential buildings of 4 percent... from \$70.7 billion to \$73.8 billion... and nonbuilding construction (highways, water and sewer, etc.) of \$28.3 billion... up 17 percent from 1974's \$24.1 billion.

In the residential category... the estimate is for 1.295 million 1- and 2-family units... up 6 percent over this year's 1.225 million... 600,000 apartments... an increase of 7 percent over this year's 1.225 million... with no change in the 60,000 nonhousekeeping unit figure for both years. This comes to an overall residential building estimate of 3.215 million units for 1975... compared to 1974's 3.205 million.

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## Historic District Housing Begins

Mixed-income housing designed to suit the character of a *National Historic District* was started at a groundbreaking ceremony on November 3. The 181-unit project, in two seven-story buildings... called Concord Houses... is in Boston's South End. Designed by architects *Samuel Glaser & Partners*... it will have brick facades, projecting bay windows, wrought-iron fences, and special window detailing... all in keeping with the scale, color, and texture of the historic area. In 1973... the South End was designated a *National Historic District* and the new housing architecture will complement the existing character of the area.

The adherence to exterior design that is faithful to the historic atmosphere of the neighborhood has not interfered with the use of modern construction techniques... such as precast floor panels... and other advanced concepts. Another innovative approach permits the use of an apartment in each building... on the ground floor entrance to the building... to be used as the home of the resident manager... reminiscent of a 'concierge,' who will be in a position to maintain surveillance of the lobby 24 hours a day.

## Historic Preservation Reports



*HUD*... continuing the Federal emphasis on nationwide historic preservation... has made available reprints of reports on such activities by several local redevelopment and *Model Cities* agencies.

The reprints are: *Historic Preservation Plan*, (Savannah, Ga.); *Prospects For the Past*, (Sheboygan Wisc.); and *Revitalizing Older Houses in Charlestown*, (Mass.).

The reports are in keeping with a 1971 *Presidential Executive Order*... concerned with protection and enhancement of the cultural environment. In the *Order*, the then President Nixon said as a matter of national policy, that *The Federal Government shall provide leadership in preserving and maintaining the historic and cultural environment of the Nation*.

*HUD*... involved in support of historic preservation activities nationwide for many years... is undertaking a number of activities involving State and local governments to increase support in such projects.

The booklets show... from the viewpoints of widely different communities... how preservation can be made an integral part of urban planning and a positive force in the revitalization of America's cities and towns.

Single copies of the three reprints are available free by writing to: Richard H. Broun, Acting Director, *Community and Environmental Standards, HUD*, Room 8204, Washington, D.C. 20410.

*Rural Housing Preservation: Programs and Prospects*... a report covering the problems, the available tools, and conclusions and recommendations in connection with the rural housing of the country. Prepared under contract with *HUD*. Available for \$2 from the *Housing Assistance Council, Inc.*, 1601 Connecticut Ave., N.W., Washington, D.C. 20009.



## Handy Statistical Portraits on the States

A new series of handy statistical portraits of each of the 50 States, the District of Columbia, and Puerto Rico has been published by the *Census Bureau*. Each portrait is a concise summary of basic information about the population, housing, and agriculture of the State. The data are from the 1970 and 1960 *Censuses of Population* and Housing and the 1969 and 1964 *Censuses of Agriculture*. Designed primarily as teaching aids in schools, the portraits may well have general public appeal.

Copies of the portraits are available for 10 cents each (with a 25 percent discount for orders of 100 or more mailed to the same address) from the *Publications Distribution Section, Social and Economic Statistics Administration*, Washington, D.C. 20233.

## New Publication

*The Costs of Sprawl*... the first comprehensive analysis of the economic, environmental, and social costs associated with various types of dwellings... including detached single-family homes, townhouses, walkups, and high-rise apartments... together with various types of community development patterns... from low-density single-family detached homes to high-density planned communities. The study was jointly financed by *HUD, the Council on Environmental Quality*, and the *Environmental Protection Agency*... and prepared by the *Real Estate Research Corporation*. Copies will be sent to *HUD* Headquarters officials, *HUD* Regional Offices, and planning agencies with 701 funding. Available for sale by the *Superintendent of Documents*, Washington, D.C. 20402. The report is in three sections... 411-000-21 at \$2.90; 411-000-22 at \$3.25; and a *Summary* 411-000-23 at 55 cents. Please do not write to HUD for copies.

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*Full Insurance Availability*... a report of *HUD's Federal Insurance Administration* recommending a process to make property and casualty insurance more readily available to the public at reasonable cost... has been released.

The proposed *Full Insurance Availability* system would enable more than 30 million persons who are currently uninsured... or who have been forced into the substandard and unlicensed markets... or into *FAIR* plans or automobile assigned-risk plans... to purchase essential insurance at an appropriate rate from the insurer of their choice.

"Millions of Americans in so-called residual automobile and property insurance markets are forced to pay more money for less coverage than are similar insureds who are written voluntarily by private insurers," Insurance Administrator George K. Bernstein pointed out. "Under *Full Insurance Availability*," he noted, "no insurance company could refuse to sell property or casualty coverage to any insurable risk." Nevertheless... the proposed *Full Insurance Availability* system incorporates provisions which assist insurers in seeking a reasonable profit and provides procedures whereby so-called residual market losses can be distributed more equitably. The proposal entails no Federal role, no Federal or other public subsidy, and would require all risks to pay a premium appropriate to the exposure they represent.

The report is the product of more than 5 years' involvement by the *Federal Insurance Administration* in the problems of residual markets. Initially, as directed by the *Congress*, the *Agency* addressed itself to the difficulty individuals and business encountered in obtaining fire and related insurance coverages. As the study developed... and the insurance availability problem in the Nation deepened... it became evident that the problems with respect to automobile insurance paralleled and exceeded those in the property field. Accordingly... the report and the *Full Insurance Availability* system which it proposes encompass automobile insurance as well as all other lines of property and casualty insurance coverages which are not readily available at reasonable cost.

Under *Full Insurance Availability*... arbitrary and subjective determination by insurance companies that given insurance consumers are "poor risks" would be prohibited. "No longer," said Bernstein, "would good risks be forced to subsidize the drunk and reckless driver with whom they are arbitrarily grouped in assigned risk plans or the arsonist in *FAIR* plans."

Secretary Lynn expressed the hope that publication of the report would assist State legislators and insurance regulators, as well as the insurance industry and the general public, in their consideration of equitable solutions to the residual market problem. He called for appropriate action to meet valid consumer complaints about the lack of automobile and property insurance coverage in the voluntary markets, and he agreed with Bernstein's concern that in the absence of such action the pressure for an increased Federal role in insurance availability would grow.

The report is for sale by the *Superintendent of Documents*, Washington, D.C. 20402, for \$1.50. (Stock No. 2300-00278)

## Developers Face Suspension

*HUD's Office of Interstate Land Sales Registration (OILSR)* has announced that more than 2,000 registered developers face possible suspension because they apparently failed to comply with the new requirements of the Federal law.

The *Interstate Land Sales Full Disclosure Act* has been amended and now requires that a lot buyer be given 3 business days... not the 48 hours previously provided for... to reconsider his purchase if he had not received a Property Report at least 48 hours before the purchase. The Property Report contains information about the land to be purchased which is essential if the buyer is to make an intelligent decision. The amendment also prohibits developers from asking or requiring a purchaser to waive his right to cancel the deal within 3 days if he has not received the report.

All developers of registered subdivisions were alerted last September that they were required to submit documents showing they were complying with the law. Letters now are going out to the 2,000-plus developers who failed to respond... requesting them to submit the documents and warning them they will be suspended if they again fail to cooperate. The documents required to be submitted to *OILSR* are the Property Report and copies of all sales contracts or lease agreements. *OILSR* has the authority to suspend all 2,000 or more developers and will do so if necessary.



### FYI

*Transportation Research Board...* Annual Convention... Washington, D.C., Jan. 13-17. Details: *TRB*, 2101 Constitution Ave., N.W., Washington, D.C. 20418. (202/389-6334)

*National Association of Home Builders...* Convention... Dallas, Jan. 19-23. Details: *NAHB*, 15th & M St., N.W., Washington, D.C. 20005. (202/452-0200)

## **HUD** newsletter

December 9, 1974  
HUD-318-153-PA

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DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT

HUD-401



*Mrs. L. M. Jones  
Room 8141*

HUD NEWSLETTER  
December 9, 1974



# HUD newsletter

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



December 16, 1974

Vol. 5 No. 50

## Current Trends

Secretary Lynn's announcement that the conventional *Tandem Plan* will be continued through December includes the following main features. . . the mortgage interest rate has been reduced to a new rate of  $8\frac{1}{4}$  percent. . . from  $8\frac{1}{2}$  percent for conventional home mortgages. . . and fees and charges levied under the program have also been reduced. By reducing the mortgage interest rate and cutting insurance fees and other charges. . . the effective interest rate to home buyers drops from 9.92 percent to 8.895 percent. This amounts to a savings of \$36 per month on a 30-year, \$30,000 mortgage.

Secretary Lynn also announced important revisions in *GNMA's* \$3.3 billion *Tandem Plan* covering commitments to purchase *HUD/FHA-VA* insured or *VA*-guaranteed mortgages. The mortgage interest rate under such *HUD/FHA-VA* mortgage *Tandem Plan* has now been fixed at  $8\frac{1}{4}$  percent for all mortgages up to \$38,000. Previously. . . the rate on mortgages between \$33,000 and \$38,000 was  $8\frac{1}{4}$  percent. . . and the rate on mortgages below \$33,000 was 8 percent. Further. . . the *GNMA* purchase price for such mortgages has been increased from 96.00 to 98.00. . . thus reducing the points payable at closing by one-half. Holders of commitments already obtained under the *HUD/FHA-VA* program will be entitled to the advantages afforded by the revisions.

*FNMA* reports home mortgage purchases totaled \$56 million for the week ending November 21. . . leaving \$1.8 billion in outstanding commitments. Also. . . project mortgage purchases totaled \$25 million. . . bringing the total purchases to \$1,996 million for the year.



## 4 Model Productivity Localities

*HUD* has announced a national competition to select four major localities whose strategies for improving local government efficiency and productivity can serve as models for the Nation. Cities of more than 250,000 population and large urban counties will be invited to submit project proposals for improving local government productivity in maintenance of parks, recreation facilities, streets, and highways. . . municipal service areas that present problems common to many local governments.

The *National Commission on Productivity and Work Quality* will collaborate with *HUD* in carrying out the project, which is part of *HUD's* research and demonstration program in the community management area.

Proposals will be judged in part on how well they can be adapted by other urban communities and by the degree of commitment of the local chief executive to the project. Final selections will be demonstrated by the four winning cities. Case studies will be prepared on the demonstration projects at each site, from which handbooks will be developed to guide local officials in other communities in establishing their own productivity improvement program in these two areas of municipal responsibility.

For further information: Alan R. Siegel, Director, *Division of Community Management, Technology and Environmental Research, HUD Office of Policy Development and Research*, Washington, D.C. 20410.



## 1974 Study of Construction Future Released

The *Producers' Council* has published a study of over 100 construction industry experts representing the fields of architecture, engineering, government, manufacturing of building products, and economic and marketing consultants. Participants were asked to forecast events influencing the construction industry in such areas as material shortages and substitutions, energy, sewer and water construction, housing activity, Federal legislation, the economy, and technological breakthroughs.

To weigh the quality of response to each question, each respondent was asked to express his qualifications for answering the particular question in terms of "expert," "generally familiar," "casually familiar" and "unfamiliar."

The published report includes bar charts and numerical tabulations, showing the spectrum of response on each of the 55 questions included in the study.

The summary contains such conclusions as:

- Over the short term, a 1/3 reduction in energy consumption by new buildings was deemed possible through combinations of design innovation and the use of existing and "new" as yet undefined insulation materials.
- Natural gas was selected (by 42 percent) as the most available and least costly home heating fuel through 1980. Over the long term, however, 54 percent of respondents felt that electrical energy would become the most available and least costly home heating fuel.
- In this period of shortage of funds for housing finance, most of the experts are predicting the general acceptance of a variable rate mortgage.
- Most of the respondents were hopeful that our government would do more about subsidized housing but only a small number predicted strong support in the next 3 years.

The complete results were released for the first time at the October meeting of the *National Member Conference of Producers' Council, Inc.* Copies of the published study results are available at \$5 per copy from the *Marketing Research Committee, Producers' Council, Inc.*, 1717 Massachusetts Ave., N.W., Washington, D.C. 20036. (202/667-8727)



### Planning Study Expanded

*HUD* has expanded an experimental program of design and planning assistance to New England communities with the award of an additional \$250,000 research contract to *PACE, Inc.*, a consortium of planning and design schools including *Harvard, Massachusetts Institute of Technology*, the *University of Massachusetts*, and the *Rhode Island School of Design*. The contract extends for 18 months the *New England Regional Field Service Program*. . . a faculty-supervised design and planning service that has already helped 66 communities involved in 40 projects across New England. The initial effort was launched in February 1973 with a \$53,000 HUD contract. *PACE* is an acronym for *Planning Approaches for Community Environments*.

Planning projects completed to date range from the design of a new town in New Hampshire to a State-wide land-use study in Massachusetts. Many of the communities assisted could not otherwise afford such services and had little or no previous contract with professional planning services.

More than 140 agencies and organizations have participated in the program. . . including State planning departments, regional planning and conservation commissions, town selectmen, citizen advisory committees, school departments, town engineers, and park departments. Most of the efforts were in four States, including nine regional, 18 urban, and 13 rural projects.

For further information: Ms. Sheryl Handler or Kenneth Paolina, *PACE, Inc.*, 872 Massachusetts, Ave., Cambridge, Mass. 02138. (617/876-5570)

## Urban Revival Gains Momentum

An article entitled *National Conference of Urban Pioneers' Shows Strength of City Revival* in the November issue of the *Mortgage Banker* magazine, published by the *Mortgage Bankers Association of America (MBA)*. . . concludes that a quiet revolution is taking place in America's cities. Without fanfare. . . and almost unnoticed by the media. . . thousands of middle- and upper-middle class Americans are moving back into formerly slum or abandoned old neighborhoods, rehabilitating the houses there, and giving new life to whole blocks and neighborhoods of the Nation's cities.

The article. . . written by the magazine's editorial assistant Sarah Crim. . . was a report on a nationwide conference of urban 'pioneers' and so-called 'homesteaders' who met in New York recently to formulate plans for a national grassroots organization for urban revival.

Conferees from all sections of the U.S. described how "urban revival" rather than 'urban renewal' had helped to revitalize their cities. Some of the key urban revival 'success stories' noted at the conference were in Boston, Brooklyn, Pittsburgh, and Cincinnati.



### New Publications

A *Census* report. . . *General Statistics for Industry Groups and Industries*. . . brings together data which appeared in more than 400 recently issued industry reports. It presents data on the total number of manufacturing establishments in the U.S. and the number in each industry. It presents also preliminary totals on numbers of employees, payrolls, value-added-by-manufacture, cost of materials, value-of-shipments, and capital expenditures for each 2-digit, 3-digit, and 4-digit industry category. The data are presented under the new code numbers assigned the industries by the *Office of Management and Budget* in 1972. This information differs from that which appeared in an advance report bearing the same general title issued last December and based on *Annual Survey of Manufactures* data. The earlier report, with preliminary data, was based on the 1967 *Standard Industrial Classification* code.

A companion report of the 1972 *Census of Manufactures, General Statistics for Geographic Areas and States, MC72(P)-1*, was issued earlier. That report presented totals for all manufacturing activities for the U.S. as a whole, for its regions and divisions, and for States.

The reports are for sale by the *Publications Distribution Section, Department of Commerce*, Washington, D.C. 20233. Each report is 50 cents a copy.

*Urban Recreation*. . . a 78-page report. . . prepared by a task force composed of representatives of HUD and the *Departments of Agriculture; Defense; Health, Education, and Welfare; Interior; Labor; Transportation*; and the *Office of Economic Opportunity*.

Among the findings and recommendations of the report are that urban Americans do not share equally the Nation's rich inventory of recreation facilities and programs. . . and that we must bring parks to where the people are so that everyone has access to nearby recreation areas. Accessibility is the major problem of urban recreation with major investment in recreation land being made far beyond the reach of city dwellers. Low rate of automobile ownership in central cities is compounded by the failure of public transportation to link recreation sites with the poor, elderly, handicapped, and others with limited mobility. A substantial amount of the time and money invested in recreation today represents escape from inadequate environments—dwellings, neighborhoods, and whole cities, whose design and conditions range from "recreationally useless to downright inhuman." While improvement has been made in meeting public recreation needs of central cities, the efforts are insignificant compared with need.

Single copies of the report are available free from L.O. Houstoun, Acting Director, *Office of Planning and Management Assistance, HUD*, Room 7218, Washington, D.C. 20410.

## Land Developer Enjoined

*HUD's Office of Interstate Land Sales Registration (OILSR)* has asked a Federal court in Texas to order a Texas land developer to refund in full all payments made by 114 customers who bought lots before the developer was properly registered with the Federal Government.

A request for a mandatory injunction was filed against the *Beard Land Company, Inc.*, and Garnett L. and Ruben M. Beard, developers of Pineywoods Lake Resort near Frankston, in Anderson County, Texas. Generally... the procedure is to enjoin a developer for failure to register with *OILSR*... barring further sales until the developer is in full compliance with the *Interstate Land Sales Full Disclosure Act*.

In this case... the mandatory injunction was sought because the company refused to return payments after advising the purchasers of their right to void their contracts.



### FYI

*United States League of Savings Associations*... Secondary Mortgage Conference... Phoenix, Jan. 26-29. Details: *USLSA*, 111 East Wacker Dr., Chicago, Ill. 60601. (312/644-3100)

*American Savings and Loan Institute*... Advanced Management Program... Palm Springs, Calif., Jan. 23-31. Details: *ASLI*, 111 East Wacker Dr., Chicago, Ill. 60601. (312/644-3100)

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## HUD newsletter

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HUD NEWSLETTER  
December 16, 1974

# HUD newsletter

U. S. Department of Housing and Urban Development  
Washington, D. C. 20410 (202) 755-8000



December 23, 1974

SEASONS GREETINGS

from all of us at HUD

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
JAN 07 1975  
WASHINGTON, D.C. 20410

## Current Trends

The *FHLBB* reports that a consensus opinion of housing experts is that 1975 will see a modest recovery in housing starts from the levels of late 1974. The *Bank Board's Fourth Annual Housing Forecast Conference* in New York City predicted average forecasts of residential housing starts at approximately 1.46 million units in 1975.

*FHLBB* Chairman Thomas R. Bomar has announced that the *Board* is proposing comprehensive new conflicts of interest regulations for insured savings and loan associations. The proposal is designed to be preventative in nature and should not pose difficulties for insured institutions in view of the sound operations generally prevailing within the industry. The proposal was published in the *Federal Register* on December 5 and will allow approximately 45 days for public comment.

With money tight... interest rates high... and a shortage of mortgage money, a New York savings bank is offering home buyers the same kind of mortgages it offers buyers of commercial properties. All of the mortgage loans to home owners being written are now on a short-term basis—5 or 10 years—with a large 'balloon' payment that must be either refinanced or repaid at maturity. Before the establishment of *FHA*... mortgages with balloon payments were common, but these were usually of the type in which only interest was remitted to the lender each month. At the end of the mortgage term... the entire principal was still due. The New York mortgages differ in that part of the principal is repaid each month along with the interest. But as is the case with self-amortizing mortgages... interest payments are high and principal payments are low in the early years. After the 5-or 10-year loan period... therefore... the mortgagor must come up with the bulk of the principal of the mortgage.



## Ford Foundation Report on Housing

In the *Ford Foundation Letter* of Dec. 15, 1974, a special report entitled *Turnabout in Public Housing*, focuses on St. Louis and as the report states, "a reversal of what the Housing Authority once called a classic example of the ineptness of a community and Nation to resolve the challenge of housing low-income families."

The report states that the key to the city's changing housing fortunes has been increased involvement of the tenants in the management of the developments. The *Ford Foundation* has provided funds to train tenants in Carr Square and Darst developments as managers, supply technical assistance, and pay salaries of tenants hired as building or lane captains to act as links between the other tenants and the managers. A second Foundation grant extended tenant management corporations to two other developments... Webbe and Peabody... and a new grant will add a fifth to the program, Blumeyer Village.

The report also states that St. Louis was recently granted \$700,000 over 2 years from *HUD* as part of the *Target Projects Program* for problem-ridden developments. The money will be used primarily to improve the appearance of three developments as part of an effort to change their image in the minds of residents and nonresidents.

## Neighborhood Stabilization Program Begins

A demonstration program to achieve neighborhood stabilization in a three-block target area in New York City is being aided by a \$235,692 HUD contract. HUD's Office of Equal Opportunity entered into the contract to assist in (1) formulating and monitoring a program to prevent and eliminate potential discriminatory housing practices through neighborhood stabilization, and (2) studying the nature and extent of alleged discriminatory housing practices relative to housing maintenance and management in order to disseminate information derived from the study to other cities.

The 18-month contract is with *Community Maintenance and Management Corporation*. . . a nonprofit corporation whose Board includes residents of the stabilization target area. . . the Hamilton Heights section of Manhattan. The demonstration program will also afford residents of the demonstration-study area the opportunity for employment and job training for employment.

"Stabilization of the racial and economic mix in a neighborhood and reversal of deterioration of the neighborhood's existing housing furthers the objectives of equal opportunity in housing," said Dr. Gloria E.A. Toote, HUD Assistant Secretary for Equal Opportunity. "This stabilization demonstration involving all elements of the community is an important undertaking to identify and document the techniques and activities for stemming the deterioration of the so-called transitional neighborhood and preserving our cities' neighborhoods as viable communities."

Dr. Toote also said that a critically important, and unique, feature of the demonstration is the commitment of Manhattan to use its resources to increase the level of public safety, upgrade sanitation, and improve the delivery of all municipal services.



## Women Family Heads Increase

Women family heads are increasing at an accelerated rate. . . a new study by the *Census Bureau* shows. The total grew as much during 1970-73. . . from 5.6 million to 6.6 million. . . as it did during the entire decade of the 1960's, according to the *Bureau*.

The new report is the first statistical portrait of women family heads. . . a source of recent concern among social scientists as well as public and private officials because of their rapidly-growing numbers. Although no hard data are available on the cause of the rapid increase in women family heads, some aspects of change may be deduced by looking at the changing characteristics of the group. For example, they are:

- Younger on the average than in the past.
- More likely to be divorced or separated.
- Less likely to be widowed.
- More likely to postpone marriage.
- More often single.
- More often in the labor because of the availability of wider choice of jobs and better pay.

The median age of women family heads had declined to about 45 years in 1973; back in 1960, it was about 50 years. This is because a growing percentage of the total is separated or divorced and a decreasing percentage, widows. In 1960. . . only about 10 percent of women family heads were under 30; by 1973, 19 percent were under 30. Only 32 percent were 55 years and over in 1973, whereas 41 percent were 55 and over in 1960.

Further . . . there is a growing number of single women family heads. Increasingly, single women retain illegitimate children, and others are taking advantage of changed adoption laws to start families. The proportion of women family heads who had never married increased from 10.9 percent in 1970 to 12.8 percent of the total in 1973.

The report, *Female Family Heads: March 1973, P-23, No. 50*, is available for 50 cents from the *Superintendent of Documents*, Washington, D.C. 20402.



## Study Report Available

*Open Space and Recreation Opportunity in America's Inner Cities...* a 155-page study of open space and recreation concepts... summarizing the noncommercial leisure resources of low-income, high-density, inner city population in 25 cities of more than 250,000 population... has been published.

It indicates that the assumptions upon which professionals and laymen alike in the recreation field have based their policy decisions, may be characterized as "faulty in conception, unrealistic in design, and, in many instances, totally impractical to achieve."

Of the 25 cities, 12 were in the 250,000 to 500,000 population range, nine in the 500,000 to 1 million range, and four with populations above 1 million.

The study... prepared by the *National Recreation and Park Association*... and funded by the *HUD Office of Community Planning and Development*... finds that homogeneous standards accepted over the years, suggesting that each city should have a specific number of acres of open space per capita in its inner city, are no longer relevant. It concludes that it is not the amount of open space alone that determines the recreational health of a community; the critical factors are the location of the space, the programs conducted on it, the responsiveness of the personnel who run it, the programs conducted on it, the responsiveness of the personnel who run it, the physical condition of the space, and the relative accessibility for the people who will use the facilities.

Copies of the report may be obtained for \$5 each from the *National Technical Information Service (NTIS)*, U.S. Department of Commerce, Springfield, Va 22151. Specify PB-235 121-AS.



## New Publications

*Fair Housing & Exclusionary Land Use: Historic Overview and Summary of Litigation (1974)*. An analysis of land-use and related litigation affecting both housing supply and equal access. Summarizes 55 recent cases dealing with such issues as exclusionary zoning, restrictive building codes, public housing dispersal, initiatives and referendums, and controlled growth policies. Includes table of cases with citations. 60 pages, \$3.50 per copy, postpaid. Add 50 cents for first-class mail. Order from *National Committee Against Discrimination in Housing (NCDH)*, 1425 "H" Street, N.W., Suite 410, Washington, D.C. 20005.

*Historic Preservation in San Francisco's Inner Mission*... issued by *HUD*... is expected to assist in preservation of the historic and cultural environment within urban districts. It illustrates how preservation can be made an integral part of urban planning and a positive force in the revitalization of America's cities and towns.

The Mission District, itself is significant because of its essential livability, and because it houses a wide range of economic and ethnic groups. In addition to the elements of historic and architectural significance, areas like Mission that are benefitting from public and private restoration also reflect other important urban values.

The study was prepared under the auspices of the *Stanford Community Development Study* through a *National Science Foundation* grant. The study contains a Mission history, as well as data on neighborhood boundaries, the architectural heritage of the Mission, historic preservation data, and appendices including references, resources for historic preservation, an Inner Mission inventory, and data on walking tours through the area.

Single copies may be obtained free from the *HUD Office of Planning and Management Assistance* Washington, D.C., 20410 (Tel. (202) 755-6240). Additional copies, at 85 cents each, may be obtained from *Superintendent of Documents*, Washington, D.C. 20402 (specify Stock Number 2300-00246).

## Co-Insurance of Home Mortgages Regs

*HUD* has published in the *Federal Register* proposed regulations governing co-insurance of home mortgages insured by *HUD's FHA*. Under the *Housing and Community Development Act of 1974*... *HUD/FHA* is directed to make provisions on a demonstration basis for co-insurance of mortgages insured by *FHA*.

The proposed regulations authorize the *HUD Secretary*, upon request of a mortgagee (lender) approved by *FHA*, to insure and make commitments to insure mortgages and loans under Section 203(b) of the *National Housing Act*. The co-insurance contract between the mortgagee and *HUD* would provide that:

- The mortgagee assume a percentage of any net loss on the loan and receive a percentage of any premium paid on the insured mortgage; and
- The mortgagee carry out certain credit approval, appraisal, inspection, commitment, and property dispositions functions.

Under the *1974 Act*... *HUD's* authority for co-insurance expires June 30, 1977. However... the Secretary is directed to report to *Congress* on March 1, 1975... and annually thereafter... on the operation of the co-insurance function.



### Name Change

The *Section 23 Leased Housing Association* has changed its name to the *National Leased Housing Association*. The recent renumbering of the leasing program's statutory section number from Section 23 to Section 8 caused this change. The *Association* is composed of 230 private developers, financiers, local housing authorities, state housing finance agencies, nonprofit sponsors and others involved in the *Leased Housing Program*.

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HUD NEWSLETTER  
December 23, 1974

# HUD newsletter

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



December 30, 1974

Vol. 5 No. 52

## Current Trends

In the third quarter... *Federal National Mortgage Association* posted net earning of \$27.2 million... or \$.58 per common share. For the first 9 months of 1974... *FNMA* earned \$88.9 million. *FNMA* is the largest single private purchaser of residential mortgages in the U.S. with a \$27.8 billion net mortgage and loan portfolio. This portfolio represents housing for approximately 1.7 million families.

According to a survey by the *National Association of Realtors* the number of existing single-family homes sold in October fell 5.9 percent below a year earlier. On a regional basis... home prices climbed 11 percent from year-earlier levels in all areas of the country, except in the South, where prices rose only 6 percent... the *Association* reported.

The *FHLBB* has announced regulations to carry out the 1974 law banning sex discrimination in home lending. Board Chairman Thomas R. Bomar said the regulations amount to a "bill of rights" for women applicants for mortgage loans. The new regulations require every lender making federally related loans to consider... without prejudice... the combined income of both husband and wife for the purpose of extending mortgage credit, to a married couple, or either member thereof.

The *FHLBB* has authorized its member institutions to issue new certificates of deposit bearing an interest rate of 7.75 percent on a 6-year maturity basis. The new certificates will be available to the public in \$1,000 denominations. The new certificate of deposit should attract new account holders to savings associations and provide the thrift industry with additional savings which will provide a greater amount of funds for home mortgages.

Housing starts declined to a seasonally adjusted annual rate of 990,000 units in November... down 10.5 percent from a downward-revised October pace of 1,106,000 units... and off 40.9 percent from a year earlier rate of 1,675,000 units.



## 36 Communities Face Suspension

A total of 36 communities in 20 States face suspension from the *National Flood Insurance program* for failure to adopt local flood plain management measures to guide the future use of the special hazard areas as required in the program's regulations. The suspensions... to become effective January 15 unless the 36 communities submit appropriate plans for adoption of the necessary flood plain management measures... were announced by J. Robert Hunter, Jr., acting director of *HUD's Federal Insurance Administration*.

Responsible officials in the affected communities have been notified by certified mail. The notice points out that the regulations require the communities to enact measures that would "alert property owners of potential flood hazards and require careful and wise construction" to minimize loss of life and the economic losses of real and personal property.

## New Orleans Trash Recovery Facility

The city of New Orleans has approved construction of one of the Nation's first full-scale facilities for recovering reusable materials from municipal trash and garbage. The contract calls for construction and operation of an installation to process some 650 tons per day of New Orleans' refuse to reclaim glass, ferrous and non-ferrous metals, and paper. . . for sale and reuse.

The *National Center for Resource Recovery, Inc. (NCRR)*, Washington, D.C., will act as technical advisor to the City to monitor the construction and operation, under terms of an agreement between the City and *NCRR* signed in November 1973.

Under terms of the contract. . . *WMI* will construct, own, and operate the facility, and will charge the City \$10.95 per ton to receive the waste. In addition to having a more environmentally sound waste disposal system at less than present disposal cost. . . New Orleans will receive a share of the profits from the sale of recovered materials. The contract and lease are for a period of 12 years after operations begin. The \$5.7 million facility, will be completed in two stages. . . the first in January 1976. . . and the second 6 months later.

Further details may be obtained from the *NCRR*, 1211 Connecticut Avenue N.W. Washington, D.C. 20036.



## Municipalities Spent \$43.7 Billion

U.S. municipalities received \$42.1 billion in revenue and spent \$43.7 billion during fiscal 1971-72. . . according to the *Census Bureau*. The 1972 report is based on the *Census of Governments*. . . which is taken every 5 years.

Total revenue of municipal governments in fiscal 1972 was 75 percent greater than 5 years earlier (fiscal 1967) when the last census of this kind was taken. The 1967-72 increase in expenditure was 79 percent. . . and long-term debt of municipalities increased by 43 percent during the period.

"Municipalities" consist of municipal corporations set up to provide a variety of local public services for areas of relatively concentrated population. About two-thirds of the people in the United States live in areas served by municipal governments. Municipalities in 1972 accounted for more than 40 percent of all local government indebtedness and more than one-third of aggregate revenue and expenditure of all local governments.

The main source of municipal general revenue is the property tax. Nationwide, this source supplied more than 31 percent of all municipal general revenue in fiscal 1971-72. . . or over 64 percent of all municipal tax revenue. However. . . proportions of property taxes to general revenue vary from State to State, ranging from 67.8 percent in Maine down to 9.3 percent in Alabama.

General sales and gross receipts taxes in fiscal 1971-72 accounted for \$1.9 billion (11 percent) of all municipal tax revenue; selective sales and gross receipts taxes for \$1.3 billion (7.7 percent); income and payroll taxes for \$1.9 billion (11.1 percent); and all other taxes, including licenses, for \$0.9 billion (5.2 percent) of all tax revenue.

Municipal governments received nearly \$11.5 billion of 1971-72 revenue from other governments. The bulk (\$8.4 billion) came from State governments, including Federal grants-in-aid channeled through States; the remainder was collected from a variety of sources.

The six leading functions for which municipal funds were spent include education, the cost of which increased \$2.7 billion from 1967 to 1972; police protection up \$1.9 billion; sanitation and sewerage, \$1.4 billion; public welfare, \$1.8 billion; highways, \$779 million; and fire protection, \$916 million.

Copies of the report, *Finances of Municipalities and Township Governments 1972 Census of Governments, Volume 4, No. 4*, are available for \$4.80 from the *Superintendent of Documents*, Washington, D.C. 20402.

## Revitalization Study Authorized

Taylor, Michigan. . . a suburb of Detroit (88,000 population). . . has assumed responsibility for some 100 federally-owned houses in the city's Dover Estates subdivision, launching a 3-year research demonstration aimed at stabilizing housing values and revitalizing the subdivision. . . in a cooperative agreement signed between HUD and Mayor S. Richard Marshall of Taylor.

Mayor Marshall agreed on behalf of his city to lease the houses after they are rehabilitated by HUD, and to have Taylor serve as project manager for the dwellings, sub-leasing them or renting them with option to buy. Rehabilitation work is scheduled to get underway in February, and the first of the housing units should be ready for occupancy in April. The houses are three- and four-bedroom units costing between \$21,000 and \$24,000 when originally built in 1970.

The Mayor also committed the city's resources to improving socio-economic conditions in the Dover Estates. . . in part through increased recreation facilities, better and more responsive fire and police protection, and other municipal services for residents of the development.

The purpose of the demonstration is two-fold: to restore confidence and economic vitality in an area where defaulted HUD-assisted housing is having a negative impact on remaining residents; and to test the effectiveness of the Taylor approach in upgrading a declining neighborhood. About 45 percent of the 421 properties in Dover Estates are vacant or abandoned and have been foreclosed or are in the process of foreclosure. Most of the empty houses have been vandalized.



## Further Drop of Low-Income Families

The number of Americans below the low-income or poverty line declined by 1.5 million persons during 1972-73 as median family income in the Nation rose to more than \$12,000. . . the *Census Bureau* said in separate reports recently issued. Both are based on the *Bureau's* annual income survey of a nationwide sample of U.S. households made each March.

An estimated 23 million persons were below the low-income level in 1973. . . according to the first of the reports. The total number of poor was about 6.1 percent less than the estimated total in 1972. The 1973 total was made up of about 4.8 million families and another 4.7 million unrelated persons.

In 1973. . . the low-income or poverty threshold for a nonfarm family of four was \$4,540. The 1972 threshold for a nonfarm family of four was \$4,275; and in 1959. . . the first year for which low-income data were made available. . . it was \$2,973. The low-income threshold is adjusted each year to reflect changes in prices.

The number of blacks below the low-income line was about 7.4 million in 1973. . . the report said. This figure was about the same as the 1971 total for blacks. In 1972. . . the number of blacks below the poverty level was about 7.7 million. Although it is probable that the number of black poor changed somewhat during this 1971-73 period. . . the picture is not clear because survey estimates are subject to high sampling variability.

The number of whites below the low-income line declined in both 1973 and 1972. The 1973 estimated total was 15.1 million compared with 16.2 million in 1972 and 17.8 million in 1971.

An estimated 19.5 million families, 35.5 percent of the total, had incomes of \$15,000 or more and 5.9 million had \$25,000 or more. . . the report showed. As recently as 1971. . . there were only 13.2 million families with \$15,000 or more in annual income.

Copies of the reports, *Characteristics of the Low-Income Population: 1973, P-60, No. 94*, and *Money Income in 1973 of Families and Persons in the United States, P-60, No. 93*, may be obtained from the *Superintendent of Documents*, Washington, D.C. 20402, at 30 cents each.



## New HUD-Boy Scout Filmstrip

*HUD* and the *Boy Scouts of America* have jointly produced a filmstrip showing how Scouting relates to youths who live in housing projects in the inner city. Entitled *Getting With It—Housing and Scouting*, the 18½ minute sound filmstrip illustrates the advantages of the Boy Scout program in low-income housing projects in New Orleans, San Antonio, Cleveland, and Washington, D.C.

The filmstrip will be used in workshops throughout the country involving Scouting leaders and the managers of public housing and other *HUD*-assisted multifamily developments.

Inquiries concerning availability should be directed to local Boy Scout Councils.



## An Assist for the Elderly

*HUD* has expanded its research into the problems of elderly homeowners by awarding a \$193,000 contract to study ways to help them repair and maintain their properties. The *Transcentury Corporation* of Washington, D.C., will carry out the 18-month contract.

The new contract is the latest in a series of *HUD* research efforts either planned or underway, aimed at alleviating problems of homeownership for some 13 million elderly Americans who live in homes they own, particularly the 20 percent whose incomes are below the poverty level.

The new project responds to a recommendation of the *White House Conference on Aging* for study of problems the elderly have in maintaining their homes.

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