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



January 6, 1975

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Vol. 6 No. 1

Current Trends

Yields declined for the seventh consecutive time as *FNMA* issued \$61.9 million in 4-month commitments to purchase government-backed and conventional mortgages on December 16. The corporation issued \$43.3 million in commitments on government-backed mortgages at an average yield of 9.520... which converts to an average accepted price of 96.46 for 9 percent *HUD-FHA/VA* mortgages. Yields from the auction were the lowest in both *HUD-FHA/VA* and conventional 4-month commitments since June 17 and July 1 of last year.

FNMA plans to inaugurate a program of issuing standby commitments to purchase government-guaranteed securities backed by pools of mobile home loans. Under the program... *FNMA* will issue 6-month standby commitments to buy *GNMA* securities at yields somewhat below the yields required for the commitments it issues to purchase homes. For these commitments... *FNMA* will charge a fee of $\frac{1}{2}$ of 1 percent of the amount of the commitment. The new program would apply only to mobile homes financed under Title I of the *National Housing Act*... under which *HUD-FHA* insures both mobile home and home improvement loans.

The *FHLMC* has announced the removal of existing state-by-state dollar allocations of home mortgage purchase commitments under the *Emergency Home Purchase Act of 1974*... and the creation of a single national pool of funds from which individual lenders may receive up to \$5 million per day each in commitments to purchase from them home mortgages at 8.25 percent interest. *FHLMC* is underwriting \$1.5 billion in mortgage purchases as agent for *GNMA* and will later administer the servicing of those mortgages. *FNMA*... which also is announcing a removal of State allocations... is buying another \$1.5 billion worth of loans for *GNMA*.

HUD's monthly mortgage opinion survey as of December 1 indicates improved conditions for the home buyer. The percentage of *HUD* field offices reporting funds generally adequate for financing Section 203(b) loans advanced to 60 percent... compared to 49 percent reported on November 1 and October 1.

The national average interest rate contracted to be paid by the borrowers on conventional first mortgages dropped to 9.55 and 9.60 percent for new and existing home transactions, respectively. From a month earlier... the decrease was 15 basis points for new-home rates and 10 for existing-home contracts. This was the second consecutive month in which rates have declined following 6 to 7 months of increasing rates.

NOTICE TO SUBSCRIBERS

The Superintendent of Documents has notified HUD that the subscription rate for the Newsletter has been increased to \$12.50 per year for domestic and \$15.65 for foreign mailing. This is effective immediately... and covers both new and renewal subscriptions.

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New Physically Handicapped Standards Studied

A new effort to make dwelling units more usable and convenient for the physically handicapped has been launched by *HUD*.

In response to a request from the *President's Committee on Employment of the Handicapped* and the *National Easter Seal Society for Crippled Children and Adults* ... *HUD's Office of Policy Development and Research* has issued a *Request for Proposals (REP)* for a study to develop and test new standards for making both the interiors and exteriors of single- and multi-family housing and mobile homes more livable for the physically handicapped.

The new standard will be submitted to the *American National Standards Institute (ANSI)* for adoption. The existing *ANSI* standard in this field (*A117.1*) applies principally to public buildings... and does not treat the problem of making residential space such as kitchens, bedrooms, and private bathrooms usable by some 30 million Americans whose physical disabilities restrict their ability to live independently unless their environment is shaped to meet their needs.

A new *ANSI* standard promises to have significant impact on the design of housing in the U.S. The existing standard... despite its limited scope... is already widely used by architects in planning buildings, and forms the basis for applicable laws and regulations of the Federal Government and a majority of States.

The new standard developed for *HUD* will include revision and expansion of the existing standard for public buildings.

The *President's Committee* and the *Easter Seal Society* have participated in the development of the *REP* and will provide assistance and consultation to *HUD* during the entire course of the study.

More Census Reports



The first of a series of reports showing preliminary results of the *1972 Census of Selected Service Industries* has been released by the *Census Bureau*.

The first report presents facts about selected service industries in Montana. Similar reports for the 49 other States and the District of Columbia will be issued in coming weeks. *The Census of Selected Service Industries* is one of several five-year canvasses of the economic life of the Nation known collectively as the *Economic Censuses*.

Shown in the selected services reports are facts about receipts, numbers of business establishments by type, numbers of employees, payrolls and other data for the census year. The early figures are being reported in the form of press releases, a departure from Bureau practice in earlier *Economic Censuses*. Final, detailed data will be contained in another series of reports to be issued starting next year.

The *Census Bureau* has released a major source volume on the social and economic characteristics of men and women in the U.S. by detailed occupation. The report is one of a series of detailed subject reports from the 1970 census.

The report presents detailed occupational breakdowns, cross-tabulated by such social and economic characteristics as age, race, Spanish origin, educational attainment, earnings in 1969, weeks worked in 1969, total family income, urban and rural residence, marital status, family relationship and number of own children, and residence in 1965. Tables are presented for both the experienced civilian labor force and those actually employed on census day, 1970. Each table in the report is based on a detailed occupational breakdown for men and women 16 years old and over.

Copies of the report, *Occupational Characteristics. PC(2)-7a*, (820 pages) are available for \$7.25 from the *Superintendent of Documents*, Washington, D.C. 20402.

New York City Announces Housing Plan

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Besides having the distinction of being the Nation's largest city... New York also has the dubious distinction of having the Nation's most severe housing problem. The city's new Mayor... Abraham Beame... has announced a basic housing program that hopefully will make a dent in the situation. In one of the analyses of the city's needs... an annual expenditure of \$1 billion is placed on the cost of attaining the congressionally-announced national goal of "a decent home in a suitable neighborhood for every American family."

The Beame plan starts with a rehabilitation program... calling for 72,000 units to be brought up to standard... with Federal financial assistance... in the next 3 years. Most commentators who have seen the plan call it "reasonable and commendable." Admittedly... this initial program does not make any provision for solving many other aspects of the city's housing needs... with abandonment of over 30,000 units a year as one of the primary elements of concern. New housing... to replace on a systematic basis the 500,000 substandard units which are beyond rehabilitation... would involve a multimillion dollar program in addition to that announced. The Beame report recommends that the new housing... should be wherever feasible... in low-rise buildings, as small as three units, if possible. The cost of construction and maintenance of this type of structure is significantly lower than in high-rise, high-density buildings.



New Publications

Examples of Local and State Financing of Property Rehabilitation summarizes the experience of 83 cities in making scarce dollars go farther in financing property rehabilitation in a new publication of HUD. The 117-page report provides an assortment of examples of resourceful and advanced planning for restoring property and also cites the experience of 14 States where planning or development of similar loan programs is underway.

These programs are expected to be of great use in implementation of the new block grant approach of HUD in the recently-passed *Housing and Community Development Act of 1974*. Under this legislation, communities, among other things, will be able to use Federal grants to carry out a wide variety of rehabilitation activities, including their financing.

The report was prepared by Leonard Czarniecki, Rehabilitation Officer in the Division of Relocation and Development Services in HUD's *Office of Community Planning and Development*. Copies of the report may be obtained free from the Publications Service Center, Room B-258, HUD, Washington, D.C. 20410.

Resource Recovery and Conservation is a journal dedicated to detailed and comprehensive investigations of the interdisciplinary aspects of resource recovery and conservation. Resource recovery is the recovery of materials and energy resources from wastes now destined for disposal. The resources from wastes, from household, commercial, or industrial sources, may be recovered for reuse or recycling. Resource conservation is effected by appropriate management of natural resources including implementation of public policies for conservation, and management of process and product design, fabrication, and production for efficient utilization of materials.

The aim of the journal is to act as an integrated forum, and a medium for the communication, information, and guidance of experts from all over the world on the design, planning, and implementation of recovery and conservation. *Resource Recovery and Conservation* will be published as one volume per year in quarterly issues, the first of which is scheduled to appear at the end of 1974.

To order, contact *Elsevier Scientific Publishing Company*, P.O. Box 211, Amsterdam, The Netherlands. Subscription price: \$36.50 per volume including postage.

New Community Aid

Park Forest South, a HUD-assisted new community southwest of Chicago, will receive \$5.5 million in additional operating funds. This financing represents a major advancement in HUD efforts to strengthen the financial position of all federally assisted new communities.

The Park Forest South action was announced just 2 weeks after HUD and another federally assisted new community, Riverton, near Rochester, completed a significant refinancing transaction.

The Park Forest South agreement provides for the low cost financing of land in the HUD security pool by Lewis Manilow, *Illinois Central Industries, Inc.*, and *United States Gypsum Co.*

Park Forest South received a HUD guarantee of \$30 million in private financing in March 1971. HUD will review and evaluate an application for an additional guarantee in mid-1975. Twenty-year development projections for the community are 75,000 residents, 28,000 housing units, on an 8,000-acre tract.



Indian Housing Available

Secretary Lynn has announced the release of 6,000 units of low income housing for Indians, as he promised at an Indian housing conference in Scottsdale, Arizona. The allocation is the result of an estimate of need made by HUD, the *Bureau of Indian Affairs of the Department of Interior*, and by *Indian Housing Authorities*.

In announcing the availability of HUD funds...\$15,000,000...for the construction of the 6,000 units...Secretary Lynn said, "this recent commitment would fulfill and complete a 5 year agreement to provide 30,000 units of Indian housing." The units are earmarked to build up a production pipeline capability for FY 1976.

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HUD NEWSLETTER
January 6, 1975

HUD newsletter

U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 552-5280



January 13, 1975

Vol. 6 No. 2

Current Trends

The *FHLBB* has announced that November savings inflow at member associations totaled \$1.1 billion... three times the October total and the highest monthly record since last March. This second month of increased consumer savings improvement... as had been the case in October flows... reflects easier money market conditions and lower short-term interest rates.

Interest rate declines... a substantial recovery in the flow of savings into thrift institutions... and more money available will help to moderate the decline in housing starts in the early part of 1975, a survey by *NAHB* indicates. "First quarter 1975 will see a sluggish beginning. But at least the cycle should bottom during these very difficult 4 months. March and April should see some marginal improvement with starts continuing slowly upward for the balance of the year..." according to the monthly *NAHB* survey.

MGIC Investment Corporation has announced that its wholly-owned subsidiary, *MGIC Mortgage Corporation*, will no longer issue commitments to purchase residential mortgages... and intends to dispose of its portfolio of mortgages in an orderly manner. While *MGIC Mortgage Corporation* has not been active in issuing commitments since last May, the company said it now plans to terminate permanently the subsidiary's role as a future secondary mortgage market investor. Max H. Karl, president of *MGIC Investment Corporation*, indicated that this action will have no financial effect upon any of the other subsidiaries of *MGIC Investment Corporation*, including *Mortgage Guaranty Insurance Corporation*, the Nation's largest private mortgage insurer. *MGIC Mortgage Corporation* will continue with its successful mortgage participation program which has generated more than \$290 million in participation sales since August 1974. Activity has increased in recent months as savings institutions have experienced improved savings flows.



Ford Foundation Investment Program Report

In 1968... the *Ford Foundation* initiated a new program in which its capital funds were invested directly for social purposes. The *Foundation* invested some \$38 million in a variety of socially important ventures... some of them successful and others not. Among the recipients were community health plans in Boston and New Haven, inner-city and rural community development corporations, an association of minority contractors, an organization promoting integration of the suburbs, public television stations, a land acquisition agency, minority enterprise financing firms, and a black university. The funds generated additional capital for these enterprises from more than 100 banks and other financial institutions at a ratio of approximately 5 to 1.

A report covering the results of this program to date has been issued and single copies are available free from the *Ford Foundation*, Office of Reports, 320 E. 43rd St., New York City 10017.

Further information on the program or particular investments may be obtained from Eamon Kelly... *Foundation* officer in charge of the program. (212/573-5262).

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AIA Elects

William Marshall, Jr., FAIA, of Norfolk, has been formally installed as the 1975 president of the *American Institute of Architects*. He succeeds Archibald C. Rogers, FAIA, of Baltimore, as head of the 25,000-member national professional society.

In addition to Marshall, five other officers were installed. They included the first vice president (president-elect) Louis de Moll, FAIA, of Philadelphia; three national vice presidents, Elmer E. Botsai, FAIA, of San Francisco; Carl L. Bradley, FAIA, of Fort Wayne, Ind.; and John M. McGinty, AIA, of Houston, and secretary, Hilliard T. Smith, FAIA, of Lake Worth, Fla. Eleven new regional directors also were installed.



New Wood Product Developed

A new wood product that could almost double the Nation's lumber supply has been developed through the combined research efforts of two Federal agencies and private industry. It's called COM-PLY...lumber made like a sandwich...with solid-wood facings laminated to bonded centers of particleboard (ground wood and bark particles). Almost 90 percent of a log can be used to make it, about double the amount of a tree trunk that can generally be used to produce quality sawn lumber.

Unlike conventional lumber production in which boards are cut from the center of a log and the stronger outer wood and bark are converted into pulp chips, COM-PLY follows nature's order and utilizes the stronger outer part of a tree for veneer and the center of the log for particleboard. Thus...very little of the log is wasted in the process. *U.S. Forest Service* researchers say preliminary findings indicate the new wood product improves lumber performances by reducing warpage and exhibiting more consistent strength and stiffness than conventional lumber. COM-PLY was developed with HUD support by the *U.S. Forest Service, Department of Agriculture*, in cooperation with the *American Plywood Association*.

For further information: Orville Lee, Room 4116, HUD, Washington, D.C. 20410.



Solar Energy Subcontracts Awarded

The *American Institute of Architects Research Corporation (AIA/RC)* has subcontracted with eight architectural firms and two schools of architecture to develop housing design concepts incorporating the use of solar heating and heating/cooling systems. *AIA/RC* and its subcontractors are assisting HUD and the *National Bureau of Standards* to respond to the general objectives of the *Solar Heating and Cooling Demonstration Act of 1974*. The subcontractors will prepare solar design concepts for single-family, low-rise multi-family, and mobile homes. The designs will be included in a document for use by HUD and other Federal agencies, researchers, designers, builders, homeowners, and the general public concerned with incorporating solar heating and heating/cooling in houses.

For further information: Ms. Nancy Hallmark, AIA, 1735 New York Ave., N.W., Washington, D.C. 20006. (202/785-7264).



FYI

American Institute of Landscape Architects... 18th Annual Convention... New Orleans, February 13-15. Details and registration: F.J. MacDonald, Executive Vice President, AILA, 6810 North Second Place, Phoenix, Ariz. 85012 (602/946-3691).

New Census Bureau Report

A March estimate of the population of Spanish origin persons in the United States was 10.8 million... according to the *Census Bureau*. Included in the total are an estimated 6.5 million persons of Mexican origin; 1.5 million of Puerto Rican origin; 700,000 of Cuban origin; another 700,000 of Central or South American origin; and 1.4 million of other Spanish origin.

The survey showed also that median income in 1973 of families with heads of Spanish origin was \$8,720... whereas the 1973 median for all U.S. families was \$12,050. The 1973 median for Spanish families was not significantly different than the 1972 median when adjusted to account for price increases. For the population as a whole, there was a 2.1 percent increase in real income during 1972-73.

Median income for families of Spanish origin increased by about 18 percent between 1969 and 1973, annual *Bureau* reports show. But when the figures are adjusted for price increases, there is no increase in real income between 1969 and 1973 for families of Spanish origin. For the total population there was a 4 percent increase in real income between 1969 and 1973.

Median incomes for families in Spanish origin sub-groups in 1973 were: Mexican origin, \$8,430; Puerto Rican origin, \$6,780; and Cuban, Central and South American, and other Spanish origin, \$11,190.

In general... the 1974 Spanish origin population is a young one, the survey indicated. Its median age is 20.1 years compared with the median of 28.5 years for the U.S. population as a whole. Thirteen percent of the 1974 Spanish origin population is under 5 years compared with 8 percent under 5 years for the population as a whole. Moreover... only 4 percent of the Spanish origin population is 65 years and over, whereas about 10 percent of the population as a whole is in this elderly age bracket.

Other findings of the 1974 survey of Spanish origin families were:

- Thirty-four percent of Spanish origin families are large (5 or more persons) compared with only 22 percent of all U.S. families.

- About 2.0 million (83 percent) of 2.4 million U.S. Spanish origin families live in metropolitan areas. About 68 percent of all U.S. families reside in metro areas. The proportion (19 out of 20) of Puerto Rican origin persons living in metro areas is much higher than for persons of Mexican origin (3 in 4).

- Younger persons of Spanish origin are making rapid gains in educational attainment. About 53 percent of them in the 25-29 year age bracket had at least completed high school last March. About 36 percent of Spanish origin persons 25 years and older had four or more years of high school.

The report... *Persons of Spanish Origin in the United States: March 1974, P-20, No. 267*, is 25 cents from the *Superintendent of Documents*, Washington, D.C. 20402.



New Publication

Central Administrative Offices and Auxiliaries... the first of the series of Enterprise Statistics reports on the 1972 *Economic Census*... has been released by the *Census Bureau*.

The report represents data on the number of such establishments by industry and by function, number of employees and total yearly payroll. It presents, too, the number of such establishments, employment and payroll, by industry division, by State.

The *Bureau's* enterprise statistics program involves the regrouping of census data records of establishments under common ownership or control and assigning company codes to show various economic characteristics of the firms that own or control the establishment.

Copies of the report, *Central Administrative Offices and Auxiliaries, ES72(P)-2*, are for sale by the *Subscriber Services Section (Publications), Social and Economic Statistics Administration*, Washington, D.C. 20233, for 35 cents per copy.

Solving Community Development Programs

New Orleans has become the second of two cities to receive Federal funds from *HUD* for a one-year, \$150,000 pilot project demonstrating the potential of economic analysis for solving community development problems of local governments. San Francisco was selected last October.

Both projects are part of a larger research and demonstration program which includes research on the variety of methods used by local governments throughout the country to supply themselves with economic analysis and data for decision-making. *HUD* also is designing other projects to develop and refine economic planning systems useful to local governments, such as economic growth projections.

HUD has contracted with *Griffenhagen-Kroeger, Inc.*, public management consultants, to assist in implementing, monitoring and evaluating the demonstration project. For further information: Edward K. Hamilton, President, *Griffenhagen-Kroeger, Inc.*, 351 California St., San Francisco, Calif. 94104 (415/521-3412), or William Lilley, III, *HUD*, Washington, D.C., 20410 (202/755-6697).



Yonkers Dedicates Three Parks

A 1.2 million *HUD Open Space Land Program* grant... combined with a local \$1.4 million expenditure... has made possible the opening of an unusual "minipark" system in Yonkers, N.Y.... consisting of three separate but interconnected parks. Each of the parks is planned for use by a different age group... and all are within a 3-block area of each other. Approximately 600 families are in the immediate neighborhood served by the park system.

The design solution met the community's needs... while overcoming some difficult site factors... and made specific provisions for a separate use pattern for the three areas: one for toddlers, one for athletic teenagers, and the third for older people.

Further details may be obtained from the landscape architects... *Abel, Bainnson & Associates*, 43 West 61st Street, New York, N.Y. 10023.

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JAN 23 1975

January 20, 1975

Vol. 6 No. 3

Current Trends

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President Ford has nominated HUD Secretary James T. Lynn as Director of the *Office of Management and Budget*. Mr. Lynn will remain in his present post until he is confirmed by the *Senate* for his new position.

Yields declined for the eighth consecutive time as *FNMA* issued \$41.9 million in 4-month commitments to purchase Government-backed and conventional home mortgages. The corporation issued \$31.8 million in commitments on Government-backed mortgages at an average yield of 9.471... which converts to an average accepted price of 96.78 for 9 percent *HUD/FHA-VA* mortgages. In the conventional auction... *FNMA* issued \$10.1 million in 4-month commitments at an average yield of 9.592... down from 9.716 on December 16.

HUD's GNMA has announced that all of the \$1.5 billion for the purchase of conventional home mortgages, made available through the facilities of the *Federal Home Loan Mortgage Corporation (FHLMC)*, has been exhausted. The program was activated late in October... a matter of days after the *Emergency Home Purchase Act* authorizing the program became law.



Better 1975 Predicted

After a rocky 1974... housing activity promises to climb slowly throughout 1975, predicts James M. Wetmore, Director of Economics, *Mortgage Bankers Association of America*. The low point will be reached sometime during the winter, probably not much below the 990,000 annual rate of housing starts recorded for November. While overall economic activity will slide until mid-1975... housing will follow its typical pattern and lead the timing of the trough in the business cycle. During 1975 housing will again play a role in leading the economy out of a recession.

Builders are already showing signs of less pessimism in their plans for 1975. They are encouraged by the significant declines in prices of key building materials, further reductions in interest costs—both short- and long-term—plus increasing availability of labor, material, and mortgage financing. Certainly, the production side will support a significant rise in housing starts.

But... Mr. Wetmore says... the outlook is not all rosy. Several major factors will inhibit the rebound in housing activity: first, a large overhang of units both under construction and completed but unsold or unrented; second, faltering consumer demand as the economy sinks deeper into recession; third, less freely available construction credit.

But these factors will merely slow the housing upswing, not stop it... Mr. Wetmore says. Strong economic activity in areas associated with energy and food production will boost jobs and incomes. This will provide strong demand for additional housing units in these localities. Lower mortgage rates mean fewer state usury laws will restrict activity as mortgage rates drop below statutory ceilings. Furthermore, low downpayment conventional mortgage financing, which has simply been unavailable for most home buyers in the fall of 1974, will once again become readily available. Thus... housing starts will turn up in 1975.

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1974 Made Disaster History

Almost 1,000 tornadoes, floods, storms, and other natural disasters struck communities throughout the Nation during 1974, causing approximately \$1.4 billion in damage. To speed Federal assistance to disaster victims... the President declared 31 States and three Territories disaster areas during the year. Nine States received two or more declarations.

Tornadoes buffeted 187 counties in 10 States the first week in April... leaving almost 5,000 families homeless, 336 persons dead, 9,000 injured, and 1,230 hospitalized.

In one 24-hour span... from April 3-4... 140 tornadoes touched down. This eclipsed the previous high on Palm Sunday 1965 when 47 tornadoes hit a number of midwestern States. Federal weather experts said that only "once in a century or two" do so many tornadoes occur in such a short time span.

Thomas P. Dunne, Administrator of *HUD's Federal Disaster Assistance Administration (FDAA)*, said that throughout the year over 50,000 disaster-stricken families registered for Federal aid at the agency's Disaster Assistance Centers in stricken zones. The Centers are staffed by specialists from a number of Federal, State, and volunteer agencies operating in disaster areas under the coordination of the *FDAA* Administrator.

The President... at the request of the Governors... signed 46 major disaster declarations during the year, affecting 590 counties in 31 States and three Territories. This matched the 46 declarations made in 1973. The all-time record was 48 declarations in 1972.

Dunne estimated that Federal expenditures in the 46 major disasters will be over \$454 million; another \$185 million in Federal aid was disbursed from the *President's Disaster Relief Fund* during the year for Presidentially declared major disasters from previous years.

Three States—Louisiana, Ohio, and Oklahoma—were declared major disaster areas three times. Six States had two major disasters—Alaska, Arkansas, California, Illinois, Minnesota, and West Virginia. There were 25 single major disasters in Alabama, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Maine, Michigan, Mississippi, Missouri, Montana, New Hampshire, New York, North Carolina, North Dakota, Oregon, Tennessee, Texas, Washington, Wisconsin, plus the Territories of Samoa, Virgin Islands, and the Commonwealth of Puerto Rico.

Forest fires in two States—New Mexico and South Dakota—resulted in Federal fire suppression assistance under Section 417 of the new law and an expenditure of \$648,000.

Refining the estimated Federal expenditures, Dunne said that \$153 million will be from the *President's Disaster Relief Fund*. Assistance from that Fund will include: \$114 million for restoration of public facilities belonging to 1,900 State and local governmental entities; \$18 million for temporary housing for over 7,400 families; \$13 million for grants to needy families; and \$8 million for supplemental unemployment benefits. He noted that 50 percent of these funds is being used to assist the 10 States stricken in April by tornadoes.



NHC Elects

Leon N. Weiner of Wilmington, Delaware has been elected president of the *National Housing Conference*. He succeeds Congressman-elect James H. Scheuer of New York, who resigned on his election. Mr. Scheuer had previously served in *Congress*... but was not a member of the 93rd Congress.

Mr. Weiner is a past president of the *National Association of Home Builders*... and is president of the Wilmington home building firm of Leon N. Weiner Associates.

Committee Appointments for New Congress

The *Banking and Currency Committee*... renamed the *House Banking, Currency, and Housing Committee* for the 94th Congress... will have 43 Members (29 Democrats and 14 Republicans) instead of the present 40, and *Ways and Means* will be enlarged from 25 to 37 members (25 Democrats and 12 Republicans).

The *Democratic Steering Committee* has tentatively selected 13 incoming "freshmen" for the *Banking Committee*. They are Reps. Stephen Neal (N.C.), Jerry Paterson (Calif.), James Blanchard (Mich.), Andrew Maguire (N.J.), Harold Ford (Tenn.), Carroll Hubbard, Jr. (Ky.), John LaFalce (N.Y.), Gladys Spellman (Md.), Les AuCoin (Ore.), Paul Tsongas (Mass.), Butler Derrick (S.C.), Philip Hayes (Ind.), and Mark Hannaford (Calif.). In addition... some *Banking* Members in the 93rd Congress are moving to other assignments: William Cotter (Conn.—to *Ways and Means*), Andrew Young (Ga.—to *Rules*), Joseph Moakley (Mass.—to *Rules*), Fortney Stark (Calif.—to *Ways and Means*), and Edward Koch (N.Y.—to *Appropriations*). Republican sources indicate that seven new Members have been chosen for the *Banking* panel. They are: Willis Gradison, Jr. (Ohio), Richard Schulze (Pa.), George Hansen (Ida.), Henry J. Hyde (Ill.), Richard Kelly (Fla.), Millicent Fenwick (N.J.), and Charles Grassley (Iowa). Five re-elected GOP Members are leaving the *Committee*: Margaret Heckler (Mass.), Philip Crane (Ill.), Bill Frenzel (Minn.), Clair Burgener (Calif.), and Matthew Rinaldo (N.J.).

The tax-writing *Ways and Means Committee* will have subcommittees for the first time. In addition... the expanded *Committee* membership of 37 will include 16 new Members. The Democrats are: J.J. Pickle (Tex.), Henry Helstoski (N.J.), Charles Rangel (N.Y.), William Cotter (Conn.), Fortney Stark (Calif.), James Jones (Okla.), Andrew Jacobs (Ind.), Abner Mikva (Ill.), Martha Keys (Kan.), and Joseph Fisher (Va.). Also... Representatives Otis Pike (N.Y.) and Richard Vander Veen (Mich.) were named to the *Committee* to replace Reps. Hugh Carey (elected Governor of N.Y.) and Martha Griffiths (Mich.—retired). The Republicans expected to be named to the *Ways and Means Committee* are: William Steiger (Wisc.), Bill Frenzel (Minn.), Guy Vander Jagt (Mich.), L.A. (Skip) Bafalis (Fla.), James Martin (N.C.), and Phillip Crane (Ill.).

The official *Committee* assignments in the *House* and *Senate* will be made shortly after the 94th Congress convenes.



Condominium-Cooperative Hearing Set

Pursuant to the provisions of *Section 821 of the Housing and Redevelopment Act of 1974*... public hearings will be held in Washington on February 10-12... as part of an overall study by HUD of the problems of *Condominium* and *Cooperative* housing. The hearings are open to the public... and all interested parties are urged to attend. Further details may be obtained from the *HUD Condominium Task Force*, Room 8110 HUD Building (202/755-5521).



Map of Low-Income Level Families Available

A new map in the *Census Bureau* series showing distribution by county of U.S. families living below the low-income level has been released. *Families Below the Low-Income Level in 1969 by Counties of the United States*, is based on data from the 1970 Census. It is 42 by 30 inches. Seven colors indicate the concentrations by percentage intervals of low-income families.

Copies of the map... *GE-50 No. 58*... may be obtained for 95 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

FYI

National Leased Housing Association. . . Seminar on *Legal, Financial, and Tax Aspects of the Section 8 Leased Housing Program*. . . Los Angeles, February 7-8. . . and New York, February 28-March 1. Registration: *National Leased Housing Association*, 1025 Connecticut Ave., N.W., Suite 707, Washington, D.C. 20036.

American Bankers Association. . . Construction Lending Workshop. . . Ohio State University, February 12-14. Details: *ABA*, 1120 Connecticut Ave., N.W. Washington, D.C. 20036.

Mortgage Bankers Association of America. . . National Mortgage Banking Conferences. . . Kansas City, Mo., February 13-14; Birmingham, Ala., March 17-18, and New York City, May 5-6. Details: *MBA*, 1125 Fifteenth St., N.W., Washington, D.C. 20005. (202/785-8333)

New York University and *Public Relations Society of America*. . . Joint Public Relations Writing Workshop. . . Washington, D.C., February 10-11; New York City, March 3-4; Chicago, May 20-21; and Effective Oral Communication Workshop. . . New York City, March 5-6. Registration: *N.Y.U. Business and Management Programs*, Room 1517, 310 Madison Ave., New York, N.Y. 10017. (212/681-1435).

The National Housing and Economic Development Law Project, Earl Warren Legal Institute, U of Cal. Economic Development Section. . . National Training/Workshop Session on Health Maintenance Organizations. . . San Francisco, February 13-14. Registration and Details: Bonnie Neeley, Administrative Assistant, *Earl Warren Institute*, 2313 Warring Street, Berkeley, California 94704 (415-642-2826).



HUD newsletter

January 20, 1975
HUD-318-159-PA

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HUD-401



HUD NEWSLETTER
January 20, 1975

HUD newsletter

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



January 27, 1975

Vol. 6 No. 4

Current Trends

The *Chicago Laborers District Council*, which represents 20,000 construction laborers... reached an unusual contract settlement for the 1-year period beginning June 1. No increases in either wages or welfare benefits are provided for in the agreement. "The union decided to keep wage levels stable in order to boost the sagging construction industry," a union spokesman said.

The *National Association of Realtors* reported that its monthly survey showed sales of single-family homes in November declined 11 percent from November 1973. The drop was most noticeable in the West and East. At the same time... median prices for *existing* homes increased 8.1 percent in the 12-month period... to a price of \$32,000... the lowest monthly increase in 1974.

The median sales price of *new* homes sold in October rose to \$37,200. There has been only a modest rise in the median sales price since March, but most or all of this rise may well have been offset by the use of such financing promotions as the builder paying a part of monthly payments for at least one year ahead... this reduces the effective price of the house, although it does not show up as such in the statistics.

The *FHLBB* reported that savings flow at savings and loan associations improved further in November, with net new savings receipts of *FSLIC*-insured associations totaling \$1.1 billion... although slightly less than net receipts a year earlier, this was more than three times the October inflow and the best savings experience for these institutions since March. Last month's improvement (as had been the case in October, when savings flow first turned positive after 4 consecutive months of net withdrawals), reflected easier money market conditions and lower short-term market interest rates.

FNMA has entered the field of mobile home financing for the first time. It will commit to purchase pass-through securities backed by pools of mobile home loans and guaranteed by *GNMA*.



New Communities Program Suspended

Secretary Lynn has directed the *New Communities Administration* to devote all resources toward assisting the existing 14 new community projects. Accordingly... *HUD* will not accept any additional applications for guaranty assistance to new projects and will suspend further processing of applications on hand. No full applications for new community developments have been received during the last year.

Many of the existing new community projects are experiencing severe financial difficulties and are substantially behind schedule. These existing projects constitute an aggregate financial commitment by the Federal Government of \$336.5 million. In addition... significant questions have been raised by *HUD* and the *Comptroller General* concerning the *HUD* procedures and standards applicable to *New Communities*.

Secretary Lynn also directed completion in February of a 10-month *HUD* evaluation of the *New Communities Program*.

Interest Rate Picture Improves

While the report of the *FHLBB* shows that the effective rate on conventional new home mortgages rose to 9.31 percent in December... up from November's 9.27 percent... Thomas Bomar, Chairman of the *Board*, pointed out that the rate of increase was narrower than had been the case in recent months. Mr. Bomar feels there are signs that the long climb in rates may be abating. He also reported that borrowing terms are becoming more liberal. These factors are among a number of other significant developments that suggest a probable improvement in the flow of capital funds into mortgages and a general lowering of interest rates in the near future. These are some of the signs:

- *Local Housing Authorities* sold \$414.8 million of notes at an average interest rate of 4.34 percent... down from the December sale rate of 4.73 percent.
- *FNMA*... in two reductions in as many days... lowered the rate it pays on 30- to 69-day notes... from 7 percent to 6.7 percent... and from 7.05 percent to 6.75 percent on 60- to 89-day notes.
- *FHLBB* reduced its rates on loans to member institutions from 7.3 to 7.0 percent on 30- to 59-day loans and from 7.2 percent to 6.9 on 60- to 89-day loans.
- *Treasury* notes... the bellwether in the short-term money market... fell to an 11-month low. A \$2 billion, 52-week issue sold at an average yield of 6.378 percent... a drop from the 6.625 percent at the last sale... and the lowest since last February.
- Public agencies all over the country... many of which had held back offering bond issues because of the unfavorable interest rates of recent months... now seem ready to market bond issues. According to the *Wall Street Journal*... "Public agencies are scrambling to borrow funds in the tax-exempt market now that a sharp drop in short-term interest rates has occurred."
- The *Advance Mortgage Company*, subsidiary of *Citicorp*, reported that interest rates on typical apartment and shopping center mortgages dropped in December... from an average 10 $\frac{1}{4}$ -10 $\frac{1}{2}$ percent in November to 10 percent last month.



Urban Observatory Program Expanded

HUD's Urban Observatory Program... an effort linking university research resources to urban needs... has been expanded to include 10 smaller cities. The *Program* has already been tested in 10 large cities... producing improvement in local decision-making on a whole range of physical, social, and economic urban problems.

The cities which will participate in the small-city phase of the experiments are: Allentown, Pennsylvania; Anchorage, Alaska; Boise, Idaho; Bridgeport; Charlottesville, Virginia; Durham, North Carolina; Garland, Texas; Hoboken; Lake Charles, Louisiana; and South Bend, Indiana. The selection was made from proposals submitted by more than 40 cities.

Among the major universities participating with various cities are: *Duke, University of Virginia, Texas A&M, Notre Dame, Indiana University, University of Connecticut, Stevens Institute of Technology, and Lehigh University.*

The experiment is funded by *HUD's Office of Policy Development and Research*... and administered for *HUD* by the *National League of Cities*. The purpose of involving the smaller cities is to test the *Urban Observatory* concept in a group of cities with different resource limitations and problems than those in larger cities where the concept has already been tested.

Further information may be obtained from Allen E. Pritchard, Jr., Executive Vice President, *National League of Cities*, 1620 Eye St., N.W., Washington, D.C. 20006.

California S&L's Adopt Variable-Rate Mortgages

The *Wall Street Journal* reports that four California State-chartered S&L's... including the two largest associations in the U.S.... have decided to adopt variable-rate mortgage loans. The variable-rate concept... which has been a matter of controversy among lenders and borrowers for some time... cannot currently be used by federally-chartered associations. However... a number of industry analysts feel that if the trend becomes more pronounced among State-chartered S&L's... the Federal rules may have to be changed.

The V-R provisions the four have adopted... do not effect any existing loans... but apply only to new mortgages... and will tie borrowers on single-home mortgages to an interest rate than can fluctuate at the option of the lender. The rate will be calculated every 6 months by the *Federal Home Loan Bank of San Francisco* on the basis of the cost of borrowing money by member associations. The rate cannot fluctuate more than a quarter point during any 6-month period.

A number of State-chartered S&L's... which could join the V-R movement if they wished... have chosen not to... waiting for the ultimate resolution of the issue by State and Federal control officials... indicating that the concept is still not fully accepted by all lenders or borrowers.



Advisory Council Legislation Signed

President Ford has signed into law legislation which changes the makeup and charter renewal procedure of the *Federal Savings and Loan Advisory Council*. Under the new law... the membership of the *FSLAC* is increased by six, from 18 to 24. Half the *Council's* members will now be public interest representatives appointed by the *Council's* members will now be public interest representatives appointed by the *Bank Board* and half will be elected by the *FHL Banks*. In the past... the *FHLBB* has appointed only six public interest members.

Another provision of the Law changes the charter renewal process for the *FSLAC* so that only the *Bank Board* can terminate its existence. Previously... the *Council* was under the review of both the *FHLBB* and the *Office of Management and Budget*. The new Law requires only that the *Bank Board* consult with *OMB*.



Foreclosure Moratorium Announced

Secretary Lynn has announced that HUD will declare an immediate moratorium... until the beginning of March... on the filing of any new foreclosures of church-sponsored and other subsidized multifamily housing projects on which HUD owns the mortgage. Exceptions will be made only where because of abandonment... or similar conditions... foreclosure should be initiated. HUD will reassess the situation around the beginning of March.



Veterans Housing Act Become Law

President Ford has signed the legislation raising the limits on *Veterans Administration* guarantees of regular and mobile home loans.

Under provisions of the *Veterans Housing Act of 1974*... the home loan guarantee ceiling is raised from \$12,500 to \$17,500. The maximum permissible loan amount for a single-wide mobile home, without lot, is increased from \$10,000 to \$12,500 and that for a double-wide mobile home is raised from \$15,000 to \$20,000, while the maximum maturity is extended from 15 to 20 years.

In addition... the new Law makes the loan guarantee program permanent. Prior to the Law's passage... the program was scheduled to expire July 1, 1975.

New Publications

Urban Political Movements by Susan S. Fainstein, Associate Professor, Department of Urban Planning, *Rutgers University*, and Norman I. Fainstein, Associate Professor of Sociology, *Columbia University*, published by *Prentice-Hall*. . . it is subtitled *The Search for Power of Minority Groups in American Cities*. The authors focus on the efforts of minority groups. . . blacks and Puerto Ricans. . . and their white allies, to change the behavior of urban bureaucracies and to create programs that might improve their lives. They describe the living conditions of minority groups, institutional structures, ideologies, and strategies for change. Price \$5.95.

Free reprints of an article *Municipal Housing Code Enforcement and Low-Income Tenants* by Chester W. Hartman, Robert P. Kessler, and Richard T. LeGates which appeared in the *AIP Journal* for March 1974 are available from the *Earl Warren Legal Institute* 2313 Warring Street, Berkeley, Calif. 94704.

more than bricks and mortar. . . a report on a self-help housing project on the edge of Fort Myers, Florida. Built by people who work in the fields by day. . . and who build their own houses by the self-help method nights and weekends. . . a cluster of 236 houses have been finished in seven years. This summary of how it was done is available from the *Rural Housing Alliance*, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. Prices: 1-10 copies, 50 cents each; 25-100, 35 cents each; over 100, 30 cents each. . . postpaid if payment accompanies order.

Industrial Real Estate. . . Second Edition. . . by William N. Kinnard, Jr. and Stephen D. Messner. This book delves into each industrial real estate field. . . development, marketing, leases and leasing, finance, appraisal, industrial parks, rehabilitation, and investment, management. It contains 642 pages, 17 chapters, and over 100 illustrations, charts, tables, and forms. Price: \$12.50, from *Society of Industrial Realtors of the National Association of Realtors*, 925 Fifteenth Street, N.W., Washington, D.C. 20005.

FYI



The College of Charleston. . . *Conference on Neighborhood Preservation and Rehabilitation*. . . Charleston, February 14-15. Details: Jack R. Censer, *Urban Studies Program*, *The College of Charleston*, Charleston, South Carolina 29401 (803/722-0181, ext. 2127).

HUD newsletter

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HUD NEWSLETTER
January 27, 1975

February 3, 1975

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Vol. 6 No. 5

Current Trends

HUD's January 1 opinion survey of *HUD/FHA*-insured home mortgages was the first report on secondary market prices and yields since the 9 percent maximum permissible interest rate became effective November 25 (since changed to 8½ percent). It showed that nationally... the secondary market price for new-home mortgages with 30-year terms and minimum downpayments averaged \$96.2 per \$100 of outstanding loan amount. The equivalent gross yield to investors was 9.51 percent. For the third consecutive month... a decline was reported in the national average interest rates contracted to be paid by the borrowers on conventional first mortgages. For both new- and existing-home transactions, the national rate was down to 9.45 percent... compared to 9.55 and 9.60 percent as of a month earlier. All areas of the country reported lower rates varying from 5 to 25 basis points with the most improvement reported in the Southeast.

Seasonally-adjusted housing starts in December declined again to an annual rate of 868,000... and actual starts of privately-financed housing for the year 1974 were approximately 1.3 million. One ray of hope... however... appeared in the December figures. The *Commerce Department* report of building permits issued showed an increase in this indicator of future construction from 730,000 in November to 802,000 in December... the first advance since March 1974.

The *FHLBB* lowered the rates it pays on short-term discount notes... from 6.7 percent to 6.5 percent on 30-59 day paper.

GNMA has awarded \$305 million of mortgage-backed 7¼ percent 30-year securities at a price of 91.3842 to yield 8.41 percent. The securities are the first issued under *GNMA's* revised mortgage disposition program. Under this procedure... *GNMA* sells Government-guaranteed securities backed by mortgages acquired under its *Tandem* programs, rather than selling whole mortgages to individual mortgage bankers.

Urban renewal project notes totaling \$310 million... representing 105 local issuing agencies were sold in mid-January at an average interest rate of 4.0654 percent. Maturities of the 113 issues sold ranged up to 1 year... with 1-year notes accounting for 56.7 percent of the total amount sold. The average maturity of all notes, to be dated February 11, 1975, was 9.5 months. The average interest rate for the \$444 million of project notes sold in December was 4.8566 percent.

The number of homeowners who were delinquent in their mortgage payments declined during the third quarter of 1974 despite double-digit inflation... according to the *National Delinquency Survey* of the *Mortgage Bankers Association of America (MBA)*. The overall delinquency rate on one- to four-family residential properties declined from 4.34 percent to 4.16 percent on a seasonally adjusted basis. The usual seasonal pattern is for delinquency rates to be relatively low on March 31 and June 30... then rise in the third quarter and reach their highest levels of the year on December 31. The actual delinquency rate (not seasonally adjusted) on September 30, 1974, was 4.23 percent... compared to 4.01 percent on June 30, 1974. The rate was down from September 30, 1973, when it was 4.36 percent.

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HUD Moves to Aid Housing

Speaking at the Annual Convention of the *National Association of Home Builders* in Dallas... Secretary Lynn made a number of announcements of major interest to the American homeowner and home renter... as well as to the homebuilding and mortgage financing industries. The announcements outlined a four-point program of new aid to the ailing housing industry. Citing the fact that in 1974... construction of privately-owned housing units dropped 35 percent from the 1973 level... the Secretary told the 55,000 delegates that the Government was taking the following steps to change the trend:

- The maximum interest rate on Government-insured and guaranteed mortgages (*HUD/FHA and VA*) was reduced... effective January 21... to 8½ percent from its former rate of 9 percent... which was set on November 25, 1974... less than 2 months earlier.

- An allocation of \$900 million for rent subsidies under *HUD's* new *Section 8 Program*... authorized by the *Housing and Community Development Act of 1974*. This is expected to aid between 350,000 and 385,000 lower-income American families whose rents are subsidized by the Federal Government. The funds will be divided 75 percent to metropolitan areas and 25 percent to rural areas. Of the \$900 million... \$229 million is being set aside for 30 State agencies and Puerto Rico which plan to take part in the program.

- *HUD/FHA* mortgage insurance will be extended under *Section 223(f)* to cover financing and refinancing of existing apartment buildings. This change was authorized by the *Housing Act of 1974*... to facilitate the sale or refinancing of older apartment buildings. Prior to this legislation... *HUD/FHA* insurance was available only for newly-constructed buildings.

- Implementation of a \$215 million *Section 202 Program*... under which *HUD* will make direct loans to aid the construction of rental housing units for the elderly and handicapped.

The new moves came only days after two other *HUD* actions were taken to help the housing industry. In one move... *HUD* made an additional \$3 billion available at below-market interest rates of 7¼ percent to be used by Government agencies in buying up mortgages on an estimated 100,000 homes. (See page 3). In a second action... *HUD* made its funds available to builders of *HUD/FHA*-insured multifamily projects earlier than ever before in the project development process by technical changes in its procedures.

Lynn said the actions reflect President Ford's commitment toward the goal of a "decent home and a suitable living environment for every American."



Costs Escalate in 1974

Based on its regular monthly surveys of costs in 20 major U.S. cities... *McGraw-Hill's Engineering News Record* reported that the overall national average of building costs rose 7.3 percent from December 1973 to December 1974. For non-building construction (highways, bridges, dams, etc.)... the national average increase was 10.7 percent. For buildings... the averages varied from a drop of 1.1 percent in Baltimore to a rise of 11.2 percent in Seattle... with 15 of the 20 cities falling within a point or two of the national performance. There was also a fairly wide range in individual cities in non-building construction... ranging from an annual change in Atlanta of 6.1 percent to a high in Baltimore of 14.5 percent. The magazine quotes a number of authorities who feel that the rate of increase will slow in 1975 to a 3 or 4 percent level.

With the exception of lumber and wood products... which dropped in price... overall material costs rose at record rates... particularly metal products. During the year ending in December... all metal products jumped an average 37.5 percent... with reinforcing bars rising by 76.5 percent. Nonmetallic minerals (cement, glass, sand, stone, asphalt, etc.) rose 23.8 percent; paint 40 percent; aluminum wire 108 percent; and elevators and escalators 102.3 percent. Average costs of construction equipment escalated 26 percent... while average hourly wages for all building trades (including fringe benefits) rose 8.6 percent.

\$3 Billion in Home Mortgage Funds Released

Secretary Lynn has announced an additional \$3 billion program to finance home mortgage purchases. *HUD's GNMA* will implement the program pursuant to the *Emergency Purchase Assistance Act of 1974*... which was signed into law by President Ford last October. The effective date of the additional \$3 billion program was January 22.

Secretary Lynn said that all of the initial \$3 billion for mortgage purchases announced in October has been fully committed.

Daniel P. Kearney, President of *GNMA*, said the funds will be made available at a below-market-increase-rate of 7 ¾ percent on single family homes having mortgages not exceeding \$42,000.

Of the \$3 billion, \$2 billion will be made available for conventionally financed home mortgages with the *FNMA* and the *FHLMC*, dividing equally the administration of the program as agent for *GNMA*. The additional \$1 billion will be used for the purchase of *HUD/FHA*-insured and *VA*-guaranteed mortgages and will be made available through the facilities of *FNMA*.

The funds at the 7 ¾ percent rate will be made available through February 28, 1975. Ninety percent of the funds are for single-family residences which are newly constructed or were completed and ready for occupancy not earlier than October 1973... and 10 percent is available for existing homes. All other fees, charges and requirements will remain the same; an initial fee of 1 percent payable for the commitment contract and 1 ½ percent loss reserve and marketing fee is payable at the time *GNMA* purchases the mortgage.

Also announced was a change in the 8 ¾ percent *HUD/FHA-VA Tandem Program* procedures, which should be of substantial benefit to multifamily builders of *HUD/FHA*-insured apartments and condominiums. Under the procedures... *GNMA* commitments can be obtained after receipt of the *Site and Market Analysis Letter* from *HUD/FHA*. Formerly... a *GNMA* commitment could not be obtained until *HUD/FHA* conditional commitment. Developers will therefore know they have financing before they incur extensive project development costs. This *GNMA* purchase commitment can be obtained for 3 years at a fee of 2 percent.



Lead Paint Study Planned

HUD will soon issue a call for assistance to the Nation's research and development firms, engineers, building materials manufacturers, and others... asking them to come up with new ideas and products for abating the poison hazards of lead-based paint.

HUD Assistant Secretary Michael H. Moskow said his *Office of Policy Development and Research* will issue a *Request for Proposals (RFP)* that will generate between 10 and 20 research contracts and could total as much as \$1.5 million in research funding... depending on the number and quality of proposals received.

Proposals that will be considered may range from totally innovative approaches, still in the conceptual stage, to essentially developed materials and systems that may require only minimal modification.

This will be *HUD's* first large scale allocation of research funds for the development of abatement technology, Mr. Moskow said. Other on-going research projects to eliminate lead paint hazards are focused on development of new devices for lead detection and on evaluation of current lead paint hazard removal techniques.

Firms or individuals who believe they have the research and demonstration capability to respond to *HUD's* needs are urged to notify *HUD* of their interest so they may be sent a copy of the new *RFP* when it is issued. Address: Lead Based Paint Research Project, Room 8158, *HUD*, Washington, D.C. 20410

Significant Decision

United States v. City of Black Jack, Missouri, U.S.C.A., 8th Cir., C.A. Nos. 74-1345 and 74-1378. The *Eighth Circuit*, reversing a lower court decision after trial, has ruled that a zoning ordinance preventing construction of a HUD-subsidized townhouse development for low- and moderate-income persons... that would have provided housing for the segregated minority population of the St. Louis area... violated the *Civil Rights Act of 1968*. The *Court* concluded that, on the facts of this case, the ordinance had a racially discriminatory effect and that it served no compelling State interest. While noting that there was sufficient evidence on the record to support a finding of discriminatory intent on behalf of city officials, the *Court* ruled that such a finding was not essential to establish a prima facie case of discrimination. The case was remanded to the *District Court*, with instructions to permanently enjoin further enforcement of the ordinance. Indications are that the *City of Black Jack* will appeal this decision to the *Supreme Court*.

FYI



National Home Improvement Council... Annual Convention... Houston, February 21-23. Registration: Irwin Rosenberg, Convention Director, P.O. Box 13037, Pittsburgh, Pennsylvania. 15243

American Institute of Planners... 1975 Planning Policy and Government Relations Conference... Washington, D.C., March 1-4. Details: AIP, 1776 Massachusetts, Ave., N.W., Washington, D.C. 20036. (202/872-0611)

San Antonio Conservation Society... Fifth Annual Historic Preservation Seminar... San Antonio, March 5-8. Contact: Mrs. R. Jean Osborne, Seminar Chairperson, 511 Paseo de la Villita, San Antonio, Texas.

Architectural Record... How to Market Professional Design Services Seminar... New York City, March 6-7. Contact: *Building Industry Development Services*, Suite 104, 1301 20th St., N.W., Washington, D.C.

National Housing Conference... Annual Convention... Washington, D.C., March 8-10. Details: NHC, 1126 16th St., N.W., Suite 211, Washington, D.C. 20036. (202/223-4844)

HUD newsletter

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HUD NEWSLETTER
February 3, 1975

HUD newsletter

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



February 10, 1975

Vol. 6 No. 6

Current Trends

Yields declined for the 9th consecutive time as *FNMA* issued \$36.1 million in 4-month commitments to purchase mortgages. The corporation issued \$21.2 million in commitments on Government-backed mortgages at an average yield of 9.372... which converts to an average accepted price of 97.45 for 9 percent *HUD/FHA-VA* mortgages. (The average yield in the previous auction was 9.471.) The range of accepted bids was from 9.305 (97.90) to 9.500 (96.50). *FNMA* received 106 bids totaling \$25.3 million and accepted 94 bids... including 72 noncompetitive. In the conventional auction... *FNMA* issued \$14.9 million in 4-month commitments at an average yield of 9.500... down from 9.592 on December 30. The range of accepted bids was from 9.480 to 9.514. *FNMA* received 74 bids totaling \$17.9 million and accepted 66 bids... including 41 noncompetitive. Yields from the auction were the lowest in both *HUD/FHA-VA* and conventional 4-month commitments since May 6, 1974... when the *HUD/FHA-VA* average yield was 9.343 and the conventional average yield was 9.442.

FHLBB Chairman Thomas Bomar told the annual convention of the *NAHB* that the immediate term... the next 90 to 120 days... looks good. Savings flows turned the corner in October. There was a big plus for November... \$1.1 billion. December will be positive but not as good as November... and January looks good. The inflow is generally well spread around the country. The weakest savings markets, first to go into the red and usually last to come back, are Southern California, Manhattan in New York, and Washington, D.C. The money supply is being increased and the demand for money is slowed due to the recession, which means S&L savings rates are more competitive and when people get worried they try to protect themselves by saving more. These things all add up to more mortgage money available.

The *FHLMC* has cut the interest yield requirements on mortgages it will purchase to their lowest levels since last May. Effective January 20, the new *FHLMC* yield requirements were set at 9.5 percent for single-family whole loans; 9.75 percent for multifamily whole loans; 9.125 percent for participation in pools of mortgages that are at least 50 percent single-family; and 9.375 percent for participations in pools containing single-family loans. *FHLMC* will also purchase *HUD/FHA* and *VA* mortgages with 9 percent coupon yields at a price of 97.00. These prices apply to the regular, market-rate purchase programs under which *FHLMC* bought over \$1.4 billion worth of mortgages last year. They do not have anything to do with the special, below-market-rate purchases being handled by *FHLMC* for *GNMA*.



Housing Costs Level Out

In an article titled *Topping Out*, the *Wall Street Journal* reports that housing construction costs seem to have leveled off. This, together with lower interest rates and the proposed Federal tax cut, points to a probable improvement in the housing activity picture. "It is even considered possible that the moderating home-construction costs could help pull the housing industry out of its slump and that the industry could play its traditional role of leading the economy out of a recession," the article said.

Increases in land costs, labor, and building materials have all eased. Wholesale prices of all construction materials slowed to 7.9 percent between May and December... compared to a 34 percent rise in the first 4 months of the year. "It's the best news we've had in a long time," said Michael Sumichrast, Chief Economist of *NAHB*.

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'Settlement' Act Becomes Law

In its closing days... the 93rd Congress passed the *Real Estate Settlement Procedures Act of 1974*... and the President signed the bill into law. It becomes effective in June 1975. The new Law will result in:

- More effective advance disclosure to home buyers and sellers of settlement costs;
- Elimination of kickbacks or referral fees that tend to increase unnecessarily the costs of certain settlement services;
- Reduction in the amounts home buyers are required to place in escrow accounts established to insure the payment of real estate taxes and insurance; and
- Significant reform and modernization of local recordkeeping of land title information.

The Law vests administration of the provisions in the Secretary of *HUD*. Specific procedures and rules will be promulgated before the June effective date. Dates of public hearings to be held in connection with the rules and procedures will be published in the *Federal Register*.

New S&L Bonds to be Issued

FHLBB Chairman Thomas R. Bomar predicts that a new type of mortgage-backed bonds... similar to those issued by utilities or industrial corporations... will soon be issued by *S&Ls*. These bonds will differ from the currently-issued pass-through securities now sold by *FHLMC* with a *GNMA* guaranty. Most of the mortgages backing up the new bonds will be residential... either conventional or *HUD/FHA-VA*-backed. The bonds will not be issued by *FSLIC*... but will be secured by the *HUD/FHA-VA* insurance or guaranty.

The proposed new bond... Mr. Bomar said... "opens an entirely new source of funds to the industry" and will help "stabilize funds flow to housing at all points in the cycle." Over a period of years... the program is expected to bring several billions of dollars into the housing market. However, he added, the Bank Board does not expect a "whirlwind" of activity when the enabling regulations are first finalized. "This is something that will happen slowly," he said.

It is expected the bonds will have a \$100,000 minimum denomination... a 5-year term... and a 20 percent a year amortization sinking fund. They will be sold either privately or by public offering... depending on market conditions. The bonds will compete with regular corporate issues... and tap a money source not now available for mortgages. They may be particularly important as a source of mortgage funds during tight-credit periods when inflow of funds to *S&Ls* drops off.

Insurance Dividend Declared

HUD has declared a \$2 million dividend for distribution to management-type cooperatives with mortgages insured under *Section 213* of the *National Housing Act*.

This payment brings to \$25.6 million the amount of dividends declared to date in this program. Previously, there had been five dividend declarations, two in 1970 for \$1.6 million and \$4 million; one in 1971 for \$6 million; one in 1972 for \$7 million; and one in 1973 for \$5 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 *National Housing Act*, providing for dividend payments to the cooperatives in recognition of the low loss ratio. Insurance premiums are paid to *HUD's Federal Housing Administration* 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 Sponsors Youth Meeting

Officials of 13 national and international service clubs met at a HUD-sponsored meeting in Washington in mid-January to discuss increased help to solve youth problems in low-income urban families. Theme of the conference was *Reinforcement for Youth*.

Representatives of seven youth-service organizations provided information on their programs and participated in discussions relating to increased collaboration with the service clubs. They included the *Boy's Clubs of America*, *Girl's Clubs of America*, *4-H*, *Boy Scouts and Girls Scouts of America*, *YMCA*, and *YWCA*. They met at the invitation of H.R. Crawford, HUD Assistant Secretary for Housing Management.

A panel of experts on Federal programs for youth described their activities to the service club leaders. Included were welfare, employment, education, and youth development programs. . . as well as those designed to combat drug abuse, crime, and alcoholism.

"We selected our theme for two reasons," Assistant Secretary Crawford said. "First, most of the 70,000 local clubs represented here have a particular interest in helping young people. Second, youth in our inner-city areas have a particular need for help at this time. With the economy bad, many are out of work. Crime is increasing at an unprecedented rate, and more than 50 percent of it is traceable to youth. Vandalism and crime are major factors in the increasing costs of public and other HUD-assisted housing. I think by working together. . . HUD and these deeply involved service groups. . . we can help improve opportunities for many of these young people."

This was the second annual *HUD-Service Clubs Conference*, the other having been held in January 1974.

Representatives of the following service clubs attended the conference: *Altrusa International*; *Civitan International*; *U.S. Jaycees*; *Kiwanis International*; *Lions International*; *National Exchange Club*; *Optimist International*; *Pilot Club International*; *Sertoma International*; *Soroptimist International*; *Y's Men of Washington, D.C.*; *Y's Men International*; and *Zonta International*.



FYI

National League of Cities and United States Conference of Mayors. . . Congressional-City Conference. . . Washington, D.C., March 2-4. Details: *NLC*, 1620 Eye St., N.W., Washington, D.C. 20006 (202/293-7300).

National Association of Home Builders, National Association of Housing and Redevelopment Officials, and Council of State Housing Agencies. . . Joint Seminars on Section 8 Housing. . . Washington, March 11-12; Atlanta, March 20-21; Chicago, March 24-25; and San Francisco, April 14-15. Designed for *Local Housing Authority* staffs and private developers and owners. . . with special sessions on syndication, etc. Registration and details: *NAHB Department of Seminars*, 15th & M Sts., N.W., Washington, D.C. 20005.

National Public Employer Labor Relations Association. . . Annual Convention. . . San Francisco, March 11-15. Detail: *NPELRA*, 1821 University Ave., St. Paul, Minn. 55104 (612/646-7154)

Council of University Institutes for Urban Affairs. . . Annual Convention. . . New York City, March 12-16. Details: *Center for New York City Affairs*, 66 Fifth Avenue, New York, N.Y. 10011 (212/675-2286).

National Association of Housing and Redevelopment Officials. . . Three 3-day Community Development Conferences. . . Washington, D.C., March 5-7; San Francisco, March 13-15; and Chicago, April 1-3. Each will analyze the organization, program content, and resources necessary in community development. There will be an exploration of the latest information on administrative policies and procedures, legislative issues, and economic conditions likely to affect community development activities in the months ahead. Participants will be HUD staff members, State, city, and county officials, and others involved in the field. Registration: *NAHRO*, 2600 Virginia Ave., N.W., Washington, D.C. 20037 (202/333-2020).

Property Tax Base Rose During 1971-73

A *Census Bureau* study shows a 22 percent increase in the value of the property tax base subject to local general property taxation in the U.S. was recorded between 1971 and 1973.

The gross assessed value of property... from which the bulk of local tax revenue is realized... was \$872.6 billion in 1973, up \$154.8 billion from \$717.8 billion measured 2 years earlier. The study is part of the *Bureau's* planning activity for the property values and assessment-sales price ratios survey required for the 1977 *Census of Governments*. It is based on a canvass of assessed values in the 50 States and the District of Columbia.

The 1973 net assessed values of \$845.0 billion represents an increase of \$154.4 billion... or 22 percent over the amount of \$694.6 billion in 1971. Net amounts represent assessed value after deduction of assessed value portions exempt from the application of local general property tax rates. Net locally assessed real property which represented 80 percent of the 1973 net property tax base increased from \$553 billion in 1971 to \$679 billion in 1973... a jump of 23 percent... while locally assessed personal property increased 20 percent, or an amount of \$18 billion in net assessed value from \$88 billion to \$106 billion between 1971-73.

The study notes that the only category of State-assessed property to increase in value between 1971 and 1973 was that which includes public utilities other than railroads. The amount of assessed value involved rose from \$33.5 billion in 1971 to \$41.3 billion in 1973... an increase of 24 percent. In contrast... the amounts for railroads and for other State-assessed property declined, respectively, from \$5.1 billion to \$5.0 billion and from \$14.9 billion to \$13.0 billion.

The 120-page study presents tables and information on locally assessed real property, tangible personal property, intangible personal property (stocks, bonds, securities, cash, mortgages, franchises, etc.) railroads and public utilities. Special tables show gross assessed value for the 10 largest U.S. cities and surrounding or contiguous counties (compared for 1971 and 1973) and the property valuation dates for all 50 States and the District of Columbia.

Titled State and Local Government Special Studies No. 69, Property Values Subject to Local General Property Taxation in the United States: 1973... it is available for \$1.90 from the Superintendent of Documents, Washington, D.C. 20402.

HUD newsletter

February 10, 1975
HUD-318-162-PA

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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



*Mrs. Land's
Room 3141*

HUD NEWSLETTER
February 10, 1975

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HUD newsletter

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



DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

FEB 21 1975

February 17, 1975

Vol. 6 No. 7

Current Trends

The proposed Federal budget for Fiscal Year 1976 has gone to Congress. Details of the HUD portion of the budget are covered in issues 2 and 3.

In its late-January sale... *FNMA* issued \$39.2 million in 4-month commitments to purchase Government-backed and conventionally financed home mortgages. Yields declined for the 10th consecutive auction.

The *Commerce Department* reported that construction spending in December declined .8 percent from November's seasonally-adjusted rate... to \$129.1 billion. For the year 1974... the total of building outlays showed the first yearly decline in 14 years... down \$1.1 billion to \$134.4 billion. Of this... \$96.14 billion was private construction... down 6.6 percent from 1973... and \$38.26 billion was public construction... up 18 percent over the previous year. New housing construction during the year fell 23 percent from 1973... to a \$37 billion total.

In December... for the third consecutive month... savings and loan associations experienced a net inflow of savings. While the increase of \$550 million for the month was only about half the \$1 billion-plus in November... the *FHLBB* said the lesser December figure was due to "seasonal influences"... and pointed out that the amount was up 35 percent from December 1973. *FHLBB* Chairman Thomas R. Bomar looks for a "sharp increase in the early months of 1975."

The late January sale of *Treasury* 6-year notes sold at a 7.49 percent interest rate.

Contracts for new construction in December increased 24 percent over December 1973... to \$7.3 billion... compared to the earlier year's \$5.9 billion... according to the *F.W. Dodge Division of McGraw-Hill*. The rise was almost entirely accounted for by one project... the award of a \$1.3 billion contract for a nuclear power plant in Mississippi... the largest electric generating plant ever planned. For the entire year of 1974... contracts came to \$93.1 billion... down 6 percent from 1973's \$99.3 billion. Residential construction for the year was 25 percent below 1973... \$34.2 billion... compared to \$45.7 billion.

HUD to Assess Recent Research



HUD has initiated a full-scale independent appraisal of its research programs to identify for local governments those new research technologies with the strongest potential for meeting local needs. *Public Technology, Inc. (PTI)*, of Washington, D.C. has been awarded a \$328,000 contract to assess all of *HUD's* recent research and to identify and demonstrate to local governments those programs most useful in meeting their community development, housing, and public service needs. The new effort is identified as a "technology exchange demonstration project."

PTI is a nonprofit organization which helps State and local governments learn about new technologies and put them into practice. Among its sponsors are the *Ford Foundation* and more than 100 State, county, and local governments. *PTI's* earlier experience with *HUD* technology transfer efforts includes a fire station location system, service data and information systems, and other systems for municipal procurement, solid waste collection, and water pollution control.

1976 Budget Requests Go to Congress

The President has sent to the Congress his proposed budget for Fiscal Year 1976... which begins July 1, 1975. The HUD segment of the budget includes proposed authority for the following major actions:

- Additional \$6 billion GNMA purchase authorities in 1975... bringing the total authority to make commitments in support of the mortgage market during the period of credit stringency to \$16 billion for 500,000 units.

- \$2.55 billion in FY 1976 for local community development under the *Community Development Grant Program* authorized by Title I of the *Housing and Community Development Act of 1974*. These funds will enable local public officials to plan and carry out community development projects based on local priorities.

- Commitments in FY 1976 to subsidize the rental of an estimated 400,000 newly-constructed and existing units for lower income families under the *Section 8 Lower Income Housing Assistance Program*. This new program should increase flexibility in financing, expand the role of private owners in operating housing units, and afford tenants the opportunity to select the housing in which they will live.

- Direct loan authorization of \$215 million a year to support housing for the elderly under the revised *Section 202 Housing for Elderly or Handicapped Program*.

For the first time... a direct appropriation of \$525 million for public housing operating subsidies. FY 1976 will be the first full year under the "Performance Funding System" method of making funds available to local public housing authorities, which includes incentives for improved local management.

- Capital improvements for public housing of \$215 million in FY 1976 under the *Modernization Program*.

- Total requested appropriations of \$5.9 billion for FY 1976, as compared to \$5.2 billion for FY 1975.

In discussing the budget... Secretary Lynn said that over \$5 billion of *Community Development* funds would be available to States and localities during FY 1975 and 1976. These funds will be distributed primarily through formula grants... which recognize population and housing needs of communities, as well as the relative extent of poverty.

In connection with the *Section 8* program, the budget predicts reservations of 200,000 units for FY 1975 and commitments for up to 400,000 units in FY 1976.

Authorizations for assisted housing and operating subsidies will be "front doored" in accordance with the *Congressional Budget Act of 1974*. This will bring a major portion of the HUD budget under appropriations control for the first time.

The proposed budget for FY 1976 also includes:

- An additional 6,000 units of public housing for Indian families.

- Continuation of the *Direct Cash Assistance* experiment which is designed to test the feasibility of providing housing aid to needy families... at an estimated cost of \$15 million within a \$65 million total HUD Research Program for 1976... including continuing research in techniques to lower the cost of housing, studies in neighborhood preservation, and programs for improving the community environment and conservation of natural resources.

- Allocation of approximately \$13 million for *Fair Housing and Equal Opportunity*. The Department will place increased emphasis on compliance reviews to assure equal access to HUD-assisted programs. Compliance reviews will increase from 80 in 1974 to 600 in 1976.

(continued)

1976 Budget—Continued

● Allocation of \$75 million for *Flood Insurance Studies*. . . an increase over the \$30 million provided in 1975. . . to assure that areas having special flood hazards are expeditiously identified and that communities enact and enforce appropriate flood plain management measures.

Fiscal 1976 budget outlays are estimated at \$7.1 billion. . . including \$2.4 billion for *Housing Subsidy Payments*, and \$730 million for payment of mortgage insurance claims. The biggest part of the increase over the FY 1975 outlays of \$5.5 billion comes from an estimated \$1.3 billion for outlays under the *Community Development Program*. As in the past. . . outlay figures under this program are purely estimates and not ceilings.

The major portion of the proposed increase of \$700 million in appropriations requested in 1976 represents increased housing payments and public housing operating subsidies as more subsidized housing units become eligible for payments.

Secretary Lynn also explained that the method of computing budget authority in the subsidized housing programs has been changed to reflect a more realistic picture of the Federal commitment. *HUD* budget authority under the new concept is shown at \$30 billion for FY 1976. Under the old concept, it would be \$6.5 billion.

In the past. . . a commitment to enter into a 40-year housing subsidy contract was not counted as budget authority; only the amount of the annual payment was counted. Thus. . . in a case where \$1 billion of contract authority was requested, the budget might not show any budget authority at all since payments might not be required for several years.

An authorization for \$1 billion for up to 40 years is really an authorization to make payments of up to \$40 billion, the Secretary pointed out. The FY 1976 budget now reflects the complete commitment figure as budget authority. This accounting change does not affect Federal outlays which will continue to be disbursed annually out of the authority provided. Mr. Lynn also noted that by the end of FY 1976 there will be over \$85 billion in *HUD/FHA* insurance outstanding, \$20 billion in flood insurance policies in force, and another \$20 billion in *GNMA Mortgage-Backed Securities* outstanding.



Mayors Predict Municipal Taxes to Increase

A group of mayors. . . representing the *U.S. Conference of Mayors*. . . testifying before a *Senate Subcommittee* on the problems of cities. . . predicted that a substantial increase in city taxes can be anticipated. Mayor Moon Landrieu of New Orleans told the Senators that the proposed Federal tax cut will not be all gravy for the taxpayer. "What the hand of the *Internal Revenue Service* puts into the pocket of the taxpayer, the hand of the local tax collector will take out of his other pocket." Mayor Joseph Alioto of San Francisco. . . this year's president of the *Mayor's Conference* added: "What we're talking about are increased property taxes." A representative of the *National League of Cities* reported that a survey of 67 cities resulted in replies indicating 28 cities anticipate tax increases and the others will either increase taxes or curtail services. These cities are in every section of the country. . . not in any particular region.



Code Academy Moves

The *National Academy of Code Administration (NACA)*. . . which has hitherto been operating on a part-time basis. . . has become a full-time operation and has moved its headquarters from Chicago to Washington. Neil W. Macfarlan has been appointed its first Executive Secretary.

NACA is a nonprofit professional association dedicated to the advancement of code administration. It is generally concerned with the administration of codes that regulate community development and preservation such as building, electrical, housing, and fire codes.

NACA's new offices are located at 3900 Wisconsin Ave., N.W., Washington, D.C. 20016.

Nine Communities in Flood Program Suspended

Nine communities have been suspended from the *National Flood Insurance* program for prolonged failure to adopt required local flood plan management measures regulating future construction in their hazardous areas. The suspensions were announced by J. Robert Hunter, Acting Administrator of *HUD's Federal Insurance Administration*.

Mr. Hunter said the nine were among 207 communities sent deficiency notices last August... giving them 90 days warning before suspension notices were issued. In the interim... he said... many showed substantial compliance, and the list of foot-dragging communities sent suspension notices in late November was boiled down to 36. These were given at least 30 days to adopt standards acceptable to *HUD*. All but nine indicated readiness to cooperate.

"We are elated over the reaction of the great majority of these some 200 communities in agreeing to take the necessary steps to remain in the program," Mr. Hunter said.

The nine communities suspended for refusing to take action are Rifle, Colorado; Vernonburg, Georgia; Brown County and Roseland, Indiana; Perry County and Wallins Creek, Kentucky; Lilydale, Minnesota; Stark County, North Dakota; and Ferryville, Wisconsin.

Mr. Hunter pointed out that *FIA* had offered the widest latitude to those communities showing a willingness to cooperate. In addition to the written notices, he said that they had been followed up by personal telephone calls from his staff, offering assistance in drafting an acceptable local ordinance.

In the nine communities dropped from the program, Mr. Hunter said no new policies may be sold, but existing policies will be honored until they expire. They may not be renewed, however, until the suspended communities are reinstated.

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February 17, 1975

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HUD newsletter

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



February 24, 1975

Vol. 6 No. 8

Current Trends

Effective interest rates on HUD/FHA-insured and VA-guaranteed home mortgage loans closed during the first week of December were lower than during early November. The effective interest rate on federally-underwritten home loans closed averaged 9.67 percent ... down from 9.95 percent a month earlier and 10.01 percent in October. As was the case in November ... the decline in the effective interest rate on home loans closed in December reflected, in part, the impact of the GNMA Tandem Plan, under which loans could be closed at rates as low as 7.75 percent.

Project notes totaling \$680 million, representing 82 Local Housing Authorities, were sold in early February at an average interest rate of 8.485 percent ... the lowest rate in 2 years. This compares to the interest rate last month of 4.34 percent. Average maturity of the notes sold was 8.3 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.

Sales volume of existing single-family homes in December 1974, fell 3.3 percent below the level for the same month a year ago ... according to the *National Association of Realtors Department of Economics and Research*. At the same time ... monthly sales prices for existing single-family homes advanced at a double-digit pace despite the decline in sales activity. The December median sales price was \$32,720 ... 11 percent above the median of \$29,490 for December 1973. However ... the report says ... some suggestion of a moderation in the pace of price increase appears in quarterly figures. In the fourth quarter of 1974 ... median sales price was \$32,200, 8.9 percent higher than the \$29,570 reported in the fourth quarter of 1973 ... compared to a year-to-year price advance of 10.4 percent in the first quarter, 11.7 percent in the second quarter, and 10.6 percent in the third quarter.



New Grant Program Inaugurated

Fort Worth and Sinton, Texas, have become the first cities in the Nation to be granted Federal funds for community development under a new law which eventually will aid 1,271 cities and 85 counties across the United States. The law provides for \$2.5 billion in grants in the current fiscal year.

At a ceremony at HUD's Headquarters in Washington ... the Mayors of the two Texas cities received formal letters approving their applications for grants under Title I of the *Housing and Community Development Act* signed into law last summer. The Mayors also received personal letters from President Ford, congratulating them and urging them to ensure "total public participation" as the development plans are carried out.

Fort Worth will receive \$1,879,000 and Sinton will receive \$1,103,000. The President said the 1974 law was designed to "change the old, helter-skelter system of helping our cities grow." He said "the new Act is designed to let the cities and counties of our Nation set their own priorities with maximum discretion—within broad Federal guidelines."

The law provides for local direction and local priorities in creating and carrying out plans, but with strict guidelines in the civil right area.

~~NOT TO BE TAKEN FROM THE LIBRARY~~

New Mortgage Certificates Go On Sale

The *Federal Home Loan Mortgage Corporation* has begun to sell its *Guaranteed Mortgage Certificates*. A selling group... made up of 29 leading investment banking firms and commercial banks... is offering \$300 million worth of GMC's to pension, investment and trust funds, and other institutional investors throughout the country.

"The new GMC is expressly tailored to the needs of the institutional investor," said *FHLMC* President Victor H. Indiek, "and we hope it will attract substantial amounts of new capital into housing. We look forward to selling well over \$1 billion worth of GMC's this year and look also to the day when other institutions join us in issuing GMC's and making them a still more important source of housing funds."

A GMC is an ownership interest in a large (in this case \$300 million) pool of mortgages administered by *FHLMC*. Interest is paid semiannually and principal is returned annually. Moreover, *FHLMC* agrees to repurchase unrepaid principal amounts of mortgages at the end of 15 years, at the investor's option, instead of letting the mortgages run their entire 30-year terms. The instrument is fully guaranteed by *FHLMC* as to payment of interest, minimum annual pass-through of principal and overall safety of principal. Minimum denomination is \$100,000.



Home Loan Bank Board Asks for S&L Expansions

The *FHLBB* has asked *Congress* to allow *S&Ls*... the Nation's chief home-mortgage lenders... to offer many of the same services as commercial banks. This includes checking accounts, consumer loans, tax and trust services, investment programs, and financial counseling and planning.

The *Board*... which regulates federally chartered associations... has sent members of the *Senate* and *House Banking Committees* a 92-page study supporting its recommendations to transform *S&Ls* into what it calls "family financial centers."

The *Board* plans to publish the study soon for distribution throughout the country.

The *FHLBB* study estimates that 10 percent of bank checking-account customers would switch to *S&Ls* if they offered checking accounts, and that half of these new customers would open savings accounts. This would increase *S&L* savings by \$4.9 billion, the study says.

The study also concludes that if *S&Ls* were allowed to put 10 percent of their assets into consumer loans, which charge higher interest than home loans, *S&L* yields on investment would increase and *S&Ls* could raise the rates they pay savers, attracting another \$4.8 billion.

The report assumes that the present rate differential between *S&L* and bank savings account interest will disappear if these proposals are approved. Currently *S&Ls* can pay one quarter of a percentage point more on savings accounts than banks.

S&Ls would still be required to use a substantial portion of assets to make home loans. And much of the extra funds attracted by the expanded services would be used to make such mortgage loans, the *Bank Board* says.



National League Elects

The *National League of Cities* elected Mayor Carlos Romero Barcelo of San Juan, Puerto Rico, as its 1975 president at its 50th Anniversary Conference in Houston. The new president is the first Spanish-surnamed mayor to head the *League*. He succeeds Mayor Tom Bradley of Los Angeles. Mayor Hans Tanzler of Jacksonville was elected first vice president and Councilwoman Phyllis Lamphere of Seattle was named second vice president.

Communities Alerted to Flood Program

HUD is stepping up efforts to alert some 4,750 flood-prone communities across the country to the advantages of signing up for the *National Flood Insurance* program without delay. A new all-out educational campaign has been mounted. . . directed at these communities. . . advising them of the benefits of low cost federally subsidized flood insurance.

Since the rates are attractively low, communities should view the program as a welcome dose of preventive medicine. . . and certainly superior to dependence on disaster relief.

Emphasizing the importance of taking quick action, J. Robert Hunter, Acting *Federal Insurance Administrator*, cited the flood that devastated Nacogdoches, Texas, early this month. . . taking at least three lives and causing millions of dollars in damage. Although Nacogdoches was sent a map by **HUD** early last summer identifying its flood prone areas, the city failed to take the necessary steps to qualify at that time and was not accepted into the program until January 16. . . a scant 2 weeks before the flood.

"Only 16 policies were in effect when the flood struck," the *FIA* official said. "Precious time was lost when flood insurance policies could have been sold which might at least have eased the financial impact of the property losses in Nacogdoches."

Mr. Hunter disclosed that more than 8,600 communities were issued maps by **HUD** prior to last July 1, identifying their flood-prone areas. Under the *Flood Disaster Protection Act of 1973*, the 4,750 that have not yet qualified must do so before next July 1.

Failure to come in under the deadline, he said, would make a community and its residents ineligible for virtually any form of Federal financial assistance for building purposes in its flood hazard areas. This would include loans from the *Small Business Administration* and any other form of disaster loans, **HUD/FHA** or **VA** mortgages or conventional loans from any federally regulated or supervised banks, and savings and loans association.

Mr. Hunter estimated that there are more than 20,000 flood prone communities in the 50 States and U.S. possessions.

Significant Decision



In *Robinson v. Schultz*. . . an anti-discrimination suit instituted by the *Afro-American Patrolmen's League*, the *U.S. District Court for the District of Columbia* ordered a halt to the disbursement of *General Revenue Sharing Funds* for the *City of Chicago*. The suspension continues until the *City* assures compliance with an *Interim Order* entered by the *District Court* for the Northern District of Illinois in *United States v. Chicago*. The *Order* also requires that the *Office of Revenue Sharing* monitor compliance and file quarterly reports showing that the *City* has taken adequate steps to comply with nondiscrimination requirements. In the *Chicago* case. . . the *Justice Department* charged the *City* with violations of Title VII of the *Civil Rights Act of 1964* and *LEAA* regulations calling for equal employment opportunity in federally-assisted programs. The *Court* in the District of Columbia had ordered the *Robinson* case transferred to the *District Court* in *Chicago*.



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.

Congressional Committees Organized

The *Congressional Committees* handling housing and related matters have been selected and organized. Each has a new chairman... as Senator Sparkman relinquished his chairmanship to take over *Foreign Relations*... and Congressman Patman was defeated by the *Democratic Caucus*. Italics indicate names of those newly elected. The names of those members assigned to the housing subcommittees are denoted with an asterisk(*).

Senate Committee on Banking, Housing and Urban Affairs: Democrats—William Proxmire* (Wisconsin), chairman. John Sparkman* (Alabama), Harrison Williams, Jr.* (New Jersey), Alan Cranston* (California), Adlai E. Stevenson, III (Illinois), Thomas J. McIntyre* (New Hampshire), Joseph R. Biden, Jr.* (Delaware), *Robert B. Morgan* (North Carolina). Republicans—John Tower* (Texas), Edward W. Brooke* (Massachusetts), Bob Packwood* (Oregon), Jesse A. Helms (North Carolina), and *Jake Garn** (Utah).

House Committee on Banking, Currency and Housing: Democrats—Henry Reuss (Wisconsin), chairman. Wright Patman (Texas), William Barrett* (Pennsylvania), Lenore K. Sullivan* (Missouri), Thomas Ashley* (Ohio), William Moorhead* (Pennsylvania), Robert Stephens* (Georgia), Fernand St. Germain* (Rhode Island), Henry Gonzales* (Texas), Joseph Minish (New Jersey), Frank Annunzio (Illinois), Thomas Rees* (California), James Hanley* (New York), Parren Mitchell* (Maryland), Walter Fauntroy (District of Columbia), Corrine (Lindy) Boggs* (Louisiana), *Stephen L. Neal* (North Carolina), *Jerry M. Patterson** (California), *Andrew Maguire** (New Jersey), *Harold E. Ford** (Tennessee), *Carroll Hubbard* (Kentucky), *John J. LaFalce** (New York), *Gladys N. Spellman* (Maryland), *Les AuCoin** (Oregon), *Paul E. Tsongas* (Massachusetts), *Butler Derrick* (South Carolina), *Philip H. Hayes* (Indiana), *Mark W. Hannaford* (California), and *James J. Blanchard* (Michigan). Republicans—Garry Brown* (Michigan), J. William Stanton* (Ohio), Albert Johnson (Pennsylvania), Chalmers Wylie (Ohio), John Rousselot* (California), Stewart McKinney* (Connecticut), John Conlan (Arizona), *George Hansen* (Idaho), *Willis D. Gradison, Jr.** (Ohio), *Richard T. Schulze** (Pennsylvania), *Henry J. Hyde* (Illinois), *Richard Kelly* (Florida), *Millicent Fenwick* (New Jersey), and *Charles E. Grassley* (Iowa).

The *Banking Committee* also changed the name of its housing subcommittee to *Housing and Community Development*.

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

HUD-318-164-ASI
February 24, 1975

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HUD-401



HUD NEWSLETTER
February 24, 1975

HUD

new letter

U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-3280



March 3, 1975

Vol. 6 No. 9

Current Trends

Urban renewal project notes totaling \$418 million... representing 137 local issuing agencies... were sold in mid-February at an average interest rate of 3.5696 percent... compared to 4.0654 percent in the mid-January sale. The average maturity of the notes was 7.5 months.

The Nation's savings banks had a \$225 million net deposit inflow in January. According to the National Association of Mutual Savings Bank economist Saul B. Klamman: "This represents a 'clear turnaround' from the \$33 million outflow last December." He attributed the rise in deposits principally to declining short-term open-market interest rates, which have fallen to levels "that we can compete with." Some money market rates have fallen below 6 percent... while savings banks pay 5¼ percent on passbook accounts and up to 7½ percent on long-term deposits. January's \$225 million deposit inflow compared with a \$46 million inflow in January 1974.

FHLBB Chairman Thomas R. Bomar announced that, for the first time in many months, interest rates on conventional home mortgage loans closed appear to have stabilized. The average effective interest rate on loans closed for purchasing newly-built homes and on combination construction-purchase loans showed no change from early December to early January. The average rate on mortgages for purchasing previously occupied homes declined by 5 basis points. This relative stability in conventional mortgage rates apparently reflects a delayed impact of a downward rate trend at which lenders were making loan commitments for future lending. This future commitment rate downturn began with a general easing in financial markets last Fall. The national average effective interest rate charged borrowers purchasing newly-built, single-family homes with conventional mortgages closed during the first 5 business days of January was 9.37 percent. This was the same as in early December... but 85 basis points higher than a year earlier.

Housing credit assistance for guaranteed loans of more than \$10 billion to 365,725 veterans is scheduled in the *VA* budget for FY '76... bringing the cumulative total number of home loans guaranteed by *VA* to 9.5 million.

The *Wall Street Journal* reports that leaders of the 17 big construction unions in the *AFL-CIO Building and Construction Trades Department* have called a "crisis conference" in Washington on April 14 to draw up plans for fighting surging unemployment in their trades. The conference... expected to consist of several thousand building-trades representatives... will "develop a program of action" to deal with construction unemployment, which averages 15 percent nationally and is as high as 65 percent for certain trades in some cities, the unions said. They said delegates also will get advice on unemployment benefits and food stamps and will take their problems "personally and directly" to government officials. In addition... the *Construction Trades Unions* have joined with the *American Institute of Architects* in jointly urging the Federal Government to pump funds immediately into the depressed construction industry. (See page 2.)

The *Commerce Department* has reported that housing starts rose 13 percent in January from the December 1974 level... to a seasonally-adjusted annual rate of 987,000 units. This was the first increase since last September. The issuance of building permits in January... an indicator of future housing starts... dropped 20 percent below the December rate.

New Secretary Nominated

The President has nominated Carla Anderson Hills, of California, to be Secretary of HUD. When confirmed... she will succeed James T. Lynn, who has become Director of the *Office of Management and Budget*.

Since April 1974, Mrs. Hills has been Assistant Attorney General, Civil Division, for the *Department of Justice*. From 1962 to March 1974, she was a partner with the law firm of *Munger, Tolles, Hills & Rickershauser* of Los Angeles. During that time she also was adjunct professor at *UCLA*. She served as Assistant United States Attorney in Los Angeles from 1959 to 1961.

She was born on January 3, 1934, in Los Angeles...and studied at *Oxford University* during 1954, received her A.B. degree from *Stanford University* in 1955, and her LL.B from *Yale University Law School* in 1958...and was admitted to the *California Bar* in 1959. She is the co-author of *Federal Civil Practice* (1961) and the editor and co-author of *Antitrust Advisor* (1971).

Mrs. Hills is married and has four children.



Building Trades and Architects Support Plan to Stimulate Construction

The *American Institute of Architects* and the *AFL-CIO Building and Construction Trades Department* have jointly urged the immediate investment of public funds to stimulate public and private construction in local communities.

"In the near term," the two construction groups said, "this will mean jobs and a boost for the economy of communities everywhere. In the longer term, it will result in permanent improvements to the physical environment, to the direct benefit of all our citizens."

The *Building Trades Department* and the Nation's architects supported a 7-point program to revive the economy, which includes:

- Release of public construction funds impounded by the Administration.
- Special emphasis on reviving the country's housing industry.
- Initiation of a broad national public works program.
- Local use of revenue sharing and community development block grant funds for local construction projects.
- Revision of Federal monetary policies to increase availability of construction mortgage money.
- Creation of tax incentives to encourage energy conservation design in buildings.
- Similar incentives for renovating and adapting buildings for other uses to save energy and resources.

Building Trades president Robert A. Georgine and *AIA* president William Marshall, Jr., *FAIA*, agreed to a broad combined effort between the two groups at the national and local level to implement the plan, which was finalized at the meeting of the labor executive council last month.

Officials of the building trades and the *AIA* have been meeting periodically on matters of mutual concern since 1972.

FYI

Conference of Minority Public Administrators (an affiliate of the *American Society for Public Administration*)... Annual Conference... Theme: *Urban Governance—Minority Perspectives*... Washington, D.C., March 9-11. Details: *COMPA*, 1225 Connecticut Ave., N.W., Suite 300, Washington, D.C. 20036. (202/785-3255)

American Subcontractors Association... National Convention... San Francisco, March 19-24. Details: *ASA*, 815 15th St., N.W., Suite 902, Washington, D.C. 20005.

George Washington University... Workshop in Counseling Minorities... Washington, D.C., July 28-August 1. Deadline for registering: March 31 if campus accommodations are required; May 1 if no accommodations are required. Registration: *School of Education, GWU*, Washington, D.C. 20052 (202/676-6160)

American Society for Public Administration... Annual Convention... Chicago, April 1-4. Details: *ASPA*, 1225 Connecticut Ave., N.W., Suite 300, Washington, D.C. (202/785-3255)

National Savings and Loan League... Executives Washington Seminar... Washington, D.C., April 6-9. Details: *NSLL*, 1101 Fifteenth St., N.W., Suite 400, Washington, D.C. 20005 (202/331-0270)

American Society of Planning Officials... Annual Conference... Vancouver, B.C. April 12-17. Details: *ASPO*, 1313 E. 60th St., Chicago, Illinois 60637 (312/324-3400)

National Savings and Loan League... XIII Inter-American Savings and Loan Conference... Buenos Aires, April 13-17. Information: James Stang, Staff Vice President, Membership and Conventions, *NSLL*, 1101 Fifteenth St., N.W., Washington, D.C.

International Union of Local Authorities... World Congress... Teheran, Iran, April 15-19. Details: *IULA*, 45 Wassenaarseweg, The Hague, Netherlands.



Fair Housing Month Scheduled

April will be *Fair Housing Month*... marking the 7th anniversary of the passage of the *Fair Housing Act*. A number of programs are being planned for the *Month*... including a *National Fair Housing Conference*... sponsored by *HUD*... in Washington on April 28-30. Further details will be announced at a later date.



Realtors Warranty Program Being Developed

Development of a warranty program on existing homes was termed a "high priority concern" by Art S. Leitch, president of the *National Association of Realtors*, during his inaugural address to nearly 1,300 Realtors attending the *Association's* annual Mid-Winter Meeting. Leitch noted that the *National Association*, through its State Associations and nearly 1,700 local boards nationally, would respond to consumer interest in this area and have a program this year. He added that 26 proposals for warranty have been submitted to the *National Association* and reviewed by its *Warranty Study Committee*. The *Committee* now has reduced the number to four proposals.

Mr. Leitch emphasized that the *Association* intends to provide the leadership in this area... rather than have Federal regulatory agencies step into the picture. Importance of the program is seen in the fact that three existing homes are sold for each new home... or about 3 million annually.

A detailed program will be submitted to the *Association* for final approval at its May meeting.

FHLBB Issues Variable Rate Rules

The *FHLBB* has proposed new regulations to permit savings and loan associations to offer variable interest rate mortgages.

Under the proposal... the interest rate charged on mortgages issued under the variable rate plan would be tied to an index approved by the *Board*.

The mortgage interest rate could not increase more than a half percentage point in each 6-month period... and the mortgage holder would have to be given 45 days' notice before such an increase could be put into effect.

The maximum increase over the life of the mortgage would be 2.5 percent above the initial contract interest rate, and the interest rate would have to be lowered whenever the index to which it was tied went down.

However, increases tied to the index would not be mandatory. The index would probably be tied to rates on *Treasury* securities and new corporate bonds. *FHLBB* Chairman Bomar said the purpose of the regulation was to help bring a degree of stability to the home-mortgage markets.

At present, whenever interest rates generally move up, depositors withdraw their funds from savings and loan associations, which are regulated in what they can pay in interest on savings accounts and time deposits.

This has resulted in unavailability of mortgage funds for new lending.

The *Board* has given the public 90 days in which to submit comments on the proposal... which was published in the *Federal Register* of February 14 (12 CFR Parts 541,545 /No. 75-118/).

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HUD NEWSLETTER
March 3, 1975

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20416-7555-5280



March 10, 1975

Vol. 6 No. 10

Current Trends

The availability of money continues to improve and interest rates keep going down. The prime rate has been reduced by a number of commercial banks to 8½ percent. Also... heavy cash flows into thrift institutions have made mortgage money easier to obtain... and at lower rates. In California... where most of the Nation's largest *S&Ls* are located... there has been a drop to 9 percent for residential mortgages... from the going rate of 9¼ to 9½ percent late last year.

The large inflows of deposit funds to the country's *S&Ls* have resulted in the repayment to the *Federal Home Loan Bank Board* of substantial amounts of the funds loaned by the *Board* to member associations during last year's money drought. The *FHLBB* is discouraging this move, however... telling the members "don't pay us... loan your money out to home buyers."



Settlement Regulations Published

The proposed *HUD* regulations regarding the advance disclosure of settlement costs and the use of a *Uniform Settlement Statement* in all transactions which involve federally related mortgage loans appeared in the *Federal Register* on February 18.

The proposed regulations are a requirement of the *Real Estate Settlement Procedures Act of 1974*. Among other things... the *Act*... which becomes effective June 20, 1975, requires the disclosure of the previous selling price of existing real property and prohibits kickbacks and unearned fees. It also forbids sellers to require purchasers to buy title insurance from any particular title company. In addition... it bans fees for the preparation of truth-in-lending and uniform settlement statements.

Interested persons are invited to submit written comments with respect to the proposed regulations by close of business March 20, 1975. Such comments should be filed in triplicate with the *Rules Docket Clerk, Office of General Counsel, Room 10245, HUD, 451 7th St., S.W., Washington, D.C. 20410*.



Rural Conference Scheduled

The *Rural Housing Alliance* and *Rural America, Inc.*... Joint Conference on *Rural America*... April 14-17, Washington, D.C. The *Conference* will deal with a whole range of problems which affect the 60 million people who live outside metropolitan areas.

In addition to the two convenors... there are more than 35 other sponsors... including farm organizations, labor unions, church groups, cooperatives, community action agencies, rural housing advocates, and consumer organizations. A partial list includes: *National Farmers Unions; National Rural Electric Cooperative Association; National Catholic Rural Life Conference; Industrial Union Department; AFL-CIO; Leadership Conference on Civil Rights; National Area Development Institute; United Presbyterian Church; National Rural Housing Coalition; and Citizens Against Rural Poverty*.

Registration: *National Conference on Rural America, 1346 Connecticut Ave., N.W., Washington, D.C. 20036*.

Ford Foundation Grants

For more than 20 years *Resources for the Future*... an independent research organization in Washington, D.C... has conducted research in a broad range of environmental and resource issues, particularly on the development and use of fuel, water, land, and other resources. A generation of environmental economists, urban specialists, and resource managers have been nurtured on *RFF* ideas and publications. *RFF* will now expand its emphasis on public policy research with the aid of a \$12 million 4-year *Foundation* grant. Leading the effort will be a new president, Charles J. Hitch, president of the *University of California* until June and former Assistant Secretary of *Defense* and chief economist for the *Rand Corporation*. More details may be obtained from Marion Clawson, *Resources for the Future*, 1755 Massachusetts Ave., N.W., Washington, D.C. 20036.

Community development work supported by the *Foundation* occurs in a wide variety of settings—in black urban ghettos, depressed areas of the rural South, Mexican-American communities in the Southwest, and white ethnic neighborhoods. Recent *Foundation* actions continued support for community development corporations (CDCs) in Baltimore, Phoenix, and Oakland, and for a similar city-wide program of rehabilitation in Hartford.

- *Chicanos por la Causa* in Phoenix is a Mexican-American group that has evolved into a CDC with strong ties to the city's business and financial community. It has helped arrange loans for small Chicano businesses, developed low-income housing and health clinics, and trained graduate students to implement bilingual educational programs in the city's schools. A \$125,000 grant will provide continued administrative support while the organization seeks additional Federal funds for its economic development, housing, and health programs. Details: Tommy Espinoza, *Chicanos por la Causa*, 116 E. Buckeye, Phoenix, Arizona 85034.

- Among the community development activities sponsored by the *Spanish Speaking Unity Council* in Oakland have been a 61-unit moderate-income housing project, a savings and loan association, job training for more than 1,000 residents, and the packaging of nearly \$2 million in loans for small businessmen. A \$325,000 8-year loan to the *Council* from the *Foundation* will help finance construction of a center that will provide offices for the *Council* and for community organizations such as a Latin American library and an information and service unit. Details: Henry Mestre, *Spanish Speaking Unity Council*, 1218 35th Ave., Oakland, California 94601.

- *Greater Hartford Process, Inc.* was formed by Hartford business leaders 4 years ago to promote the economic, physical, and social development of the city and its suburban ring. It has obtained commitments from Hartford corporations for some \$1 billion in investments over 15 years and is implementing housing, neighborhood preservation, and community service programs in all sections of the city. A \$100,000 15-month supplementary grant, to be matched one-for-one, will provide continued support for housing rehabilitation, tenant counseling, citizens' education, and community development activities. Details: Peter Libassi, *Greater Hartford Process, Inc.*, 100 Constitution Plaza, Hartford, Connecticut 06103.

- Baltimore's *South East Community Organization*, the first CDC in the *Foundation's* program to serve a white ethnic group, received \$150,000 in continued support of its planning and operations. In its first year *SECO* has initiated programs to upgrade housing, expand an ethnic crafts business, improve local schools, promote services for the elderly, and develop a health maintenance organization. Details: Joseph McNeely, *South East Community Organization*, 104 N. Luzerne Ave., Baltimore, Maryland 21224.



Mortgage-Futures Market Planned

The *Chicago Board of Trade*... the Nation's largest commodity trading market... is planning to institute a mortgage-futures market later this year. A committee of the *Board* is currently working out the details of the trading procedures and developing the contracts to be used when the program begins. This will be the first mortgage-futures market of this type.

New England Thrift Group Formed

TICONE . . . the *Thrift Industries Council of New England* . . . has been organized for the purpose of providing a united front for the 585 savings and loan and mutual savings banks in the six New England States. The *Council* . . . the first such regional organization . . . is composed of 14 trade groups . . . and will attempt to provide a forum for the many hard-core issues that face all the institutions in the area.

Much of the groundwork in forming the group was done by the *Federal Home Loan Bank of Boston* . . . which organized *TICONE* as a "voluntary association" in January last year.

Among *TICONE's* members are the following savings and loan groups: The *Savings and Loan League of Connecticut*, *Maine Savings and Loan League*, *Massachusetts Co-operative Bank League*, *Massachusetts Federal Savings Council*, *Rhode Island League of Savings and Loan Associations*, *Vermont League of Co-operative Savings and Loan Associations*, and the *Federal Savings League of New England*.

Mutual savings banks are represented by: The *Savings Banks' Association of Connecticut*, *Savings Bank Association of Maine*, *Savings Bank Association of Massachusetts*, *New Hampshire Association of Savings Banks*, *Mutual Savings Banks' Association of Rhode Island*, and the *Burlington (Vt.) Savings Bank*.



\$6 Billion Spent on Environmental Control in 1972-73

The *Census Bureau* reports that Federal, State, and local governments spent approximately \$6 billion for selected environmental quality control activities in fiscal year 1972-73. Of the \$6 billion . . . water quality control accounted for \$4 billion; solid waste management, \$1.8 billion; and air quality control, \$216.9 million, according to the report . . . which also includes data for fiscal years 1971-72.

In fiscal 1971-72, the total was \$5.5 billion (9 percent less) spent for environmental quality control by these governments . . . \$3.6 billion for water quality control; \$1.7 billion, solid waste management; and almost \$189 million for air quality control.

The Federal government spent about \$1.4 billion for selected environmental quality control activities in fiscal 1973, an increase of more than 32 percent over the \$1.0 billion spent in fiscal 1972.

State government expenditure for each selected environmental category increased in the same period. There was a 13 percent increase for water quality control, 11 percent for solid waste management, and 39 percent for air quality control. Large expenditures by some States were attributed partly to the cost of operations normally considered the responsibility of local governments. In Massachusetts, for example . . . a State agency spent more than \$22 million in fiscal years 1972 and 1973 for constructing, maintaining, and operating sewage treatment facilities which provide services to 43 cities and some towns in Greater Boston. In fiscal 1973, 9 other States spent \$15 million or more for water quality control which comprised 76 percent of the total State government expenditure for this category.

In October 1973 . . . Federal, State, and local governments employed the full-time equivalent of 216,229 persons in the three selected environmental quality control activities: for water quality control, 84,480 employees; solid waste management, 125,093; and for air quality control, 6,656.

Copies of the report, *Environmental Quality Control—Finances and Employment for Selected Large Governmental Units: 1971-72 and 1972-73*, are available for \$1.15 from the *Superintendent of Documents*, Washington, D.C. 20402.

Commercial Condos Coming

The condominium office building is the wave of the future, an article in the February issue of *Mortgage Banker* magazine says.

The article, by staff writer Trevvett Matthews, notes that while office or 'business' condos are still in their first stages, they already are showing signs of becoming a tremendous financial success, for both developers and buyers. A North Palm Beach, Florida, developer who is already planning his fourth office condominium said there are many advantages for doctors or other professionals who buy rather than rent their offices, but said the business condo's strongest point is simply that it requires less out-of-pocket cash to buy than to rent. Two doctors who eventually bought their offices in one of the buildings found that while their rented office would cost \$726,955 over the next 25 years... it would cost them only \$474,102 to buy the same amount of space, with an 80 percent mortgage at an 8.5 percent interest rate.

Other advantages to the business condo are the equity acquired, and... for most professional people... the form of tax shelter buying an office provides. Copies of the magazine are available from *Mortgage Bankers Association of America*, 1125 Fifteenth St., N.W., Washington, D.C. 20005.



Family Size Shrinking

The *Census Bureau* reports that the average size of the American family continues to shrink. In 1974... the average household size dropped to 2.97 persons... the first time the average had dropped below 3. In 1973... the average family size was 3.01 persons... and it was 3.19 in 1969. The *Bureau* cites the increase in persons living alone as the basic cause of the smaller family size. The March 1974 survey showed that 19.1 percent of the Nation's 69.9 million households represented persons living alone. This compares with 18.5 percent in 1973 and 16.7 percent in 1969.

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HUD NEWSLETTER
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Washington, D.C. 20410



March 17, 1975

Vol. 6 No. 11

Current Trends

On March 5... the Senate confirmed President Ford's nomination of Mrs. Carla Anderson Hills as Secretary of HUD.

The maximum interest rate on HUD/FHA-insured and VA-guaranteed residential mortgages was reduced... effective March 4... to 8 percent. This is the third lowering of the rate in 4 months... and reflects the lowering of interest rates generally... with commercial bank prime rates going down to 7½ percent... the lowest since July 1973.

GNMA has also reduced the interest rate on Tandem Plan mortgages to 8 percent... from the current 8½ percent... effective March 10.

FHLBB chairman Thomas R. Bomar reports that federally-insured savings and loan associations had a near-record net inflow of savings in January. S&L deposits exceeded withdrawals for the month by \$3.11 billion, nearly matching the record \$3.12 billion reached in January 1972 and again in January 1973. Last month's net inflow exceeded the \$571 million of December and the \$2.02 billion of January 1974. The January savings inflow exceeded forecasts. Economists in the housing and savings industries expect S&Ls to post another \$3 billion inflow for February which would be a record for the month and would surpass the \$1.7 billion of a year earlier. The surge of money into S&Ls partly reflects recent declines in interest rates on marketable securities, the Bank Board chairman said.

Effective interest rates on HUD/FHA-insured and VA-guaranteed home mortgage loans closed during the first week of January were lower than during early December, according to HUD's survey. The effective interest rate on federally-underwritten home loans closed averaged 9.52 percent... 15 basis points lower than in December and 43 basis points below the 9.95 percent rate in November. The effective interest rate on new commitments was 9.46 percent in January... compared with 9.56 percent in December and 9.99 percent in November.

The Labor Department reported that U.S. unemployment in January reached an overall average of 8.2 percent. The average varied widely... however... among industries. In the automobile industry it was 24 percent... followed by construction at 22.6 percent... lumber 17.8 percent... food 11.8 percent... etc.

FNMA has issued \$32.9 million in 4-month commitments to purchase Government-backed and conventionally financed home mortgages. Yields declined for the 12th consecutive auction. Of the commitments... \$23.8 million covered Government-backed mortgages at an average yield of 8.871... which converts to an average price of 97.40 for 8½ percent HUD/FHA-VA mortgages. (The average in the previous auction was 8.978.) In the conventional auction... FNMA issued \$9.1 million in 4-month commitments at an average yield of 9.037, down from 9.203 on February 10th. Yields in the late-February auction were the lowest in both HUD/FHA-VA and conventional 4-month commitments since early 1974... when the HUD/FHA-VA average yield was 8.623 on March 22 and the conventional average yield was 8.999 on April 8.

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Coastal Management Pact Signed

An agreement between *HUD* and the *Department of Commerce Coastal Zone Management Office* has been signed. Under the agreement... the two Departments will help Coastal States coordinate their planning and management activities under ~~*HUD's Section 701 Comprehensive Planning Program*~~.

Both Agencies are involved in assisting States to develop comprehensive planning and management programs. *CZM* is concerned with helping States create programs for managing the lands and waters in the coastal zones. *HUD* provides financial assistance for comprehensive planning at the State, regional, and local levels of government, and recently was given a legislative mandate requiring a land-use element in 701-assisted comprehensive planning programs.

A key element of the agreement... which is expected to simplify State efforts... is *HUD's* willingness to accept approved *Coastal Zone Management Programs* as meeting the minimum land-use planning requirement necessary for States to remain eligible in the *HUD 701 Comprehensive Planning Program*. In effect... *Coastal Zone Management* Programs approved by the *Secretary of Commerce* would constitute accepted portions of *HUD* land use elements for the geographic areas concerned.

Additionally... the two Agencies agreed that both *HUD* and *CZM* will participate in reviewing State *Coastal Zone Management* and 701 program applications, and that the staffs of both Agencies will work toward establishing procedures to facilitate development of both programs.

The Agencies also agreed to explore the possibility of joint funding of pilot projects within Coastal States.

Mortgage Banker Receives HUD Award



Wesley W. Walker... collection manager of *Northland Mortgage Company* of St. Paul, Minnesota is the first recipient of the recently established *HUD Outstanding Performance Award*. The presentation was made in Anaheim, California at a *National Mortgage Servicing Clinic* sponsored by the *Mortgage Bankers Association of America (MBA)*. In announcing the Award, H.R. Crawford, *HUD* Assistant Secretary for Housing Management, said that he and his staff had visited the *Northland Mortgage Company* and that they had been quite impressed by Walker's attitude and thoroughness... and that Walker's leadership serves as an inspiration to the *Northland* collection staff.



Local Government Demonstrations Announced

HUD has announced the winning cities in a national competition to select four localities whose strategies for improving local government efficiency could serve as models for the Nation.

The four winners... Dallas, Fort Wayne, Hartford, and Honolulu... will launch demonstration projects within the next 2 months to test the effectiveness of their individual proposals for increasing local government productivity in maintaining parks and recreation facilities, and streets and highways... two municipal service areas presenting problems common to many local governments.

Under a *HUD* contract with *Griffenhagen-Kroeger, Inc. (GK)*... each of the winning cities could receive as much as \$72,000 in consultant services from *GK* to help carry out the local project, plus up to \$20,000 in direct support to offset part of the direct local costs connected with its demonstration project. The remaining costs of the projects will be carried by the localities themselves. Each of the cities, with extensive commitments of municipal staff time, will be able to draw upon *GK* technical resources while ensuring their projects relate directly to local priorities.

Further information may be obtained from Alan R. Siegel, Acting Director, Division of Community Development and Management Research, *Office of Policy Development and Research*, Room 8162, *HUD*, Washington, D.C. 20410 (202/755-6437).

Taxes Increase Most

A new report... prepared by the staff of the *Joint Economic Committee of Congress*... states: "While food prices rose 11.9 percent, housing 13.5 percent, and transportation 14.3 percent... personal income and social security taxes rose twice as fast. For the family at the intermediate income level of \$14,466, social security taxes rose 21.6 percent in 1974... from \$647 in 1973 to \$787 in 1974. Personal income taxes rose even more—by 26.5 percent. The family at the intermediate budget level would pay \$2,033 in Federal, State and local income taxes in 1974... compared to only \$1,607 in 1973—an increase of \$426—even though its real standard of living remained the same.

"An average four-person family with an income of \$13,000 in 1973 took the standard deduction and paid \$1,391 in Federal income taxes. Its disposable, after-tax income was \$11,609. Let us assume that this family's income rose 8 percent in 1974 (per capita personal income rose 8.3 percent from third quarter 1973 to third quarter 1974) to \$14,040. This family would be liable for \$1,609 in Federal income taxes and its after-tax income would be \$12,431. This means that family's after-tax income in dollar terms has risen by 7 percent. The higher taxes that resulted from the diminished value of the standard deduction and the exemption actually increase the tax burden on this family from 10.7 percent of income to 11.5 percent."



Housing Management Aids Published

The *National Center for Housing Management*... created by Executive Order to provide objectives and independent leadership in assisting the Nation to meet its housing management needs... has issued two publications.

The first... *Administrative and Accounting Guide for Federally Insured Multifamily Housing Developments*... is designed to serve the administrative needs of both owners and managers by providing detailed instructions for the day-by-day operation of HUD-insured or subsidized multihousing developments... such as 221(d)(3) and 236 projects. Price \$20.

The second... *The On-Site Housing Manager's Resource Book: Housing for the Elderly*... provides a vast store of data to make the work of the resident manager more interesting and his/her performance more efficient. Among the specific topics: occupancy, rent collection, legal rights and responsibilities, resident organizations, personnel, office, and maintenance procedures. Price \$50.

Both are available from the NCHM, 1133 15th St., N.W., Washington, D.C. 20005.



FYI

The Institute for Professional and Executive Development and the *Housing and Development Reporter*... Joint Seminar on Section 223(f) mortgages... Washington, D.C. April 7. Details: Ms. Judy Ward, *Institute for Professional and Executive Development*, 1025 Connecticut Avenue, N.W., Washington, D.C. 20036.

Air Pollution Control Association... Government Affairs Seminar... Washington, D.C., April 16-17. Details: ACPA, 4400 Fifth Avenue, Pittsburgh, Pennsylvania 15213.

Environmental Design Research Association... Annual Conference... University of Kansas (Lawrence), April 20-23. Contact: Basil Honikman, *School of Architecture and Urban Design, University of Kansas*, Lawrence, Kansas 66044.

International Real Estate Federation... 26th Annual Convention... Paris, France, May 17-23. Theme: *Real Estate Trades and World Evolution*. Details: Hal Schwartz, *Public Information Department, National Association of Realtors*, 165 East Superior Street, Chicago, Illinois 60611 (312/440-8107).

Significant Decision

In *James T. Lynn v A.E. Biderman et al* (U.S.D.C. ND California, Case No. C-74-2077-ACW)... HUD has won a significant court decision in connection with a West Coast land developer who refused to produce his list of customers in the course of a HUD investigation. Judge Albert C. Wollenberg of the *U.S. District Court* in San Francisco directed A.E. Biderman of *Priority Investments, Inc.*, of Seattle... and Richard Yagle of *Priority Investments, Inc.*, of San Francisco to turn their lists over to HUD.

John R. McDowell... acting Administrator of HUD's *Office of Land Sales Registration*... reported that four companies are being investigated for possible violations of the registration and fraud provisions of the *Interstate Land Sales Full Disclosure Act*. The others... in addition to the two cited in the court action... are *Capital Land Investments, Inc.*, and *Peerless Research, Inc.*, both of Seattle.

Although the property under investigation is located in California's Antelope Valley... the developers solicited customers in the Seattle area and in Oregon as well as in Southern California.

They advertised themselves as experts in land investments. "And," said Mr. McDowell, "It must have been sheer coincidence that in every instance one company was able to recommend one of the other three."

The court order enforced an administrative subpoena for the list of customers... estimated at about 500. Pursuant to the decision... HUD may now inform them of their rights.

New Publication



Straight Talk About Housing Your Region... a guide designed to help local elected officials deal with housing issues and meet housing needs in their community and region... whether rural, suburban, or urban. Covers steps communities can take to improve its housing... case studies of successful projects... sources of assistance, etc. Published by the *National Association of Regional Councils*... with the assistance of a *HUD Section 701(b)* grant. Single copies free from the Association, 1700 K St., N.W., Washington, D.C. 20006.

HUD newsletter

HUD-318-167-ASI
March 17, 1975

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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
March 17, 1975

HUD

newsletter

U. S. Department of Housing and Urban Development
Washington, D. C. 20540



DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

March 24, 1975

MAR 26 1975

Vol. 6 No. 12

Current Trends

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There was a 20 percent decline in housing completions in the final quarter of 1974 as compared to the preceding 3 months... according to the *F.W. Dodge Division of McGraw-Hill*. Production for the year as a whole was down 34 percent from 1973 to 1.3 million units. The fourth quarter figures showed a particularly sharp decline... 45 percent... from 397,695 in 1973 to 219,855 in 1974.

The *Dodge* housing completion figures showed that Chicago... although its output dropped 47 percent... was at the top for the year 1974, as it was in 1973... with 31,589 units. No city showed an increase... but Dallas, with 25,598 units, had the smallest decline... 7 percent. Fort Lauderdale-Hollywood, Florida, was down 52 percent to 25,787; Detroit, down 24 percent to 25,123; Anaheim-Santa Ana-Garden Grove, 26 percent to 21,769; Los Angeles-Long Beach, 50 percent to 21,046; Miami, 35 percent to 20,912; Phoenix, 34 percent to 19,262; New York, 45 percent to 19,258; and Tampa, 59 percent to 18,732.

GNMA held its second auction and awarded \$299.7 million of mortgage-backed securities. The 7¼ percent 30-year securities were awarded at a price of 93.8411 to yield 8.0 percent. The securities were issued under *GNMA's* revised mortgage disposition program under this procedure... *GNMA* sells Government guaranteed securities backed by mortgages acquired under its *Tandem* programs, rather than selling whole mortgages to individual mortgage bankers. The first auction held on January 16, 1975, resulted in a price of 91.3842 to yield 8.41 percent.

The *Commerce Department* has reported that construction spending declined in January. Building outlays ran at a seasonally adjusted annual rate of \$128.1 billion during the month... down 2.7 percent from December's revised \$131.6 billion and the slowest pace since \$128 billion in November 1972. The January rate trailed the 1973 performance of \$132.6 billion by 3.4 percent. The December figure previously had been reported as \$129.1 billion but was raised to reflect additional data. Spending on residential buildings dropped 4.6 percent from December to an adjusted annual rate of \$37.2 billion... the lowest rate since February 1971's \$37.1 billion. Private construction outlays... including housing... fell 1.8 percent to an adjusted annual rate of \$88.4 billion, while expenditures for public construction declined 4.6 percent to an adjusted annual rate of \$39.7 billion.



Art Grants Available

The *National Endowment for the Arts* is accepting applications from individuals and nonprofit organizations for a new grant program entitled *City Options*... the second in a series of national theme programs for urban design and planning assistance launched last year by the Architecture+Environmental Arts section of the *Endowment*. Last year's theme, *City Edges*, provided 37 grants totaling over \$1 million for the study of boundary conditions and their design solutions in the Nation's cities. *City Options* will concentrate instead on those special settings that provide distinctive character and identity.

Those interested should communicate with *National Endowment for the Arts*, Washington, D.C. 20506.

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Home Repair Program Initiated

Owners of homes with structural defects may... in some circumstances... be able to have the defects remedied at the expense of the Federal Government under a provision of the *Housing and Community Development Act of 1974*.

HUD has issued regulations setting up procedures by which certain homeowners may learn whether their houses qualify for this assistance.

The following groups of houses are potentially eligible:

- Those with mortgages insured under Section 235 of the *National Housing Act*... a homeowners' interest subsidy program; and
- Those with mortgages insured under Section 203 or Section 221 of the *Act* on or after August 1, 1968, and before January 1, 1973... and which are located in older declining urban areas.

In addition... the home eligible for assistance must have one or more structural defects that existed on the date of the mortgage insurance commitment which (1) so seriously affect their use and livability as to create a serious danger to the life or safety of the inhabitants of the dwellings, and (2) were of such a nature that a proper inspection could reasonably have been expected to disclose them. Also, the houses must have been at least 1 year old at time of insurance.

Homeowners who believe their homes qualify for this assistance should file an application with the *HUD Field Office* having jurisdiction over the area in which the property is located.

For mortgages insured under Section 235... the application must be filed not later than 1 year after the insurance of the mortgage, or not later than August 22, 1975, in the case of homes in older declining urban areas with mortgages insured under Section 203, or 221 during the period from August 1, 1968, to December 31, 1972.

Processing of applications for assistance will begin March 24, 1975.



Housing Management Conference Scheduled

The first all-inclusive national conference on housing management will be held in Washington, D.C., April 10-12 under the joint sponsorship of HUD, the *National Center for Housing Management*, FNMA, and the *National Corporation for Housing Partnerships*.

The theme of the Conference will be *Professional Housing Management—A Delicate Balance*... and will focus on the full range of problems faced by managers in the day-to-day operation of housing developments. Approximately 700 owners, managers, and others interested in housing... including subsidized, conventional, public, and private developments for families and the elderly, as well as mortgagees and management committees of cooperatives and condominiums... are expected to attend. More than 50 experts in every area of management... from the private sector, Government, and academic life... will be available to serve as resource persons in working sessions and to provide advice and assistance in problem-solving clinics.

Participants may select any of seven concurrent sessions to attend at any time according to their individual needs and interests.

Top officials of HUD, FNMA, NCHM, and key members of Congressional committees concerned with housing matters are expected to participate in general sessions.

Registration fee for the 3-day conference is \$50.00. Two luncheons and a Congressional dinner are extra. Registration: NCHM, Inc., 1133 15th St., N.W., Washington, D.C. 20005 (202/872-1717).

HUD Awards Contract to Develop Handbooks

HUD has entered into a contract with the *Community Associations Institute* to develop and produce two handbooks on the successful operation and management of homeowner associations in condominium and *Planned Unit Development* projects. The contract for \$48,500 will expand the series of handbooks begun earlier with the publication of the 80-page *Managing a Successful Community Association*... published jointly with the *Urban Land Institute*.

One of the new handbooks will be on the subject of establishing a community association and will concentrate on the developer's role and his relationship with homeowners and local government. The second report will examine local government's relationship with the association and will focus on coordination, cooperation, and regulation between those involved.

CAI... a nonprofit research and educational organization... is the first such organization to be awarded major government contracts to study condominium and homeowner associations.

CAI was formed with the joint efforts of the *Urban Land Institute* and the *National Association of Home Builders*... and has received support from the *U.S. League of Savings and Loan Associations*. Members of the *Institute* include individual homeowners, leaders of homeowner associations, savings and loan institutions, and leading real estate development firms.



Keep America Beautiful Day Scheduled

Saturday, April 26, will be *Keep America Beautiful Day 1975*. The day's programs will incorporate the work of citizen groups, industry, and all levels of government nationwide, with the *Boy Scouts of America*, *KAB Day* co-sponsors.

Current *KAB Day* plans by local and State *KAB* affiliates include programs on recycling, river and lake cleanups, tree plantings, and environmental education, in addition to the traditional litter pickups. In all cases, *KAB Day* programs have been designed to point out that continuing environmental programs, not just one-time cleanups, are needed to effect meaningful ecological change.

Last year, over 7 million Americans participated in similar projects on *KAB Day*.

Boy Scouts of America has scheduled April 26 as *Scouting Environment Day*, urging local *Boy Scout* councils to devote the day to energy conservation and *Keep America Beautiful* programs.

KAB Day 1975 is the final day of *Earth Week*, which begins April 20. Other observances that week include *Arbor Day*, celebrated on April 25 in most areas. Further information and suggestions on *KAB Day* activities are available from *KAB*, 99 Park Avenue, New York, N.Y. 10016.



FNMA Honored

FNMA has won an award for a book and a film on the home-buying process. The award for professional excellence... one of six presented by the National Capital chapter of the *Public Relations Society of America*... was for *The Fannie Mae Guide to Buying, Financing and Selling Your Home*, written primarily by members of the *National Association of Real Estate Editors*, and a 15-minute film, *A Place of Our Own*, based on parts of the book and produced at the *University of Texas at Austin*.

The honor is one of six Thoth Awards... named after the Egyptian god of communication... presented each year by the publicists' group. The *FNMA* projects were named in the "national business" category.

FYI

National Association of Schools of Public Affairs and Administration. . . 1975 Annual Conference. . . Chicago, April 4-6. Registration: *NASPAA*, 1225 Connecticut Avenue, N.W., Washington, D.C. 20036 (202/785-3260).

Rural Housing Alliance and Rural America, Inc. . . . Joint Conference on Rural America. . . Washington, D.C., April 14-17. Included on the program are Senators George McGovern, James Abourezk, Richard Clark, and Edward Kennedy; Congressmen Mark Andrews, William Alexander, Parren Mitchell, and Andrew Young; James McHale, Pennsylvania Secretary of Agriculture; Arnold Miller, President, United Mine Workers; Barry Commoner of Washington University; and more than 100 other national and rural spokespeople covering 11 major topics. Registration: *Conference Secretary, National Conference on Rural America*, 1346 Connecticut Ave., N.W., Room 529, Washington, D.C. 20036.

Dumbarton Oaks, National Trust for Historic Preservation, and American Horticulture Society. . . International Conference on the Preservation and Restoration of Historic Gardens and Landscapes. . . Washington, D.C., April 16-19. Details: *Garden Library, Dumbarton Oaks*, 1703 32 St., N.W., Washington, D.C. 20007.

Urban Land Institute. . . Semi-annual Convention. . . Chicago, April 21-23. Details: *ULI*, 1200 18th St., N.W., Washington, D.C. 20037. (202/331-8500).

National Academy of Engineering. . . Annual Meeting. . . Washington, D.C., April 23-24. Details: *National Academy of Engineering*, 2101 Constitution Ave., N.W., Washington, D.C. 20418.



Realtor Week

Realtor Week will be April 20-26. Sponsored by the *National Association of Realtors.* . . *Realtor Week* programs are a combination of activities designed to alert all citizens to the many contributions of Realtors to the life of the community and to acquaint the home buyer and seller with real estate "facts of life."

HUD newsletter

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HUD NEWSLETTER
March 24, 1975

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HUD-401



HUD

newsletter

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



March 31, 1975

Vol. 6 No. 13

Current Trends

Deposits in the Nation's mutual savings banks increased \$675 million in February as yields on alternative investments continued to decline. The inflow of savings was the third highest on record for a February... topped only by deposit increases of \$800 million in 1971 and 1972, the *National Association of Mutual Savings Banks* reported.

New construction contracts fell in January to \$5.1 billion... a 4-year low. This was 13 percent below the 1974 level of \$5.85 billion, according to *F.W. Dodge Division of McGraw-Hill, Inc.* "The most significant change on the construction scene in recent months has been the weakening of nonresidential building," said George A. Christie, vice president and chief economist of *Dodge*. At \$2.23 billion... nonresidential contracts were off 2 percent from \$2.27 billion in January 1974. But in the year-earlier month the level of nonresidential building was advancing, while this January it was declining from its peaks in the fall of 1974. "Virtually all of this cyclical swing in nonresidential building has been confined to industrial and commercial work," Mr. Christie said. The biggest decline from January 1974 again came in housing. Residential construction contracts, at \$1.56 billion, were off 30 percent from the year-earlier \$2.22 billion. Mr. Christie said the next thing to look for in this sequence, however, is an upturn in housing, "which is only a matter of a month or two away. Nonresidential building, however, is likely to continue its decline for several quarters and will rebound only after a more general recovery has taken hold in the economy."

The results of HUD's March 1 opinion survey of conditions in the mortgage market showed that... nationally, the average price for immediate delivery of HUD/FHA-insured Section 203(b) 8½ percent new-home mortgages with 30-year terms and minimum downpayments gained one and one-fifth point to \$97.4 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 8.84 percent. Funds for financing Section 203(b) loans were considered to be generally adequate by 84 percent of the HUD Field Offices... a modest increase from the 80 percent reporting affirmatively a month earlier. For the fifth consecutive month... a decline was reported in the national average interest rates contracted to be paid by the borrowers on conventional first mortgages. As of March 1... the national rate was 9.05 percent for both new- and existing-home contracts. From a month earlier this was an improvement of 10 basis points for the average new-home buyer and a drop of 15 basis points for buyers of existing homes.

Housing starts in February were at a seasonally-adjusted rate of 977,000 units... down 2 percent from the revised January rate of 996,000 units. Housing sales... on the other hand... appear to be improving. The sales of single-family units in January were 2 percent above December... and homebuilders report that both February and March sales were better than January.

Project notes totaling \$747.3 million representing 78 *Local Housing Authorities* were sold in mid-March, at an average interest rate of 3.666 percent. This compares to the interest rate for the notes sold in early February of 3.485 percent. Average maturity of the notes sold was 8.1 months. Proceeds of the note sale will be used to reimburse the Federal Government for funds advanced to *Local Authorities* and to refund maturing notes for low-rent housing projects.

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New Building Costs Drop

A *New York Times* article reports that the cost of new construction is coming down sharply as a result of the dire need for work.

An example: The *New York City Housing Authority* was opening bids for *Baruch Houses*... a 23-story building with 186 apartments that has been in planning for years.

The bidding room on the eighth floor seats about a hundred... but it was jammed and the crowd overflowed into the corridor.

"I haven't seen anything like it in 20 years," said the architect Simon Breines, whose company, *Pomerance & Breines*, designed the addition and many other *Housing Authority* projects throughout the city. In past years there have been times when there were no bidders. At best, there might be a handful.

But the biggest surprise was to come. The cost estimate for the project had been \$6 million. But the low bids—for the general contractor and the separate contracts for heating, electrical and plumbing work, and for the elevators—came to \$4.6 million. At a stroke, construction costs had dropped 23 percent. Thirteen general contractors submitted bids.

The *Times* article said: The explanation is twofold, according to knowledgeable construction men. First, the subcontractors whose prices to the general contractor form the basis of the general contractor's bid have been willing to shave their profit margins to get more work in a period of slack.

The second explanation is that unions are more willing to relax tight work rules to permit more productivity—more production for the same cost. Another factor is that prices for certain key building materials, notably lumber and concrete, have come down lately.

In recent years it has been costing \$30,000 to \$35,000 to build a new unit of public housing in the city, and there have not been many. The *Baruch* addition, in fact, is the first job put to bid since December 1972. But by seizing this particular moment, the *Housing Authority* has gotten a price of \$23,500 a unit.

The change, said Mr. Breines, has been "sudden and dramatic."



Wisconsin Enacts Malpractice Pool

Wisconsin has enacted the Nation's first medical malpractice pool... setting up a risk-sharing mechanism that guarantees the continued availability of medical malpractice insurance in that State. J. Robert Hunter, Acting Administrator of *HUD's Federal Insurance Administration*, wired congratulations to Governor Patrick J. Lucey of Wisconsin for signing the legislation into law.

The telegram followed an earlier message from Mr. Hunter urging the Governor to sign the bill. In his letter Mr. Hunter described it as a needed "safety net... prior to attempting the acrobatics" of achieving a comprehensive solution through long term reform of the legal and medical systems now in force.

Insurance covering suits for medical malpractice is in jeopardy in a number of States... largely because of an increase in the number of claims and some steep awards by juries in cases brought to trial. The insuring companies are threatening to drop this type of coverage or else raise the rates to prohibitive levels.

FIA has taken the position that action at the State level is preferable to Federal legislation in keeping this kind of insurance alive and viable.

The legislation adopted in Wisconsin requires all State liability insurers to participate in a pool to provide malpractice liability insurance for medical practitioners in Wisconsin, with the insurance companies sharing profits and losses.

Unique Center Established in Hoboken

The creation of a *Center for Municipal Studies and Services* at *Stevens Institute of Technology*, described as a "major breakthrough" in urban-academic relationships, has been announced.

"It is an academic-urban partnership designed to attack, and help resolve, technological problems common to America's urban centers," said Dr. Kenneth C. Rogers, president of *Stevens Institute*.

"The quality of life suffers when physical deterioration occurs. We believe our program is the first of its kind in America with a technological thrust and a major breakthrough in urban-academic relations."

Dr. Rogers announced the *Center's* formation at a joint news conference with Mayor Steve Cappiello of Hoboken.

"The meaning of the *Center for Municipal Studies and Services* for all central cities is that the tremendous resources of the scientific world will ally themselves with the human resources of a central city to struggle daily to preserve and build a vital, urban society," Cappiello said.

At the conference... the appointment of Richard J. Sullivan, former New Jersey Environmental Protection Commissioner, as the *Center's* director was announced.

The *Center*... located at *Stevens Institute*... was created jointly by the college and City of Hoboken. It is part of the *Urban Observatory Program*, a combined effort of HUD and the *National League of Cities*. The program... initially funded by HUD for 3 years... and administered by the *League of Cities*... establishes city-university partnerships, focusing on a broad range of urban problems.

Hoboken is one of 10 pilot cities in the program—and the only one in the Metropolitan New York-New Jersey area.

The *Center* will analyze and evaluate factors which will influence Hoboken's future development, and establish development criteria and priorities for public action... according to Dr. Rogers.

The *Center* is to receive \$75,000 in HUD funds the first year; \$66,666 the second; and \$50,000 the third year. The local share... which will come from *Community Development* funds... will be \$36,000 total for the first two years and \$50,000 for the third.



Efficient Building Could Save Energy

Energy savings equivalent to 12.5 million barrels of oil per day by 1990 can be effected through a national program of energy-efficient design, construction, and operation of buildings, an *American Institute of Architects* report says. The report, *A Nation of Energy-Efficient Buildings by 1990*, presents a comprehensive strategy for achieving this goal through investment of increasingly scarce capital resources in making the built environment energy-efficient. The strategy is viewed as complementary to the efforts of present energy industries to increase supply capacities.

Prepared by the *AIA's Energy Steering Committee*, the report draws upon an earlier study by the *Committee's* chairman, Leo A. Daly, FAIA, which estimated potential energy savings of 30 percent through retrofitting existing buildings, and 60 percent through energy-efficient design and operation of new buildings.

The report concludes with a recommendation that Federal and State governments, corporations within the private sector, and the building design professions and organizations, be encouraged to support and participate in the realization of this opportunity. Single copies of the full report are available free from the *Department of Professional Practice, AIA*, 1735 New York Ave., N.W., Washington, D.C. 20006. (202/785-7264)

New FHLBB Regulations

The *FHLBB* has modified an earlier plan that would have exempted Federal *S&Ls* from State laws requiring payment of interest on escrow deposits. The new *FHLBB* proposal affirms the right of States to require interest payments on escrow accounts... and Federal *S&Ls* will have to pay interest on escrow accounts in connection with mortgages on owner-occupied, single-family dwellings located in States that require this. The rate of interest will be the rate set by the State... but need not be more than the *S&L's* passbook rate.

The *FHLBB* has also ruled that loans over 90 percent of property value can now be made up to \$42,000. The *Board* says that amount of the loan cannot exceed the lesser of (a) \$42,000 (this figure was \$40,000), or \$50,000 for single-family dwellings in Alaska, Guam, and Hawaii, (b) 95 percent of the value of the real estate securing the loan, or (c) 95 percent of the purchase price of the property. The increase was the result of the rising cost of housing.

FYI



National Association of Schools of Public Affairs and Administration... National Conference on Public Service Education... Chicago, April 3-6. Details: *NASPAA*, 1225 Connecticut Ave., N.W., Washington, D.C. 20036.

National Society of Professional Engineers... Joint Engineering Legislative Forum... Washington, D.C., April 21-23. Contact: *NSPE*, 2029 K St., N.W., Washington, D.C. 20006.

Society of Architectural Historians... Annual Meeting... Boston, April 23-28. Details: *SAH*, 1700 Walnut Street, Philadelphia, Pa. 19103.

American Bankers Association... National Conference on Real Estate Finance... Denver, April 27-30. Details: *ABA Services*, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

Municipal Finance Officers Association... Annual Conference on International Public Finance... Montreal, April 27-May 1. Details: *MFOA*, 1313 E. 60th St., Chicago, Illinois 60637.

HUD newsletter

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HUD-401



HUD NEWSLETTER
March 31, 1975

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410-2024



April 7, 1975

Current Trends

The *FHLBB* reports a sharp decline in interest rates on conventional home mortgage loans closed in February... following many months of almost continuous increase. The decrease was the steepest since early 1971.

Interest rates on *HUD/FHA*-insured and *VA*-guaranteed home loans also continued to decline in February. *HUD's* survey at the beginning of the month showed that the effective interest rate on these mortgages was 9.26 percent... compared to 9.52 percent in January and 9.67 percent in December.

Meanwhile... competition for investment money created by the recent heavier-than-usual marketing of long-term corporate, utility, and municipal bonds has resulted in a slight increase in long-term interest rates... even though short-term rates continue to fall. And some analysts are predicting a near-term reversal of the current downward trend... with the consensus being that it will occur about the middle of the year. These predictions are being made even though the prime rate continues to decline. Most major banks at this writing had set their rates at 7½ percent... and one St. Louis bank had lowered the rate it charges its best customers to 7 percent. How these happenings will affect the mortgage market is unclear at this time.



Significant Decisions

Jones, et al. v. Tully, Lynn, et al. U.S.C.A., 2d Cir., No. 74-2030. The *United States Court of Appeals for the Second Circuit* has affirmed an earlier decision of the *District Court (S.D.N.Y.)* dismissing the complaint in this proceeding. Plaintiffs challenged the legality of a State-funded low- and moderate-income housing project proposed to be located in the Spinney Hill NDP Area in North Hempstead, N.Y., contending that construction of the project would perpetuate racial concentration in the area. The *District Court* held that, in approving the *City's Workable Program*, *HUD* considered the relevant factors concerning the effect of low- and moderate-income housing to be located in the NDP upon the racial concentration of the area, and added that there is no bar to building such a project in a black neighborhood so long as *HUD's* decision is based upon a weighing and balancing of these factors.

Anna Pollard v. The Secretary of HUD, et. al., U.S.C.A., 3d Cir., No. 74-1336. The *Third Circuit* has affirmed the decision of the *District Court (W.D. Penna.)* in this suit holding that the Secretary's actions in approving assistance under Section 518(b) of the *National Housing Act*, and the terms and conditions of this assistance, are final and conclusive and not subject to judicial review. Plaintiff, the owner of a Section 235 home in Braddock, Pennsylvania, contended that the Secretary's determination that some of the defects in her home were not eligible for Section 518(b) assistance constituted a violation of *HUD* regulations. The *Third Circuit*, citing Section 518(c) of the *National Housing Act*, held that, despite the presumption favoring judicial review, any reevaluation of an agency's decision regarding the nature and scope of relief is foreclosed where Congress has expressed an intent to preclude it.

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HUD Annual Housing Survey Beginning

A total of 21 metropolitan areas across the country will be canvassed during the next 12 months in the *Annual Housing Survey* being conducted by the *Census Bureau* for HUD. The survey fills the need for frequent and up-to-date data on U.S. housing. . . it starts on April 1 and will continue through March 1976. About 145,000 housing units in the 21 *Standard Metropolitan Statistical Areas (SMSAs)* will be covered.

The sample of *SMSAs* is designed to contain three groups. . . one of which will be covered each year for 3 consecutive years. During the fourth year. . . the rotation will begin again. The April 1 rotation is the second in the series.

The sample of housing units was selected from 1970 census records and has been updated to include new construction. *SMSAs* in which the second year's survey will be made are: Philadelphia; Atlanta; Chicago; San Francisco-Oakland; Hartford; Spring-Chicopee-Holyoke, Mass-Conn.; Paterson-Clifton-Passaic; Rochester, N.Y.; Newport News-Hampton; Miami; Cincinnati, Ohio-Ky.-Ind.; Columbus; Portland, Oregon-Wash.; Milwaukee; Madison; New Orleans; San Antonio; Kansas City, Mo.-Kansas; Colorado Springs; San Bernardino; and San Diego.

Information is obtained during visits by census interviewers. Data about unoccupied units are obtained from landlords, rental agents, and realtors. Each household is mailed an introductory letter before the interviewer's visit.

After the first enumeration has been finished. . . the surveys will make possible 3-year comparisons of the number and types of housing, changes in the total number of units resulting from losses and new construction. They will permit comparisons of the tenure rates, the frequency of mechanical and utility breakdowns and other indicators of the physical condition of residential structures. Results of the surveys will also provide data on the characteristics of occupants who move in and out over the years. 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.



Block Grant Deadline Extended

HUD has announced it will grant eligible urban counties an extension in their filing date for applications to obtain *Community Development Block Grant* funds. The deadline for applications will be May 15 for an urban county. . . provided a request for an extension is received by the *HUD Area Office* by April 15. Cooperation agreements, where required for urban counties, must be submitted within 15 days of the date a block grant application for funding has been received by HUD for processing.

The deadline extensions resulted from unexpected legal complexities in qualifying urban counties as eligible to apply for block grants under the *Housing and Community Development Act of 1974*.



Riot Insurance Reinstated in Georgia

Effective March 22. . . Federal riot insurance. . . suspended in Georgia since last December 31, was reinstated. . . according to *HUD's Federal Insurance Administration*.

Coverage was suspended because the statute under which the State's *FAIR Plan* was operating expired at the end of the year. The *FAIR Plan* stopped accepting business as of that date. . . making Georgia ineligible for Federal riot insurance. New legislation was signed into law last month, however, and the *FAIR Plan* again became operative, restoring the statutory requirements for the State's participation in the Federal program.

Policies written before the suspension date were honored. And as of March 22, reinsurance is now in full force in Georgia except for losses incurred during the suspension period. Insurance companies holding Federal riot insurance contracts have been so advised of Georgia's reinstatement.

HUD and FHLBB Encourage Leniency in Defaults

HUD is strongly encouraging mortgagees to render whatever assistance is possible to help mortgagors who are "experiencing serious problems in making timely mortgage payments due to the nationwide increase in unemployment and the temporary lay-offs occasioned in some industries."

HUD's position is covered in *HUD Handbook 4191.1*, including forbearance and recasting, and urges mortgagees to "ascertain that their employees are fully familiar with all available forbearance procedures and that they make appropriate use of these procedures." There is no requirement that lenders make relief available as an alternative to foreclosure.

Also... the *Federal Home Loan Bank Board* has announced a leniency policy. In view of the severely depressed economic conditions which are being experienced in various areas of the Nation, some borrowers might be unable to repay their mortgage loans in accordance with contractual provisions. And the *Board* feels where there is a bona fide impairment of the borrower's repayment ability as a direct result solely of an adverse economic situation, the management of lending institutions are strongly encouraged to "adopt a policy" of extending leniency in repayment of outstanding mortgage loans and granting forbearance from foreclosure.

The *Board* recognizes that such leniency and forbearance may present problems to insured institutions temporarily... and it is the intention of the *Board* to accord special consideration to deserving institutions which are unable to meet reserve and net worth requirements as a result of adoption of such a policy.

The Chairman of the *Board*... Thomas R. Bomar... in releasing the policy statement which was recently mailed to the 4,281 savings and loan associations the *Board* regulates... said that this was to encourage savings and loans to continue their policy of forbearance. The *FHLBB* Chairman said, "Savings and loan associations and their customers have historically worked these problems out together. We encourage them to continue to do so. We anticipate no major problems in this regard."



Community Development Workshops Scheduled

HUD has announced that it will sponsor 10 2-day workshops across the country... on local opportunities for community development. The workshops are based on two recently completed studies for *HUD* made by *Real Estate Research Corporation* of Chicago. One report covers urban renewal land disposition; the other covers local neighborhood preservation programs.

The workshop schedule is Philadelphia, May 12-13; Boston, May 15-16; Kansas City, May 19-20; Dallas, May 22-23; Atlanta, June 2-3; Seattle, June 5-6; New York City, June 16-17; Chicago, June 18-19; Denver, June 23-24; and San Francisco, June 26-27.

Among the topics to be covered are:

- Evaluating urban redevelopment options and issues.
- Local Neighborhood Preservation Techniques.
- The Future of Urban Redevelopment and Neighborhood Preservation as Part of Community Development.
- Techniques for Improving Redevelopment Land Disposition.

Local chief executives, city council members, community development officers, planning and renewal officials, and others interested in community redevelopment and neighborhood preservation are urged to attend.

A brochure with full details of the program and registration information will be mailed to local officials during April. Additional information is available from *HUD* in Washington, D.C. Call: Ms. Pamela Hussey, (202) 755-6437, or Mr. Ernest Zupancic, (202) 755-6336.

FYI

National Association of Home Builders... Seminar: How to Enter the Commercial Industrial Field... Kansas City, April 21-21. Details: *Department of Seminars and Workshops, NAHB, 15th & M Sts., N.W., Washington, D.C. 20005.*

Institute for Professional and Executive Development and Housing and Development Reporter... Seminar on Community Development Block Grants... Chicago, April 24-25 and Washington, D.C., May 8-9. Designed for municipal, urban renewal and private counsel, planners, environmentalists, and citizen organizations. Details: Ms. Judy Ward, *Institute for Professional and Executive Development, 1025 Connecticut Ave., N.W., Washington, D.C. 20036 (202/785-5275)*

Architectural Woodwork Institute... Board of Directors Meeting... Colorado Springs, April 24-27. Details: *AWI, 5055 S. Chesterfield Road, Arlington, Virginia 22206.*

National Conference of States on Building Codes and Standards... Annual Conference... Santa Fe, New Mexico, April 27-May 1. Details: *NCSBCS Secretariat, Center for Building Technology, National Bureau of Standards, Washington, D.C. 20234.*

International Union of Architects... Congress... Madrid, May 5-10. Details: *Secretariat of the 12th UIA Congress, Paseo de la Castellana 10, Madrid 1, Spain.*



Publication Note

The original supply of *Straight Talk About Housing Your Region...* published by the *National Association of Regional Councils...* with the assistance of a *HUD Section 701(b)* grant has been exhausted. Reprints are available from the *Association, 1700 K St., N.W., Washington, D.C. 20006, for \$1.00 each.*

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

HUD-318-170-ASI
April 7, 1975

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HUD-401



HUD NEWSLETTER
April 7, 1975

HUD newsletter

U. S. Department of Housing and Urban Development
Washington, D. C. 2021 755-5280



April 14, 1975

Vol. 6 No. 15

Current Trends

FNMA issued \$357.2 million in 4-month commitments to purchase Government-backed and conventionally financed home mortgages. Yields increased slightly after declining for 13 consecutive auctions. The commitments included \$321.4 million in Government-backed mortgages at an average yield of 8.847. The average in the previous auction was 8.781. In the conventional auction... the issuance was for \$35.8 million in 4-month commitments at an average yield of 8.997... up from 8.962 on March 10. The volume of offers accepted in this *HUD/FHA-VA* auction was the third highest in the corporation's history... exceeded only by acceptance of \$352.5 million in March 1974, and \$336.4 million in May 1972.

The *FHLBB* reported that the February net new savings receipts by savings and loan associations was \$3.1 billion. This record volume reflects... for the second month in a row... the reduced level of money market security yields and the current high rate of consumer savings.

Also... the assets of the 118 savings banks in New York State increased \$671 million in February... the largest increase in nearly 3 years, according to the *Mutual Savings Bank Association*. The increase was well above the \$200 million gain in January and close to the \$697 million record increase of March 1972.



Tax Bill Benefits Home Buyers

Among the provisions of the *Emergency Tax Reduction Act of 1975* just passed by Congress and signed by the President is a "goody" for home buyers. A 5-percent tax credit... up to a maximum of \$2,000... is permitted on the cost of a new home purchased between March 13, 1975 and December 31, 1975. This applies to homes never before occupied that were built or under construction on March 25. The provision applies to condominiums as well. The law also requires that the home be the primary residence of the purchaser.

There is still another benefit home buyers receive under the law. The buyer is assured of receiving the lowest price at which the house has ever been offered for sale. To receive his tax credit... the purchaser must file a certificate... furnished by the seller... that the home was sold at this lowest price. If the certification is false... the home buyer may recover three times the difference between the purchase price and the previously-offered lower price.

Another advantage: the credit may be a direct subtraction from the tax that would otherwise be payable... rather than as a deduction from income.

Spokesmen for the housing industry anticipate that the new law's provisions will create a substantial beneficial impact on home sales. Michael Sumichrast... chief economist of *NAHB*... called it a real stimulus... cutting down the inventory of houses already built or underway. Others indicated that it would take some time for its need to be felt.

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New Flood Insurance Developments

The Nation's largest city has applied for membership in the *National Flood Insurance Program*. If approved... it would leave Boston, Washington, D.C., and San Francisco as the only major cities unprotected by the federally-subsidized program.

New York City was furnished with a map by HUD last June generally identifying its flood hazard areas... and the *City Council* adopted a regulation in March... pledging to conform with the minimum flood plan management standards required by HUD as a condition for entering the program.

Once the application is approved, policies are effective immediately for the first 30 days. After that there is a 15-day waiting period.

Also... HUD has announced proposed revisions to the flood plain management regulations of the *Flood Insurance Program*. Among the major proposed changes are a clarification of the community suspension procedures, procedures for a community variance from the flood plain management standards, the establishment of design specifications and criteria for mobile homes in new parks, and for flood-proofing of buildings in special flood hazard areas.

Because of the impact of these proposed changes... FIA has extended the customary period for submission of comments from the public from 30 to 60 days, up to May 25. Public hearings on the regulations are scheduled in the near future for Washington, D.C., Miami, New Orleans, Kansas City, and Los Angeles... to provide the public with a direct channel of communication... consistent with HUD's policy of encouraging maximum input from local officials and other interested citizens.

In yet another development... J. Robert Hunter, Acting Administrator of HUD's *Insurance Administration* assured owners of federally-sponsored flood insurance policies that they are in no danger of having their policies cancelled because of inaccurate source data fed into the new computerized system for sending out renewal notices.

This assurance was given in response to requests... many from the New Jersey area... for correction of errors in renewal bills sent to policyholders. Some policy writing problems were caused by inaccuracies in the underlying data taken from the old system... but policyholders are fully protected. Not a single policy has been allowed to expire in New Jersey or anywhere else because of this temporary situation.

Mr. Hunter pointed out that at his suggestion a desk audit of each policy has been undertaken by the *National Flood Insurers Association* prior to any termination of coverage.

NIFA administers the *Flood Insurance Program* as a cooperative venture with the Federal Government. "In the course of making final adjustments," he said, "all decisions will be made in favor of the policyholder." Mr. Hunter described the new system as one of the most sophisticated in the insurance field. "It is working," he said, "and it will admirably serve the needs of citizens insured in what is the largest writer of a single line of property insurance in the Nation, with more than 500,000 policies in force for \$12 billion in coverage."

Meanwhile... he called for patience until the problems are resolved by the NIFA.



Publication Available

The Dollars & Cents of Shopping Centers: 1975... sixth edition of *Urban Land Institute's* triennial study of shopping centers. A 275-page, completely revised edition. \$25.00 for members of ULI; \$37.50 for non-members from ULI-the *Urban Land Institute*, 1200 18th Street, N.W., Washington, D.C. 20036.

FYI

International Council of Shopping Centers. . . Annual Convention. . . Miami Beach, May 4-7. Details: *ICSC*, 445 Park Avenue, New York, New York 10022.

National Conference on Social Welfare. . . 102nd Annual Forum. . . Theme: *Health as a Right: The Human and Political Dimensions*. . . San Francisco, May 11-15. Details: *NCSW*, 22 W. Gay St., Columbus, Ohio 43215.

National Fire Protection Association. . . Annual Meeting. . . Chicago, May 12-16. Details: *NFPA*, 470 Atlantic Ave., Boston, Mass. 02210.

Mutual Ownership Development Foundation. . . 9th Annual Co-op Housing Seminar. . . San Francisco, May 15-16. Registration: *M.O.D. Foundation*, 231 E. Millbrae Ave., Millbrae, California 94030.

Rutgers University Department of Urban Planning. . . in cooperation with the *New Jersey Chapter of the American Institute of Planners* and the *New Jersey Society of Architects*. . . Second Annual Conference. . . Theme: *Improving the Quality of the Urban Environment*. . . New Brunswick, May 16. Details: Mrs. Vera Lee, *Department of Urban Planning, Rutgers University*, New Brunswick, New Jersey 08903 (201/932-4100).

American Institute of Architects. . . Annual Convention. . . Atlanta, May 18-22. (Reconvened session, Rio de Janeiro, May 23-June 7.) Details: *AIA*, 1735 New York Ave., N.W., Washington, D.C. 20006 (202/785-7300).



Crime Insurance Extended

Congress has completed action on a bill extending for 2 years the Government's backing of crime and fire insurance to merchants in high-risk areas. The program was scheduled to expire April 30.

Congress established the program after inner-city merchants complained that private insurance companies wouldn't offer policies protecting them against burglaries and fires set during riots. The private insurers now can get reimbursement from a federally managed pool of funds for crime insurance, and a different pool reimbursing States that offer special fire-insurance policies.



New Entity to Provide Venture Capital

The *National Corporation for Housing Partnerships* has announced the formation of the *Housing Capital Corporation* to provide venture capital and loans for residential construction.

The *Corporation* authorized \$750,000 in capital from the *National Housing Partnership* to launch this small business investment corporation that is being created to provide assistance to the home building industry. *HCC* hopes to obtain formal approval soon from regulatory agencies, including the *Small Business Administration*, which would result in additional financing, raising to about \$3 million total capital available initially.

The need for additional venture capital is acute because of the serious lack of liquidity in the building industry brought about by escalating costs, high interest rates, and slow sales the last 2 years. These have combined to freeze the cash situation for many of the Nation's small builders. Initial capital of *HCC* will be available for long term loans, combined with equity participation, to feasible projects that are capable of getting underway in a short time. The funds will be available for land purchase where it can be demonstrated that construction will start within a specified and early time frame. They may also be obtained for such normal building needs as planning, construction gap financing, or working capital that may be relative to a specific housing project.

New Subsidy Procedures Issued

New procedures have been put into effect that will help owners of HUD-subsidized single-family homes receive increased subsidy payments and which will also help prevent foreclosure if owners cannot make mortgage payments. HUD's Office of Housing Management has instructed lenders to recertify as to "occupancy, employment, income and family composition," homeowners whose mortgages are insured under Section 235, an interest-rate subsidy program.

This recertification will be mandatory whenever, because of a reduction in income, a homeowner would be entitled to an increase of \$10 per month or more in assistance payments.

The same instruction, which is entitled: *Housing Management Mortgagees Letter 75-4*, says that lenders "will be expected to assist the mortgagors by offering special forbearance agreements embodying terms and conditions which the mortgagors may reasonably be expected to meet" if homeowners find themselves financially unable to make their monthly mortgage payments.

Recertification will be required within 30 days after the following:

- The lender is informed of a future reduction in the homeowner's income (without a change in source) for the next 12 months, which would produce assistance payments increases of \$10 or more, or
- The end of any 90-day period during which there has been an actual reduction of income received which, if projected for an additional 9 months, would produce an increase of \$10 per month or more in the assistance payment.

HUD Area and Insuring Offices have been instructed to cooperate with lenders and to help assist them in carrying out the provisions of the letter.

HUD newsletter

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HUD-401



HUD NEWSLETTER
April 14, 1975



April 21, 1975

Vol. 6 No. 16

Current Trends

Short-term interest rates continued a slight decline between late February and late March... but the yield on intermediate- and long-term bonds rose 10-25 basis points as a result of heavy demands for such funds by both corporations and the Federal Government. In late March... short-term interest rates were 4-6 percentage points below the peaks reached late last year... yields on intermediate-term debt instruments were $1\frac{1}{2}$ to 2 percentage points below their 1974 highs... and long-term bonds yields were $\frac{1}{2}$ to $1\frac{1}{2}$ percentage points below their peak.

Interest rates on conventional mortgage loans declined in February for the second month in a row... following nearly 2 years of almost continuous increase. The drop was the sharpest since early 1971... 22 basis points in the average effective interest rate on loans for purchasing newly built, single-family homes... and 13 basis points in rates on loans for purchasing previously occupied homes. These conditions reflected the earlier easing in general financial market conditions and declines in rates at which lenders were making forward mortgage lending commitments.

The *FHLBB* reported mortgage activity of S&Ls in February continued the slow recovery from the low volume reached late last year. Mortgage loans closed last month totaled \$2.2 billion... this was 13 percent more than in January and the third modest monthly rise in a row on a seasonally-adjusted basis. Lending volume for the month was 16 percent less than a year earlier and 39 percent less than 2 years earlier.

John M. Wetmore, Director of Economics and Research for the *Mortgage Bankers Association of America*, feels that housing activity should increase throughout 1975 after reaching the lowest levels in 8 years during December. The rate of increase, however, will be slow. According to Mr. Wetmore... new home sales should rise from their low point during coming months as mortgage funds become abundant, as lower mortgage interest rates dispel the inhibitions of unrealistic state usury ceilings, as cheaper money reduces monthly payments, and as consumer confidence begins to revive from the extremely depressed levels of recent months; in turn... as new home sales rebound... single-family housing starts will show modest but significant increases; new homes sales will be further stimulated once consumer confidence revives and is reinforced by the turnaround in economy activity expected about mid-year; and... as the number of unsold new homes is trimmed... housing starts will begin to show significant gains.



Increase in Coop Housing Mortgages Proposed

The *FHLBB* has proposed regulations to increase the loan-to-value ratio from 80 to 95 percent on cooperative housing projects financed by Federal savings and loan associations. These amendments would make cooperative housing financing by Federal associations comparable to condominium and other single-family dwelling financing.

As with single-family dwelling loans, the maximum loan amount for a 95-percent loan would be \$42,000 per dwelling unit in the cooperative. In addition... the cooperative would have to conform to *HUD/FHA* standards for insured cooperative housing loans.

The proposal was published in the *Federal Register* on April 3, 1975, and public comments will be accepted until May 5, 1975.

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FROM THE LIBRARY.~~

HUD Participates in Job Program

HUD... four other Federal Agencies... and the *Ford Foundation*... are sharing the cost of an experiment designed to show that former drug addicts can be prepared for regular jobs.

A total of \$10 million has been committed by the *Foundation* and the Federal Agencies for the program's first year. The *Foundation's* share includes \$1.6 to the *Manpower Demonstration Research Corporation*, which will supervise the program. The other Federal Agencies are the *Departments of Labor and Health, Education and Welfare*; the *Law Enforcement Assistance Administration*; and the *Special Action Office for Drug Abuse Prevention* (now the *National Institute on Drug Abuse*). Grants totalling \$5.95 million have been made to organizations in 13 communities to run the program. Each community will receive additional operating funds from local and State sources.

The communities involved are: Atlanta, Chicago, Hartford, Jersey City, Massachusetts (Boston and Springfield), Newark, Oakland, Philadelphia, St. Louis, San Francisco, Washington (Puget Sound area), West Virginia (five northwest counties), and Wisconsin (Fond du Lac and Winnebago counties).

The program came into being as a result of the experience in New York City ... where for the last 3 years some 1,500 former drug addicts and offenders who normally would have had difficulty getting jobs have found steady work painting fire hydrants, repairing buildings, and doing research and clerical work. Their program, called "supported work," now is being expanded nationwide.

Forty communities submitted proposals to run projects in the experiment. Those receiving grants were chosen on such factors as managerial capability, local support, and adequate identification and recruitment of target groups. Jobs will be performed under contract to both public and private employers and will include housing maintenance and rehabilitation, neighborhood beautification, security services, assistance to the elderly, and para-professional work in health and day-care agencies.

Participants in the program will be expected to develop good working habits. Habitual tardiness, absenteeism, and poor performance will lead to dismissal. Each worker will receive a paycheck drawn from three sources: payment for the work itself, government training and demonstration grants, and welfare entitlements. For many, this will be their first paycheck in years; for some, it will be their first regular job.

In the original New York project... 69 percent of the project's employees still work there or have gone on to other jobs, often at higher pay. Only 27 percent have reverted to past habits... which is less than half the national average for addicts and offenders.

Details: William Grinker, *Manpower Demonstration Research Corporation*, 200 E. 42nd St., New York, New York 10017.



California S&L Plans Supermarket Link

An electronic funds transfer system is planned by the \$1.5 billion-deposit *Glendale Federal Savings & Loan Association* in 19 supermarkets in the Los Angeles area.

Long-range plans call for expansion to 70 locations of the supermarket chain ... which would make this the most extensive retail point-of-sale network proposed to date.

The system may be unique in having terminal installations at each checkout stand. (Other systems allow customer transactions only at convenience counters.)

The terminals will have check verification capability, even for customers without *Glendale* accounts, and bad check information from one store will be available at all outlets.

HUD Training Grants Announced

Grants totaling \$660,000 to five universities to develop academic training programs and complementing internships for housing managers have been announced. They are: *Howard University*, Washington, D.C., \$150,000; *Southern University*, Baton Rouge, La., \$135,000; *Winston-Salem State University*, Winston-Salem, N.C., \$135,000; *Texas Southern University*, Houston, \$135,000; and *Temple University*, Philadelphia, \$105,000.

The universities will develop training programs designed to upgrade and professionalize the housing management field. These programs will incorporate basic management performance standards developed by *HUD* for housing managers, and the training will be an ingredient leading to the certification of managers for *HUD*-insured and *HUD*-subsidized housing.

The training programs will be incorporated into the regular curricula of the universities. They are intended to lead to the eventual development of university-sponsored majors in housing management, or to minors which support majors in such fields as urban planning, business administration, and social work. These major/minor combinations will be applicable to the Baccalaureate, Masters, and Doctoral levels.

In addition to standard management courses, each university will focus on a specialized aspect of the Federal public housing program... urban or rural, large medium or small... and will adapt existing curricula or develop new ones to fit the unique characteristics of its area.

For further information: Dr. Earl W. Linveit, *HUD Office of Policy Development and Research*, Room 8150, Washington, D.C. 20410 (202/755-6230).



Publications Available

The March issue of *Urban Land*... carries a story reporting on the success of the *Massachusetts Housing Finance Agency* in establishing mixed-income developments. *Mixed-Income Housing in Massachusetts* reports a stunning contrast to "the (general assumption) in this country that residential integration of different economic and social groups is not possible." Copies of *Urban Land* are available at \$2 prepaid from *Urban Land Institute*, 1200 18th St., N.W., Washington, D.C. 20036.

Capsule of A Region... A comprehensive summary of the *Denver Regional Council of Governments*... funded in part with a *HUD Section 701 Urban Planning Grant*. Available from *DCOG*, 1776 South Jackson Street, Denver, Colorado 80210.

The *Hawaii State Department of Planning and Economic Development* has published *Land Inventory Reports for the Counties of Hawaii, Kauai, and Maui*, which were prepared as part of a *Hawaii Urban Planning Information Center* project financed in part with a *HUD 701 Urban Planning Grant*. The reports cover a multi-use inventory of all public and private lands on the Neighbor Islands, showing tax map key, census areas, State Land Use, County General Plan Use, County Zoning, Existing Land Use, Ownership, Tenure and other information for each land parcel. Inventories were prepared jointly by the *DPED* and the *County Planning Departments*. They were developed to form the basis for a statewide inventory of all lands. Copies are available from the *Department*, P.O. Box 2359, Honolulu, Hawaii 96804.

City in Print, compiled by R. Charles Bryfogle... a comprehensive bibliography of materials relating to urban studies... contains approximately 1500 entries, most of which are annotated describing books nearly all of which were in print as of January 1, 1974. Also listed with annotations are approximately 900 urban studies audio-visual materials. A unique source guide identifies the American, Canadian, and British publishers and distributors of these materials for readers wishing to purchase copies. 324 pages... \$25.00... from *GLC Publishers Limited*, 115 Nugget Avenue, Agincourt, Ontario, M1S 3B1, Canada.

Film Available

Design for People—Or Maybe Not... a 12-minute, 16 mm color film with sound portrays selected citizens' reactions to Federal publications, stamps, signs, and educational material... produced by the *National Endowment for the Arts*, through *Association-Sterling Films*. It is available for free loan. The borrower assumes only return mailing and insurance costs. Requests for loan to: *National Endowment for the Arts Film Library*, c/o *Association-Sterling Films*, 866 3rd Avenue, New York, New York 10022.



FYI

American Consulting Engineers Council... Convention... Las Vegas, May 5-8. Registration: Dale Litherland, Convention Manager, *ACED*, Suite 713, 1155 15th St., N.W., Washington, D.C. 20005.

Financial Managers Society for Savings Institutions... 27th Annual Meeting... Denver, May 18-22. Details: *USL*, 111 East Wacker Drive, Chicago, Illinois 60601 (312/644-3100).

Land Use Conference... National Conference on Land Use... Denver, May 19-20. Details: *LUC*, 1321 Bannock St., Denver, Colorado 80204.

American Institute of Industrial Engineers... Annual Conference... Washington, D.C., May 20-23. Details: *AIIE*, 25 Technology Park, Atlanta, Norcross, Georgia 30071.

National Savings and Loan League... Management Conference... Scottsdale, Arizona, May 25-28. Details: *NSLL*, Suite 400, 1101 15th St., N.W., Washington, D.C. 20005 (202/331-0270).

National Association of Regional Councils... Annual Conference... Boston, May 27-30. Details: *NARC*, 1700 K St., N.W., Washington, D.C. 20006 (202/296-5253).

HUD newsletter

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April 21, 1975

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HUD-401



HUD NEWSLETTER
April 21, 1975

HUD newsletter

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



April 28, 1975

Vol. 6 No. 17

Current Trends

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The inflow of savings in March in the Nation's savings banks broke all records. The month's increase of \$1 billion compares to the previous high inflow of \$955 million in March 1971... the *National Association of Mutual Savings Banks* reported. The increase in deposits in February was \$675 million... almost half of which... \$486 million... was accounted for by the banks in New York State. New York State has about 60 percent of all deposits in savings banks in the U.S. Commentators attribute the sharp rise in savings to two factors: public concern over the uncertain economic situation and a decline in interest rates in other types of investments that compete for the consumers' savings.

Further evidence that the average citizen is turning back to the more familiar savings vehicles was the increase in savings bond sales in the first quarter. The quarterly sales figure of \$1.89 billion was the highest for any 3-month period since 1948... the *Treasury* reported. Sales exceeded redemptions by \$567 million... compared to a \$330 million surplus for the fourth quarter of 1974. At the end of March the value of all savings bonds and freedom shares totaled \$64.81 billion... up from \$61.58 billion in March 1974.

The *Dodge Division of McGraw-Hill* has issued two new reports. In an update of its 1975 *Construction Outlook*... revising its figures of last October... *Dodge* forecasts a recovery in the rate of housing starts during the year... with a probable total of 1.4 million units for 1975. Also forecast: a decline in nonresidential construction of about 20 percent from last year's activity... an increase of 11 percent in residential (mostly 1- and 2-family houses)... and a whopping 18-percent increase in public works, utilities, and other non-building construction... resulting in an overall total of \$98 billion in construction expenditures in 1975... compared to \$93.1 billion in 1974... a 5-percent increase... *Dodge* also reported that construction costs (U.S. average) as of April 1 were 7.81 percent higher than April 1, 1974.

Project notes totaling \$665.3 million... representing 94 local housing authorities... were sold in early April at an average interest rate of 4.513 percent. The interest rate last month was 3.666 percent.

The *Commerce Department* has reported March housing starts of 980,000 units... virtually unchanged from February's 986,000... and housing permits issued during the month of 710,000... also virtually unchanged from the 714,000 units in February.



Energy Conservation Competition Announced

The *Owens-Corning Fiberglas Corporation* has announced its 4th Annual *Conservation Awards Program*. The 1975 competition will be looking for three things: creativity... originality... and most important... designs that save energy. Completed entries must be submitted by August 31, 1975. Details and forms are available from X.Y. Meeks, *Architectural Products Division*, Fiberglas Tower, Toledo, Ohio 43659.

Riot and Crime Insurance Extended

President Ford has signed legislation extending *HUD's* authority to continue the *Federal Riot Reinsurance* and the *Federal Crime Insurance Programs* to April 30, 1977.

Federal riot reinsurance is now available in 25 States, the District of Columbia, and Puerto Rico. It can be obtained by participating property insurance companies in any State which has (1) established an acceptable FAIR Plan pool or other plan to make essential property insurance available, and (2) enacted legislation to reimburse the Federal Government for a share of excess losses in the State.

The 25 States are California, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Virginia, Washington, and Wisconsin.

The *Federal Crime Insurance Program* enables residents and businesses in 14 States and the District of Columbia to purchase from the *Federal Insurance Administration* affordable policies of burglary and robbery insurance which cannot be cancelled because of losses.

The 14 States are Connecticut, Delaware, Florida, Illinois, Kansas, Maryland, Massachusetts, Missouri, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, and Tennessee. It is expected that Georgia residents and businessmen will also be eligible to purchase Federal crime insurance after next June 1.



Mobile Home Advisory Council Named

Secretary Carla A. Hills has appointed the members of the *National Mobile Home Advisory Council*. . . as required by *Title VI of the Housing and Community Development Act of 1974*. Among the 24 members named are recognized community leaders and representatives of consumer and community organizations. *Title VI* provides that the *Council* shall be consulted. . . to the extent feasible. . . before the establishment, amendment, or revocation of any mobile home construction or safety standards.

In making the announcement of selection of the members of the *Council*, Mrs. Hills expressed the belief that its work would help *HUD* to formulate mobile home standards and would stimulate a dialogue among the diverse groups with varying interests in mobile homes.

The first meeting of the *Council*. . . which will be open to the public. . . will be held on May 5 and 6 at the *HUD* Building, 451 Seventh Street, S.W., Washington, D.C. The agenda for the meeting calls for a review of the initial Federal mobile home construction and safety standards.



State Housing Agencies Surveyed

any have
The *University of California's National Housing and Economic Development Law Project* in Berkeley has issued a report on a survey of State agencies which have established programs to assist their residents in purchasing. . . or rehabilitating. . . their homes. While some of these programs date back as much as half a century, most of them have been enacted in the past 5 years. Twenty-four States have some form of homeownership assistance. They are: Alaska, California, Connecticut, Georgia, Hawaii, Idaho, Illinois, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, North Carolina, Oregon, Tennessee, Utah, Vermont, Virginia, West Virginia, and Wisconsin.

A copy of the survey is available from the *Project* at the *Earl Warren Legal Institute*, 2313 Warring Street, Berkeley, California 94704.

Ford Foundation 1974 Report

The *Ford Foundation* has issued its Report covering fiscal year 1974... which ended last September 30. During the year... the *Foundation's National Affairs Division*... which includes the *Community Development and Housing* categories... approved grants for the following purposes:

- More than \$11 million to 9 inner-city and rural community development corporations and for technical assistance to these organizations for programs aimed at developing jobs, business opportunities, housing, and better government services.
- Assistance to American Indians and Alaskan natives continued to focus on their training and technical assistance needs... particularly as they relate to negotiations with governmental agencies responsible for their welfare. Support was also continued for programs aimed at increasing minority participation and expertise in government and the political process.
- \$5.6 million to major organizations seeking to advance the rights and opportunities of the poor and minorities. They included the *National Association for the Advancement of Colored People*, the *National Urban League*, the *National Council of La Raza*, and the *Southern Regional Council*. Civil rights litigation organizations... to which the *Foundation* has granted some \$16 million over the past decade... were again assisted, among them the *Lawyers Committee for Civil Rights Under Law*, the *Mexican American Legal Defense and Educational Fund*, the *Native American Rights Funds*, and the *Puerto Rican Legal Defense and Education Fund*.
- Continued support for explorations into problems related both to workers' dissatisfaction with dull, repetitive jobs, and to alienation among white ethnics concerning their schools, housing, and community services. Programs concerning disadvantaged and working women, including child care and development of employment and leadership opportunities, were also assisted.
- Support for housing programs was continued... aimed at creating more racially open communities, reversing housing deterioration in older neighborhoods, and expanding ownership by low-income families.

The Report also reported that the *Foundation* will substantially reduce its level of grants about 50 percent in order to preserve itself as a philanthropic force into the future.

The *Foundation's* program budget for the past several years has been about \$200 million a year, roughly divided as follows: *International Division*, \$75 million; *National Affairs* (mostly programs to advance equality of opportunity and the modernization of government), \$35 million; *Education and Research*, \$43 million; the *Arts*, \$15 million; *Public Broadcasting and Communication*, \$14 million, and *Resources and the Environment*, \$8 million.

The Report is available free from the *Office of Reports, Ford Foundation*, 320 East 43rd Street, New York City 10017.



February 1, 1975 U.S. Population

The total population of the United States (including Armed Forces overseas) was about 212,925,000 on February 1, 1975... according to estimates released by the *Census Bureau*. This represents an increase of 1,579,000... or 8 percent... over the estimate for the corresponding month a year ago; and an increase of 113,000 over the previous month. The monthly gain was the result of a natural increase of 82,000 (excess of births over deaths), and estimated net civilian immigration of 31,000.

The February 1, 1975, total population represents an increase of 8,590,000 over the population count of 203,235,298 on April 1, 1970... the date of the census upon which these estimates are based.

Publications Available

Second Biennial Report on National Growth and Development. . . 1974. Prepared by HUD in accordance with Section 703(a) of the *Housing and Urban Development Act of 1970*. For sale by *Superintendent of Documents*, Washington, D.C. 20402, for \$1.40.

have *buy?* *The Language of Open Space: A Glossary.* "Open space" involves a vast complex of people, resources, and institutions. A multitude of governments, agencies, organizations, and individuals now have a variety of interests in . . . or responsibilities for . . . open space. The *Open Space Glossary* was compiled so that people involved in this field of planning can say exactly what they mean. While it is not intended to be the definitive reference work on open space. . . it's a start toward improving communication. Copies may be obtained for \$2 each from: *Department of Research and Planning*, Room 409, City Hall, Duluth, Minnesota 55802.

Contracting with The Federal Government. . . A Primer for Architects and Engineers. . . prepared by the *Committee on Federal Procurement of A-E Services* contains: a listing of Federal agencies which contract for A-E services; an explanation of how Government Agencies select and negotiate architect-engineer agreements; copies of Federal regulations covering A-E contracts; reviews of standard architect-engineer 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. For sale by the *Committee on Federal Procurement of A-E Services*, 9170 Brookville Road, Silver Spring, Maryland 20910, at \$10.

cal? *A California Housing Program, 1975. . .* a summary of a study of the role the State of California should play with respect to Federal housing programs. Prepared by a group of consultants for the nonprofit *San Francisco Development Fund. . .* under a grant from the *W.R. Hewlett Foundation*. The study has been submitted to the Governor and Legislature of California. Available from the *San Francisco Development Fund. . .* 57 Post Street, San Francisco 94104. Price \$3.25.

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HUD-401



Mrs. Landis
Rm. 8141

HUD NEWSLETTER
April 28, 1975

HUD

newsletter
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
U.S. Department of Housing and Urban Development
Washington, D.C. 20416



May 5, 1975

Vol. 6 No. 18

Current Trends

The *Federal National Mortgage Association* has issued \$321.8 million in 4-month commitments to purchase Government-backed and conventionally financed home mortgages. Of this amount... \$277.2 million was in Government-backed HUD/FHA and VA mortgages at an average yield of 8.981. (The average in the previous auction was 8.847.) In the conventional auction... FNMA issued \$44.6 million at an average yield of 9.131... up from 8.997 in March.

FHLMC sold \$70 million worth of *Participation Sale Certificates* in its mid-April special sale. This brings total sales under the program well over \$1 billion and the total number of institutions and individuals holding the *Certificates* near the 1000 mark. *Participation Sale Certificates* are mortgage-backed pass-through securities based on pools of residential mortgages purchased by FHLMC and... FHLMC will use the proceeds of the sale to continue its secondary market purchases of residential mortgages.

The maximum allowable interest rate for mortgages insured by HUD's FHA was raised to 8½ percent... effective April 28, 1975. The previous rate of 8 percent was set on March 3, 1975. In making the change... Secretary Hills stated that the increase was made in accord with HUD's policy of keeping the maximum rate in line with actual mortgage market conditions, and to keep discount points... prepaid interest... to a minimum. According to Mrs. Hills... recent weeks have seen a rise in the number of points charged by mortgage lenders originating FHA/VA loans. The discount points... having reached excessively high levels have caused hardship for people selling houses with FHA/VA financing. Moreover... when points become excessive... funds for FHA/VA loans tend to dry up. Consequently... Mrs. Hills observed... the new rate should help assure a continuing flow of funds for moderate-income housing.

Urban renewal project notes totaling \$421.3 million... representing 108 local issuing agencies... were sold in mid-April at an average interest rate of 4.3264 percent... up from the mid-March interest rate of 3.5165 percent.



Settlement Procedures Act Seminars Announced

Two one-day seminars on *How to Comply with the Real Estate Settlement Procedures Act of 1974* will be held. The first will be in Washington, D.C., on June 6, and the second on June 20, in Los Angeles. The seminars should be of particular interest to lawyers, lenders, Realtors, and title companies, all of whom are affected by the new Act... and are designed to provide practical answers on how to function under its complex regulatory scheme and HUD's implementing regulations. The seminars are timed to enable participants to learn all about the Act on or before its June 20 effective date. Co-sponsored by the *Housing and Development Reporter* of the *Bureau of National Affairs, Inc.*, and the *Institute for Professional and Executive Development, Inc.*, of Washington, D.C., speakers will include HUD and Congressional officials involved in the drafting of the law and regulations.

Registration information from: Ms. Judy [Name] Institute for Professional and Executive Development, 1025 Connecticut Ave., N.W., Washington, D.C. 20036

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LHAs to Deduct Costs of Services

HUD has notified *Local Housing Authorities (LHAs)* that they must deduct certain costs from payments made to a municipality in lieu of taxes. The deductions are to be made in instances arising from failure of the community to furnish public services or facilities at the same level as to other taxpayers.

Local Housing Authorities are exempt from all real and personal property taxes under the *United States Housing Act of 1937*. Instead of the usual taxes levied on privately-owned real estate... they make in-lieu payments to the local governing body based upon a percentage of rental income.

This procedure is laid out in a *Cooperation Agreement* between *LHAs* and local taxing jurisdictions... which requires that the jurisdiction furnish to the local authority and its tenants "public services and facilities of the same character and to the same extent as are furnished from time to time... to other dwellings and inhabitants in the municipality."

The *Agreement* also requires that if a municipality fails or refuses to furnish such services or facilities... and the *LHA* must pay for them... the housing authority may deduct the amount of such expense from its in-lieu-of-tax payments to the municipality. The reason for the new instruction is that a number of *HUD* reviews of *LHA* operations have uncovered situations where services being provided by local jurisdictions were inadequate to sustain a decent physical and social environment. These cases covered virtually all areas of public service... including safety, health, welfare, and environmental services. Examples are: inadequate trash and garbage collection and... a frequent allegation that is particularly disturbing... failure of police departments to respond to resident calls. As a result... *LHAs* have either been forced to provide supplemental services at their own expense or "accept the public and resident criticism that derives from failure to assure decent accommodations and services."

There are some 2,700 *Local Housing Authorities* with more than 1.2 million units in the country. Some 2½ million people live in Federal public housing.



Fair Market Rents Published

HUD has published the *Fair Market Rent Schedules* which establish the maximum rents that can be paid to property owners under the *Section 8 Housing Assistance Payment Program*, as authorized under the *Housing and Community Development Act of 1974*. This publication puts these rents into effect and development of local *Section 8* programs will proceed under these limitations.

Fair Market Rents for new construction and substantial rehabilitation were contained in the *Federal Register* of March 31, 1974, Volume 40, Number 62, and *Fair Market Rents* for existing housing were contained in the *Federal Register* of April 7, 1975, Volume 40, Number 67.

These schedules will be updated at least annually to accommodate locality changes in contract rent levels and in the costs of utilities. In addition, procedures have been established for interim revision of individual *Fair Market Rents* as might be required to adjust for changes in local housing market conditions, for altered conditions for *Section 8* program implementation, or to correct any errors that might have occurred in the calculations of approved schedules.

Those interested may submit information concerning need for interim revisions of *Fair Market Rents* (new construction and substantial rehabilitation or existing housing) to the appropriate *HUD* field office.

Block Grants Approved

Community Development Block Grant applications of 58 entitled units of government totaling \$140.7 million have been approved by HUD. As of March 31... HUD's Community Development Program received 312 applications. None has been rejected, and 254 were still under review that date.

The total number of entitlement communities under the *1974 Housing and Community Development Act*... which went into effect January 1, 1975... is 1,344. Their entitlement totals \$2.2 billion. Another 1,025 full applications are expected in April and May.

Of the total applications... 98 were received in the December 1974-February 1975 period and 214 in March. As of March 31... 693 units of government had requested advances... of which 525 were approved... totalling \$83.5 million.

The *Block Grant Program* was set up by Congress last year as a new method of distributing funds to cities and counties across the Nation to help eliminate slums and blight. Only minimal Federal supervision is required. Distribution is by a formula based on population, housing over-crowding, and poverty.

S&L Services Expanded



The *FHLBB* has adopted two previously proposed regulations. The first will allow consumer loans to be made by service corporations of Federal savings and loan associations and by multiple savings and loan holding companies. The consumer lending activity could only be done in States which allow it and would be subject to State restrictions on consumer lending. Under the amendment, "consumer loan" is defined to mean "a loan to one or more individuals which is either unsecured or is secured by consumer goods." The term "consumer goods" is defined to include "all goods used or bought primarily for personal, family, or household purposes."

The second permits customers of Federal savings and loan associations to pay their bills using savings accounts. The regulation, originally proposed in October 1974, is similar to regulations recently proposed by the *Board of Governors of the Federal Reserve* and by the *Federal Deposit Insurance Corporation*.

The *FHLBB* regulation permits Federal savings and loans to offer bill paying services, such as:

- paying bills by telephone;
- giving standing orders to Federal associations to pay recurring bills, such as mortgage payments or utility bills; and
- mailing the association a once-a-month bill-payment authorization which lists parties to be paid and amounts to be paid to each.

The authority announced by the *Board* is similar to "giro-type" bill payment services offered in European countries.



Housing Management Conference Held

Some 600 public and private housing management people attended a 3-day *National Conference on Housing Management* in Washington. Sponsored jointly by the *National Center for Housing Management*, HUD, the *Federal National Mortgage Association*, the *National Corporation for Housing Partnerships*, with support of the *Ford Foundation*... the Conference heard representatives of the various sponsoring groups and members of Congress. Over 60 panel discussions covered developments in management plans; management fees and marketing; tenant and landlord relations; financial management; professional development; energy conservation; maintenance and security; elderly housing management; financially troubled properties; and cooperatives and condominiums.

FYI

Middle Atlantic Regional Council and National Association of Housing and Redevelopment Officials. . . Annual Conference. . . Atlantic City, May 21-23. Registration: *MARC-NAHRO* Conference c/o *Chester Redevelopment Authority*, 815 Fidelity Bldg., Chester, Pennsylvania 19013.

Canadian Federation of Mayors and Municipalities. . . Annual Convention. . . London, Ontario, June 1-5. Details: *CFMM*, 56 Sparks Street, Ottawa K1P 5A9, Ontario, Canada (613/237-5221)

National Governors' Conference. . . Annual Convention. . . New Orleans, June 8-11. Details: *NGC*, 1150 17th St., N.W., Washington, D.C. 20036. (202/785-5610)

American Water Works Association. . . 95th Annual Conference. . . Minneapolis, June 8-13. Details: *AWWA*, 6666 W. Quincy Ave., Denver, Colorado 80235.

Cornell University. . . Annual Summer Institute in Historic Preservation. . . Ithaca, June 8-13. Conducted in cooperation with the *National Trust for Historic Preservation* and the *College of Architecture, Art and Planning at Cornell*, the intensive 1-week course will cover not only the means of safeguarding our design heritage, but also its use as a resource in planning for the future. The closing date for submitting applications is June 2. Details: Michael A. Tomlan, Program Coordinator, *Summer Institute '75, Center for Urban Development Research, Cornell University*, Ithaca, New York 14853 (607/256-6262)

National Leased Housing Association. . . Annual Convention. . . Washington, D.C., June 12-14. Highlight will be an all-day practitioner's workshop on June 13 to examine various facets of the new *Section 8 Leased Housing Program*. David M. deWilde, *HUD* Acting Assistant Secretary for Housing Production and Mortgage Credit, will present the keynote address. Details: Ms. Lois Roberts or Ms. Robin Baulch, 1025 Connecticut Ave., N.W., Suite 707, Washington, D.C. 20036. (202/833-2327)

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HUD NEWSLETTER
May 5, 1975





DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
MAY 14 1975
WASHINGTON, D.C. 20410

May 12, 1975

Vol. 6, No. 19

Current Trends

The *FHLBB* reported that net new savings inflow in March set a new record for any March in history... \$3.7 billion... up from \$3.1 billion in February. For the first 3 months of 1975... the increase in savings totaled \$9.1 billion. This performance is in sharp contrast to early 1974... when withdrawals exceeded inflows by substantial amounts. This parallels the net inflow in the Nation's *Mutual Savings Banks*... which also had the highest increase of any March on record.

FNMA has made commitments to purchase \$247.3 million in Government-backed mortgages at an average yield of 9.131. The average in the previous auction was 8.981. Also... in conventionally-financed mortgages... *FNMA* issued \$51.3 million in 4-month commitments at an average yield of 9.262... up from 9.131 percent in early April.



Construction Wages Up—Employment Down

The April *Labor Wage Rate Bulletin*... issued by the Economics Department of *NAHB*... reported that even though there was a sizable drop in the construction labor force... and there has been some retrenchment in construction wage negotiation... wages went up 9.2 percent in the year ending January 31, 1975.

Nationwide... wages were at an average rate of \$9.93 per hour... with plumbers receiving the highest rate... \$11.49... up 11 percent over a year earlier. Electricians... at \$10.62... and bricklayers at \$10.56 follow. The highest percentage increase during the past 5 years... 62.2 percent... went to building laborers... bringing their current hourly rate to \$7.93. The lowest percentage increase... 49.2... went to electricians.

The number of employed construction workers dropped to 3.3 million in March 1975... 566,000 fewer than March 1974... and 1.42 million (30 percent) below the top employment of 4.7 million in July 1973... the sharpest drop in construction employment since the end of World War II. The lower employment figure translated into an unadjusted unemployment figure of 1.01 million (23.8 percent)... a 30-year high.



New Rural Group Formed

A new organization... *Rural America, Inc.*... has been formed as a result of a conference in Washington of some 1,200 delegates concerned with the problems of rural America. The meeting... convened jointly by the *Rural Housing Alliance* and an earlier *Rural America* group... felt a stronger organization was necessary to interpret rural needs and advocate solutions to concerned groups, decision-making agencies, and the general public. There are some 60 million Americans who live on farms, in small towns, and in the open countryside.

The new organization will begin a campaign to attract citizens everywhere as members. Among the members of the board of *Rural America, Inc.* are Richard J. Margolis, chairman; Pat Gish of the *Eastern Kentucky Housing Development Corp.*; Gil Padillo, Secretary-Treasurer of the *United Farmworkers of America*; Aaron Henry, Mississippi president of *NAACP*; Boren Chertkov, assistant general counsel, *International Union of Electrical, Radio, and Machine Workers/AFL-CIO*; Don H. Hargis, Iowa State University; John Hulett, sheriff, Lawndes County, Alabama.

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S&Ls to Issue Securities

The *FHLBB* has adopted regulations authorizing institutions insured by the *Federal Savings and Loan Insurance Corporation* to issue mortgage-backed debt securities. The amendments will become effective May 23, 1975. The new bonds... which resemble straight corporate bonds rather than pass-through debt securities... are required to have 5-year average effective maturities and maximum required payments of not more than 20 percent of principal per year. Minimum denominations are \$100,000, or denominations ranging from \$10,000 to \$100,000 if sold through registered securities dealers.

The collateral pool securing the bonds is initially to be composed of any whole real estate loans, and no investor-required substitutions or additions are permitted; however, the regulation authorizes reinvestment of sums equaling the accumulated principal repayments of mortgages in the pool. Issuers of mortgage-backed bonds are required to meet an income test and a number of other eligibility requirements.

This action also included amendments to the *Board's* borrowing limitations and net worth requirements for secured borrowings. Under the revised regulations, mortgage-backed borrowings from sources outside the *Federal Home Loan Bank System* are allowed an extra borrowing category (equal to 5 percent of savings plus capital stock) if the borrowings are issued pursuant to the *Board's* new mortgage-backed bond regulations; the borrowing category for mortgage-secured borrowings not issued pursuant to the new regulations is reduced from 10 percent 5 percent of savings plus stock after a phase-in period.



HUD Contracts for Bicentennial Signs

Special Bicentennial signs and markers that will link neighborhood historic sites and resources to Washington, D.C.'s citywide celebration of the Nation's 200th anniversary next year will be designed for installation in selected neighborhoods under a \$168,000 *HUD* contract.

The *D.C. Office of Bicentennial Programs (OBP)* will carry out the landmarking and street graphics project as part of its citywide *Neighborhood Heritage Program*... a broader effort designed to develop widespread community interest and participation in plans for celebrating the Bicentennial in District neighborhoods as well as the entire city.

The *HUD*-funded project will test the effectiveness of distinctive signs and markers... from plaques to kiosks... in making residents more aware and proud of their individual neighborhoods and historic sites as parts of the city's cultural development. Identification of neighborhoods with special historic and scenic significance would also make them more accessible to residents and visitors.

The street graphics part of the demonstration project will involve study of existing sign systems and components and development of a separate logistical sign system for the Bicentennial. This plan would be coordinated with the other three designated Bicentennial cities—Boston, Philadelphia, and New York City—assuring continuity in Bicentennial graphic design.

In addition... the *OBP* will select one neighborhood in which to set up a pilot project demonstrating the effectiveness of signs and landmarking as means of providing community awareness through unique graphic design.

A variety of distinctive markers will be designed, produced, and erected under the landmarking part of the demonstration project. These markers will vary in scale according to requirements of the information presented, and with relative importance of the site, building, or space identified. Markers will be located on the basis of their value and significance for residents and visitors alike.

For further information: Harold Bordonille, Deputy Director, *D.C. Office of Bicentennial Programs*, Suite 200, 777 14th St., N.W., Washington, D.C. 20005.

Clinton Morrison of Minneapolis is the new chairman of the *Board of Directors* of the *Chamber of Commerce of the United States* for 1975-76. His election was announced at the 63rd Annual Meeting of the *Chamber* in Washington.

Mr. Morrison is vice chairman of the board and chairman of the Trust Committee of the *First National Bank of Minneapolis*.

In becoming the chief elective officer and a fulltime spokesman for the Nation's largest business federation, Mr. Morrison caps a long term of service as a director and officer of the *Chamber*. He was first elected to the organization's *Board* in 1966. During the past year, he has been vice chairman of the *Board*.

Dr. Richard L. Leshner of Washington becomes the new president of the *Chamber* and its chief operating officer. He was formerly president and chief executive officer of the *National Center for Resource Recovery*... a private nonprofit corporation that seeks solutions to national solid waste disposal problems. Dr. Leshner succeeds Arch Booth, who is retiring after 25 years as chief operating officer of the *Chamber*.

The *Chamber's* new vice chairman, succeeding Mr. Morrison, is Herbert S. Richey, president and chief executive officer of the *Valley Camp Coal Co.*, Cleveland.



Realtors Sales Report Issued

The *Existing Home Sales Annual Report for 1974*... compiled by the *National Association of Realtors Department of Economics and Research*... has been issued. The data in the report are gathered through monthly surveys of about 140 boards of *Realtors* throughout the Nation... selected on a random basis. The figures show that in 1974:

- Prices for existing homes rose to a median of \$32,040... up from \$28,920 in 1973... and \$26,710 in 1972.
- Of all homes covered by the surveys... 69.7 percent sold for more than \$25,000... with the largest single group being 23.9 percent sold in the \$30,000-39,000 category.
- Only 17.1 percent sold for under \$20,000... compared to 21.5 percent in 1973... and 26.5 percent in 1972.
- Geographically... only two regions of the country showed any substantial number of sales in the below-\$20,000 class. These were the North Central region with 24.6 percent... and the South with 19.4. The Northeast had 11.2 percent in this category... while the West had 7.5 percent.



Publication Available

The ability of handicapped or disabled people to use and enjoy public facilities in outdoor areas is often limited... and sometimes prohibited... by the design of these facilities, but it needn't be that way. A new HUD publication... *A Guide to Barrier-Free Site Design*... suggests and illustrates in drawings and diagrams a number of ways in which such barriers as steps, walkways, curbs, benches, railings, and lighting can be designed... or redesigned... to permit full use of the outdoor environment by persons with temporary or permanent disabilities. Produced under HUD contract by the *American Society for Landscape Architects Foundation*... the 80-page report also covers pertinent population data for each of the disabilities affecting the largest numbers of people... and surveys Federal and State guidelines for the design of outdoor areas. It also includes an extensive bibliography listing references and organizations with an interest or expertise in site designing for the disabled.

A limited number of single free copies are available from Charles Gueli, Director of Community Design Research, HUD Office of Policy Development and Research, Room 8156, Washington, D.C. 20410.

Lead-Base Paint Contract Awarded

HUD has stepped up its research into prevention of lead-poisoning in housing with the award of a \$64,000 contract for development of a nonhazardous, flexible sheeting to cover lead-painted surfaces. The *Johns-Manville Research and Development Center* in Denver, Colo., will develop a nonflammable, adhesive material that can be applied when wet... and shaped to fit over hard-to-handle surfaces such as woodwork and trim in older houses. The new mineral fiber sheeting will provide a nontoxic, smooth covering for surfaces from which children might otherwise peel and eat flaking lead-paint chips that could cause irreparable brain damage or even death.

The present treatment of these hazard areas is removal and replacement of window sills, baseboard, and door jambs... or extensive scraping or burning of these surfaces for removal of lead-based paint. These methods are time-consuming and expensive.

The *Johns-Manville* contract is one of a series that HUD'S *Office of Policy Development and Research* has issued in recent months aimed at findings new ways... through research... to eliminate the hazards of lead-poisoning from older housing units. Nearly all of the Nation's pre-1940 housing contains some lead-based paint.

The findings of the research... when complete... will be available to State and local governments to help set up their own lead-poisoning prevention programs.

For further information: The *Johns-Manville Research and Development Center*, P.O. Box 5108, Denver, Colorado 80217.



FYI

Government Information Services. . . Seminar: A Guide to Federal Dollars. . . Washington, D.C., June 16-18. John V. Lindsay, former Mayor of New York City for 8 years, has been invited as the keynote speaker. Details: *GIS*, 752 National Press Bldg., Washington, D.C. 20004.

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

May 12, 1975
HUD-318-175-ASI

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HUD-401



HUD NEWSLETTER
May 12, 1975



HUD

new letter
U.S. Department of Housing and Urban Development
Washington, D.C. 20410



May 19, 1975

Vol. 6 No. 20

Current Trends

FHLBB Chairman Thomas R. Bomar has announced that the liquidity requirement for member savings and loan associations is being increased to 6 percent... effective June 1, 1975. At the same time... the short-term liquidity requirement is being increased from 1½ percent to 2 percent. These increases were prompted by recent heavy inflows of savings and relatively weak mortgage loan demand. In accordance with *Board* policy of raising liquidity requirements during such periods, this is the second half-point increase in 1975. This requirement has been decreased successively from 7 percent to 5 percent in 1973 and 1974, and the *Board* stated that the industry now should be rebuilding liquidity in order to meet potential mortgage loan demands in the future. Chairman Bomar also indicated that if savings flows remain strong, the *Board* will consider further increases in this requirement in the near future. The liquidity requirement relates to an association's cash and liquid investments calculated as a percent of savings and short-term borrowings.

For the first time in a year... *GNMA* conducted an auction of multifamily project mortgages acquired pursuant to *Special Assistance Programs* 17 and 21. Bids were accepted on 41 mortgages totaling \$89.3 million... at an average yield to the investor of 9.126 percent... compared to a 9.21 percent yield in May 1974. Bids on three additional mortgages totaling \$5 million were at an unacceptable yield and were rejected. No bids were received on 67 mortgages totaling \$105 million. The project loans are secured by apartment and nursing home projects and were insured by *HUD/FHA*. The mortgages were not eligible for inclusion in pools of project mortgages which support issues of *GNMA*-guaranteed mortgage-backed securities. *GNMA* plans to conduct another similar auction in early June.

The *F.W. Dodge Division of McGraw-Hill* reported that construction contracts in March totaled \$6.57 billion... up from January and February of this year... but 15 percent below the March 1974 performance. According to George A. Christie... *Dodge* vice president and chief economist... the increase in March over the badly depressed January and February rates was due to two large projects... an electric generating plant in West Virginia and a chemical facility in Louisiana. Residential contracts in March... at \$2.32 billion... were down 30 percent from March 1974.

Moving counter to the long-term money market... short-term borrowing costs of *Treasury* notes declined sharply at the early May auction. Some commentators feel this is the result of an earlier *Treasury* announcement that its borrowing needs for the remaining weeks of this fiscal year (ending June 30) will be less than anticipated. The 91-day rate for \$2.8 billion in notes declined to its lowest level in more than 2 years... going to 5.356 percent... compared to the 5.716 rate at the previous sale... and the lowest since January 1973... when the rate was 5.277 percent. The *Treasury* also sold \$2.8 billion of 182-day bills at an average rate of 5.724 percent... down from the 6.158 percent a week earlier... and the lowest since late March... when the rate averaged 5.669 percent.

★

FYI

Air Pollution Control Association... Annual Convention... Boston, June 15-20.
Details: *APCA*, 440 Fifth Ave., Pittsburgh, PA 15213 (412/621-1890).

National Association of Counties... National Conference... Honolulu, June 21-25.
Details: *NACo*, 1735 New York Ave., N.W., Washington, D.C. 20005 (202/331-5571).

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New Housing Subsidy System Announced

A new system for calculating the level of operating subsidies for public housing projects throughout the country has been put into effect by *HUD*. Known as the *Preference Funding System (PFS)*, it was authorized in the *Housing and Community Development Act of 1974*, and replaces an interim formula that has been in effect since 1972.

Operating subsidies are provided by the *Federal Government* to assist *Local Housing Authorities (LHAs)* when the rental income received by the *LHA* falls below the expenses of maintaining and operating its projects. The total of all subsidies nationally for Fiscal Year 1975 was \$450 million.

About half of the Nation's 2,000 *Local Housing Authorities* receive operating subsidies. There are approximately 1.2 million units of housing in the program. Subsidies for leased housing and homeownership projects, however, will not be computed under the new system.

H.R. Crawford, *HUD* Assistant Secretary for Housing Management, said a primary goal of the new system is to provide a reasonable level of operating subsidies to the *LHAs*, based on the standard of what it actually costs high-performing and well-managed *LHAs* to operate. The system is designed to avoid spending Federal funds to compensate *LHAs* for the costs of poor or inefficient management.

"Payments under the *Performance Funding System* are directly related to the amount it costs to run a well-managed project," he said. "We know through experience and surveys that good management can lead to lower operating expenses. *PFS* thus gives high-cost housing authorities an incentive to improve efficiency through the establishment of cost guidelines."

Under the previous interim formula, payments were based on projections from a base year using prescribed inflation percentages. There was no model or prototype against which operating subsidies could be measured, nor were there well-defined incentives for improved management.

The new system became effective as an Interim Rule for *LHAs* whose fiscal year started April 1.



Nutrition Program Expanded

HUD and the *Administration on Aging* have signed an agreement for closer collaboration to make more effective the *Nutrition Program for Older Americans*. Under the agreement, *Local Housing Authorities* and the management of other *HUD*-assisted housing for the elderly, working with State agencies for aging, will determine: (1) the number of elderly residents, both within a project and in the adjoining neighborhood, that could be served; (2) the space and facilities that could be made available for the *Nutrition Program* within the housing projects; and (3) the best way to cooperate to serve the elderly.

Local Housing Authorities also will be advised that *HUD Modernization Funds* will be usable for necessary alterations in communal space to accommodate meal preparation and service.

The agreement states that *HUD* and *AoA* share a common interest in serving residents of elderly housing developments through the *Nutrition Program for Older Americans*. . . and that a number of *HUD* housing developments for the elderly can offer space in their community rooms to serve as sites for *AoA* nutrition projects. This program serves one hot meal a day not only to residents of a development but also to the elderly of the community. Thus, *HUD-AoA* collaboration can help forward the implementation of the *Nutrition Program* which, since its inception in 1972, has about 160 housing developments participating.

Participation Certificates Available

Investors seeking more flexibility in planning their mortgage investments may now buy *FHLMC Participation Sale Certificates (PC's)* for delivery up to 75 days in the future... *FHLMC* President Victor H. Indiek has announced. *FHLMC* is offering the mortgage-backed pass-through securities at yields of 8.625 percent for immediate delivery and 8.75 percent for delivery in early July.

"The ability to buy for future delivery ought to be of considerable advantage to investors looking for islands of certainty in the uncertain future," Indiek noted. "And besides making the *PC* as convenient as investment as possible, we are pricing it very competitively. With savings flows on the upswing, it's time for *FHLMC* to aggressively sell."

Since late 1972... *FHLMC* has sold over \$1 billion worth of *PC's* to nearly 1,000 investors. *FHLMC* guarantees monthly payment of interest and return of principal on the *PC's*. *PC's* represent ownership interests in large pools of residential mortgages underwritten by *FHLMC* and qualify as real estate assets for *IRS* and *FHLBB* purposes. They are freely transferable and holders need look only to *FHLMC* for timely remittances. Minimum denomination is \$100,000.



1974 Birth Rate Up

The *National Center for Health Statistics of the Department of HEW* has announced that the number of births in 1974... contrary to earlier predictions... suddenly moved upward. At the same time... the number of deaths moved downward... with the result that 1974 produced the lowest death-rate in the Nation's history.

The change... 22,500 more babies born in 1974 than in 1973... while not a significant increase in itself... reverses the trend that had been present since the 70's began... with a declining number of births each year. The *Center* explains the change... using a different statistical approach than had been taken earlier. Previous estimates were based on surveys which showed that the average American woman of child-bearing age was planning to have fewer children. This apparently has not changed... but the number of women in the child-bearing age group (15-44) rose in 1974 by 3 percent because of the high birth rates in the 1930's, 1940's, and 1950's. An even more rapid rise occurred among the women in the prime child-bearing age of 20-29... the most fertile years... and is expected to continue to rise for the next several years.

The end result of this reversal in lower birth rates will be a delay of several years in the "zero population growth" period... earlier predicted for the late 70's.



Court Upholds HUD Land Authority

A Federal court order has rejected a challenge to a *HUD* Regulation brought by a Texas land developer. The decision was hailed by Acting Interstate Land Sales Administrator John R. McDowell as a significant landmark in policing the \$6 billion land development industry.

The decision was by U.S. District Judge Joe J. Fisher. It basically upheld a regulation implementing the *Interstate Land Sales Full Disclosure Act*, administered by *HUD*.

In rejecting the suit against *HUD*... Judge Fisher enjoined further sales in four developments operated by the *Wiggins Land Company*. About 2,500 lots in the four subdivisions are affected by the order.

The four are Lake Run-A-Muck, Old Snake River, Wayward Wind, and Natasha Heights, all located between Houston and Beaumont. No lots may be sold in any of these developments until the company complies with the full disclosure requirements of the *Act* and files an effective *Statement of Record* with the *Office of Interstate Land Sales Registration*.

Tenants Workshop Underway

HUD is conducting a training session in Washington, D.C., in which 35 tenants in public housing projects... including a mother of 12 children... are learning how to improve tenant management relations and general living conditions of their neighbors.

The tenants... all women... ranging in age from 20 to 62, represent 31 *Local Housing Authorities (LHAs)*. They will return to their respective *LHAs* as management aides, versed in such diversified subjects as: family planning and budgeting; management-tenant relations; shopping and money-saving techniques; school drop-out problems; family relations and emotional and physical needs of the aged.

They will also be trained in: awareness of signs and emotional implications of serious illnesses, such as anemia, cancer, and heart diseases; child development and play activities; training and job opportunities; nutrition and health; and mental health concepts.

Armed with this knowledge... the management aide trainees will be able to materially help both management and tenants assist each other to improve operations, services, and life in general at public housing projects.

The training ran from April 21 to May 9. It was conducted by the *Homemaker Health Aide Service of the National Capital Area, Inc.*, under contract with **HUD**. Financing is provided under the *Target Projects Program (TPP)*, the program launched by **HUD** to restore public housing projects to sound physical and financial levels and to improve general living conditions.

LHA's represented at the training sessions were: Atlanta; Birmingham; Burlington, N.C.; Camden; Charleston, S.C.; Chicago; Dade County, Fla.; Detroit; Jersey City; Kansas City, Mo.; Los Angeles; Louisville; Mobile; New Haven; Newark; Norfolk; Philadelphia; Washington, D.C.; Wilmington; E. St. Louis; Gonzales, Tex.; Las Vegas; Lorain, Ohio; Memphis; New Orleans; New York City; Oakland; Oxnard, Calif.; St. Louis; San Antonio; Winnebago County, Ill.; and Winston-Salem.

HUD newsletter

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

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HUD NEWSLETTER
May 19, 1975



HUD newsletter

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



May 26, 1975

Vol. 6 No. 21

Current Trends

The *Census Bureau* reports national vacancy rates in the first quarter 1975 were 6.1 percent in rental housing and 1.2 percent in homeowner housing. The rates in both rental and homeowner housing in the first quarter 1975 were not statistically different from the quarterly rates in 1974. The figures for rental properties were 6.2 percent in 1974... and for homeowner vacancies... it was 1.2 in 1974 as well.

Housing starts in April were at the seasonally-adjusted annual rate of 990,000 units... statistically unchanged from the March level of 974,000 units. However, housing permits in April were at the seasonally-adjusted annual rate of 897,000 units... up 27 percent from 706,000 units in March.

The *Labor Department* has redefined the current poverty level for urban families. For 1975... it has increased the single-person level classification of "poor" from \$2,260 in 1974 to \$2,590. For a two-person family, the new figure is \$3,410... up \$340; and for four-person families, the new figure is \$5,050.



HUD is increasingly being given a regulatory role by Congress in consumer protection. For example, HUD is now promulgating safety and durability standards for mobile homes pursuant to Title VI of the Community Development Act of 1974.

HUD is also implementing the Real Estate Settlement Procedures Act which will affect nearly every residential real estate transaction in the country. In enacting that law, Congress struck the balance between the needs of consumers and those of the marketplace, opting for disclosure rather than outright regulation. We expect that law to benefit all parties to the real estate transaction—buyer, seller, and lender—by making those participants better informed.

Our other consumer protection activities include proposed legislation concerning energy efficiency standards for residential construction and a study of the condominium market looking toward possible legislative proposals concerning this growing segment of the housing industry.

More can and will be done at HUD to ensure consumer confidence in housing. Our new consumer protection role requires us to face a number of difficult issues concerning our regulatory focus, the proper balance between the needs of the consumer and the needs of the marketplace, and the interrelationship between Federal, State, and local governments.

Our challenge is to perform our role of consumer protection without so encumbering the housing industry with regulations that there will be no consumers to protect. With that problem well in mind and with the full cooperation of groups in the private section, such as yours, we can do the job.

... HUD Secretary Carla Hills at the
15th National Conference on Real Estate Finance
American Bankers Association
Denver, Colorado

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AIA Convention and Awards

The *American Institute of Architects* held its Annual Convention in Atlanta from May 18-22. The theme of the Convention was *Spaces for the Species*. Architects, behavioral scientists, and lay people explored the relationship between peoples' behavior and the physical spaces in which they live, work, and play. Following traditional practice... a number of awards and citations for 1975 were made:

The 1975 Honor Awards for *Architectural Excellence*. This is the 27th year these prestigious awards have been given. Nine buildings were selected from more than 600 entries. The architects are shown in parentheses:

Hanselmann Residence, Ft. Wayne, Ind. (Michael Graves, Princeton, N.J.); I.D.S. Center... an office building... Minneapolis... (Philip Johnson & John Burgee, New York); Kimbell Art Museum, Fort Worth, (Louis I. Kahn, FAIA, Philadelphia, Pa.); Columbus East High School, Columbus, Ind. (Mitchell/Giurgola Associates, Philadelphia); Park Central, Denver... a block-size urban renewal complex, including three office buildings and shopping facilities over an underground garage. (Muchow Associates, Denver, Colo.); Herbert F. Johnson Museum of Art, Ithaca, (I.M. Pei & Partners, New York); 88 Pine Street, New York City. (I.M. Pei & Partners, New York); Cedar Square West, Minneapolis... an urban housing complex (Ralph Rapson & Associates, Inc., Minneapolis), and The Republic, Columbus, Ind... an office and newspaper plant complex. (Skidmore, Owings & Merrill, Chicago).

The Jurors for the 1975 Honor Awards were: Richard Meier, AIA, Chairman, New York; John Desmond, FAIA, Baton Rouge; Gertrude Kerbis, AIA, Chicago; Donald F. Olsen, FAIA, Berkeley; Alfred Price (Student, Princeton University).

Citation of an Organization: Cummins Engine Foundation, Columbus, Ind.

Architectural Photography Medal: Yukio Futagawa of *Global Architecture* magazine

Architecture Critics' Medal: Peter Blake, FAIA, Editor, of *Architecture PLUS*

Architecture Critics' Citation: Jane Jacobs, author of the *Death and Life of Great American Cities*

The Kemper Award... for significant contribution to the *Institute* and to the architectural profession: F. Carter Williams, FAIA of Raleigh, N.C.

The Henry Bacon Medal for Memorial Architecture: A memorial to Nazi victims in Paris, designed by French architect Georges Henri Pingusson

The Fine Arts Medal: Josef Albers, Yale University

The Whitney M. Young Award... for significant contribution to social issues:

Van B. Bruner, Jr. AIA, of New Jersey.

The AIA 25-year Award... given to structures at least 25 years old of enduring significance: Philip Johnson, AIA, New Canaan, Conn.

Medal for Research: Environmental Research and Development Foundation, Kansas City, Mo.

The *Institute* also named 10 individuals... including two U.S. Congressmen... as *Honorary Members* in recognition of their distinguished contributions to the architectural profession or to allied arts and sciences. They are: Rep. Thomas Ludlow Ashley (D.-Ohio); Augustus Baxter, executive director of the *Philadelphia Architects Workshop*; James Biddle, president of the *National Trust for Historic Preservation*; Rep. Jack Brooks (D.-Tex.); J. Carter Brown, director of the *National Gallery of Art*, Washington, D.C.; Marvin B. Durning, Seattle attorney; Philip Hammer, Chairman of the board of *Hammer, Siler, George Associates*, economic consultants; Peter Kory, director of commercial development, *N.Y. State Urban Development Corporation*; Robert M. Pease, executive director, *Allegheny Conference on Community Development*, and Bernard Weissbourd, president of *Metropolitan Structures*, Chicago.

Also elected Honorary Members were 10 distinguished foreign architects.

Public Hearings on Flood Insurance

HUD's Federal Insurance Administration has scheduled public hearings on proposed regulations implementing *Flood Insurance* coverage. Two hearings will be held in each of the listed cities... in the morning for local officials and public interest groups... and evening hearings for private citizens. The time and place of the hearings can be obtained from the local *HUD* Office in each city. The schedule is: Washington, D.C.—Friday, June 27; Miami, Monday, June 30; New Orleans, Wednesday, July 2; Los Angeles, Monday, July 7; Kansas City, Wednesday, July 9; Chicago, Friday, July 11; New York City, Monday, July 14.



More Frequent Mortgage Rejections for Minorities

A *Federal Reserve Board* study shows mortgage lenders reject almost twice as many home-loan applications from minorities as they do from whites.

The study of lending activities in six metropolitan areas, conducted between June 1 and Nov. 30, 1974, shows that mortgage lenders turned down 21.2 percent of the loan requests from blacks and other minorities while rejecting only 12.7 percent of the applications from white prospective home buyers. In only one of the areas surveyed, the Vallejo-Fairfield-Napa area of California, was the rejection rate higher for whites than for nonwhites.

The study covered 21,277 mortgage applications, including 2,944 from minorities. Other metropolitan areas surveyed included Baltimore; Jersey City; Tampa-St. Petersburg; Galveston-Texas City, and Jackson, Miss.



Americans Own More Real Estate

The results of a *Gallup* survey... sponsored by the *National Association of Realtors*... show that a large number of Americans own real estate other than their own home... and not all of them are in higher-income groups. Of the respondents... 8.7 percent own vacant land; 7.3 percent own another one-family residence; and the remaining 4.5 percent own other types of residential, commercial, and industrial real estate.

The survey found that 38 percent of the respondents with incomes of \$15,000 or more own other real estate. Also... 23.7 percent of the respondents in the \$10,000-\$14,999 income category had such investments; 21.6 percent in the \$6,000-\$9,000 group; and 16.6 percent in the \$6,000 and under category.

Finally, the survey found that most Americans... 91 percent... view real estate as a sound investment. Only 5.5 percent of survey participants did not agree... and 3.5 percent were uncertain.

Two out of every three families own the home in which they live. Nearly 40 percent of all owner-occupied homes are now mortgage-free... while an additional 30 percent have a mortgage debt that is less than half the estimated sales value of the home.



FYI

Community Associations Institute and the *National Association of Home Builders*... workshops on Community Associations... for builder/developers, attorneys, realtors, property managers, and others in the industry involved with association creation, operation, and management. Washington, D.C.—June 2; Chicago—June 10; Atlanta—June 20; San Francisco—June 24; Dallas—June 27. Registration: *Community Associations Institute*, 1200 - 18th Street, N.W., Washington, D.C. 20036. (202)/223-6770)

Cornell University Center for Urban Development Research... Summer Institute on Historic Preservation Planning... in cooperation with the *National Trust for Historic Preservation*... Ithaca, June 8-13. Registration: Michael Tomlan, Program Coordinator, 726 University Avenue, Ithaca, N.Y. 14853 (607/256-6262).

Delinquency Rates Remain Stable

Mortgage delinquency rates remained relatively stable during the fourth quarter of 1974... according to the *National Delinquency Survey* of the *Mortgage Bankers Association of America*.

For 1- to 4-family residential properties... the rate of mortgage loans having installments two or more months past due, on December 31, 1974... was 1.21 percent on a seasonally adjusted basis. That compares with a rate of 1.17 percent at the end of the third quarter of 1974... and 1.16 percent on December 31, 1973. (Loans with installments two or more months past due are considered seriously delinquent.)

Broken down by category... conventional loans were .68 percent seriously delinquent; VA-guaranteed loans were 1.17 percent delinquent on a seasonally adjusted basis; and for nonsubsidized HUD/FHA loans... the rate was 1.25 percent.

The usual seasonal pattern is for delinquency rates to be relatively low on March 31 and June 30... then rise in the third quarter and reach their highest levels of the year on December 31.

"It appears that homeowners have been doing a remarkable job of keeping up with their mortgage payments. The combination of double-digit inflation and recession have put a heavy burden on their shoulders. Homeowners have been forced to slash other portions of their budgets," John M. Wetmore... *MBA's* Economics Director said.

MBA's National Delinquency Survey analyzed more than 7.1 million mortgage loans on 1- to 4-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 7.1 million loans account for more than 1 out of every 4 home mortgages outstanding in the Nation.

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HUD-401



HUD NEWSLETTER
May 26, 1975





June 2, 1975

Vol. 6 No. 22

Current Trends

FNMA has issued \$324.3 million in 4-month commitments to purchase Government-backed and conventionally financed home mortgages. Of this, \$280.4 million was in commitments on Government-backed mortgages at an average yield of 9.292... which converts to an average price of 94.46 for 8½ percent *FHA/VA* mortgages. For the conventional mortgages... \$43.9 million in 4-month commitments was issued at an average yield of 9.432... up from 9.262 on April 21st. (The average in the previous auction was 9.131).

The *National Association of Home Builders* reports that the recently enacted tax-credit for home buyers is having its desired effect. Some 350 builders in a *NAHB* survey said they sold 23 percent of their backlog of homes and condominiums during the first 30 days after the new tax incentive went into effect on March 30, "They aren't standing in line," said the vice president of one of the Nation's largest building firms, "but we have doubled our sales in some subdivisions."

A *Wall Street Journal* article states that lumber and plywood prices have turned around... following a sharp decline in prices in recent months... and prices are rising substantially... due to a marked upturn in market demand.

Automated Mortgage Trading Begins

In the first trade of its kind over the nationwide secondary mortgage market trading information system, *AMMINET* (*Automated Mortgage Market Information Network*), a subscriber... *Fidelity Federal Savings & Loan* of Glendale, California... agreed to buy nearly half a million dollars worth of *HUD/FHA* and *VA* home mortgages from the Los Angeles Regional Office of the *Federal Home Loan Mortgage Corporation*... at a net yield to *Fidelity* of 8.439 percent per annum. It was the first time the *FHLMC* had sold loans over *AMMINET*.

"*AMMINET* is definitely a two-way street," said J. Bernard Soto, Senior Vice President of *Fidelity*. "It can shore up the market when money is short and offer investment opportunities when it isn't."

The package of loans involved... all of which were on homes located in Southern California... and either insured by *HUD/FHA* or guaranteed by *VA*... was one of five listed with *AMMINET* by *FHLMC* Regional Offices around the country. The *FHLMC* listings totaled over \$3 million in mortgages for sale in five States.

AMMINET, Inc., is a nonprofit corporation sponsored by the *American Bankers Association*, the *Federal Home Loan Mortgage Corporation*, the *Mortgage Bankers Association*, the *National Association of Mutual Savings Banks*, the *National Savings and Loan League*, and the *U.S. League of Savings Associations*. 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.

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
MAY 30 1975
WASHINGTON, D.C. 20410

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Discrimination Case Settled Out-of-Court

The *ITT Community Development Corporation* has agreed to an out-of-court settlement providing for equal housing opportunities at its Palm Court (Florida) leisure home development. Under the agreement... all persons regardless of race, color, religion, sex, or national origin will receive equal treatment in the purchase of property. The settlement grew out of a class action in the *Federal District Court* in Washington, D.C. brought by the *National Committee Against Discrimination in Housing*, of Washington; *Suburban Maryland Fair Housing*; *Northern Virginia Fair Housing*; James H. Harvey, executive director of the *Metropolitan Washington Planning and Housing Association*; *National Neighbors of Philadelphia*; *Housing Opportunities Council of Metropolitan Washington*, and the *NAACP*.

ITT issued a statement at its New York headquarters denying any wrongdoing... and saying the signing of the agreement "simply reflects its continued support of housing opportunity for all persons regardless of race, color, religion, sex or national origin. From the first day of the company's operation, Palm Coast has offered to sell homesites and homes to people of all races and beliefs."

The agreement requires that, between now and the end of next year, *ITT* spends at least \$55,000 in advertising on black-oriented radio stations or in black-oriented publications.

In addition, the company must seek to attract minority buyers through "dinner parties, telephone solicitations and booths at conventions."



Land Use Agreement Signed

HUD and the *Environmental Protection Agency* have signed an interagency agreement to coordinate the land use aspects of certain planning programs administered by both agencies. Programs affected by the agreement are *HUD's Comprehensive Planning Program (701)*, and *EPA's Areawide Waste Treatment Management Planning Assistance Program (208)*. Both programs call for consideration of land use issues in the preparation of local, areawide, and statewide plans.

The agreement is intended to limit duplication of effort and improve the effectiveness of land use planning conducted under the respective *HUD* and *EPA* programs... and to insure that the two programs are developed and implemented in a coordinated way and are integrated with State and local comprehensive planning efforts.

Although the agreement will not alter the basic authorities or responsibilities of either agency... it is expected to streamline applicable land use planning at the local, regional, and State levels. Both *EPA* and *HUD* will cooperate in setting planning guidelines and reviewing completed plans. They will also periodically review results attained under the new agreement.

This agreement... together with one signed in February covering the *Department of Commerce Coastal Zone Management Program*... will effectively integrate three Federal programs which provide an estimated \$144 million a year in land use planning assistance.



S&Ls to Pay Escrow Interest

The *FHLBB* has adopted regulations... effective June 16... requiring Federal savings and loan associations to pay interest on funds held in escrow accounts in connection with home mortgages loans under certain circumstances. Escrow accounts are commonly established to ensure payment of charges such as taxes and insurance premiums.

The regulations require interest to be paid on escrow accounts maintained in connection with loans on borrower-occupied single-family dwellings if the State where the dwelling is located generally requires thrift institutions chartered by that State to pay interest on escrow accounts. The regulations require the interest rate to be not less than the rate paid by the Federal association on its passbook savings accounts.

Minority S&Ls Grow

A substantial growth during the past 4 years in the number and assets of insured savings and loan associations owned or controlled by minority groups has been reported by *FHLBB* Chairman Thomas R. Bomar. Minority associations grew from 37 with \$337.4 million of combined assets at the beginning of 1971 to 68 with \$611.5 million at the close of 1974... according to a survey by the *Board*.

During 1974 alone... minority association assets increased by \$73 million... or 13.6 percent... Bomar said, and newly-chartered minority associations accounted for \$27 million of this growth. Forty-one minority associations are black-owned or -operated. These *FSLIC*-insured associations have combined assets of \$476,583,000. Twenty-three Spanish-surnamed institutions have combined assets of \$93,754,000. Four Asian associations have combined assets of \$41,132,000.

Forty-five minority associations have Federal charters and combined assets of \$427 million; 23 have State charters; 12 of these are stock associations with combined assets of \$118 million. Eleven are mutual associations with combined assets of \$66 million.

Minority associations are concentrated in three *Federal Home Loan Bank Districts*; 17 each in the southeastern States served by the *Federal Home Loan Bank of Atlanta* and in the California-Arizona-Nevada District served by the *Federal Home Loan Bank of San Francisco*; and 14 in the five States (Mississippi, Arkansas, Louisiana, Texas, and New Mexico) served by the *Federal Home Loan Bank of Little Rock*. The remaining 20 insured minority associations are scattered over the country.

Carver Federal Savings and Loan Association of New York City... with assets of \$61 million... is the largest minority association. Two have assets of over \$50 million... four are over \$25 million, 17 are over \$10 million... and 51 are under \$10 million.



Solar Heating Report Filed

HUD's responsibilities for residential applications of solar heating and cooling are spelled out as part of a nationwide solar heating and cooling plan submitted jointly to the Congress by *HUD* and the *Energy Research and Development Administration (ERDA)*.

The interim national plan is based on the *Solar Heating and Cooling Demonstration Act of 1974*, and other energy legislation enacted in 1974. Under the *Demonstration Act*, *HUD* shares with *ERDA* joint responsibility for the residential demonstration portion of the overall plan.

Transmitting the initial report... *HUD* Assistant Secretary Michael H. Moskow said: "*HUD's* role will include two related sets of activities: a residential demonstration in which solar hardware will be installed and tested for reliability and cost-effectiveness in a number of dwelling units around the country; and market development efforts to facilitate rapid and widespread acceptance and diffusion of solar technologies into the housing industry."

Mr. Moskow said his *Office of Policy Development and Research*, in carrying out *HUD's* role, will solicit proposals for solar heating and cooling systems and components and for potential demonstration projects. These solicitations will be repeated with appropriate modifications at intervals over a 5-year period, he said. In general, *HUD* will be providing funds to the selected organizations for those additional costs that solar heating and cooling may have over costs for conventional heating and cooling systems. Additional elements of the overall program for solar heating and cooling of buildings, as described in the *ERDA* report, will include the demonstration of solar technology in commercial structures such as office buildings, schools, and agricultural facilities, and the development of new and improved solar energy systems.

Single copies of the report may be obtained by writing to the *ERDA Technical Information Center*, P.O. Box 62, Oak Ridge, Tennessee 37830, and requesting *Document ERDA 23*.

Government Expenditures Within SMSA's Higher Than Outside

There are 22,185 government units, out of a U.S. total of 78,218 units, located within the 264 SMSAs, which together contain slightly more than 70 percent of the Nation's population, according to a report issued by the *Census Bureau*.

The report shows also that local governments in SMSAs accounted for more than 72 percent of all local public employment in October 1972. Local governments inside SMSAs averaged more employees in relation to their population (340 per 10,000 population) than local governments outside SMSAs (315 per 10,000 population).

Local governments within the SMSAs received revenue totaling \$89.1 billion or \$622 per capita and expended \$92.5 billion or \$646 per capita. These sums made up more than 75 percent of all local government revenue and expenditure in the United States. The SMSA portion of all local government debt was even greater—\$97.5 billion, or 81 percent of the national total.

Single copies of *Local Government in Metropolitan Areas, Volume 5, from the 1972 Census of Governments*, may be obtained for \$10.15 from the *Superintendent of Documents*, Washington, D.C. 20402.

FYI



Building Officials and Code Administrators International. . . 60th Annual Conference and School. . . Portland, Oregon, June 28-July 4. Theme: *Education is the Key to Professionalism*. There will be 18 seminars led by building officials, building industry representatives, government officials, and other code-related professionals. Registration: BOCA, 1313 E. 60th Street, Chicago, Illinois 60637. An optional post-conference tour of the Hawaiian Islands, July 4-11, will follow this year's Conference.

HUD newsletter

HUD-318-178-ASI
June 2, 1975

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HUD NEWSLETTER
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AND URBAN DEVELOPMENT
HUD-401



HUD newsletter

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



June 9, 1975

Vol. 6 No. 23

Current Trends

The *FHLBB* reported net deposit inflows in savings and loan associations in April totaled \$2.7 billion...breaking all previous records. April is normally a poor month for savings as withdrawals to pay Federal income taxes usually occur during the month. Mortgage loans made during the month...\$41.1 billion...were also at a high level...one-third higher than March...and the highest since May 1974.

GNMA awarded \$275.7 million of 7¼ percent 30-year mortgage securities at a price of 91.0211 to yield 8.47 percent to *GNMA*. The securities are the fourth issued under *GNMA*'s revised mortgage disposition program bringing the total of securities auctioned in this manner to \$1.1 billion. Under this procedure, *GNMA* sells Government-guaranteed securities backed by mortgages acquired under its "Tandem" program, rather than selling whole mortgages to individual mortgage bankers. The previous auction...held in April...resulted in a price of 89.5815 to *GNMA*. The securities were reoffered at 90.1875 to yield approximately 8.60 percent.

In late May...*FNMA* issued \$153.4 million in 4-month commitments to purchase Government-backed and conventionally financed home mortgages. The issuance covered \$115 million in commitments on Government-backed mortgages at an average yield of 9.252...which converts to an average price of 94.83 for 8½ percent *HUD/FHA-VA* mortgages. (The average in the previous auction was 9.292.) In the conventional auction...\$38.4 million in 4-month commitments were issued at an average yield of 9.414...down from 9.432 earlier in May. The range of accepted bids was from 9.253 to 9.561.

Urban renewal project notes totaling \$332.4 million...representing 114 local issuing agencies...were sold in late May at an average interest rate of 3.522 percent. The average interest rate for the \$421.3 million of project notes sold in mid-April was 4.3264 percent.

HUD's May 1 mortgage market opinion survey was conducted just a few days after the maximum allowable interest rate for mortgages insured by *HUD/FHA* was increased to 8½ percent. Because of the change...the market had not had time to adjust to the new maximum and reliable data on secondary market prices for these securities were unavailable. However...in reports on funds available for financing Section 203(b) mortgages as of May 1...85 percent of the *HUD* Area and Insuring Office Directors reported adequate funds were available...compared to 82 percent a month and a year earlier. This is the highest percentage reported in 1975...and the sixth consecutive month in which the percentage has increased.



FYI

United States Conference of Mayors... Annual Congress... Boston, July 5-9. Details: *USCM*, 1620 Eye St., N.W., Washington, D.C. 20006 (202/293-7300).

National Association of Housing and Redevelopment Officials... Workshop on Relocation; Social Services; and Citizen Participation... St. Louis, July 8-10. Registration: July Workshop Registrar, *NAHRO*, Suite 404, 2600 Virginia Ave., N.W., Washington, D.C. 20037.

Settlement Cost Regs Issued

HUD's final regulations covering advance disclosure of settlement costs in all transactions involving federally-related mortgage loans were published in the *Federal Register* of May 22.

The regulations came about as a result of the finding in the *Real Estate Settlement Procedures Act of 1974* that "significant reforms are needed to insure that consumers throughout the Nation are provided with greater and more timely information on... the settlement process and are protected from unnecessarily high settlement charges caused by certain abusive practices..." and are designed to inform home buyers and sellers of costs they may expect at closing.

Specifically, they require:

- More effective advance disclosure to home buyers and sellers of settlement costs;
- The elimination of kickbacks or referral fees that tend to increase unnecessarily the costs of certain settlement services; and
- A reduction in the amounts home buyers are required to place in escrow accounts established to insure the payment of real estate taxes and insurance.

Starting June 20, 1975... each lender will be obligated to give to each mortgage loan applicant a copy of a booklet entitled *Closing Costs, a HUD Guide*. The booklet contains special information to be provided by the lender to "each person borrowing money to finance the purchase of real estate transactions so that he or she may better understand the nature and costs of real estate settlement services."

Also issued by HUD is a *Standard Form* to be used both for advance disclosure and as a settlement form. As a disclosure form it sets forth in detail the fees and charges expected to be charged to the buyer and the seller at settlement. Then at settlement the same form is used so that the buyer and seller can easily compare the charges with those given at the time of the advance disclosure. One part of this form consists of the *Truth in Lending* statement, prepared by the *Federal Reserve Board*.

Proposed regulations for real estate settlement procedures were published in the *Federal Register* February 18, 1975, with a 30-day period provided for comment. Some 500 replies were received and evaluated. As a result, HUD has adopted certain changes in both the regulations and the accompanying form.

In addition to publication in the *Federal Register* of the regulations, the form, and the information booklet, there will be a separate printing of the booklet and distribution will be made to lenders. When their initial supply is exhausted, lenders will be free to reproduce the booklet without special approval and may place their own covers thereon. Lenders may translate the booklet into other languages for the benefit of their customers, with the approval of the Secretary.



Publications Available

The *Housing Assistance Council* has prepared two publications covering specialized areas of housing. Both are available from the *Council*, 1601 Connecticut Ave., N.W., Washington, D.C. 20009. . at the price shown.

The Housing and Community Development Act of 1974: Implications for Rural America... analyzes the law's legislative history; new housing provisions; Section VIII; revisions in traditional public housing; and community development and housing assistance program. Price \$1.25.

Indian Housing: A Separate Concern... one part of a comprehensive HAC study on Indian Housing... describes the unique land and legal status of rural Indians... and the implications of this status in obtaining decent housing for them. Price 75 cents.

Homesteading Program Announced

HUD will implement a demonstration program to provide Federal support of local urban homesteading programs. Under the program... **HUD** will provide up to \$5 million in single family homes at no cost to selected local governments or States from its inventory of foreclosed properties.

Secretary Hills explained that "**HUD** will invite cities to submit homesteading plans which demonstrate local initiatives in neighborhood preservation... and will subsequently approve several plans and provide those cities selected with **HUD**-held houses to use in urban homesteading," she said. [But] "Homesteading will remain a local not a Federal initiative. **HUD** will provide houses to communities for use in the programs they design and administer."

The Secretary noted that the concept of urban homesteading had captured public interest, but that it was not yet clear under what circumstances the homesteading strategy would be most effective. "We hope through this demonstration to find out a great deal about the effectiveness of homesteading," she said.

The Federal urban homesteading program was authorized in the *Housing and Community Development Act of 1974* which states that if the national housing goal is to be achieved "greater effort must be made to encourage the preservation of existing housing and neighborhoods through such measures as housing preservation."

Section 810 of the *Act* provides for Federal assistance to local homesteading programs which must provide an equitable procedure for selecting the homesteaders, turn the properties over at little or no cost, and provide a coordinated approach to neighborhood improvement.

The *Department* has not as yet determined how many localities would be involved in the demonstration or the number of properties to be designated for urban homesteading. Final plans based on consultations with interested cities will be ready by early July.



FHLMC Annual Report Issued

During 1974... the *Federal Home Loan Mortgage Corporation* bought almost \$2.2 billion worth of home mortgages and contracted to buy over \$5.6 billion worth, according to *FHLMC's 1974 Report*... just released.

In a message stressing *FHLMC's* efforts to improve the long-term stability of the supply of mortgage funds, *FHLMC* President Victor H. Indiek said he expected 1975 to be a year of "intense activity." Of particular importance, he said, would be *FHLMC's* introduction of a new mortgage-finance instrument, the *Guaranteed Mortgage Certificate*, that couples the convenience of the corporate bond with the yield of the home mortgage, as well as the continued growth of *AMNINET*... the nationwide mortgage market trading information system. In addition, he noted that 1975 would see the purchasing by *FHLMC* of some or all of over \$2 billion in mortgages contracted for under *FHLMC's Treasury*-assisted "special" forward commitment program and another \$1.5 billion worth for the account of *HUD's GNMA*.

Purchases under *FHLMC's* own forward commitment program in the last half of 1974 "contributed significantly to decreased earning," Indiek said; but *FHLMC* nevertheless reported an increase in retained earnings for the year of about \$5 million... down from almost \$12 million the year before. Mortgage loans in *FHLMC's* portfolio totaled \$4.5 billion at year-end... up sharply from the \$2.6 billion of a year earlier, *FHLMC* reported.

Single copies of the *Report* are available from the *Corporation*, 311 First St., N.W., Washington, D.C. 20001.

Multi-Family Housing Report Issued

A HUD report which analyzes the variance between the trend toward multi-family housing and the sentiments of local residents who want to prohibit it has been published. Titled: *Housing and Suburbs: the Fiscal and Social Impact of Multi-Family Development* ... the report gives comparative cost-revenue calculations for a range of housing types and examines the cost-revenue aspects of development in communities of differing sizes and growth rates. While this information is based on an analysis of multi-family developments in growing New Jersey suburbs, its findings could be valuable to other American cities and suburbs as well.

The report finds that smaller families, high levels of mobility, and high housing costs have greatly increased the market for multi-family housing and its attractiveness for developers, but that suburban residents often wish to restrain growth in order to hold down taxes and protect the environment.

In addition to cost-revenue information, *Housing and Suburbs* offers new insights into the social and political issues involved with acceptance of multi-family housing, such as rates of participation in local community affairs by residents of different housing types. . . and also includes a brief examination of local land-use regulation of multi-family housing, and offers a set of recommendations for development of State programs that would help local governments carry out balanced housing development at the community level.

Housing and Suburbs is the result of interviews with more than 100 local elected officials, 4,000 household surveys, and numerous case studies of single-family, townhouse, garden apartment, and high-rise projects. It was prepared by the *New Jersey County and Municipal Government Study Commission* and financed, in part, with a \$78,000 research grant from HUD.

Single copies of both an executive summary and the full report on *Housing and Suburbs* are available free from the *New Jersey County and Municipal Government Study Commission*, 115 West State Street, Trenton, N.J. 08625.

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HUD NEWSLETTER
June 9, 1975

POSTAGE AND FEES PAID
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HUD-401



June 16, 1975

Current Trends

~~NOT TO BE TAKEN FROM THE LIBRARY~~

Contracts for new construction in April totaled \$9.60 billion... 46 percent from \$8.26 billion in April 1974... according to the *Dodge Division of McGraw-Hill*. Most of the increase came as the result of six new electrical generating plants in the Midwestern and Central States... which... along with other nonbuilding projects such as sewer and water facilities... accounted for a 127 percent rise in that category... while residential contracts declined 21 percent from a year ago... and nonresidential building rose 5 percent.

Project notes totaling \$508 million... representing 114 *Local Housing Authorities*... were sold in late May at an average interest rate of 3.574 percent... down from April's 4.513 percent.



Flood Insurance Hearings Scheduled

HUD's Federal Insurance Administration will hold public hearings in seven cities beginning June 27 to discuss proposed changes in the flood plain management regulations of the *National Flood Insurance* program.

The proposed changes came about from the experiences gained in administering the program during the 7 years of its existence. They were first announced March 26 and the public was given 60 days to submit comments prior to the public hearings.

To promote greater public awareness of the revisions, copies were sent to more than 9,000 communities, State Governments, Federal agencies, environmentalists, and other groups.

Two sessions are scheduled for each of the cities, one starting in the morning for local, regional, county, and State officials... along with construction, environmental, and other special interest groups... and the other in the evening for the general public. The schedule: Washington, D.C., June 27; Miami, June 30; New Orleans, July 2; Los Angeles, July 7; Kansas City, Mo., July 9; Chicago, July 11; and New York City, July 14.

Details are available from J. Robert Hunter, Acting *FIA* Administrator, *HUD*, Washington, D.C. 20410.



Futures Market for Mortgages Proposed

The *Chicago Board of Trade* has asked the newly-created *Commodity Futures Trading Commission* for authority to institute futures trading for mortgages. While futures trading in mortgages has existed for Government-backed mortgages... the process has not been part of a regularly established exchange operation. The *FHLBB* has indicated its approval of the process... stating that such a market would help stabilize the flow of mortgage money... and also help insulate home mortgage borrowers from cyclical factors that have brought about uncertain flows of funds in the past. The trading proposed would be in \$100,000-unit contracts of *GNMA*-guaranteed mortgage securities... and would roughly resemble the present pattern of trading in such commodities as corn, soybeans, gold, and potatoes.

Variable Rate Mortgages Deferred

As a result of "Sense of Congress" resolutions. . . passed by the *Banking Committees* of both Houses of *Congress*. . . the *FHLBB* has deferred the issuance of a proposed *Variable Rate Mortgage Regulation* until *Congress* specifically approves such an action. The *Committee* resolutions came despite the *Bank Board's* strong advocacy of the *VRM* concept.



701 Rural Grants Rise

During Fiscal Year 1974. . . *HUD* made grants through the *701 Comprehensive Planning Assistance Program* totaling \$6.9 million to 315 rural districts in 44 States for planning programs.

Among the programs of rural districts are areawide comprehensive land use planning; technical assistance to small governments; long-range capital budgeting; increasing governmental productivity; regional sewer and water planning; and economic base studies and action plans.

The *Department of Agriculture* participates jointly with *HUD* in assistance to rural areas. . . and contributed (through its field staffs and those of associated State agencies) the equivalent of more than 500 employees in professional and administrative services during the year.

Since 1972. . . the first year for which an appropriation of \$100 million was available. . . more than 2,000 municipalities, counties, and areawide organizations have been assisted.



Elderly and Handicapped Program Regs Published

HUD has published proposed regulations governing Federal loans for housing for the elderly and the handicapped in the *Federal Register* of May 15.

The loans. . . provided for in Section 202 of the *Housing Act of 1959*. . . as revised in the *Housing and Community Development Act of 1974*, may be used to finance the construction of housing for the elderly and the handicapped in projects sponsored by nonprofit organizations. Rental assistance will be made available under the *Section 8 Housing Assistance Payments Program*.

The proposed regulations describe:

- How an applicant requests consideration by *HUD* of a proposed project;
- The factors upon which *HUD's* consideration is based;
- Steps to be taken by both *HUD* and the applicant as the request progresses to the point of actual lending;
- Various obligations of the principle, including *HUD*, both in the construction and permanent financing phases; and
- The requirements of the 202 program as they relate to the *Section 8 Housing Assistance Payments Program*.

All comments received by *HUD* will be considered before adoption of final regulations.

American Institute of Architects Continuing Education Department. . . Five 2-day *Laboratories on Cutting Production Costs.* . . Sunnydale, California, June 18-19; July 9-10, and 23-24 (specializing in health care facilities); August 13-14 and 27-28. Further information: *AIA Continuing Education*, 1735 New York Ave., N.W., Washington, D.C. 20006. (202/785-7354).

University of Texas Institute of Urban Studies. . . National Conference on *Alternatives in Energy Conservation: The Use of Earth Covered Buildings.* . . Fort Worth, July 9-12. Details: Frank Moreland, Director, *Center for Energy Policy Studies, Institute of Urban Studies, University of Texas*, Arlington, Texas 76019.

Housing Assistance Council and the *National Leased Housing Association.* . . Three 1-day seminars on *Section 8 for Rural America.* . . Washington, D.C., July 21; Chicago, July 23; and San Francisco, July 25. Details: *HAC*, 1601 Connecticut Ave., N.W., Washington, D.C. 20009 (202/483-1426), or *NLHA*, 1025 Connecticut Ave., N.W., Washington, D.C. 20036 (202/833-2327).



1974 Fertility Reached New Low

Annual fertility in the United States was at its lowest level in history in 1974. . . according to the *Census Bureau*.

There are three basic measures of fertility: crude birth rate, general fertility rate, and total fertility rate. The crude birth rate is the number of births per 1,000 total population. In 1974 this rate was 14.9, the same as in 1973. . . a rate 18 percent lower than 1970 and 41 percent below that for 1957.

The general fertility rate is the number of births per 1,000 women between the ages of 15 and 44. For 1974. . . this rate continued to decline to 68.5. In 1970. . . it was 87.9, and in 1957, 122.7.

The total fertility rate is the number of births that 1,000 women would have in their lifetimes if, at each year of age, they experienced the birth rates occurring in a given calendar year. Thus, this measure deals with implied lifetime fertility. The total fertility rate was estimated at 1,862 in 1974. . . compared with the 1970 figure of 2,480, and 1957's record rate of 3,760. Therefore. . . a rate of 2,100 is needed for the population to replace itself if there were no immigration. . . and although the total fertility rate is now below 2,100, the population is still growing by more than one million per year. This is because of variations in the age structure of the population and currently. . . a relatively large proportion of women are in their childbearing ages.

Prolonged fertility at replacement level (again in the absence of immigration) would eventually produce an annual number of births equal to the annual number of deaths. It would also eventually produce a stabilized age structure. These results would not occur until about the middle of the next century because of the present young age structure of the population.

The number of births decreased to 3.2 million in 1974. . . while there were an estimated 1.9 million deaths. Net civilian immigration was estimated at 360,000. These factors combined to give the U.S. a growth rate of 7.5 persons per 1,000 population. Between 1946 and 1962. . . the growth rate ranged between 14.9 and 18.3.

In terms of numerical growth, the total population of the United States was estimated to be 212,796,000 on January 1, 1975, an increase of 1,591,000 during 1974. . . slightly larger than that for 1973 but only about half the record of 3,058,000 in 1956.

Copies of the report, *Estimates of the Population of the United States and Components of Change: 1974 (With annual data from 1930)*, Series P-25, No. 545, are available for 55 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

REALTORS' Warranty Plan to Begin

The *National Association of REALTORS* has selected three companies to initiate its *Home Protection Program* scheduled to get underway in July. The program is expected to cover up to a million homes annually by the end of 3 years.

Under the program... buyers of existing houses will receive protection against failure of the home's major components for a period of at least 1 year at an anticipated cost of about one-half of 1 percent of the purchase price. Covered are plumbing, heating, air conditioning, electrical systems, roof, floors, ceiling and walls as to structural soundness, and basement walls. After a professional inspection of a house listed for sale, the seller will have the option of declining coverage, bringing any deficient components up to standard, or buying a contract with some components excluded.

NAR President Art S. Leitch, of San Diego, said this will provide protection to the consumer against expensive undisclosed faults, will relieve the seller of any implied liability, and will remove the broker from a position as arbitrator.

The one-half of 1 percent of the purchase price would be about \$162 for 1 year's protection for a home at the 1974 median price of \$32,400. The contract will have a \$100 deductible for any component and will pay the balance of the repair or replacement cost.

The program for existing houses was developed by NAR... and it will be available through any licensed real estate agent. A similar *Home Owners Warranty Plan* for new houses was put into operation last year by the *National Association of Home Builders*.

NAR said the program will start in July in major metropolitan areas but it is expected to be available throughout the Nation within 3 years... covering by that time an estimated 750,000 to one million homes annually.

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HUD NEWSLETTER
June 16, 1975



HUD

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

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June 23, 1975

WASHINGTON, D.C. 20410

Vol. 6 No. 25

Current Trends

FNMA has issued \$107.5 million in 4-month commitments to purchase Government-backed and conventionally financed home mortgages. The issuance was for \$80.4 million in commitments on Government-backed mortgages at an average yield of 9.135, which converts to an average price of 95.61 for 8½ percent *HUD/FHA-VA* mortgages. (The average in the previous auction was 9.252.) In the conventional auction... \$27.1 million was issued at an average yield of 9.256... down from 9.414 in late May.

The *Commerce Department* reported April construction expenditures ran at a seasonally-adjusted annual rate of \$121.7 billion... up .6 percent from March... but 18 percent below April 1974.

Mortgage lending by federally-insured savings and loans increased in April to \$4.06 billion... up 33 percent from the \$3.04 billion in March... the *FHLBB* reported. This was 7 percent below the \$4.38 billion in April 1974... but was the highest monthly total since June 1974. Commitments for future mortgages also rose in April... to \$11.56 billion... up 16 percent from March.



Settlement Costs Guide Available

Settlement Costs... a HUD Guide for Homebuyers... issued under the terms of Section 5 of the *Real Estate Settlement Procedures Act of 1974...* is now being distributed to mortgage lenders. The publication explains in detail how the new Law... which became effective on June 20... helps the homebuyer. Among the subjects covered are: the *Advance Disclosure Provisions; Truth in Lending; Escrow Accounts*, etc.

HUD Regulations require that a copy of the publication be supplied to every home purchaser in advance of settlement date. To meet this requirement... *HUD* has authorized lenders, brokers, title companies, etc., to reprint the publication under their own cover if they so desire. Copies are available from any *HUD Office*.



FYI

American Institute of Architects... Seminar on Human Response to Tall Buildings... Chicago, July 17-19. A tour of five tall buildings in the Chicago Loop will be a feature of the opening day. For further information or for abstracts of the papers to be presented: Evagene H. Bond, PR Projects Director (202-785-7267); or Don Conway, Director of Research (202-785-7351) at *AIA* headquarters, 1735 New York Avenue, N.W., Washington, D.C. 20006.

National Trust for Historic Preservation... Conference on the Economic Benefits of Preserving Old Buildings... sponsored jointly by the *Trust* and the *City of Seattle*, with endorsing sponsorship by *American Institute of Architects, American Institute of Planners, National Association of Homebuilders, National Association of Housing and Redevelopment Officials*, and *Urban Land Institute...* Seattle, July 31-August 2. Information: Michael S. Leventhal, *National Trust*, 740 Jackson Place, Washington, D.C. 20006 (202/638-5200).

FNMA and FHLMC Adopt Uniform Mortgage Document

The two largest secondary mortgage operators... the *Federal National Mortgage Association* and the *Federal Home Loan Mortgage Corporation* have agreed on a uniform set of conventional mortgage documents... including notes, deeds of trusts, and mortgage forms... which conform to the laws of each State.

Previously, each had a separate set of documents for each State. The agreement reduces to 53 the 109 different forms that were needed for the 50 States, the District of Columbia, Puerto Rico, and Guam.

A joint statement from the two corporations pointed out that a truly uniform set of documents is still impossible at this time because of local laws, customs, and usages... but hoped this could be accomplished in the near future.

"We've worked a long time to get together on this and are pleased to see it finally happen," said *FNMA* President Oakley Hunter. "It's unfortunate there can't be one set for the whole country instead of 50-odd different sets."

In 1974... *FNMA* bought over \$7 billion of mortgages... and *FHLMC* bought more than \$2 billion. The new *FNMA/FHLMC Uniform Instruments* are being distributed to the 2,300 eligible sellers.



New Publications

Model Security Code for Residential Areas... intended to provide planners and municipal code administrators with an annotated set of model security provisions which can readily be adapted for local use. Prepared by the *Institute for Community Design Analysis* with the assistance of a *Ford Foundation* grant. Available for \$5... plus 50 cents shipping charge... from the *Institute*, 853 Broadway, New York City, N.Y. 10003.

The 1974 Annual Report of the Federal Home Loan Bank Board... covering operations for the calendar year 1974. Available as part of the annual subscription to the *FHLBB Journal*... \$24.50 per year from the *Superintendent of Documents*, Washington, D.C. 20402.

Management and Control of Growth... issued by the *Urban Land Institute* with assistance of a *HUD* research grant... is a compilation of articles by more than 120 authors, including many of the leading planners, attorneys, and educators in the field of managed growth. The information is intended for elected local officials and others involved in local decision-making on housing, fiscal impacts, environmental concerns, social equity, and other key issues in growth management. Some of the articles have been reprinted from earlier publications... while many were prepared especially for these volumes. In addition... the text of several major court decisions are reprinted... including those in Petaluma, California, and Ramapo, N.Y. Sold in complete sets only. May be purchased for \$22.50 plus handling from the *Urban Land Institute Publication Division*, 1200 18th Street, N.W., Washington, D.C. 20036.

Hispanic Americans in the United States: A Selective Bibliography, 1963-1974... compiled by the *HUD Library*. Items chosen for inclusion concentrate on providing general historical background, and insight into the educational, economic and social adjustment of Americans of Hispanic ancestry. English language materials only are included. Specialized bibliographies are cited at the end of each section.

HUD cannot supply the publications listed. To secure copies, please consult your library or book dealer, or write the publishers.

For sale by the *Superintendent of Documents*, Washington, D.C. 20402. Price 65 cents. (Stock number 2300-00271).

REALTORS Want More Growth

The President of the *National Association of REALTORS* has expressed his support for land use legislation that "recognizes rights of property owners and local governmental bodies."

Art S. Leitch of San Diego urged *Congress*... now considering land use bills... to "place equal weight on social and economic factors, such as accessibility of housing, the need for jobs, maintenance of a desirable standard of living and the future growth and development needs of the Nation. We recognize and support the need for better land use planning. And, we encourage the Federal Government to make financial and technical assistance available to States and communities that want to develop a land use planning process. At the same time, we urge that legislation now being considered... and any in the future... avoid any suggestion of Federal dictation of State and local land use decisions. This also includes indirect controls through Federal monetary 'incentives.'"

He also warned against no-growth policies, sewer hookup restrictions and building moratoriums implemented by any level of government. "These are not satisfactory responses to community development problems and fail to recognize rights of property owners," Leitch said.

"The objective should be planned growth, not no growth," he added.



Guide to Land and Water Information Published

Land Use Planning Abstracts... published by *EIC*... the *Environment Information Center*... a comprehensive land use handbook answers a number of major questions such as: How much farmland is converted to subdivisions annually? How much land does the *Federal Government* own? What is the total vacant land in U.S. cities? Which States have strong land use controls? Where can you find case studies on the impact of no-growth ordinances, sewer moratoriums, or on any aspect of this fast-emerging national issue?

The answers which until now have been scattered in a thousand government archives, Congressional hearings, magazine articles, and forgotten task force reports... have been collated and organized for quick reference in the publication.

Copies of most documents cited are available for \$1.75 per title (microfiche) and 30 cents per page hard cover. Documents range from "*Analysis of Constitutional Limits of Land Use Control*" to "*Zoning Older City Neighborhoods*." A sampling of titles includes: New U.S. growth center; Regulation of city growth in the U.S.S.R.; Impact of federalism on city planning; Harnessing property taxes; Managing rapid growth in the Rockies.

Land Use Planning Abstracts: A Select Guide to Land and Water Resources Information Since 1970, LC No. 74-28044, 505 pages, 8 x 11", hardcover, dust jacket, \$50.00, to be updated annually. Available on 10-day approval from *EIC*, 124 East 39th St., New York, N.Y. 10016 (212/679-0810).



Map Showing Congressional Districts Issued

Boundaries of the 435 districts for the newly-convened 94th Congress are shown on a map just published by the *Census Bureau*.

The districts of the 94th Congress reflect changes in boundaries made since the 93rd Congress took office in January 1973. Districts for 47 States remained the same as they were 2 years ago. However, judicial action resulted in total redistricting of California and Texas... and partial redistricting in New York, Alaska, Delaware, Nevada, North Dakota, Vermont, Wyoming, and the District of Columbia each elect single representatives at large.

The new map, *GE-50, No. 62*, entitled *Congressional Districts for the 94th Congress*... measures 30 by 42 inches. Copies may be obtained for 65 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

HUD Preservation Grants Announced

Grants of \$25,000 to four cities to carry out neighborhood preservation planning and management programs have been announced. The cities... selected jointly by *HUD* and the *National Endowment for the Arts*... are New York City, Louisville, Dallas, and Galveston. The demonstration activities will be funded under *HUD's Comprehensive Planning Assistance Program (Section 701)*. It is *HUD's* goal under this program to help cities preserve and enhance historic and cultural districts, buildings, and structures that are significant in American history and valuable resources for urban housing.

David O. Meeker, Jr., Assistant Secretary for Community Planning and Development, who administers the *Section 701 Program*, said, "Improving older city neighborhoods and preserving them for future generations is a major domestic priority. We expect that other communities will benefit from the shared experiences gained in these demonstrations."

Included in the projects are the following activities:

- New York City will designate a landmark neighborhood to analyze the implications of public tax policy on neighborhood preservation.
- Louisville will develop methods for coordinating public resources and activities with private preservation initiatives being carried out in its landmark neighborhoods.
- Galveston will expand its historic preservation program and study alternative methods for integrating preservation planning into its overall community planning and development processes.
- Dallas will conduct a detailed study in selected neighborhoods to identify needed neighborhood preservation activities and will create a program to meet those needs.

Comprehensive Planning Assistance is available to States, areawide planning organizations, and localities for a wide variety of public planning and management activities, including preservation surveys and implementation activities.

HUD newsletter

HUD-318-181-ASI

June 23, 1975

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HUD-401



Mrs
Landis
Room 8141

HUD NEWSLETTER
June 23, 1975

HUD

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5000

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT



June 30, 1975

Vol. 6 No. 26

Current Trends

The *Dodge Building Cost Indexes*... compiled by *McGraw-Hill Information Systems*... show that in the 12-month period from June 1974 to 1975... construction costs nationally rose 7.79 percent. Among the cities covered... Newark showed the largest gain... 11.55 percent... with Denver and Washington, D.C. also in the above-average category. Among the lowest increases were Baltimore... which gained 4.33 percent, Chicago with 4.85 percent, Louisville with 4.85, and New York City, 5.33 percent.

The *Census Bureau* reports that during April, 580,000 new one-family houses were sold at a seasonally-adjusted annual rate... 25 percent higher than the 464,000 revised rate for March. Over the preceding 12 months... May 1974 had the highest annual rate with 569,000 units. From May to December of 1974... the sales rates declined to 382,000 units. At the end of April... 381,000 new houses were available for sale (not seasonally adjusted). This is a steady decline from the April 1974 level of 446,000 units. The unsold inventory at the end of April 1975 was the equivalent of 7 months supply at the April rate of sales. This compares with a 9 months supply in March 1975 and an 8 months supply in April 1974. Of the 55,000 houses that were sold in April 1975... about 46,000 were from the inventory available for sale at the end of March; the remaining 9,000 houses came onto the market in April. The median sales price of new one-family houses sold in April was \$39,000.

Housing starts in May were at the seasonally-adjusted annual rate of 1.126 million units... up 14.2 percent over April 1974. Residential building permits were issued in May at the seasonally-adjusted rate of 909,000 units... a rise of 8.6 percent over April.

Interest rates on \$224.2 million of urban renewal notes fell to their lowest level since December 1972 in HUD's latest sale of 93 local agency issues. The average interest rate was 3.135 percent... down from April's 3.522 percent. The 1972 year-end rate was 3.1058 percent.

NOT TO BE TAKEN
FROM THE LIBRARY.

Revenue Research Study Approved

HUD's Office of Policy Development and Research (PD&R) has awarded a \$250,000 contract to *Rutgers, the State University*, at New Brunswick, N.J., to pull together all recent cost-revenue research and to evaluate and test the various research tools resulting from it. The end product will be one or more handbooks designed to help local government officials decide which of these tools, or methods, is best suited to their particular needs.

The work will be carried out by *Rutgers' Center for Urban Policy Research*, with the assistance of *Barton-Aschman Associates* of Washington, D.C.

The 2-year project is part of HUD's continuing research on management techniques designed to strengthen State and local government capacities for using their resources to meet public needs.

For further information: Dr. George Sternlieb, *Center for Urban Policy Research, Rutgers University*, New Brunswick, N.J. 07103.

Mortgage Bankers Officers Nominated

New officers for 1975-76 have been nominated by the *Mortgage Bankers Association of America*. They are: president... **Jerome L. Howard**, chairman of the board and chief executive officer, *Mortgage and Trust, Inc.*, Houston; first vice president... **Kennon V. Rothschild**, chairman and chief executive officer, *H. & Val J. Rothschild, Inc.*, St. Paul; second vice president... **David S. Cook**, president, *The Galbreath Mortgage Company*, Columbus, Ohio; and treasurer... **Bernard V. Dill**, executive director, *Massachusetts Purchasing Group*, Boston.

Howard is currently first 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.

Rothschild is second vice president this year. He is a past president of the *Minnesota Mortgage Bankers Association*, the *St. Paul Mortgage Bankers Association*, and the *St. Paul Urban League*. Cook is currently the chairman of *MBA's* legislative committee... and a past president of both the *Ohio Mortgage Bankers Association* and the *Columbus Mortgage Bankers Association*.

The nominee for treasurer, Dill, is a member of *MBA's* investor liaison committee and finance committee.



State and Local Employment Up

There were close to 14.7 million civilian public employees in October 1974... an increase of 529,000... or 3.2 percent... over the same month in 1973... according to the *Census Bureau*. The increase was almost entirely in State and local governments... up 3.9 percent, from 11.4 to 11.8 million. The number of Federal civilian employees increased only slightly to 2.9 million.

Public civilian payrolls for the month of October 1974 totaled \$12.1 billion... \$1.1 billion more than in October 1973. The 1974 payroll broke down to \$8.8 billion for State and local governments and \$3.3 billion Federal.

The full-time equivalent of all State and local government employment was 9.9 million in October 1974. Full-time equivalent is calculated by dividing the average monthly pay of full-time employees into the total pay for all full- and part-time employees. Local governments accounted for 73 percent of this number. In the 22-year period from October 1952 to October 1974... the full-time equivalent number of State and local government employees rose 146 percent... and October payrolls went up 686 percent.

Federal civilian employment reached a peak of about 3.4 million during World War II... cut back to 2 million in 1947... and rose to 2.5 million in 1951. Then, after several years of only minor change, moved up to nearly 3 million in 1967, and has since maintained its present level of about 2.9 million. The number of Federal civilian employees working in various States in 1974 ranged from a high of 299,000 in California to fewer than 10,000 in each of the following seven States: Delaware, Idaho, Nevada, New Hampshire, North Dakota, Vermont, and Wyoming.

Total State and local government employment dropped somewhat during World War II from 3.4 million in 1941 to 3.2 million in 1945... and has shown a significant increase nearly every year since. Nearly half (4.9 million) of the 1974 full-time equivalent employment of State and local governments was in the field of education.

Full-time employees of State and local governments were paid an average of \$899 for the month of October 1974... \$52 a month more than October 1973, the report also shows.

Copies of the report, *Public Employment in 1974*, are available for 80 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

Mortgage Forbearance Regulations Liberalized

HUD has announced a relaxation of special forbearance provisions that will make it easier for mortgage lenders to help fiscally-troubled homeowners stave off foreclosure of their homes.

Special forbearance... authorized under **FHA** regulations... allows a lender to work out a mortgage payment plan with a property owner that will cure the default and save the mortgage.

Under former regulations, special forbearance may have been granted where there was a default and it was determined that:

- The mortgagor did not own other property subject to a mortgage insured by **FHA**.
- The default(s) was due to death, illness, or curtailment of income of the mortgagor or member of his family, or because of damage to mortgaged property which is not adequately protected by insurance.

Under the new regulations, forbearance may now be granted merely where "circumstances beyond the homeowner's control" contributed to the default. These circumstances may include an over-extension of the homeowner's income due to rising utility costs and inflation... or other developments over which the homeowner has no control.



Mortgage Study Available

A study of the private mortgage insurance industry that **HUD**, **FNMA**, and the **FHLMC** funded has been completed. The study was done under contract by **Arthur D. Little, Inc.**, a consulting firm of Cambridge, Mass.

Copies of the 340-page report have been distributed to **HUD**, to the *Housing Subcommittees of the Congress*, and representatives of the private mortgage insurance industry. Those interested in obtaining a copy may order directly from Dr. Irving H. Plotkin, **Arthur D. Little, Inc.**, 25 Acorn Park, Cambridge, Massachusetts 02140. The price is \$40.



AIA Elects

John M. McGinty of Houston, Texas, was elected first vice-president and president-elect of the *American Institute of Architects*, at the 1975 **AIA** convention in Atlanta. Other new officers elected include: Elmer E. Botsai, Carl L. Bradley, and Robert L. Wilson, vice presidents; and Charles E. Schwing, treasurer. Mr. McGinty, president-elect for 1976, is currently serving his second year as an **AIA** vice-president.



FYI

National Association of Housing and Redevelopment Officials... "Three-in-One" Workshop on relocation, social service, and citizen participation programs... St. Louis, July 8-10. Details: **NAHRO**, 2600 Virginia Ave., N.W., Washington, D.C. 20037 (202/333-2020).

Institute of Financial Education... School for Executive Development... Storrs, Conn., July 13-25. Details: **IFE**, 111 East Wacker Drive, Chicago, Illinois 60601 (312/644-3100)

National Association of Building Manufacturers... Seminar on Middle Eastern Trade and Investment Opportunity... cosponsored by **HUD's International Business Division**; the *Departments of State, Treasury, and Commerce*; and the *Export-Import Bank*... Washington, D.C., July 21-22. Information: **NABM**, 1619 Massachusetts Avenue, N.W., Washington, D.C. 20036.

Spring Housing Market Report Issued

The *Department of Economics and Research of the National Association of REALTORS* has released its 1975 *Spring Real Estate Market Report*. Among the various items reported were some significant trends:

- Increased availability of home mortgage funds. . . "Painting the brightest picture in many months." Demand for single-family homes during the first quarter experienced a more-than-seasonal upturn. . . though not as active as in previous years.

- Buyer interest in condominiums is dwindling as the result of overbuilding. Half of the Nation reported demand down from last year. . . furthermore in many areas of the country. . . notably California and Florida. . . condominiums are glutting the market. Current estimates place the number of unsold units at 200,000.

- The dramatic decline in multifamily housing units being built and the increase in family formation point to a tightening of the rental market and keener competition for existing housing units. The report points to an upward trend in apartment rentals. . . reversing the trend that began in 1972. Property taxes, higher maintenance and repair costs, and a dramatic jump in energy costs have brought about rent increases. . . but despite these cost jumps. . . residential rents have not increased as much as the general price level. . . *NAR* says.



New Publications

Comparative Tax Burdens in Manhattan, Queens, and selected New York Metropolitan Area Suburbs. . . Occasional Paper No. 20. . . provides estimates of Federal, State, and local taxes paid in 11 metropolitan New York locations by families at four income levels for the years 1967, 1971, and 1974. \$2.00 per copy. . . from Publications Officer, *Metropolitan Studies Program*, 607 University Avenue, Syracuse, New York 13210.

The Condominium Book. . . *A Guide to Getting the Most For Your Money*. . . by Lee Butcher. Published by *Dow Jones & Co.* Paperback. 114 pages. From booksellers. \$4.95.

HUD newsletter

U.S. Department of Housing and Urban Development
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HUD NEWSLETTER
June 30, 1975

HUD newsletter

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



July 7, 1975

Current Trends

The F.W. Dodge Division reports that new housing construction in the first quarter of 1975 was up 10 percent from the 1974 level. New units for the period totaled 201,697... with two Texas cities... Dallas and Houston... leading the Nation. The other top areas: Los Angeles-Long Beach, San Diego, Chicago, Phoenix, Tampa, Atlanta, New York, and Detroit.

HUD's June 1 opinion survey... the initial report on secondary market prices and yields on HUD/FHA insured homes mortgages since the 8½ percent maximum permissible interest rate became effective April 28, 1975... showed that nationally, the secondary market price for new-home mortgages with 30-year terms and minimum downpayments averaged \$95.0 per \$100 of outstanding loan amount. The equivalent gross yield to investors was 9.16 percent. Prices and yields showed only minimal differences between areas of the country. The national average interest rates contracted to be paid by the borrowers on conventional first mortgages increased for the second consecutive month to 9.05 and 9.10 percent for new- and existing-home contracts, respectively. The gains were only five basis points over a month earlier... compared to the 10 basis-point increase in the previous reporting period.

FHLBB Actions



The FHLBB has adopted regulations implementing the new lending and borrowing provisions of the Consumer Home Mortgage Assistance Act of 1974.

The new regulations authorize Federal S&Ls to invest in unsecured loans for construction and home improvement purposes, and "prudent" loans secured by residential real estate which don't conform to certain statutory or regulatory requirements. Associations fulfilling certain eligibility requirements may invest from 2 to 5 percent of their assets... depending upon the sufficiency of their reserves... in these new lending categories. Full documentation is required for both types of loans.

The new regulations also increase the percentage of total borrowings which Federal associations may seek from State-chartered central-reserve institutions, including State mortgage finance agencies. Previously... only one-fifth of borrowing could be from such sources, but now all of a Federal's borrowings could come from such lenders. The new regulations also implement new statutory restrictions on borrowing eligibility and relending of loan proceeds from State central-reserve sources.

The Board also announced that the percentage of assets that the Federal S&Ls can hold in home loans in excess of 90 percent of the value of the home has been increased from 10 to 15 percent. As a result... it will now be possible for S&Ls to make more low downpayment loans. This should be especially beneficial to both younger and moderate-income households that do not have the funds to make a large downpayment.

This action should also be helpful in stimulating housing construction... since it will make it somewhat easier for builders to obtain forward commitments for low downpayment loans on new housing units.

This will not affect the 30 percent of assets figure that applies to all loans over 80 percent of value. Both actions are effective immediately.

Shopping Around for Mortgages

The *Wall Street Journal* has published the results of a survey it conducted on the availability of mortgage funds. It reports that home buyers in many areas have found it advantageous to "shop around" for mortgages. With the unusually heavy inflow of savings now being experienced by banks and savings and loan institutions... the competition among them to place mortgages has increased... and borrowers are finding that as much as 1 percent can be saved by shopping around. In the New York City suburbs... interest rates are being quoted from 8½ to 9½ percent. The lower rate can mean a \$20-25 per month saving on an average \$40,000-\$45,000 loan. Interest rates are not the only competitive factor. Other considerations... such as appraisal fees, legal costs, etc. are also subject to negotiation... so that... to quote the article: "a smart shopper with a sharp pencil can save hundreds of dollars by doing a little figuring before selecting a lender."

Discretionary Grant Memo Issued

HUD has issued a memorandum to all its Field Offices clarifying its program governing discretionary grants under the *Housing and Community Development Act of 1974*. The text of the memo stated:

"As you know, there has been unexpectedly heavy interest on the part of counties seeking *Urban County Designation*. The large majority of these have been found to have the required powers, and they are signing cooperation agreements with a substantial number of their towns.

"We have now proceeded far enough in the review of the proposed *Urban Counties* to reach these conclusions:

"1. The present *SMSA* account for FY 1975 funds will be in a negative position if the potential *Urban Counties* complete cooperation agreements in the numbers that appear likely.

"2. A considerable portion of the Secretary's Fund will have to be made available to the general *SMSA* account to pay *Hold Harmless* grants to cities and towns within *SMSAs*.

"3. Nothing in the bi-weekly funding reports we receive from your offices, nor anything from any other source, indicates that any substantial part of the *SMSA* shortfall will be restored by virtue of entitled cities not applying.

"Consequently we have reluctantly concluded that we cannot expect to make any *SMSA* discretionary balance grants in FY 1975. We ask that you so inform interested communities which may have pre-applications before you now or who otherwise may have expressed interest in applying for such grants.

"We further ask that you keep the pre-application before you until further instruction.

"In explaining this funding decision to the communities, you may wish to note that HUD has no choice but to fund the *Urban Counties* once it is determined they are eligible. The statute provides that funding for the approved counties must be taken out of the general *SMSA* funds, as must formula or hold-harmless funding for entitled cities, before there can be any *SMSA* balances for discretionary grants.

"This decision does not affect funding of discretionary grants from the nonmetropolitan *State* balances to States, counties, cities, or towns. Area Offices should proceed to respond to pre-applications for nonmetro funds by the March 20 deadline, as provided in the regulations and in my memorandum of February 25. In developing responses to pre-applications, you should anticipate that each State balance will be about 90 percent of the amount shown in the *Directory of Assistance* printed by the *House Banking and Currency Committee*. Assignment of funds for nonmetro discretionary grants will be made to you shortly."

Corporation and Consumer Debt Rise

Government debt has been reduced and corporations have become the largest debtors... according to a recent report of the *Department of Commerce*. This change... which has been quite dramatic in recent years... has brought about a shift in the relative positions of various debtor groups:

- Corporations now represent virtually half of all U.S. debt (46 percent). In 1954, corporate debt was \$182 billion... rose 124 percent to \$409.6 billion in 1964... and 209 percent to \$1.265 billion in 1974.

- Consumers owed \$190.1 billion in 1974... up 137 percent from the \$80.3 billion 10 years earlier... and an increase from 1954-1964 of 147 percent... from the 1954 level of \$32.5 billion.

- Governments owe a smaller proportion of all debt... particularly the **Federal Government**... which declined from 38 percent of all debts in 1954 to 16 percent in 1974. Federal debt in 1954 was \$230.4 billion... it rose 18 percent to \$271.5 billion in 1964... and 62 percent from 1964 to 1974 to a total of \$441 billion.

- State and local government debt rose much more sharply. From \$35.5 billion in 1954... it increased 155 percent to \$90.4 billion in 1964... and 121 percent the next decade to \$200.0 billion in 1974.



Code Group Elects

The Board of Directors of the newly-formed *Council of American Building Officials*... a federation of the *Building Officials and Code Administrators International*, *International Conference of Building Officials*, and *Southern Building Code Congress*... met and elected Leo J. Cantor of Richmond, Virginia, President, and Gaylord Dowd of Kalamazoo, Michigan, vice president.

The group took the first steps toward streamlining the building code and code enforcement system in the U.S. Most significant was the approval of operating procedures for a *National Research Board*. This *CABO* activity will enable manufacturers of building products who market nationally to go to any one of three locations (Birmingham; Chicago; or Los Angeles) to secure their building code research reports.

The Board of Directors also approved establishment of an office in Washington, D.C., and financial support for the *National Academy of Code Administration* which has recently moved to Washington from Chicago. Until the Washington, D.C. office is established... *CABO* business will be conducted at 1313 E. 60th St., Chicago, Illinois 60637.



Indian Housing Training Set

HUD will spend \$500,000 on a training program to improve management of *Indian Housing Authorities (IHA)*.

The program came about following the recommendation of the Executive Directors of *Indian Housing Authorities* at the *National Conference on Indian Housing* last November in Scottsdale, Arizona.

The funds... set aside in the *Target Project Program (TPP)*... will be channeled through *IHA* operating budgets, but earmarked to defray expenses of those *IHA* employees participating in management training approved by *HUD*.

The program will be launched with a series of short orientation sessions for *IHA* commissioners and executive directors and tribal officials. About 140 *Indian Housing Authorities* are expected to participate in the management training program, subject to the overall control of an Indian organization national sponsor to be named soon.

Mobile Home Chairman Selected

Russell R. Bahr, Chief of the *Division of Codes and Standards* of the *California Department of Housing and Community Development*, has been elected chairman of the *National Mobile Home Advisory Council*. The *Council* was authorized by the *Housing and Community Development Act of 1974*... and its members were named by *HUD* Secretary Carla A. Hills in April. The election took place during the first session of the 24-member *National Mobile Home Advisory Council* held in Washington, D.C.

During the 2-day meeting, the *Council* discussed a *HUD* draft of mobile home standards. Proposed standards taking into account comments made by members of the *Council* will be published in the *Federal Register* in June.

The *Council* also established a seven-person executive committee and several task forces to work with *HUD* in areas of particular significance to the *Council*.

Under the *Act*, the Secretary is directed, to the extent feasible, to consult with the *Council* prior to establishing, amending, or revoking any mobile home construction or safety standard pursuant to the *Act*.

HUD will promulgate final mobile home construction and safety standards by August 22, 1975, as required by the statute. These standards will become effective 180 days after publication in the *Federal Register*.

FYI



American Bankers Association and Ohio State University... National School of Real Estate Finance... Columbus, Ohio, August 3-8. Contact: Reynolds R. Young, *Housing and Real Estate Finance Division, ABA*, 1120 Connecticut Ave., N.W., Washington, D.C. 20036 (202/467-4222).

Association of Federal Appraisers... Fourth Annual Educational Seminar... Theme: *Coping with the Three E's—Economy-Energy-Environment*... Portland, Oregon, August 6-8. Details: Everett E. Johnson, P.O. Box 3621, Portland, Oregon 97208.

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July 7, 1975

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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

JUL 14 1975

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President Signs Emergency Housing Act

The Emergency Housing Act of 1975, signed into law by President Ford on July 2, and specifically tailored to meet objections to an earlier version vetoed by the President, was called by the President "crucial to economic recovery." He said at the signing, "This Administration is committed to a prompt recovery of the housing industry and getting construction workers back on the job."

HUD Secretary Hills said earlier "I am confident that this Act, once enacted into law, will provide the tools necessary to guide the housing industry to a full recovery." The new Act allows the President to release up to \$10 billion in new authority for Government purchase of home mortgages at subsidized rates. It also permits the Government to co-insure mortgages held by unemployed homeowners threatened with foreclosure and authorizes direct loans of \$250 a month for two years.



All-America City Awards

The *National Municipal League's All-America City Awards for 1974* have been announced. Twelve cities across the country were designated in the 26th annual program. This year's cities were honored for human services, crime protection, downtown renewal, governmental improvement and reform, etc. The award-winning cities... and their populations are: Allentown, Pa., 109,871; Excelsior Springs, Mo., 9,415; Fall River, Mass., 96,898; Gardner, Mass., 19,748; Grand Prairie, Tex., 52,409; Norfolk, Neb., 18,068; Pontiac, Mich., 86,279; Raleigh, N.C., 123,793; South El Monte, Calif., 16,032; Spencer, W.Va., 2,587; Spokane, Wash., 170,516; and Wooster, Ohio, 18,703.

This year's selections were in the small to middle-sized communities, with the largest of the group... Spokane at 170,516. Frequently in the past... there were winners in the 250,000-500,000-and-above category.

Full details of the awards can be found in the May 1975 issue of *American City*.



Boston Initiates Rebate Program

Homeowners in Boston can have the city rebate 20 percent of home repair bills... up to \$3,000... under a new plan announced by Mayor Kevin White. Financed by a *HUD Community Development Block Grant*... the program includes such repairs and improvements as water, sewer, heating, electrical, plumbing, insect or rodent eradication, walls, ceilings, and floors, painting, siding, etc. To be eligible... the homeowner must have a taxable income of under \$16,000.

The Mayor expects that 4,000 homeowners will participate in the first year... and that the program will generate \$17.5 million of home-improvement business in the city in that period.

Nonessential work... such as room additions, swimming pools, and purely decorative work do not qualify for the rebate.

Joint Research Project Launched

HUD has helped launch a \$700,000 research and demonstration effort to gain new insight and answers to problems besetting some 60 financially-troubled multifamily housing projects in the New York City area backed by the *Federal Government*.

The study is being funded jointly by *HUD's Office of Policy Development and Research*; *HUD's Office of Housing Management*; the *Ford Foundation*; the *Rockefeller Brothers' Fund*; and *Chemical Bank of New York*. *HUD's* share of the cost is \$480,000.

The projects include 16,500 dwelling units and represent mortgages totaling almost \$370 million.

The 30-month demonstration effort will involve the analysis of factors causing financing difficulties in selected multifamily projects, plus the design and testing of new management techniques for treating such problems. New remedial procedures proven effective during the experiment could also give *HUD* a prediction capability, or early-warning system, for pinpointing the onset of management and financial problems in future projects.

The demonstration will be carried out by *Advisory Services for Better Housing (ASBH)*, Inc. of New York City. The *ASBH* contract calls for preparation of case studies so that the new procedures can be applied to both public and private multifamily projects throughout the country.

Commenting on the demonstration and its national import, *HUD* Assistant Secretary Michael Moskow said: "Projections indicate that by the end of FY 75 more than 200,000 units of multifamily housing will be in projects owned by *HUD* or whose mortgages have been assigned to the agency. This represents an aggregate investment to *HUD* of more than \$2 billion. Unless new methods are found to diagnose and treat projects exhibiting initial signs of financial stress, this pattern of default and foreclosure will be a continuing trend."

About 6 percent of all *HUD*-insured multifamily projects in the Nation are located in the New York City area. Mr. Moskow noted that the New York City area represents "a microcosm of ills facing multifamily projects, both federally-insured and uninsured." The area, additionally, has "a reservoir of national experts available for consultation on these problems," he said.

HUD Assistant Secretary H.R. Crawford said his *Office of Housing Management* is "looking forward to the development of new approaches by *ASBH* which will improve *HUD's* management capabilities in analyzing and servicing insured projects, both subsidized and unsubsidized." The new techniques could help *HUD* establish new criteria for the initiation of mortgages, he said, and the demonstration itself "provides a unique opportunity to design and test alternative approaches to treating financially distressed projects."

Alfred Mills, head of *ASBH's Board of Directors*, termed the demonstration "a significant first step toward treating what has become a major problem at both the national and local levels." Mr. Mills is also Chairman of the Board of the *New York Bank for Savings*. *ASBH*, in carrying out the effort, will work closely with the *Housing Development Administration of the City of New York* and with *HUD's Regional and Area Offices* in the city, he said.

For further information: Ms. Frances Levenson, Director, *Advisory Services for Better Housing, Inc.*, 51 East 42nd Street, New York, New York 10017. (212/682-3939).

FYI



National Association of Real Estate Brokers. . . Annual Convention. . . Chicago, August 10-15. Details: *NAREB*, 1025 Vermont Ave., N.W., Suite 1100, Washington, D.C. 20005 (202/638-7521).

Metropolitan Association of Urban Designers and Environmental Planners. . . International Congress on Metropolitan Development. . . Amsterdam, the Netherlands, August 11-30. Theme: *Metropolitan Planning and Implementation*. Details: *Metropolitan Association of Urban Designers and Environmental Planners, Inc.*, P.O. Box 722, Church Street Station, New York, N.Y. 10008.

Metropolitan Area Study Authorized

HUD has begun a nationwide search for two metropolitan areas specially qualified to test a promising strategy for local government modernization. The *National Academy of Public Administration*... under contract to *HUD*... will conduct a national competition to select the two areas to carry out a study which could lead to the adoption of an approach known as *two-tiered government*.

The purpose of *two-tiered government* is to help governments in metro areas deal more effectively with their common and interrelated municipal problems. Each of the selected metropolitan areas could receive up to \$100,000 in direct support for local costs and must agree to analyze the potential to sort out and shift public services between areawide and neighborhood governments to improve the management and delivery of those services.

HUD Assistant Secretary for Policy Development and Research Michael H. Moskow said the *two-tiered government* study approach is designed to: encourage and assist local government reorganization study efforts; bring the costs and benefits of public services in better balance; and increase citizen involvement. It could also result in economies of scale, and should produce new and innovative ways to deliver and finance public services in urban areas, he said.

The study will focus on local government finances, services, and organization, and will be carried out by panel of local officials and citizens, with supporting staff assistance from the localities. The *Academy's* role is to provide financial and administrative support, technical assistance, and national leadership. Eighteen months is allotted for each community to conduct an analysis of its local government system and prepare a report of findings and recommendations for governmental modernization.

The *two-tiered government* approach was developed earlier with *HUD* assistance in two metropolitan areas: Rochester-Monroe County, N.Y., and the Tampa-St. Petersburg, Fla., area. Under this approach, study panels of elected and appointed officials and citizens conducted a comprehensive review of their governments and prepared a *two-tiered government* proposal tailored to local government needs. Local self-determination has and will prevail throughout the course of the study, Mr. Moskow said.

Dr. York Willbern, University Professor of Government at Indiana University, will be chairman of an *Academy* panel providing overall direction and guidance to the project. This panel includes distinguished scholars and government officials.

Proposals are invited from metropolitan areas in the population range from 250,000 to 2 million which must be submitted to the *Academy* by July 10. To be eligible, each area must demonstrate that local elected officials support the study, local leadership is available to serve on the panel, and \$50,000 will be available from local funding sources.

For further information: Charles R. Warren, Project Director, *National Academy of Public Administration Foundation*, 1225 Connecticut Ave., N.W., Washington, D.C. 20036. (202/659-9165)



Remodeling in 1974

The *Census Bureau* estimates 1974 expenditures for remodeling were \$21.1 billion... an increase of 14 percent over 1973. The details... based on *FHA* loan data:

	Percent
Major additions & structural alterations	30.4
Exterior finish	21.2
Interior finish	19.0
Heating	8.3
Roofing	5.4
New nonresidential (garages, carports, etc.)	5.1
Plumbing	4.4
Insulation	1.5
Other	4.7

New Publications

Local Growth Management Policy: A Legal Primer... A study carried out under the sponsorship of the *Greater Hartford Process* (a metropolitan-wide development program for the Hartford area)... and published with the aid of the *Ford Foundation*... written by David Falk and Herbert Franklin of the Washington, D.C., law firm of *Lane and Edson, P.C.*, and Arthur J. Levin, executive vice president of the *Potomac Institute*. The *Institute* is a Washington-based equal opportunity policy research organization.

The study analyzes legal trends nationally with regard to the authority of localities to adopt comprehensive controls over the volume, timing, and character of urban growth. It specifies criteria that may be used by a court to determine whether a local controlled growth program will be legally sustainable under general principles applicable to land use regulations.

Single copies: \$1.00; quantity prices on request; available from the *Potomac Institute*, 1025 Connecticut Ave., N.W., Washington, D.C. 20036.

Questions and Answers about National Flood Insurance Program. A printed list of 45 Q's and A's about the program. Free from *Federal Insurance Administration, HUD*, Washington, D.C. 20410.

Strategy for New Community Development in the United States (Community Development Series, 9)... edited by Gideon Golany, *Pennsylvania State University*. Contains a series of essays by planners, sociologists, academicians, and government officials. 450 pages; price \$22.50. Published by *Halstead Press*, 605 Third Avenue, New York, New York 10016.

Planning, Women, and Change... by Karen Haggood and Judith Getzels... sponsored by *HUD* and prepared by the *American Society of Planning Officials*... gives planning agencies a new awareness of, and ability to respond to, the changing roles of women in society. It details changes in female labor force participation and cites major trends affecting women today. Based on a workshop administered by *ASPO*... the report explores planning concepts of community design, transportation, housing, child care, and social services in an effort to identify issues which have significance for women's lives. 78 pages; \$6.00, prepaid, from *ASPO*, 1313 E. 60th St., Chicago, Illinois 60637.

HUD newsletter

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July 14, 1975

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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
July 14, 1975

HUD

newsletter

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



July 21, 1975

Current Trends

The *Joint Economic Committee of Congress* reported that monthly housing expense increased from 1973 to 1974 by 22 percent... from \$329 to \$486 on median-priced new homes... and 27 percent... from \$348 to \$441 on median-priced existing homes. According to the *Committee*... this decreased the percentage of American families able to afford the costs associated with a new home from 21.5 percent to about 15 percent. For an existing home... the percentage of families able to afford the expenses dropped from 1973 to 1974 from 29.6 percent to 20 percent. Minimum income required to support a new house rose during the same period from \$19,060 to \$23,330... and for an existing home from \$16,700 to \$21,170.

The *Department of Economics and Research of the National Association of Realtors* reported that the percentage of new homes sold for more than \$40,000 rose from July 1973 to July 1974 from 27.3 percent in the earlier year to 32.9 percent last year.

The *Engineering News-Record* has issued its annual forecast of construction costs. Based on the performance for the past 12 months... *ENR* estimates that the average of construction costs for the U.S. at the end of 1975 will be 10.7 percent above the December 1974 average. For individual cities... Atlanta, Baltimore, Birmingham, Dallas, and New Orleans are expected to be below the average increase... Seattle at 22.5 percent... considerably above... and the remaining cities covered are expected to be at about the national average. The increase is approximately the same as the 1973-1974 period.



Special Grants Approved

HUD has awarded \$2 million in special grant assistance to help 12 States and cities carry out innovative community development projects in public service productivity improvement, energy conservation, and neighborhood preservation.

The recipients were selected following a nationwide competition involving more than 200 localities. The projects will be carried out under the *Innovative Projects Program (IPP)* authorized by *Title I of the Housing and Community Development Act of 1974*.

In announcing the awards... *HUD* Assistant Secretary Michael H. Moskow said the *IPP* is "designed to encourage State and local governments to conduct research aimed at solving their community development problems." He said, "to the extent these projects are successful we can advance our understanding of community development and in turn disseminate the results of these demonstrations to other jurisdictions for replication."

The localities and grants amounts are: Anaheim, Calif., \$30,000; Davis, Calif., \$86,000; Indio, Calif., \$27,600; Cincinnati, \$200,000; State of Connecticut, *Department of Environmental Protection*, \$75,000; Wilmington, Del., \$161,115; Wichita, Kan., \$180,000; Commonwealth of Massachusetts, *Office of Community Development*, \$150,000; Helena, Mont., \$150,000; Hoboken, \$240,000; Paterson, N.J., \$355,000.

Additional details on individual projects may be obtained from Tom Bacon, *HUD Office of Public Affairs*, Washington, D.C. 20410 (202) 755-5277.

Paint Study Announced

Highly efficient and economical systems to apply new types of paint, electrostatic spray, and a seamless coating system in public housing projects will be demonstrated in 12 cities across the country under a \$150,093 HUD contract.

H.R. Crawford, Assistant Secretary for Housing Management, and Michael H. Moskow, Assistant Secretary for Policy Development and Research, announced jointly that the contract has been issued to *General Polymers Corporation*, Cincinnati, Ohio.

Equipment for the three systems will be transported on the 8,500-mile tour by a mobile unit known as a "paintmobile." The first demonstration was held in Washington, D.C.

Both systems are examples of the new technologies being developed through HUD research to resolve some of the Nation's most critical housing problems. Cost savings inherent in the spray paint system alone could amount to several million dollars nationwide.

The new paint is an odorless, water-based latex which becomes tack-free in about 7 minutes after being spray-applied. It becomes dry to touch in 20 minutes. An entire room can be spray-painted in a matter of 10 to 15 minutes, according to officials in HUD's *Maintenance Engineering Branch*, which helped develop the new systems.

Another property of the spray paint is that it dries so fast that splash back from the painting operation dries as it falls to the floor. Drop cloths are not necessary; the residue may be swept up with a broom.

The seamless flooring system, initiated by the *HUD Maintenance Engineering Branch*, is composed of polyurethane. Experiments are now going on which may lead to inclusion in the flooring of low-wattage heating elements which could have a high energy conservation potential. Seamless coating application is easy to teach and easy to master. Interested residents of the housing authorities can qualify as certified applicators.

These systems are expected to produce substantial reductions in maintenance costs of public housing... which are the most significant expense in the budgets of all Local Housing Authorities... from 35 to 85 percent of the total.

The spray paint system has been used on a large scale since 1972 and has proved very cost effective. In Chicago... for example... the system is now used exclusively. There was an estimated saving in 1974 of \$840,000. Convenience was also stressed; a unit can be restored in less than one day at minimum inconvenience to the residents.

In 1972... a memorandum of understanding was signed between HUD and the *Brotherhood of Painters and Allied Trades* permitting HUD to use spray equipment for maintenance paint in all HUD-administered housing.

The paintmobile will now travel to the following cities: Chicago, Cincinnati, Atlanta, Fort Worth, Kansas City, Mo., Denver, San Francisco, Seattle, Boston, Philadelphia, and New York City. Chicago will be visited twice. Dates of the demonstrations will be announced later in each city.



New Publication

In-Zoning... a 200-page handbook on "inclusionary zoning" for local officials, planners, lawyers, and citizen groups has been published by the *Potomac Institute*, a Washington-based equal opportunity policy research and analysis organization. The study provides guidance to local policy-makers on workable and legally valid techniques to encourage or require lower income housing through land use controls in urbanizing areas. It was written by Herbert M. Franklin and David Falk of the Washington, D.C., law firm of *Lane and Edson, P.C.*, and Arthur J. Levin, Executive Vice President of the *Institute*. The study was financed from a grant from the *National Science Foundation*. Copies of the study are available at \$3.50 from the *Institute*, 1501 - 18th St., N.W., Washington, D.C. 20036.

Local Government Districts Increase

The number of local government units known as special districts increased from 21,264 to 23,885 during 1967-72... a 1972 Census of Government reports. The Federal Government conducts this census every 5 years.

This increase reflects in part the increased public demand for specialized services that may not be offered by existing general purpose governments. The establishment of special districts may allow for a greater degree of specialization in providing services, since most special districts perform only one function, or limited functions. Another reason for the increase of special districts is that they eliminate increasing expenses of general purpose governments which may be unable to meet the necessary expenses of new programs. Debt and tax rate limits applicable to counties and municipalities further stimulate the creation of special districts.

Special districts are the most diverse group of local governments in the Nation. They provide such basic social needs as hospitals and fire protection, but also such services as mosquito abatement, soil conservation, drainage, irrigation, flood control, water, electricity, gas, transit, housing and urban renewal, cemeteries, sewerage, education, parks and recreation, highways, and libraries. In the past 10 years, while the total of local governments has been decreasing, the number of special districts has increased considerably. The following table summarizes this trend:

Type of Government	1972	1967	1962
Local Governments, total	78,218	81,248	91,186
Counties	3,044	3,049	3,043
Municipalities	18,517	18,048	18,000
Townships	16,991	17,105	17,142
School districts	15,781	21,782	34,678
Special districts	23,885	21,264	18,323

Special districts differ vastly from other local governments in their sources of revenue. For example... although property taxes account for about 36 percent of total revenues of other local governments, only about 14 percent of special districts revenue was accounted for by property taxes. Only about 49 percent of all special districts are authorized to levy property taxes, and most special districts rely on district charges for services they provide as their main revenue source.

Approximately 23 percent of all special district revenue in fiscal 1971-72 was utility revenue, o.e., gross receipts from sales by water supply, electric power, transit, and gas supply systems. Aside from these revenues and revenues from contributions of employees to retirement systems administered by special districts the remainder of the total was general revenue, as shown below:

Type and Source	Amount (in millions)	Percent
Revenue, total	\$6,821	100.0
General Revenue, Total	5,189	76.1
Intergovernmental	1,549	22.7
Property taxes	919	13.5
Charges	2,228	32.7
Miscellaneous	493	7.2
Utility revenue, total	\$1,592	23.3
Water supply	430	6.3
Electric power	544	8.0
Transit	488	7.2
Gas supply	130	1.9
Employee retirement revenue, total	40	0.6

Copies of the report, *Finances of Special Districts, 1972 Census of Governments, Volume 4, No. 2* are available for \$1.85 from the *Superintendent of Documents*, Washington, D.C. 20402.

Condominium/PUD Study Begins

The *Community Associations Institute (CAI)* has been awarded a contract by the *Veterans Administration* to study homeowner associations in condominium and planned unit development (PUD) projects.

CAI is a nonprofit research and educational organization formed to guide the creation, financing, operation, and maintenance of community associations in PUDs and condominiums as well as in townhouse projects and open space communities.

The \$25,000 contract provides for CAI to develop three guidebooks... one each for prospective homebuyers, homeowners, and lenders/appraisers... to explain the concepts of homeowner associations.

In compiling the guidebooks... CAI will seek the help of residents and backers of PUDs and condominiums asking for their suggestions and complaints. Information will be gathered through a series of workshops to be held in several locations in the country. Preliminary drafts of each of the three booklets will be presented to the workshop groups for evaluation.

CAI will welcome workshop participants such as owners, buyers, financiers, public officials, and developers of condominiums and PUDs. Interested prospective workshop participants should contact CAI at 1200 18th St., N.W., Washington, D.C. 20036 (202/223-6770).



FYI

Government Research Association, Inc.... Annual Convention... White Sulphur Springs, W. Va., August 24-27. Details: *GRA*, P.O. Box 387, Ocean Gate, New Jersey 08740 (201/269-3489).

HUD newsletter

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HUD NEWSLETTER
July 21, 1975

Mrs. Landis
Am. 8141

HUD

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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
U.S. Department of Housing and Urban Development
Washington, D.C. 20410



July 28, 1975

Vol. 6 No. 30

Current Trends

The latest *Quarterly Cost Index Report* of the *Turner Construction Company* predicts stability in construction costs in the third quarter of 1975... at roughly the same level as the second quarter... and about 1½ percent higher than the same period of 1974. Howard S. Turner... Chairman of the *Company* said: "In spite of wages, which continue to rise at a national average rate of 9 percent per year, the drop-off in construction activity among the trades is expected to produce a competitive condition which will offset the effect of wage increases to a large degree in most areas." He expects local labor rate increases in the West and Southwest to boost building costs somewhat in these regions.

The *National Association of Mutual Savings Banks* has reported that the net deposit inflow in its member banks in June came to \$700 million... the highest for any June on record. The previous high was \$291 million in June 1971. In June 1974... the banks suffered a \$370 million net outflow. The total increase for the first half of 1975 was \$4 billion.

Urban renewal notes totaling \$322 million... representing 98 local issuing agencies... were sold in mid-July at an average interest rate of 3.9292 percent... compared to the 3.135 percent rate for \$224 million of project notes sold in mid-June.

GNMA will hold an auction of approximately \$267 million of whole mortgages on August 7. The mortgages... secured by single-family homes... have been acquired pursuant to *GNMA's Special Assistance Programs 18 and 22*... are *HUD/FHA*-insured and *VA*-guaranteed... and bear interest rates varying between 7 and 9½ percent. Any *HUD/FHA*-approved mortgagee is eligible to submit a bid... and the mortgages will be eligible for inclusion in pools of home mortgages which support issues of *GNMA*-guaranteed mortgage-backed securities.

The *HUD-Commerce Department* joint study showed that during May... 585,000 new one-family homes were sold at a seasonally-adjusted annual rate... compared to 574,000 units in April. The median sales price of the houses sold in May was \$39,900... compared to \$39,200 in April and \$35,700 in May 1974. The *National Association of Realtors* reported that existing single-family sales also rose in May... but at a slower pace than in earlier months of 1975. The median price of existing homes rose nationally in May to \$35,210... up 9.6 percent from the May 1974 level of \$32,130.

The *Labor Department* reported that wholesale lumber and wood products prices dropped 1.1 percent between May and June... after rising steadily for four consecutive months. This compares to the rise in the wholesale price index for all other commodities of only 0.2 percent... while the unemployment rate for construction workers dropped from 21.8 to 21 percent during the same period.

In June... housing starts were at the seasonally-adjusted annual rate of 1,070,000... down 5.2 percent from the May figure of 1,129,000 units. Building permits issued during June rose to 926,000... up from the May level of 912,000.

New Construction Contracts in May

New construction contracts in May totaled \$9.14 billion... 9 percent below the \$10 billion figure for May 1974... according to the *Dodge Division of McGraw-Hill*. The level for May... however... was well above the average monthly performance in the first quarter of 1975. *Dodge* Chief Economist... George A. Christie... said that: "The turnaround of two important categories of construction, housing and electric utilities, made most of the difference in the second quarter. Housing's recovery... though something of a disappointment... is nevertheless an improvement. And the electric utilities are finally coming forth with some of the projects that they shelved during last winter's period of reevaluation of earlier plans. While these changes are signs that the construction cycle is in its early stages of recovery, there are still some soft spots—notably apartments and commercial buildings."

Contracts for residential buildings were \$3.07 billion in May... still 19 percent behind the year-earlier month's \$3.80 billion. The gap between the levels in the 2 years has been narrowing each successive month. Almost all of the improvement to date has been in single-family building, he said.

The value of nonbuilding-construction contracts was up 2 percent in May to \$3.19 billion from \$3.14 billion a year earlier... largely due to gains in electric-power facilities and oil-pipeline construction. More than \$1 billion of electric-utility work was initiated in May... following an equally large amount in April. This contrasts with \$750 million of power-plant construction in the entire first quarter.

The May figures for nonbuilding construction included a substantial portion related to the Trans-Alaska pipeline. Highway and sewer-water construction were down in May. With the exception of industrial construction, which includes work begun on two large refinery-petrochemical plants in Texas, general commercial building is at a recession low.

"Commercial projects—shopping centers and other retailing facilities and office buildings—fell 41 percent below their year-ago amount in May, scraping the bottom of their cyclical decline," Mr. Christie said.



Certification of Housing Managers Proposed

HUD has proposed that managers and assistant managers employed by *Local Public Housing Authorities* be certified in order to provide the more than 3 million residents of public housing with well qualified managers and assistant managers who will be both responsible and responsive to the administrative, operational, and social needs of the projects.

The proposal would require Public Housing projects with 50 or more units to have certified managers and assistant managers by January 1, 1978. Projects with fewer than 50 units must have certified managers by January 1, 1980.

No certification or standards of professional levels are required now for public housing management.

Under the proposed rule... professional organizations with experience in public housing management or other qualified entities can apply to *HUD* to be approved as certifying agents for public housing managers and assistant managers.

Public Housing property managers and their assistants are responsible for the day-to-day management and operations of these low-cost housing projects, including the supervision of employees of low-income housing subject to the *U.S. Housing Act of 1937*, as amended.

A *HUD* study of low-cost housing project problems showed that lack of professional management has been hindering efforts to bring these projects up to an acceptable level of financial and administrative efficiency... and concluded that if low cost public housing is to be a viable option for people in need of financial assistance for housing... the level of the management expertise at these projects must be raised.

Emergency Housing Act Becomes Law

The *Emergency Housing Act of 1975*...signed by the President...includes the following provisions:

1. Extension of the GNMA Mortgage Purchase Program - Expands the *Emergency Home Purchase Act of 1974*. The Act:

- Increases the *GNMA* mortgage purchase authority by \$10 billion and extends the 1974 Act's expiration date to July 1, 1976;
- Fixes a mortgage interest rate ceiling of 7½ percent under this program;
- Expands coverage to include condominium mortgages.

2. Mortgage Foreclosure Relief - The Act provides the Secretary of *HUD* with standby authority to assist homeowners facing foreclosure by:

- Co-insuring loans or credits advanced by lending institutions;
- Making mortgage relief payments to lenders on behalf of eligible homeowners.

Mortgage foreclosures and defaults have remained level demonstrating that private lenders are cooperating with homeowners during this temporary economic situation, indicating no present need for mortgage foreclosure relief assistance. Foreclosure rates are less than the rates which prevailed during the mid-1960s.

3. Other Provisions of the Act - In addition to the foregoing, the *Emergency Housing Act of 1975* includes these provisions:

- Extends the low interest rehabilitation loan program to July 1, 1976, and provides a \$100 million authorization, subject to the appropriation process;
- Extends for 7 months the deadline for applications for financial assistance to correct defects in certain homes insured under the *National Housing Act*;
- Defers until January 1, 1976, a prohibition against mortgage loans on certain properties located in flood prone areas of communities not participating in the *Federal Flood Insurance Program*.



FYI

Urban Regional Information Systems Association... Annual Convention... Atlanta, August 19-22. Details: *URISA*, P.O. Box 1431, Wichita Falls, Texas 76307. (817/322-5611)

American Institute of Planners with assistance by *American Bar Association's Special Committee on Housing and Urban Development Law*... Three 3-day seminars on Planning and Legal Issues of Growth Management... San Francisco, August 21-23; Philadelphia, September 18-20; and Minneapolis, October 2-4. Details: Gerald Mylroie, Director, Professional Development, AIP, 1776 Massachusetts Ave., N.W., Washington, D.C. 20036. (202/872-0611)

National Association of Housing and Redevelopment Officials... Two workshops to be held in tandem to explore critical urban issues. Neighborhood Preservation and Housing Rehabilitation... Key Biscayne, August 25-27 and Seattle, September 8-10... Community Development; A Powerful Economic Generator... Key Biscayne, August 27-28 and Seattle, September 10-11. Registration: Workshop Registrar, *NAHRO*, Suite 404, 2600 Virginia Ave., N.W., Washington, D.C. 20037. (202/333-2020)

Rules Governing Defective Homes Changed

Passage of the *Emergency Housing Act of 1975* has resulted in changes in the rules for compensation to homeowners whose houses with *HUD/FHA*-insured mortgages have certain defects which require repairs.

The new law has extended the application period from August 22, 1975 to March 22, 1976.

The new law also provides coverage for dwellings with one to four living units. Previously... eligibility was limited to structures of one or two units.

To be eligible for compensation, the following conditions must apply:

- The dwelling must have been more than 1 year old at the time of insurance of the mortgage insurance commitment;
- The dwelling must consist of not more than four living units;
- The defect must be one which so affects the use and livability of the property as to create a serious danger to life or safety;
- The defect must have existed at the time of the issuance of the mortgage insurance commitment and be one which a proper inspection by the *HUD/FHA* appraiser could reasonably be expected to disclose;
- The mortgage financing the purchase of the dwelling must have been insured under Section 203(b) or Section 221(d)(2) of the *National Housing Act*, on or after August 1, 1968, but prior to January 1, 1973, and the dwelling must be in an older declining area. An older declining area is defined as a community with a population of 2,500 or more and a neighborhood which is comprised predominantly (50 percent or more) of dwellings built prior to 1940. The determination of location eligibility will be made by *HUD/FHA*; and
- The claim must be filed by March 22, 1975.

HUD newsletter

HUD-318-186-ASI
July 28, 1975

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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
July 28, 1975

HUD

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 755-5280



August 4, 1975

Current Trends

During the years *FNMA* was part of the Federal Government... from 1938 until near the end of 1968... the *FNMA* mortgage portfolio rarely exceeded \$3 billion. It was \$7.2 billion at the beginning of 1969... the first full year as a private corporation... passed the \$15 billion mark in 1970, and doubled to \$30 billion in less than 5 years.

Interest rates for conventional home mortgages moved slightly higher in June, after having declined in May, the *FHLBB* reported. The effective rate on newly-built homes rose six basis points to 8.96 percent... reflecting a contract rate of 8.74 percent and initial fees of 1.37 percent. The rate for previously-occupied homes edged up to 9.05 percent from 9.04 percent. This reflected a contract interest rate of 8.96 percent and fees of 1.18 percent. The effective rate for combined construction-purchase loans was 9.01 percent... down three basis points.

The results of *HUD*'s July 1 opinion survey of conditions in the mortgage market showed that nationally... the secondary market price for immediate delivery of *HUD/FHA* insured new-home mortgages with 30-year terms and minimum downpayments advanced .7 of a point from a month earlier to \$95.7 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 9.06 percent... a drop of 10 basis points from the June 1 yield. Funds were considered generally adequate for financing *Section 203(b)* loans by 89 percent of the *HUD* Area and Insuring Office Directors... compared to 85 percent as of the two previous months' surveys.

Foreign investment in U.S. real estate has decreased since the late 1960s and early 1970s... a survey by the *National Association of REALTORS* indicated. Even the highly-publicized emergence of Arab nationals and governments as investors has not brought the total dollar investment up to previous levels. The *Association* also reported that the purchase of homes by single men and women continues on the increase. Lending institutions are no longer reluctant to make such mortgage loans, and singles have become increasingly aware of investment and tax advantages found in homeownership.

The total population of the United States (including Armed Forces overseas) was about 213,257,000 on May 1, 1975... according to the *Census Bureau*. This represents an increase of 1,623,000 or 0.8 percent, over the estimate for the corresponding month a year ago; and an increase of 122,000 over the previous month. The monthly gain was the result of a natural increase of 88,000 (excess of births over deaths), and estimated net civilian immigration of 34,000. The May 1, 1975, total population represents an increase of 8,923,000 over the population on April 1, 1970, the date of the census upon which these estimates are based.

New HUD Assistant Secretary Named

President Ford has nominated David S. Cook of Columbus, Ohio as *HUD* Assistant Secretary for Housing Production and Mortgage Credit—*FHA* Commissioner. The appointment is subject to *Senate* confirmation.

Mr. Cook... who fills the vacancy created by the resignation of Sheldon B. Lubar... is currently president of the *Galbreath Mortgage Company* of Columbus. He is now Chairman of the *Mortgage Bankers Association* Legislative Committee... and had been selected to serve as *MBA*'s second vice president next year. In 1972... he was given the *MBA*'s *Distinguished Service Award*.

Housing at Mid-Year

The July issue of *Economic News Notes*... published monthly by the *Economics Department of NAHB*... reports: "At midyear... housing again is being caught in economic cross-currents that will affect efforts toward recovery. The deep decline... which began in January 1973... has been arrested, and positive changes in some of the key indicators point toward a slow housing recovery."

The *News Notes* also summarizes a *Spring Survey*... taken among members of the *NAHB Builders Economic Council*... which is composed of a cross-section of home and apartment builders throughout the country. The consensus of the *Survey*... quoting the publication... showed: "limited confidence in a housing recovery this year. Their 1975 plans call for a slight 2 percent increase in production over 1974. *BEC* members were asked to rate several factors in their local economies and the outlook for the next 3 months. At the time of the *Survey* they were pessimistic, but were expecting a marked improvement. Only 24 percent reported a good general business picture in their areas... while 54 percent expected better situations in 3 months. Their observations on consumer confidence were most pessimistic: only 9 percent saw it as good, and 43 percent felt it was poor. A mixed outlook was forecast for the next quarter. The proportion reporting poor remained unchanged, while 51 percent of the respondents expected this category to be good (the shift occurred among those reporting fair at the time of the survey). Only 14 percent saw new homes sales as good at the time of the survey... while 62 percent reported the outlook as good for the next 3-month period. The plight of the condominium sector is revealed in *BEC* views on condominium sales: 85 percent reported sales of these units were poor at the time of the survey, and 61 percent expected poor sales over the next quarter."



Discretionary Grants Available

As a result of the passage of the *Supplemental Appropriations Bill for Fiscal Year 1975*... an additional \$54.6 million for the *Community Development Block Grant Program* has become available for discretionary grants in metropolitan areas. The deadline for submission of final applications has been extended to September 30, 1975. In all other respects... previously published Regulations remain unchanged and applicable.

Area Offices presently have on hand more than 1,500 preapplications. These are being reviewed against the criteria in the *Regulations* and in accordance with a memorandum of February 25, 1975: *Review of Discretionary Block Grant Applications*.

Full applications may be accepted from any eligible applicant up to the September 30 deadline, even though a preapplication was not previously submitted. Full applications already on hand should be retained for consideration along with all other applications and need not be resubmitted by the applicant. (Please note that metropolitan cities, urban counties, and units of general local government which are included in urban counties are not eligible applicants for metropolitan discretionary grants. They are eligible only for reallocated funds.)



FmHA Fixes Income Limits

The maximum adjusted income limits for the *Farmers Home Administration Section 502 Moderate Income Program* have been revised to provide a national income limit of \$12,900. Previously, maximum adjusted income limits were established on a State-by-State basis. The new income figure became effective on July 7 with its publication in the *Federal Register*.

In two related developments, *FmHA* has instructed its field offices to resume processing loan applications based on a *Continuing Appropriations Resolution* passed by Congress pending final action on the *Department of Agriculture's 1976 budget request*. *FmHA* has announced that the interest rate on these loans will continue at 8-1/8 percent.

Demand for Housing Remains Strong

Consumer demand for housing was strong in the first half of 1975 despite the current recession, according to John M. Wetmore, director of economics and research for the *Mortgage Bankers Association of America (MBA)*. In "Mortgage Market Trends," appearing in the July issue of the *Mortgage Banker Magazine*, Wetmore cited several facts to support his view.

First... although housing starts did not begin their substantial rise until May... after sinking to very low levels for months... existing home sales remained high during the first 4 months of 1975. By April... existing housing sales had climbed close to the record levels of early 1973.

Also... consumer demand for new houses has been greater than the statistics indicate. This is because only detached housing is counted in the figures on new home sales. More than 70 percent of new condominium sales during the period were not counted simply because the units are in multifamily structures. If condominium sales were added to the new home sales figure, the total would be increased by as much as 25 percent... which would mean that total new home sales were nearly as strong as existing home sales.

Mortgage lending activity has also reflected strong consumer demand for housing. During April... mortgage bankers closed the greatest monthly volume of single-family mortgages in the 10-year history of the *MBA* survey... \$15.7 billion at a seasonally adjusted annual rate. During the first 4 months of 1975... the industry closed \$14.25 billion of single-family loans, an annual rate greater than that of any 4 months on record.

The final evidence cited by Wetmore was the accelerated inflation in housing prices. The fast pace of inflation in housing prices is a clear indication of the strength of consumer demand.



LHA Employment Program Authorized

HUD has selected 21 *Local Housing Authorities (LHAs)* to receive \$6 million with which to provide more than 750 persons with public employment opportunities. Allocation of the funds to *HUD*, under *Title X of the Public Works and Economic Development Act of 1965*, was announced by the *Department of Commerce*.

The funds were allocated to the 21 *LHAs* according to a formula that included the unemployment rate of the recipient *LHAs* area, financial status of the *LHA*, and the *LHA's* past performance in the *Comprehensive Employment and Training Act*, administered by the *Department of Labor*.

The 750 persons... mainly tenants in public housing projects, will be employed in a wide range of *LHA* jobs that improve the general living environment... including repairs and general maintenance of housing projects, and assistance in administrative and operations functions.

The *LHAs* and their allocations: *New Bedford Housing Authority*, \$96,000; *Detroit Housing Department*, \$300,000; *Providence Housing Authority*, \$96,000; *Atlantic City Housing Authority*, \$54,000; *Jersey City Housing Authority*, \$120,000; *Lowell Housing Authority*, \$42,000. *Paterson Housing Authority*, \$72,000; *Brockton (Mass.) Housing Authority*, \$48,000; *Boston Housing Authority*, \$39,000; *Bridgeport Housing Authority*, \$90,000; *Wilmington (Del.) Housing Authority*, \$78,000; *New York Housing Authority*, \$2,772,000; *Philadelphia Housing Authority*, \$672,000. *Newark Housing Authority*, \$414,000; *Seattle Housing Authority*, \$198,000; *El Paso Housing Authority*, \$66,000; *New Haven Housing Authority*, \$78,000; *Albany Housing Authority*, \$60,000; *Rochester (N.Y.) Housing Authority*, \$84,000; *Nashville Housing Authority*, \$192,000, and *Jacksonville Housing Authority*, \$78,000.

FYI



Institute of Traffic Engineers... Annual Convention... Seattle, August 17-22. Details: *ITE*, 1815 N. Fort Myer Dr., Suite 905, Arlington, Va. 22209.

Court Dismisses TV Antenna Ban

The following is excerpted from an article in the June issue of *CAI News*... a monthly newsletter covering happenings of condominium councils and homeowners associations... published by the *Community Associations Institute*:

Many developments impose prohibitions against roof-top antennas. But suppose, as residents begin to move into the houses and TV sets are plugged in, there is no picture because the development is located in a fringe area where reception is poor.

Unfortunately, attic antennas do not always help, and inevitably roof-top antennas begin to appear throughout the development.

What should the association do about enforcing the architectural controls? In a recent Virginia case, an association faced with this dilemma, after much debate and consideration, took the violators to court. The trial was held in Prince William County Circuit Court. In *Sudley Square Townhouse Association vs. Quigly et al.*, Chancery No. 6835... the issue was whether this is a reasonable restriction to retain the aesthetic value of antenna-free roof lines, or an unreasonable restriction of the use of one's private property.

After listening to testimony that attic antennas did not produce a suitable aesthetic picture, the judge took a personal tour of the area. He saw antennas on many other townhouses and single-family homes in surrounding subdivisions. Noting that almost everyone owns a television set, and in this case, without an antenna TVs would be useless, the judge declared the provision unreasonable and dismissed the *Association's* case.

Publication Available



Propiedad Inmobiliaria Ajustes y Gastos de Cierre... a Spanish translation of *Closing Costs, a HUD Guide*. The *Guide* was issued by HUD under the provisions of the *Real Estate Procedures Act of 1974*... which requires each lender to give a copy of the *Guide* to each applicant for a federally-related mortgage loan. The Spanish version has been published by *Commerce Clearing House, Inc.*, and is for sale at the company's offices in New York, Boston, Philadelphia, Chicago, Los Angeles, Washington, D.C., and San Francisco. Single copies are \$1.00; quantity prices are available.

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AND URBAN DEVELOPMENT

HUD-401



Mrs. Landis
Rm. 8141

HUD NEWSLETTER
August 4, 1975



OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 455-5280

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT



August 1, 1975

Current Trends

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AUG 13 1975

Vol. 6 No. 32

The *FHLBB* announced that net new savings inflow of *FSLIC*-insured S&L associations totaled \$3.1 billion in June... nearly twice the prior June record established in 1972... but below the alltime record \$3.7 billion reached in March and May of this year. The June net receipts plus nearly \$3 billion of interest credited to savers' accounts brought the total net inflow of funds to \$6.1 billion. The 6-month total of net new savings was a record \$19.3 billion... 3 1/2 times the year-earlier total and exceeded only during the full calendar years of 1971 and 1972.

The near-record inflow of savings in June resulted in the highest level of S&L mortgage lending of any month on record... according to the *U.S. League of Savings Associations*. Mortgage lending came to an estimated \$5.9 billion... exceeding the old record of \$5.7 billion set in June 1973.

The July 17 *Economic News Notes*... issued by the *Economics Department of NAHB*... in commenting on housing starts during June... said: "Housing's principal weakness still lies in the multifamily sector. June's 208,000 unit multifamily rate was the lowest on record for any June... and the starts rate for the month was only 5 percent above the December 1974 low of 198,000 units. In comparison... June's single-family rate of 862,000 units... even though a decline from May... was more than 26 percent above the December 1974 low of 682,000 units.

The *Washington Center for Metropolitan Studies* reported that the median cost of a home in the Washington, D.C. metropolitan area increased by 71 percent from 1970 to 1974... with the median home costing about \$48,100 and ranging from a low of \$30,600 in D.C. to a high of \$59,500 in nearby Fairfax County, Virginia.

During May... privately-owned housing units were being completed at a seasonally adjusted annual rate of 1,220,000 as compared with the revised rate of 1,191,000 for April... according to *HUD* and the *Census Bureau*. The seasonally-adjusted annual rate at which single-family housing units were completed in May was 785,000... about 6 percent higher than the revised rate for April. Units in buildings with 5-or-more apartments were being completed at an annual rate of 368,000 in May. The revised April rate was 378,000 units. Housing units in buildings with 2 to 4 units were being completed at an annual rate of 67,000 in May. Housing completions do not include mobile homes.



Publication Available

International Engineering Directory... 1974-75 Edition. Published by the *American Consulting Engineers Council*. Includes listings, in three languages (English, French, Spanish), of participating *ACEC Member Firms*... an explanation of services available from consulting firms, recommended selection procedures, and advantages of retaining independent professionals. The *Department of Commerce* distributes the *Directory* worldwide. Available prepaid from *ACEC Documents and Mailing Department*, 1155 15th St., N.W., Washington, D.C. 20005. \$5.00 for members and \$10.00 for nonmembers.

Affirmative Marketing Plan Approved

The impact that locally-sponsored affirmative marketing can have in stimulating equal housing opportunities will be demonstrated and tested in the greater Baltimore, Md., area under a \$250,000 HUD research contract. A consortium headed by *Baltimore Neighbors, Inc.*, will develop and carry out a plan to determine the effectiveness of private and public real estate support in affording equal housing opportunities as required under the *Civil Rights Act of 1968*. Title VIII of the *Act* prohibits discrimination in housing.

The other members of the consortium are the *Greater Baltimore Board of Realtors* and the *Real Estate Brokers of Baltimore*. In cooperation with HUD... the Study will attempt to find out what can be accomplished by concerned citizens in expanding housing options for all people.

The affirmative marketing plan will include:

- Development of educational materials and training courses for real estate brokers and agents on goals of the plan itself, and on their duties, obligations, and rights under the *Fair Housing Law*;
- Development of procedures ensuring that participating real estate firms inform prospective home purchasers of the full range of housing choices within their price limits, and of nearby facilities such as schools and shopping centers; and
- Encouragement of each realty firm to adopt affirmative marketing advertising guidelines, and to display the *Equal Housing Opportunity* logo and slogan on brochures and literature.

Also under the plan, the *Board of Realtors* will be encouraged to review, and modify as necessary, its membership policies and procedures to eliminate any discriminatory practices. Each participating realty firm will be asked, additionally, to undertake affirmative recruiting measures for minority employees, as well as other measures to attract minority professionals into the real estate industry.

For further information: *Baltimore Neighbors, Inc.*, 32 W. 25th St., Baltimore, Md. 21218 (301/243-6007).



Study Reveals Soundness of Mortgage Insurance Companies

A little known industry which enables thousands of moderate-income families, who might not otherwise be able to do so, to buy their own homes has been declared economically solid by a \$175,000 study recently released. One of the most significant findings was that the typical private mortgage insurance company could survive economic conditions like those which led to the Great Depression of the 1930's if they were to occur in the future... according to the *Mortgage Insurance Companies of America*.

The companies insure the top 20 to 25 percent of conventional mortgages... and this enables lenders to make loans to home buyers with only a 5 percent downpayment... thus helping provide ownership for families long on income and potential but short on ready cash.

The in-depth study of the solidity, underwriting, loss management, and operating procedures of the private mortgage insurance companies was instituted early in 1974 by the research and consulting firm of *Arthur D. Little, Inc.*, of Cambridge, Mass. *FNMA* provided \$150,000 and *FHLMC* \$25,000 to finance the study... with HUD participation.

The magnitude of the private mortgage insurance industry was evidenced by the figures as of December 31, 1973... which showed that the 12 private mortgage insurance companies had completed a year of writing \$12 billion of insurance on single-family homes, exceeding the combined mortgage insurance and guaranty of HUD/FHA and the VA.

Assistant Secretary Nominated

President Ford has nominated Charles J. Orlebeke to be *HUD* Assistant Secretary for Policy Development and Research. Currently... Dr. Orlebeke is Dean of the College of Urban Sciences at the *University of Illinois* in Chicago.

From May 1970 to February 1973, he was Deputy Under Secretary for Policy Analysis and Program Evaluation for *HUD*, after serving as Executive Assistant to the Secretary of *HUD* during 1969 to 1970. Prior to that... he was Executive Assistant to Governor Romney of Michigan during 1967 to 1968.

The Assistant Secretary for PD&R is responsible for providing policy analysis and staff assistance for the Secretary and the Under Secretary in determining Departmental policy for national housing and community goals, program priorities, and programs.

Dr. Orlebeke succeeds Michael H. Moskow, who has resigned.

FYI



Institute of Noise Control Engineering and the *National Bureau of Standards*. . . *National Conference on Noise Control Engineering (Noise-Con '75)*. . . Gaithersburg, Md., September 15-17. Details: *Noise-Con '75, INCE*, P.O. Box 3206, Poughkeepsie, New York 12603



Paint Research Contracts Let

HUD has awarded nearly \$600,000 in five research contracts for the development of new techniques and products to abate the poison hazards of lead-based paint. This brings a total of more than \$4 million that *HUD* has committed over the past 4 years to eliminate, through research, the hazards of lead-paint poisoning for children in the Nation's older housing.

In announcing the awards, *HUD* Assistant Secretary Michael H. Moskow said the new contracts are part of the *Department's* first large-scale allocation of research funds for the development of abatement technology. Other ongoing research to eliminate the hazards of lead paint poisoning is focused on development of new instruments for lead detection, and on evaluation of lead paint removal techniques already in use.

The contractors are:

United Technologies Corporation of Sunnyvale, Calif., \$103,233 for development of a "lead coordinating polymer" coating for lead-painted surfaces that will cause the child that eats lead-paint flakes coated by the product to excrete them before they can be absorbed into the system.

Johns-Manville Sales Corporation of Denver, Colo., \$247,880 for development of three different barrier systems for covering lead-painted surfaces, making them inaccessible to children. Two of the coverings will be of fiberglass, the third a mineral fiber sheet. All will be permanent coverings that can be painted.

DeBell & Richardson of Enfield, Conn., \$67,077 for development of a spray-on barrier of thick, glass-reinforced polyester, covering lead-painted surfaces.

I.I.T. Research Institute of Chicago, \$89,226 for development of a system using a chemical-backed film that can be applied to a lead-painted surface and then peeled off, removing the lead-based paint. The encapsulated material on the sheet would be activated by heat or pressure.

International Magna of Cleveland, Ohio, \$89,000 to modify and further develop their line of hand-held heat guns for paint removal, making them safer and easier to use in lead-based paint removal.

Community Resource Grants Made

HUD has made a \$245,315 grant to *Positive Futures, Inc. (PFI)* of Washington, D.C.... a consortium of eight black colleges... to study ways to increase local government capacity to deal with critical urban problems. Michael H. Moskow, *HUD* Assistant Secretary for Policy Development and Research and David O. Meeker, Jr., Assistant Secretary for Community Planning and Development jointly announced the demonstration research program which will lead to the establishment of *Community Development Resource Centers* at each college.

Positive Futures is comprised of Bishop College, Dallas, Texas; Fayetteville State University, Fayetteville, N.C.; Grambling State University, Grambling, La.; Miles College, Birmingham, Ala.; Mississippi Valley State University, Itta Bena, Miss.; Shaw College, Detroit; Shaw University, Raleigh; and Texas Southern University, Houston.

The grants will aid the *Community Development Centers* to demonstrate how resources of universities can be used to support local governments, working closely with mayors' offices.

In addition the *Centers* will:

- develop career curricula in community development;
- plan and implement orientation programs in community development for local citizens;
- conduct analyses to determine local needs;
- develop action plans to meet community needs.

Further information may be obtained from Cheryl J. Dobbins, Executive Director, *Positive Futures, Inc.*, 1341 G Street, N.W., Suite 413, Washington, D.C. 20005 (202) 393-6040.

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HUD NEWSLETTER
August 11, 1975



newsletter

U. S. Department of Housing and Urban Development
Washington, D. C. 20410-2000



August 18, 1975

Current Trends

Despite a 9 percent decrease in residential building in June... total new construction contracts rose 13 percent during the month compared to June 1974... according to the *F.W. Dodge Division of McGraw-Hill*. ... reaching a level of \$9.3 billion. Non-building construction (sewers, highways) and public works (schools, hospitals, etc.) represented the largest increase... up 58 percent from a year earlier. For the first 6 months... single-family construction was up over 1974... but multifamily units dropped substantially... bringing about the overall drop in the residential category.

Both wages and unemployment rose in the construction trades in the first quarter of 1975... the July *Economic News Notes* of the *Economics Department of NAHB* reports. Wages rose .7 percent... for an annual rate of 9.5 percent... compared to a rate of 5.6 percent for the first quarter of 1974. The rise was 7 percent in 1973 and 11.8 percent in 1972. Construction unemployment was at a seasonally-adjusted postwar high of 21.8 percent in May... up from May 1974's 9.6 percent... bringing the total unemployed construction workers to 961,000. A total of 3,447,000 workers was employed during the month.

Paralleling the 1974 downturn in the economy, median income of U.S. families, adjusted for inflation, decreased by about 4 percent between 1973 and 1974, according to the *Census Bureau*. During the same period, the number of Americans below the low-income or poverty line increased by an estimated 1.3 million persons. The survey shows that median family income was \$12,840 in 1974, up about 7 percent over the 1973 figure. However... if figures are expressed in constant dollars to account for inflation, the 1974 median is about 4 percent below the 1973 median. The number of poor Americans increased by about 5.6 percent between 1973 and 1974, the report found... from 23 million in 1973 to 24.3 million in 1974. Persons with incomes below the poverty thresholds... set at \$5,038 for a nonfarm family of four in 1974... made up about 12 percent of the U.S. population in 1974.

Despite the recent recession, the rate of mortgage loan foreclosures by savings and loan associations declined in 1974 over 1973... *National Savings and Loan League* Legislative Chairman D.D. McClatchy told a *House Committee*. This was true for all loans... as well as for *FHA/VA* mortgages in particular. McClatchy attributed this decline in foreclosures in the face of adverse economic conditions to forbearance on the part of the lending institutions. "Although foreclosure information is not yet available for the first half of 1975, there is evidence to indicate that forbearance on the part of savings and loan associations increased significantly during the last half of 1974 and has probably continued to increase during 1975," he said. Savings and loan associations have been practicing forbearance for two reasons McClatchy explained. "It is not only in the social interest, but also in the economic interest of the association to forebear rather than to foreclose," he stated, noting that foreclosure generally results in a net loss to the lender.

The *FHLBB* changed the liquidity requirements of member *S&Ls*... effective September 1... to 6½ percent... and the short-term liquidity requirement from 2 to 2½ percent. This is in accord with *Board* policy of raising liquidity requirements during periods of heavy inflows of savings. The current change is intended to help the industry rebuild liquidity to meet potential future mortgage demands.

LHA Administration to Be Studied

Five demonstration projects funded by HUD are expected to produce far-reaching proposals that would cut costs and tighten the operation and administration of smaller housing authorities while increasing services to tenants.

Although the primary purpose of the effort is to benefit small local housing authorities, the demonstration will also show how larger *LHAs*, working through cooperative arrangements, can provide services for a number of smaller ones.

The agencies involved... the amount of each grant... and the person to be contacted for detailed information are:

Decatur Housing Authority, Decatur, Georgia... \$99,906, David L. Smotherman, Executive Director, P.O. Box 1627, Decatur, Georgia 30031 (404/373-0118).

Roanoke-Chowan Regional Housing Authority... \$99,090, Leigh Tinsley, Executive Director, 1025 Jackson Street, Roanoke Rapids, North Carolina 27870 (919/537-1051).

Wilmington Housing Authority, Wilmington, Delaware... \$301,004, Vincent V. Lewis, Executive Director, P.O. Box 1005, Wilmington, Delaware 19899 (302/655-7502).

The Community Affairs Department of New Jersey... \$298,766, Constance B. Gibson, Administrator, Housing Demonstration Program, P.O. Box 2768, Trenton, N.J. 08625 (609/292-8819).

The Department of Community Affairs of Florida... \$180,082, Thomas H. Lewis, Jr., Chief, Bureau of Housing Assistance, 2571 Executive Circle East, Tallahassee, Florida 32301 (904/488-1536).



Foreign Land Buyers Warned

Americans who buy land in foreign countries have been warned of some of the hazards involved by John R. McDowell, acting Administrator of *HUD's Office of Interstate Land Sales Registration (OILSR)*.

He sent out a "Go Slow" signal to American investors in foreign property, asking them to check first with foreign authorities for possible restrictions on the use of the land.

While *OILSR* has jurisdiction over developments sold to American citizens, Mr. McDowell said it is difficult to impose sanctions without the cooperation of the government in the country in which the property is located.

His warning was prompted by a letter from Warnes Sequeria Ramirez... Director of Urbanization in the *Republic of Costa Rica*. *OILSR* requires developers there to disclose in their property reports that building permits are not available unless the developer first gets a certificate of approval from the *National Institute of Housing and Urbanization* and the local municipality where the lots are situated.

The letter from Mr. Ramirez advised of a new requirement now in effect under Costa Rican law. Subdivisions not in compliance with national and local standards will be treated as non-existent for purposes of granting licenses and loans and supplying services.

Costa Rican newspapers describe these properties as "ghost lots," Mr. McDowell said, and have denounced sales of these lots to Americans. The Costa Rican government also has expressed an interest in halting the sales of sometimes "non-existent" subdivisions.

"For all practical purposes," the Administrator said, "the unapproved piece of land you may have bought in *Costa Rica* has just disappeared."

Similar situations may exist in other countries, he added, leaving the American investor with little or no recourse to get his money back.

Landmark Decision for HUD

HUD's Office of Interstate Land Sales Registration (OILSR) has won a suit in the *U.S. District Court for the Eastern District of Texas*. The decision requires the return of money to dissatisfied property owners. In the first action of its kind... *U.S. District Judge William Wayne Justice* ordered the *Beard Land Company*, of Tyler, Texas, to set up a \$50,000 escrow account in a local bank. The money will be used to make refunds to 114 owners of property in Beard's *Pineywoods Like Resort*, a development located in Anderson County, South of Tyler.

The story began more than two years ago, when *OILSR* discovered that *Pineywoods* was violating Federal law by selling lots without offering prospective owners a *Property Report* to read and without first registering with the *HUD* agency.

When *HUD* took action against *Pineywoods* it was informally agreed that *Pineywoods* would offer refunds to everyone who bought lots there during the affected period: October 30, 1971 to March 20, 1973. Letters were sent to all purchasers and 114 buyers replied that they wanted their money back.

But, nothing happened and *HUD* went to Court.

The Court order... issued July 25... also offers refunds to any property owners who had bought lots during the affected period but did not reply to the original Beard letter. Anyone who thinks he is qualified for a refund should write to *Beard Land Company, Inc.*, Box 475, Frankston, Texas 75763.

Late-comers will get \$100 in cash immediately and the balance of their refund within one year. To be eligible for this refund... property owners must file with the *Beard Company* no later than August 23. The effect of the refund will be to void the original sale... with all property reverting to *Beard Company* ownership.



Mobile Home Standards Published

HUD's proposed Initial Federal Mobile Home Construction and Safety Standards have been published in the *Federal Register*. The publication is an early step in carrying out the Congressional purpose as expressed in the *National Mobile Home Construction and Safety Standards Act of 1974*, "... to reduce the number of personal injuries and deaths and the amount of insurance costs and property damage resulting from mobile home accidents and to improve the quality and durability of mobile homes... it is necessary to establish Federal construction and safety standards for mobile homes and to authorize mobile home safety research and development."

The *Standards* cover virtually all aspects of mobile home planning, construction, durability, and safety. A special section on fire safety specifies fire resistant materials in several areas subject to fire—the furnace and water heater compartments, and around and above the cooking range. The flame spread rating of virtually all interior surfaces is limited, as are the ignition characteristics of carpeting. A smoke detector will be required for all sleeping areas, and egress windows or doors must allow escape from each bedroom.

The *Standards* also include requirements for weather resistance and sealing; for plumbing, electrical, heating, and cooling systems; for transportation damage resistance; for space planning, and for window and door sizes and quality. Before issuing the proposed Standards, the *Department* consulted with *Consumer Product Safety Commission*, the *National Bureau of Standards*, and the *National Mobile Home Advisory Council*, among others.

The *Act* requires that the *Standards* be promulgated in final form no later than August 22, 1975. They are proposed to go into effect 180 days after they are published in final form.

Homesteading Invitations Issued

HUD has invited selected communities across the country to participate in the new neighborhood preservation strategy known as the *Urban Homesteading Program*.

Under the homesteading concept...\$5 million worth of **HUD**-owned properties having positive value will be transferred to a limited number of communities as the Federal contribution to a cooperative effort by local governments and private industry to stem neighborhood decline. An additional \$5 million in rehabilitation loans will be available for use in conjunction with the *Homesteading Program* under *Section 312*.

The *Urban Homesteading Demonstration* was announced by Secretary Hills in May. The demonstration was refined at a June planning conference in which more than 200 local officials participated. The comments and suggestions from city officials attending that conference are reflected in the final program design.

The purpose of the program is to demonstrate the effectiveness of homesteading as a neighborhood preservation tool...not to promote property disposition. According...eligibility will not be confined to localities having large numbers of **HUD**-held properties.

Included with the invitations were information packets, application guidelines, and descriptions of the program objectives, city selection processes, and evaluation procedures for determining properties eligible for homesteading and financing, legal and technical aspects of the demonstration, and homesteading's relationship to ongoing local community planning and community development programs.

The invitations are available to communities on request from **HUD's Field Offices** or by calling or writing: Director, *HUD Urban Homesteading Program* ATTN: Duane Murray, Contracting Officer, Room 2138, Washington, D.C. 20410. (202) 755-4977.

Applications must be received no later than August 29...and **HUD** expects to name localities selected as urban homesteading sites by late September of this year.

HUD newsletter

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HUD-318-189-ASI

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HUD-401



HUD NEWSLETTER
August 18, 1975

HUD

newsletter

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



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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AUG 22 1975
WASHINGTON, D.C. 20410
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August 25, 1975

Vol. 6 No. 34

Current Trends

The *Senate* has confirmed the nominations of David Cook to be *HUD* Assistant Secretary for Housing Production and Mortgage Credit-FHA Commissioner... and Charles J. Orlebecke as Assistant Secretary for Policy Development and Research.

The *Labor Department* has reported that unemployment in the construction trades was down in July... at a rate of 20.8 percent (939,000) compared to 21 percent in June and 21.8 percent in May. This compares to 10.7 percent (467,000) in July 1974. The unemployment rate for all industries was 8.4 percent in July... down from 8.6 percent in June and 9.2 percent in May.

Short-term interest yields on *Treasury* bills registered a sharp increase at the *Treasury's* weekly auction. Yields were the highest in 6½ months. The average return on the 13-week bills rose to 6.456 percent from 6.318 percent a week earlier. It was the highest since 6.678 percent January 13. The average return on the 26-week bills increased to 6.864 percent from 6.719 percent at the prior sale and was the highest since 7.101 percent last December 27.



Housing News from the States

The *California Legislature* has passed a bill providing for \$950 million in low-interest State loans for low- and middle-income families who cannot afford housing without help. The legislation calls for \$450 million in State revenue bonds and \$500 million in general obligation bonds... and requires voter approval at the November 1976 election. Interest charges for home purchasers would be 2 percent less than prevailing rates... and downpayments would be less than conventional loans.

In *Iowa*... the *Legislature* has voted to establish a *State Housing Finance Authority*... which could issue up to \$100 million of tax-exempt notes and bonds. The bonds would be secured by reserve funds, and there would be a "moral obligation" on the part of the State to repay them. Under the plan... both rural and urban homeownership would be encouraged by State participation in loans to prospective purchasers and revolving funds to supplement existing arrangements.

Michigan would allow its cities to increase taxes by up to 2 mills (1 mill in Detroit) and create *Downtown Development Authorities* to oversee renovation of Central Business Districts. It would also encourage the preservation of historic buildings and the cleaning up of rundown areas in the municipalities.

The *Indiana State Legislature* has passed a bill authorizing the *State Department of Public Welfare* to contract with local public, private, and nonprofit agencies for the purpose of providing social services to low- and moderate-income families. This will enable *Local Housing Authorities* throughout Indiana to apply to be *Service Providers* and take advantage of the *HUD/HEW* agreement under which *HEW* grants \$3.00 for every \$1.00 *LHAs* can contribute for social services.

Comments Invited on Settlement Rules

On page 32370 of the August 1 *Federal Register*... *HUD* announced it was considering amending the Regulations which implement Sections 4, 5 and 6 of the *Real Estate Settlement Procedures Act of 1974 (RESPA)*. The amendments to Part 82 of Title 24 of the *Code of Federal Regulations* (Regulation X) would make any changes or additions which may be appropriate and desirable to clarify and improve the implementation of Sections 4, 5, and 6 of *RESPA*.

Interested persons are invited to participate in the making of the proposed rule by submitting written views and data. Communications should be identified by Docket Number N-75-402... *Real Estate Settlement Procedures*... and should be filed with the Rules Docket Clerk, *Office of General Counsel*, Room 10245, *HUD*, 451 7th St., S.W., Washington, D.C. 20410. All relevant materials received on or before September 30, 1975, will be considered before taking action on the proposed rule. Copies of comments submitted will be available for public inspection during normal business hours at the above address.



Alaska Housing Study Begins

A \$389,000 *HUD* study of the special housing needs of Alaska natives in remote areas of the State will be explored by the Seattle firm of *Naramore, Bain, Brady and Johnson*. The project will identify and evaluate native housing problems and recommend new ways to provide housing and community facilities better suited to the cultural and economic needs of villagers in isolated areas.

This could involve variations in housing design, construction agreements, and financing needs to meet the unique conditions of material shortages, isolation, and labor supply, as well as extreme weather conditions.

Quality of housing in Alaska is among the poorest in the Nation because of these conditions. Alaska natives suffer most from poor housing conditions within the State.

The project will run for 19 months.



\$300,000 Public Housing Crop

Almost ½ million square feet of public housing land is being cultivated by some 2,500 residents in *Chicago Housing Authority's* 1975 Garden Program.

Under cultivation are 1,215 individual and group plots. Of that number, 656 (54 percent) are in vegetables... 316 (26 percent in flowers)... and 243 (20 percent) in both. Vegetables are being grown on some 441,000 sq. ft. (89 percent of the land in the program) while flowers cover the balance of 53,000 sq. ft.

In 1974, 2,000 residents cultivated 250,000 sq. ft. on 500 plots. In terms of amount of land being used... the program has doubled in size since last year.

The program... now in its third year... is aimed at lowering resident food costs, encouraging community pride and neighborliness, providing a source of fresh vegetables and beautiful flowers, and giving residents an opportunity to enjoy fresh air and exercise.

Four gardening workshops have been held so far through the joint efforts of *CHA* staff and a resident steering committee. (Canning and freezing demonstrations will be held as harvest time draws near.)

The vegetable crop will have an estimated value of \$309,288 (based on successive plantings).

Last year's garden program took the form of a competition. This year, competition was made optional and some 1,000 individuals registered for the contest. Awards will be made in September.

FYI

International Association of Assessing Officers. . . Annual Convention. . . Washington, D.C., September 14-17. Details: *IAAO*, 1313 E. 60th St., Chicago, Illinois (312/947-2069).

National Association of Home Builders. . . Registered Apartment Manager Seminar. . . Los Angeles, September 16-18. Details: *Department of Seminars and Workshops, NAHB*, 15 & M Sts., N.W., Washington, D.C. 20005.

American Public Works Association. . . Annual Convention. . . New Orleans, September 20-25. Details: *APWA*, 1313 E. 60th St., Chicago, Illinois 60637 (312/947-2520)

National Endowment for the Arts. . . Cosponsored by the *Conservation Foundation of Washington, D.C.*, the *State of New York*, and the *New York City Landmarks Preservation Commission*. . . Conference on Neighborhood Conservation, New York City, September 24-26. Will explore issues and methods of urban neighborhood revitalization. . . and bring together leaders in government, business, planning, design, and social action to investigate methods for conserving old city neighborhoods of special architectural and cultural character. For further information: Benjamin Ruhe, *National Endowment for the Arts*, 2401 E St., N.W., Washington, D.C. 20506 (202/634-6034).



President Endorses Design Assembly

The first *Federal Regional Design Assembly/Western States* is planned for Denver on October 30-31. The conference is expected to draw more than 300 Federal administrators, senior-level Federal personnel, State government officials, State cultural representatives, and design professionals.

The *Assembly* follows two earlier sessions in Washington which were limited to Federal design administrators. The Denver meeting is intended to increase the understanding of administrators at all government levels of how design can serve them as a prime management resource. In a recent statement endorsing the *Western States Assembly*, President Ford said: "I am confident that this regional meeting will help Federal and State government officials understand more clearly the significance of design as an element of good management."

Government officials and leading design professionals will discuss programs and case studies showing how design can help achieve management objectives of economy, efficiency, and enhanced communication. The *Assembly* is sponsored by the *National Endowment for the Arts*, with assistance from the *General Services Administration* and the *Department of the Interior*.

While attendance at the *Assembly* is generally by invitation to public officials, professionals not employed by governmental agencies will be permitted to attend up to the capacity of meeting facilities. Those interested may address their requests to Ms. Joan Shantz, *National Endowment for the Arts*, Washington, D.C. 20506 (202/634-4286).



Publications Available

Publications Catalog 1975-1976. . . *The Urban Institute*. A listing of books, reports, and papers published by the *Institute*. Available free from *UI*, 2100 M St., N.W., Washington, D.C. 20037.

Barrier Free Site Design. . . Research studies conducted by the *American Society of Landscape Architects Foundation* under a *HUD* grant. . . regarding convenient access to the outdoor environment. For sale by the *Superintendent of Documents*, Washington, D.C. 20402. Price \$2.30.

In the Bank. . . or Up the Chimney. A dollars-and-cents guide to energy-saving home improvements. Prepared by *Abt Associates* of Cambridge, Mass., under a contract with *HUD's Office of Policy Development and Research*. For sale by the *Superintendent of Documents*, Washington, D.C. 20402. Price \$1.70.

Sensible Growth Design and Planning Award

The *National Association of Home Builders* and *Better Homes and Gardens Magazine* are the co-sponsors of a *Sensible Growth Design and Planning Award*. The competition is designed to recognize outstanding entries exemplifying sensible growth. The judges will make their decisions based upon a project's demonstrated concern for the people, the environment, good planning and design practices, and market acceptance.

The program is open to builders, developers, architects, planners, and engineers throughout the United States and Puerto Rico. To qualify, construction on projects entered must have been begun after January 1, 1972. Awards will be presented at the *NAHB 32nd Annual Convention-Exposition*, Dallas, Texas, January 18-22, 1976.

There are five categories of entries and there is no limit of the number of entries each contestant may submit.

Grand Awards and *Awards of Merit* will be awarded to worthy entries in each category as determined by the judges. Handsome plaques will be presented in the name of the project to the principal members of the development team producing the winning entries at the *Sensible Growth Awards Breakfast* sponsored by *Better Homes and Gardens Magazine* at the *NAHB Convention* in January.

Winning entries will be displayed at the Convention and featured in issues of *Better Homes and Gardens* and *NAHB Journal-Scope*. Both national and local publicity will be arranged.

Entry portfolios containing entries must be postmarked by **October 3, 1975**. A check for \$35 for each entry is required. Further details may be obtained from *NAHB, Sensible Growth Awards, National Housing Center*, 15th & M Sts., N.W., Washington, D.C. 20005.

HUD newsletter

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HUD-401



HUD NEWSLETTER
August 25, 1975



DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

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



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September 1, 1975

WASHINGTON, D.C. 20410

Current Trends

The *Commerce Department* reported housing starts in July were at a seasonally-adjusted rate of 1.238 million units... up 13.7 percent from June... the highest rate since May 1974. The increase over June was 50 percent in condominiums, townhouses, and other multifamily units... with a 5 percent rise in single-family homes. The report also showed a 6 percent increase in residential building permits for the month... the fourth consecutive month that this important yardstick of future housing activity gained. Commenting on the report... *HUD* Secretary Carla Hills said: "The July housing starts figures are encouraging... particularly with regard to multifamily starts. This trend seems to indicate a continued recovery for the housing industry."

Urban renewal project notes totaling \$377 million... representing 85 local issuing agencies... were sold in mid-August at an average interest rate of 4.242 percent. The average interest rate for the \$322 million of project notes sold in mid-July was 3.9292 percent.

At its early August auction... *GNMA* accepted bids on 9,297 mortgages totaling \$248 million... at an average yield to the investor of 9.515 percent... and ranging from 8.895 percent to 9.755 percent for the single-family mortgages which had interest rates varying between 7 and 9 percent. On the \$18.9 million of mortgages not sold, either no bids were received or the bids were at an unacceptable yield and were rejected.

HUD's August 1 survey of conditions in the mortgage market indicated that after a one-month advance... the national secondary market price for 8.50 percent *HUD/FHA* insured new-home mortgages, 30-year terms, declined one-half of a point from a month earlier to \$95.2 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 9.13 percent... an increase of seven basis points over the July 1 yield.



GNMA Names Transfer Agent

HUD's GNMA has announced the appointment of *Chemical Bank of New York* as Co-Transfer Agent in New York for *GNMA* mortgage-backed securities.

The new arrangement will greatly streamline the transferring system and provide the market with a rapid transfer of the registered securities... permitting 24-hour and same-day transfers. Previously, a normal transfer would take 4 days if initiated in New York. *GNMA* will continue to handle the regional reissues and the issuance of new pools.

The need for such an arrangement was due to the rapid growth and acceptance of these securities. Since February of 1970... when the first such certificates were sold... *GNMA* has guaranteed over \$18 billion in mortgage-backed securities. Transferring activity has exceeded over \$1 billion per month since the beginning of this year, indicating the high degree of liquidity of the investment.

An instruction letter for security dealers and issuers providing details of the new transfer procedures will be forwarded in the near future. Transfer activities at *Chemical Bank* are expected to commence September 2, 1975. Dealer inquiries to *Chemical Bank* should be directed to Louis W. Riehl, (212) 952-3548.

Flood Insurance Warning Issued

J. Robert Hunter... Acting Administrator of HUD's *Federal Insurance Administration*... has warned: "The hurricane season is upon us again and not enough people have protected their property against losses from flood damage. People living along the populous East and Gulf coasts are urged to buy Federal flood insurance to protect life and property against losses. The insurance... subsidized by the Federal Government... can be purchased from any licensed property and casualty broker or agent... but only where communities have joined the program.

"City Hall has to move before the ordinary citizen can buy. That's why we suggest that people contact their local governments. They should find out if it's available in their community... and if not... they should ask why not."

Mr. Hunter said his office is prepared to process community applications for membership in the flood program immediately. Usually the application is accepted within a week of its receipt.

In the Gulf and East Coast States, a band stretching from Texas to Maine, almost 384,000 flood insurance policies have been purchased by property owners. "The problem is," said Mr. Hunter, "there are still too many buildings in flood hazard zones not covered by flood insurance. They represent a staggering potential loss if a hurricane should strike."

"We think people should take advantage of this opportunity to help themselves," Mr. Hunter said, "but evidently many prefer to do nothing until disaster hits. Then they and their local officials appeal to the government for Federal assistance. It's not fair to the rest of the country, since the burden of disaster assistance falls on every citizen."

Typical rates for the Federal flood insurance are: \$87.50 per year for \$35,000 worth of coverage on a home; or \$400 per year for \$100,000 worth of coverage on a commercial structure.



New Mortgage Ideas Solicited

HUD is asking for new ideas in mortgage payment plans. Under the *Housing and Community Development Act of 1974*... the *Department* has the authority to insure innovative mortgage instruments with amortization plans that correspond to anticipated variations in family income. Under such plans mortgage loan borrowers might benefit from having their monthly mortgage payments relate generally to anticipated changes in their incomes. Thus... such a plan might start with low monthly payments covering only the interest on the loan, but would call for periodic increases in the future until the mortgage would be on a fully self-amortizing basis—all this keyed to an anticipated increase in the borrower's income.

The *Act* requires such a plan to meet three requirements:

- It must have promise for expanding housing opportunities or meeting special needs;
- It must include safeguards for mortgagors or purchasers necessary to offset special risks of such mortgages; and
- It must have a potential for acceptance in the private market.

In writing the legislation, *Congress* specifically prohibited the insurance of variable interest rate mortgages under this program.

A complete description of HUD's *Request for Proposals* appears in the *Federal Register* of August 18. Persons desiring to submit proposals should do so before November 1... in triplicate... to the HUD Office of Policy and Program Analysis and Development, Room 6204, Washington, D.C. 20410.

Significant Decision

The *Ninth Circuit Court of Appeals in San Francisco* has ruled that a 5-year housing and zoning plan of the city of Petaluma, known as the *Petaluma Plan*, does not violate constitutional guarantees.

The *Plan* . . . adopted in 1971 . . . specified that only 500 new homebuilding permits a year could be issued in Petaluma for the next 5 years.

The ruling reversed an April 1974 *District Court* decision which decided the plan unconstitutional, primarily on the ground that it violated the right to travel. The suit had been brought against the city by the construction industry association of Sonoma County and some landowner-developers.

The *Circuit Court* said the "economic interests (of the builders and landowners) are undisputedly outside the zone of interest to be protected by any purported constitutional right to travel."

The plaintiffs had also claimed that the *Plan* was arbitrary and therefore violated their due process rights, and they claimed the plan was nothing more than "an exclusionary zoning device designed solely to insulate Petaluma from the urban complex in which it finds itself."

The *Court* stated that "the concept of the public welfare is sufficiently broad to uphold Petaluma's desire to preserve its small-town character, its open spaces and low density of population, and to grow at an orderly and deliberate pace."



Raise in Mortgage Fees Proposed

Mortgage insurance application fees would be increased under regulations proposed by *HUD*. At present the application fee for processing a mortgage for existing construction is \$40 . . . for proposed construction \$50. The new regulations would require fees of \$50 for existing construction and \$65 for proposed construction.

The current fees were set in February 1971. Since that time direct costs for processing applications for mortgage insurance by *HUD/FHA* have increased 30 percent . . . not including overhead and related actions such as subdivision processing, repair inspections, and travel. Moreover, an increasing number of fee appraisers are being used by *HUD/FHA* and it has been found necessary to increase fees to assure the availability of qualified appraisers.

Comments on the proposed regulation are invited. Communications should be filed with the Rules Docket Clerk, *Office of the HUD General Counsel*, Room 10245, Washington, D.C. 20410, on or before September 15, 1975.

Code Enforcement Guidelines Published



BOCA International . . . the professional association of practicing building officials and code administrators, and publisher of the nationally-recognized *BOCA Basic Building Code* . . . has prepared the country's first model code guidelines for the rehabilitation of existing residential property. A concise, easy-to-read series of guidelines for applying the intent of current model building codes, *Code Enforcement Guidelines for Residential Rehabilitation* was developed by *BOCA International* under a contract with *HUD* . . . and in cooperation with the *American Insurance Association (AIA)*, *International Conference of Building Officials (ICBO)* . . . and *Southern Building Code Congress (SBCC) International*. The booklet follows Basic Code format and outlines minimum requirements for such aspects as site conditions, available space, means of egress, fire protection, construction, mechanical systems, and methods and materials. The guidelines are designed for use in conjunction with all currently published model codes.

Soft cover, 6x9 in., 20 pages . . . the publication is available at a list price of \$3.25; \$2.50 to *BOCA* members from *BOCA International*, 1313 East 60th Street, Chicago, Illinois 60637.

FYI

National Institute of Governmental Purchasing, Inc.... Annual Convention ... Philadelphia, September 27-October 1. Details: *NIGP*, 1001 Connecticut Ave., N.W., Washington, D.C. 20036 (202/331-1357)

International City Management Association... Annual Convention... Seattle, September 28-October 2. Details: *ICMA*, 1140 Connecticut Ave., N.W., Washington, D.C. 20036 (202/293-2200)

American Public Transit Association... Annual Convention... New Orleans, September 28-October 2. Details: *APTA*, 1100 17th St., N.W., Suite 1200, Washington, D.C. 20036 (202/331-1100)

International Conference of Building Officials... Annual Convention... Monterey, California, September 28-October 4. Details: *ICBO*, 5360 South Workman Mill Road, Whittier, California 90601 (213/699-0541)

American Bankers Association... Annual Convention... New York, October 4-8. Details: *ABA*, 1120 Connecticut Ave., N.W., Washington, D.C. 20036 (202/467-4103)

National Housing Rehabilitation Association and the *Institute for Professional and Executive Development* co-sponsors... Seminar on Housing Rehabilitation: Development and Management... Washington, D.C., October 2-3. *HUD* Secretary Carla A. Hills and Assistant Secretary for Community Planning and Development David O. Meeker will speak. Registration: *National Housing Rehabilitation Association*, 1025 Connecticut Ave., N.W., Suite 707, Washington, D.C. 20036 (202/785-1065)

American Institute of Architects... Architects in Industry Seminar... Washington, D.C., October 6-8. Cost Management and Buying Architectural Services will be two of the main discussion topics. Details: Evagene H. Bond, *Public Relations Department*, *AIA*, 1735 New York Ave., N.W., Washington, D.C. 20006 (202/785-7300)

HUD newsletter

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HUD NEWSLETTER
September 1, 1975



HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20416-0001 75543280



September 8, 1975

Vol. 6 No. 36

FHA/VA Interest Rate Raised

Effective September 2... the maximum allowable interest on HUD/FHA-insured mortgages and VA-guaranteed mortgages was increased from 8½ to 9 percent. The 8½ percent rate was set last April. The increase was made in accordance with HUD's policy of keeping the maximum rate in line with actual mortgage market conditions... and to keep discount points at a minimum. In making the announcement... Secretary Carla Hills said that recent weeks have seen a rise in the number of points charged by mortgage lenders originating FHA/VA loans. The discount points... having reached excessively high levels have caused hardship for people selling houses with FHA/VA financing. Moreover... when points become excessive... funds for FHA/VA loans tend to dry up. It is hoped the new rate will help assure a continuing flow of funds for moderate-income housing. Richard L. Roudebush... Veterans Administrator announced a similar change in the maximum rate for GI loans.

Recent Decision



In *Currier v. City of Pasadena*, Civ. No. 45313 (Ct. App. Cal., 2d Dist., Div. 4, June 5,) the Court of Appeals of the State of California, Second Appellate District (Los Angeles County, Division Four) upheld the constitutional validity of the City of Pasadena's Occupancy Inspection Program... thereby reversing the trial court.

A Pasadena City Ordinance requires the owners of residential premises which become vacant to procure a Certificate of Occupancy before allowing any person to reoccupy that unit as a purchaser or tenant. The Certificate of Occupancy is issued only after a complete housing- and health-code inspection and a finding of compliance with the applicable code requirements. The owner (of the vacant unit) is responsible for making the unit available for inspection by the City.

Shortly after enactment... the Ordinance was challenged by plaintiff landowner as a class action on behalf of all affected landowners. The legal basis for the constitutional challenge was the United States Supreme Court opinion in *Camara v. Municipal Court of the City and County of San Francisco*, where the high court held that warrantless searches of private houses pursuant to the housing codes are unauthorized and invalid. The Supreme Court did rule... however... that inspection searches made with a warrant issued upon reasonable standards are valid. Therefore... the Court ruled... Pasadena's vacancy inspection routine provides a reasonable standard upon which to issue a search of inspect warrant in instances where applicants refuse to allow inspection voluntarily.

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Mayors Conference Elects

Mayor Moon Landrieu, of New Orleans, has been elected President of the U.S. Conference of Mayors succeeding San Francisco Mayor Joseph Alioto. Also elected at the Conference's 43rd Annual Meeting in Boston were Newark Mayor Kenneth Gibson as Vice President and Syracuse Mayor Lee Alexander as Chairman of the Advisory Board.

New Regulations for Foreclosed Homes Issued

Tighter regulations for the preservation and protection of foreclosed homes with mortgages insured by *HUD/FHA* have been announced. Effective September 1, 1975... *HUD's Field Offices* will be required to make a physical inspection of a foreclosed property and report on its condition to *HUD* within 5 days after the *Area* and *Insuring Offices* receive a *Notice of Property Transfer and Application for Insurance Benefits* from the mortgage lender.

In addition... lenders will be required to submit with their claim for insurance benefits paid invoices supporting claims for amounts spent for protection and preservation of the property prior to conveyance to *HUD*.

Under provisions of the *National Housing Act*, and the contract for mortgage insurance, mortgagees are reimbursed for reasonable and proper costs actually paid for such purposes.

HUD Regulations require that a foreclosed home returned to *HUD* by the mortgagee be unoccupied, free of personal property, and undamaged by fire, flood, earthquake, or tornado.



FYI

Water Pollution Control Federation... Annual Convention... Miami Beach, October 5-10. Details: *WPCF*, 3900 Wisconsin Ave., N.W., Washington, D.C. 20016 (202/362-4100).

National Trust for Historic Preservation... Annual Convention... Boston, October 8-12. Details: *NTHP*, 740-748 Jackson Pl., N.W., Washington, D.C. 20006 (202/382-3304).

National Institute of Municipal Law Officers... Annual Convention... Washington, D.C., October 12-15. Details: *NIMLO*, 839 17th St., N.W., Washington, D.C. 20006 (202/347-7996)

National Association of Housing and Redevelopment Officials... Annual Convention... Los Angeles, October 12-15. Details: *NAHRO*, 2600 Virginia Ave., N.W., Washington, D.C. 20037 (202/333-2020).

Hardwood Plywood Manufacturers Association... Annual Fall Meeting... Bermuda, October 15-18. Details: *HPMA*, P.O. Box 6246, Arlington, Virginia 22206 (703/671-6262).



Condo Report Published

HUD's Condominium and Cooperative Housing Study has been released. The study was ordered by Congress in the *Housing and Community Development Act of 1974*... enacted in August 1974... under which *HUD* was required to complete a study of problems and abuses associated with condominium and cooperative housing within 1 year.

The study represents the first attempt... on a national scale... to gather information on and analyze the factors leading to the recent rapid growth in condominium housing. It contains detailed national data on condominiums, a comprehensive survey of State laws applicable to condominiums, and an extensive analysis of the nature, extent, and severity of problems and abuses in condominium and cooperative development and conversion.

Major findings:

- About 4 million Americans currently live in approximately 1.69 million condominium and cooperative units from coast-to-coast. The number of condominiums has increased 15-fold since 1970 to about 1.25 million units. In the same period... about 100,000 rental units were converted to condominium ownership and 25,000 (virtually all in New York City) to cooperatives.

(continued)

Condo Report—Cont'd

- The condominium boom has been fairly localized... with nearly 50 percent of the current stock concentrated in Florida, California, and New York.

- In the more rapidly expanding metropolitan condominium markets, starts have increased dramatically... and in some markets they have comprised a substantial percentage of all residential construction activity. In the Fort Lauderdale, Florida SMSA, there was a 1,000 percent increase in condominium construction since 1970. In the Washington, D.C. area... 7.8 percent of the total building permits in 1970 were for condominiums; this rose to 44.5 percent in 1974. In California, the number of State-registered condominiums increased from 5.5 percent of all registrations of new for-sale housing in 1970 to 34.8 percent in 1974.

- In certain markets... condominium construction has replaced multifamily rental construction activity. While condominiums accounted for 44.5 percent of building permits for the Washington, D.C. area in 1974, up from 7.4 percent four years earlier... multifamily rental permits dropped from 39.2 to 6.0 percent in the same period.

- Certain areas of the country currently have large unsold inventories of condominium units. In the Lake Tahoe region of California and Nevada, and in Broward County (Fort Lauderdale) Florida, the inventory represents 3 or more years of sales at current rates.

- Condominiums represent a new form of housing tenure which combines some of the more desirable aspects of renting (location, reduced maintenance by unit owners, greater amenities, etc.) with the economic advantages of homeownership (tax deduction, chance of equity appreciation, etc.).

- Condominiums... smaller in size than the typical new single-family detached house... tend to sell at prices below those of single family homes. However, the life-cycle cost of a condominium (mortgage, utilities, and maintenance costs) may equal or, in some cases, exceed other forms of housing.

- Although virtually all demographic groups live in condominiums, middle- and upper-income, young, childless couples and "empty nester" couples... those 45-64 years of age whose children have left home... and the elderly are the dominant purchasers.

- Condominium conversions tend to occur in older urban areas. With little developable land, high construction costs and in some areas rent controls, conversions are the only way to provide homeownership opportunities at reasonable prices.

- As indicated by the publicity attendant on the rapid growth of the condominium market, problems and abuses have occurred. They include: long-term recreation leases (instead of outright ownership of recreational facilities), shoddy construction, overly-complicated legal documents, displacement of existing tenants during conversion, loss of deposits, and the general problems of operating and maintaining property owned jointly by large numbers of families.

- The greatest potential problem facing the long-run viability of the condominium is the difficulty of operating and maintaining commonly-owned properties. Failure to maintain them will directly affect the value of the individual units as well as the neighborhood in which the project is located.

- The various factors that contributed to the rapid development of condominiums are still present. Some grow in importance and intensify the demand for condominium housing. These forces are to some degree balanced by current economic conditions and consumer reluctance reflecting the adverse publicity surrounding condominiums. Nevertheless... the study concludes that condominiums will continue to be a major form of housing tenure... particularly in rapidly expanding markets.

The full text of the report will be available in the near future from the *Superintendent of Documents*, and will be announced here. In the meantime... copies of an *Introduction and Executive Summary* are available from HUD's Office of Public Affairs, Room 4182, Washington, D.C. 20410. (202/755-5277)

New 701 Regulations Published

HUD's final Regulations for the Comprehensive Planning Assistance (Section 701) Program appeared in the Federal Register on August 22.

The *Housing and Community Development Act of 1974* significantly changed the requirements for recipients of 701 funds. Pursuant to the legislative change... interim regulations were published last December to facilitate the administration of the program. At the same time comments were requested from the public regarding necessary changes.

The final *Regulations* incorporate the necessary procedures and requirements for obtaining a 701 grant.



Publications Available

Urban Housing and Policy... by William G. Grigsby and Louis Rosenberg. The book provides a lucid analysis of the effects of the increased number of housing units which are federally-assisted; open housing laws; zoning, etc. Also, it tries to answer a number of questions, such as to what extent are current housing problems the result of past policy decision. 341 pages. \$15.00... from *The Center for Urban Policy Research, Rutgers University*, Bldg. 4051, Kilmer Campus, New Brunswick, New Jersey 08903.

Toward a Platform for Rural America... a 64-page report on the recent *Rural America Conference*. . . is a distillation of what was said and suggested by the 1,500 delegates during the April *Rural America Conference* in Washington. The 4-day meeting dealt with such critical matters as the use of resources and energy, availability of land and credit, income maintenance and housing, legal assistance, and access to essential public services such as transportation, education and health care. The report can be obtained from *Rural America, Inc.*, 1346 Connecticut Ave., N.W., Washington, D.C. 20036 (202/785-2936). \$2.50 pp.

HUD newsletter

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September 8, 1975

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HUD-401



Mrs. Landis

Room 8141

HUD NEWSLETTER
September 8, 1975

HUD

newsletter

U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 455-5280



September 15, 1975

SEP 16 1975

Vol. 6 No. 37

Current Trends

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The *FHLBB* reported modest declines in both net new savings receipts and mortgage lending activity at *FSLIC*-insured savings and loan associations in July, but indicated that these reflected typical seasonal influences. Net new savings receipts of insured associations totaled \$2.9 billion in July. This was \$0.2 billion less than receipts a month earlier, but one-third more than the prior July record established in 1972. Much of the month-to-month dropoff appears to have reflected usual seasonal factors and the remainder is likely to have resulted from the end of the Federal income tax rebates and other temporary influences which had enhanced savings inflow earlier. Mortgage loans closed by insured associations totaled \$5.4 billion in July, \$0.5 billion less than in June, but 44 percent more than the sharply curtailed year-earlier volume. The month-to-month dropoff, moreover, was about seasonal in nature. As a consequence, lending volume on a seasonally adjusted basis continued in the largest volume since the spring of 1973 for the second month in a row.

In late August... *FNMA* issued \$254.0 million in 4-month commitments to purchase Government-backed and conventionally financed home mortgages. The *Corporation* issued \$223.0 million in commitments on Government-backed mortgages at an average yield of 9.501... which converts to an average price of 93.20 for 8½ percent *FHA/VA* mortgages. (The average in the previous auction was 9.315.) The range of accepted bids was 9.463 (93.44) to 9.658 (92.19). *FNMA* received 534 bids totaling \$643.1 million and accepted 309 bids... including 223 noncompetitive. In the conventional auction... *FNMA* issued \$31.0 million in 4-month commitments at an average yield of 9.549... up from 9.380 on August 11. The range of accepted bids was from 9.520 to 9.600. *FNMA* received 151 bids totaling \$98.5 million and accepted 87 bids... including 75 noncompetitive.

The *F.W. Dodge Division of McGraw-Hill* has reported that new construction contracts in July were \$9.04 billion... down slightly from the June level of \$9.16 billion... and well within the normal range of monthly variation... according to George A. Christie, chief economist for *Dodge*. The July drop was mostly in industrial and commercial building and electric utilities... but residential building showed "progressively smaller declines from 1974 than earlier months." While residential contracts were down more than 30 percent in the first quarter of 1975... compared to the same period of 1974... and the second quarter's deficit was closer to 15 percent... the July performance was only 6 percent below July 1974.



Mobile Home Standards Published

The *Federal Register* for September 2 contains the *Federal Mobile Home Construction and Safety Standards*... issued pursuant to the *National Mobile Home Construction and Safety Standards Act of 1974 (PL 93-383)*. The published *Standards* were issued after more than 1,000 comments were received by the *Department*... following the publication in the June 25, 1975 *Federal Register* of a *Notice of Proposed Rulemaking (40 FR 26930)* requesting public comments on the *Proposed Rules*. *HUD* has considered all the various arguments raised... along with the recommendations of the *National Mobile Home Advisory Council* in establishing the *Standards*.

NOT TO BE TAKEN
FROM THE LIBRARY.

Rehab Regulations Issued

HUD's final Regulations governing the direct financing for construction or substantial rehabilitation of housing projects for the elderly and the handicapped appeared in the Federal Register of August 20.

HUD loans are available for construction or substantial rehabilitation pursuant to Section 202 of the Housing Act of 1959, as amended by the Housing and Community Development Act of 1974. Elderly families and individuals living in the units constructed with the use of this money will have the benefit of housing assistance payments under HUD's Housing Assistance Payments Program. . . generally referred to as Section 8.

The Regulations describe how an applicant. . . which must be a private nonprofit organization. . . may obtain a direct HUD loan under the program.

They detail the factors upon which HUD's consideration will be based, and the steps to be taken by both HUD and the applicant up to the point of actual disbursement. They also detail the obligations of the principals both in the construction and permanent financing phases, and relate the requirements of the Section 202 program to the Section 8 program.

The proposed Regulations were originally published in the Federal Register in May. . . and comments were invited. The comments received were considered and weighed. Based on these, changes were made to the final Regulations that should help insure that the 202 program can be used by a broad range of capable nonprofit sponsors in developing sound and viable projects.

One of the principal revisions made in the final Regulations was in response to comments from prospective applicants that they anticipated difficulties in raising "seed money" for project start-up costs, and in acquiring funds to cover the cost of "points" required in connection with permanent financing. The final Regulations indicate that Section 106(b) "seed money" loans will be made available to HUD to cover up to 80 percent of preconstruction costs.

The Regulations also now permit the Section 202 loan to include an amount sufficient to cover "points" which a private permanent lender may require. The portion of the Section 202 loan used for this purpose will be held by HUD for the life of the permanent financing loan.

Under the final Regulations, applicants are required to have a minimum investment in a project of an amount equal to 20 percent of preconstruction costs, or ½ percent of the mortgage amount. . . whichever is larger.



FYI

Harvard Graduate School of Design Association and the Boston Globe. . . Conference: "Issues '76—Public Policy and the Built Environment" . . . Cambridge, Mass., October 9-10. Details: Ms. Patricia L. McManus, Harvard Graduate School of Design, Gund Hall 404, Cambridge, Mass. 02138.

International Personnel Management Association. . . Annual Convention. . . Theme: "Can We Be Equal and Excellent Too?" . . . Anaheim, California, October 19-23. Details: IPMA, 1313 E. 60th St., Chicago, Illinois 60637 (312/947-2570)

National Recreation and Park Association. . . Annual Convention. . . Dallas, October 19-24. Details: NRPA, 1601 N. Kent St., Arlington, Va. 22209 (703/525-0606)

Urban Land Institute. . . Fall Conference. . . Los Angeles, October 20-22. Details: ULI, 1200 - 18th St., N.W., Washington, D.C. 20037 (202/331-8500)

Mortgage Bankers Association of America. . . Annual Convention. . . Chicago, October 20-22. Details: MBA, 1125 Fifteenth St., N.W., Washington, D.C. 20005 (202/785-8333)

1975 Mortgage Activity Up

The *Economics and Research Department of the Mortgage Bankers Association* has issued a report on the activity of the mortgage banking industry during the first half of 1975. According to the report:

- The mortgage banking industry reached a new milestone in mid-1975—servicing volume hit \$125 billion. This represented an increase of \$9 billion during the past year.
- The industry also set a record for single-family loans closed. At \$7.1 billion in the first 6 months, this activity was up 5 percent from the 1974 period. Commitments issued for future single-family mortgage business also set a new record of \$10.6 billion, up 24 percent from the first half of 1974. At the end of June, outstanding single-family mortgage commitments set a new mark of \$5.7 billion, up 10 percent from last year.
- In contrast, income property lending was down sharply from the high levels of prior years. This pattern of mortgage banking activity during the first half of 1975 reflects several dramatic changes in the housing and real estate markets. Single-family loans closed have held at record levels, just as sales approached new highs for both existing houses and new houses including condominiums. Meanwhile apartment lending has declined to half the year ago level, just as apartment starts have fallen to their lowest point in years. Nonresidential lending has maintained about the same strength as in 1974, but is down 40 percent from the high 1973 volume. The recession plus inflation and overbuilding have caused developers to cut back on construction of office buildings, shopping centers, and commercial developments.
- New commitments for construction loans have dropped about one-half from last year and three-fourths from their high 1973 levels. Disbursements of construction funds under outstanding commitments have come down much more slowly, falling only one-fourth from last year and one-third from mid-1973. Furthermore, outstanding construction loans in inventory at mid-year were still significantly above mid-1973 and only one-sixth below last year.
- Uncertainty over interest rates and the availability of funds has induced the industry to maintain substantial coverage of its activity this year. The level of investor commitments has been high relative to total activity (loans in inventory plus commitments outstanding to builders and borrowers). At 1.21 in June, the Activity/Commitment Ratio for single-family mortgages is well below the 1.50 level in mid-1974 and far below the high 2.08 ratio of mid-1972.

California Proposes "Redline" Ban



The *California Business and Transportation Agency*... which controls the State-chartered savings and loan associations... has proposed regulations to curtail discrimination against certain "high risk" neighborhoods in mortgage lending. While the proposed rules would apply only to State-chartered institutions... some industry spokesmen feel they might become a pattern for similar Nation-wide regulatory provisions.

The discriminatory practices... against which the proposals are aimed... are commonly referred to as "redlining." This means that lending institutions automatically refuse to make mortgage loans on property within certain clearly designated neighborhoods... areas of heavy minority concentration, high unemployment, high rates of crime, and a history of property decline, decay, and shrinking values. The common practice is to deny loans on property in such areas regardless of the condition of a particular piece of real estate or the credit-worthiness of individual applicants. While this practice is quite general throughout the country... according to consumer, minority, and anti-discrimination organizations... the California action is considered to have national significance because most of the largest *S&Ls* in the country are California State-chartered. Fully 70 percent of the approximately \$52 billion of assets of California *S&Ls* are in these institutions.

The proposed new regulations are quite comprehensive... requiring (among other things) monthly disclosure by the institutions of loans made... by neighborhood... and empowering the State regulatory agency to review complaints against alleged violators... and impose penalties... including revocation of an *S&Ls* charter if infractions justify such action.

New Publications

Report of the National Conference on the States' Role in Strengthening Local Government Capabilities. The proceedings of a conference sponsored in Harrisburg, Pa., last September by the *Commonwealth of Pennsylvania's Department of Community Affairs* ... and funded in part by *HUD's Comprehensive Planning Assistance Program (Section 701)*. The conference brought together representatives from 38 States to exchange information about the role of states in dealing with local governments and to develop methods for improving the states' ability to assist governments in their jurisdictions. Single copies of the report are available from the *Department of Community Affairs, Commonwealth of Pennsylvania, Harrisburg, Pennsylvania 17120*.

Model Subdivision Regulations—Text and Commentary... required reading for city and county planners and attorneys. For the first time in over 20 years, a model for subdivision regulations is available with commentary on each suggested provision and forms for administering the regulations. The authors... Robert Freilich and Peter Levi... have considerable experience in drafting subdivision regulations and the provisions presented are a composite of the authors' professional experience, relevant court decision on subdivision regulation, and nationally recognized standards for design and improvements. Published by the *American Society of Planning Officials*. 190 pp. \$9.95; *ASPO* Members \$8.95. Available from *ASPO, 1313 East 60th St., Chicago, Illinois 60637*.

The North American Indian; A Bibliography of Community Development, published by *HUD*... offers selected items concerning native American Indians. Prepared by the *HUD Library*, the 65-page publication provides a selection of references that includes recent materials on current social, economic, health, and education concerns as well as community development. References also detail the North American Indians' history and relations with the Federal and State governments, and specialized bibliographies in each section on sources for further research. Price \$1.30 from the *Superintendent of Documents, Washington, D.C. 20402*. (Stock No. 023-000-00294-9.)

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HUD-401



HUD NEWSLETTER
September 15, 1975

HUD

newsletter

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



September 22, 1975

Vol. 6 No. 38

Current Trends

In Fiscal Year 1975... ending last June 30... the *Farmers Home Administration* made available \$2.24 billion for housing. This covered 105,000 loans for building or improving individual homes... totaling \$1.9 billion... \$292 million for rental apartments... and \$13 million for providing housing for farm laborers. In addition... \$849 million was provided for community facilities such as water and waste disposal; fire stations; health clinics; hospitals; community centers; and similar projects.

The population of the U.S. (including Armed Forces overseas) was about 213,466,000 on June 1, 1975... according to *Census Bureau* estimates. This is an increase of 1,702,000... or 0.8 percent... over the estimate for the corresponding month a year ago, and an increase of 208,000 over the previous month... and includes approximately 70,000 Vietnamese refugees who entered the U.S. during May. The monthly gain was the result of a natural increase of 108,000 (excess of births over deaths)... and estimated net civilian immigration of 101,000. The June 1 figure represents an increase of 9,131,000 over the population on April 1, 1970... the date of the Decennial Census upon which these estimates are based.



Under Secretary Named

The *Senate* has confirmed President Ford's nomination of John B. Rhinelander as Under Secretary of HUD. He is currently General Counsel of the *Department of HEW*.

Mr. Rhinelander is 42... and in July 1969 was appointed Deputy Legal Adviser in the *State Department*. In 1971 he became Legal Adviser to the U.S. *SALT Delegation* until the initial *SALT* agreements were concluded and transmitted to *Congress*.

He left the Government in 1972 to join the Washington law firm of *Liebman, Williams, Bennett, Baird and Minow* as a partner. He left private law practice to serve as General Counsel for *HEW* in October 1973.

Born in Boston, he graduated from *Groton*, received a B.A. degree in political science from *Yale University* and an LL.B. from the *University of Virginia Law School*. He then served as a law clerk to U.S. *Supreme Court* Justice John M. Harlan... and from November 1966 through January 1968 he was Special Civilian Assistant to the *Secretary of the Navy*, later served as Chief Counsel, and then Acting Deputy Director of the *Office of Foreign Direct Investment* in the *Department of Commerce*.

Mr. Rhinelander is a member of the *New York State Bar*, the *U.S. Supreme Court*, and the *District of Columbia Bar*.



Big Cities Lose Population

Most big cities in the Nation lost population from 1970 to 1973... according to a recently-released *Census Bureau* estimate. While most of the major cities showed declines in the 3 percent range... Indianapolis was down only 0.6 percent... but Minneapolis had a 12 percent loss; Detroit (8.4 percent)... Atlanta (8.9)... and Fort Worth (8.6) were in between. Among those showing counter-trend percentage increases were: Tucson (15.7 percent); Austin (15.6); Phoenix (8.5); Omaha (6.5); and Columbus, Ohio (0.2).

Mayors' Institute Continued

HUD has announced the funding for the second year of special leadership seminars designed to help the Nation's mayors deal more effectively with complex urban issues.

HUD's Office of Policy Development and Research (PD&R) has awarded \$169,676 to the U.S. Conference of Mayors to extend for another year the *Mayors Leadership Institute (MLI)*. Last year's seminars were praised by participating mayors as very effective in helping them handle problems in their cities.

MLIs are seminars... for mayors only... on the practical strategies of creative leadership. Small groups of mayors... 20 to 30... attend workshop sessions to discuss urban policy, management techniques, and leadership issues with recognized experts... including other mayors who have found innovative solutions to persistent problems.

Last year's pilot series was conducted in New York City, Phoenix, Savannah, and St. Louis. *Institutes* in this year's series will be held in Clearwater, Fla., Albuquerque, Philadelphia, and St. Paul.



Housing Cost Figures Released

The *Mortgage Bankers Association of America* has released figures showing how inflation has hit the housing consumer. These are the *MBA* data:

	1st Quarter 1970	1st Quarter 1975	Percent Change 1970 - 1975
Median Price New Homes Sold (Average Jan., Feb., Mar.)	\$23,900	\$36,500	52.7
Average Price New Homes Sold (Actually Sold)	\$27,000	\$40,600	50.4
(1967 "Standard" House)	\$28,600	\$41,800	46.2
New Home Sales Price Index (1967 = 100)	116.4	170.1	46.1
Existing Homes Sales Price (Median)	\$22,660	\$33,820	49.2
Department of Commerce Composite Construction Cost Index (1967 = 100)	117.5	184.4	56.9
Rent Index (1967 = 100)	108.4	134.9	24.5



New York Holds Housing Olympics

The *New York Times* has reported a unique activity sponsored by a *Housing Authority*: "A runner carrying a flaming torch circled the track and 1,500 orange-and-white balloons, symbolizing doves of peace, were released to begin the second annual Olympic Games of the *New York City Housing Authority* in Macombs Dam Park. More than 225 boys and girls, finalists of about 8,500 contestants in the *Authority's* summer-long track-and-field program, competed in 31 events to determine the fastest runners and highest and longest jumpers in public housing.

"All the youngsters here are winners," said Joseph J. Christian, chairman of the *Housing Authority*, "and each and every one has exemplified the Olympic spirit of peace and brotherhood through this summer."

The events, ranging from a separate 50-yard dash for girls and boys under 11 years old through an 800-yard run for boys aged 14 to 16, included relay races and jumping competitions. Youngsters and some parents rooted from the sidelines.

Migration Changing Racial Composition of Cities

The most important single factor in the change in the racial composition of American cities in the period from 1950 to 1970 was the movement of whites out of central cities. . . according to a *Census Bureau* study recently issued.

In 11 cities studied. . . white outmigration generally outweighed black immigration in raising the black percentage in the 1950-70 period. A high birth rate among blacks also contributed to raising the black percentage. The cities included in the study were **Atlanta, Baltimore, Chicago, Cleveland, Detroit, Los Angeles, New Orleans, New York, Philadelphia, St. Louis, and Washington, D.C.**

In most of these cities the black percentage more than doubled in the 20 years and. . . by 1970. . . six were over 40 percent black: **Atlanta, Baltimore, Detroit, New Orleans, St. Louis, and Washington, D.C.** In these six cities white outmigration generally accounted for more than 50 percent of the increase in the black percentage between 1950 and 1970. . . and leading to the conclusions that these cities are developing black majorities primarily as a result of white migration patterns.

The role of white outmigration in raising the black percentage was generally higher in the 1960's than in the 1950's. The black immigration rate to cities went down in the 1960's. . . but the white outmigration rate generally stayed the same or went up (**New York City** is an exception). The result is that white outmigration became even more important as a factor in raising the black percentage in the 1960's.

Differences in rates of natural increase were generally somewhat more important in changing the percentage in the 1960's than in the 1950's. Birth rates declined between the 1950's and 1960's for both blacks and whites. . . but the decline was greater for whites due in part to sustained outmigration of whites in the childbearing years. Thus. . . these differences increased slightly as a factor in changing the racial composition of cities.

Of the 11 cities. . . **New York and Los Angeles** are frequent exceptions to the above generalizations. **Los Angeles** in the 1950's was unique in that it had net immigration of whites but. . . by the 1960's. . . it too had come to have net outmigration of whites. **New York** is unique because it was the only one of the 11 cities to experience a rise in the black rate of immigration between the 1950's and 1960's. Partly because of this. . . **New York** was the only city where black immigration was more important than white outmigration in raising the black percentage.

As the black percentage was rising in cities in the 1950's. . . the suburbs were generally becoming "whiter." The black ratio in the suburbs of **Atlanta, Cleveland, New Orleans, Philadelphia, St. Louis, and Washington, D.C.** went down in the 1950's as a result of white immigration. The black percentage in the suburbs of **Baltimore and Detroit** went down in the 1950's for an additional reason. . . as a result of net outmigration of blacks. Partially counteracting white immigration to the suburbs in raising the white percentage was a higher rate of natural increase among suburban blacks.

By the 1960's only three of the suburban populations. . . those around **Atlanta, Baltimore, and New Orleans**. . . continued to experience a decline in the black percentage. In all of the others, the black percentage in the suburbs started to rise in the 1960's. . . but only by small increments. As more middle class blacks move to the suburbs. . . the author says. . . further erosion of the middle class in cities can be expected. . . thus widening the socioeconomic gap between central cities and their suburbs.

Single copies of the paper, *How the Racial Composition of Cities Changes*, by Dr. Larry Long, are available free from the *Census Bureau, Public Information Office*, Washington, D.C. 20233.

Have?

FYI

The Housing Assistance Council. . . Western Conference on Rural Housing. . . co-hosts: *Colorado Housing Finance Authority; Colorado State Office of Housing; Colorado Association of Local Housing Authorities; and Colorado Housing, Inc.* Denver. . . October 21-23. Speakers, panelists, and workshop leaders will be drawn from all 12 States in *HAC's* Western Region (Arizona, California, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, Wyoming). *HUD* officials from the four Regional Offices in the area covered; housing practitioners; State agency personnel; and rural housing experts will participate. Further information from: *Housing Assistance Council, Inc.*, 1601 Connecticut Avenue, N.W., Washington, D.C. 20009 (202) 483-1426).

National Association of Housing Cooperatives. . . Annual Convention. . . San Francisco. . . October 24-26. Details: *NAHC*, 1828 L Street, N.W., Washington, D.C. 20036 (202/872-0550).



AIA Will Conduct Housing Labs

The *American Institute of Architects* will conduct a series of *Regional Workshop Conferences* called *Housing Lab '75-Part II*. They will be in Boston on October 28-29; Washington, D.C. on November 5-6; Chicago on November 17-18; and Denver on November 24-25.

The intent of the conferences is to help architects understand the programs and functions of *State Housing Finance Authorities*. . . and how *HFA* programs dovetail with those of *Section 8 of the Housing and Community Development Act of 1974*. . . and give participants the opportunity to meet representative of the State agencies in their regions.

Further information may be obtained from Dennis Beese. . . *AIA* Assistant Director of Urban and Housing Programs. . . 1735 N.Y. Avenue, Washington, D.C. 20006. (202) 785-7300).

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Vol. 6 No. 39

Current Trends

Urban renewal project notes totaling \$276.5 million... representing 92 local issuing agencies, were sold in early September at an average interest rate of 3.959 percent. The average maturity of all notes, to be dated October 7, 1975, was 8.2 months. The average interest rate for the \$377.1 million project notes sold in August was 4.242.

FNMA has begun a commitment and purchase program for project mortgages insured under *Section 223(f)* of the *National Housing Act*. *Section 223(f)*... enacted in August 1974... authorized *HUD/FHA* to insure... for the first time... mortgages used to refinance existing multifamily housing projects not requiring rehabilitation. *FNMA* will issue both immediate purchase and standby commitment contracts to its approved project mortgage lenders. A purchase and marketing fee of $\frac{1}{2}$ of 1 percent of the unpaid principal balance is required for immediate purchase contracts, and a commitment fee of $\frac{1}{4}$ of 1 percent of the original mortgage amount is required for 4-month standby commitments in the *223(f)* program. No P & M fee is required for *223(f)* standby commitments.

The *FHLBB* has proposed regulatory amendments which would... if adopted... permit State-chartered institutions insured by the *Federal Savings and Loan Insurance Corporation* to offer checking accounts where they are authorized to do so by appropriate State authority. The proposal would not affect Federal savings and loan associations... which are precluded by statute from offering checking accounts. The proposal is intended to enable *FSLIC*-insured institutions to compete with noninsured State-chartered thrift institutions in States where such noninsured institutions are authorized to offer checking accounts. It would have immediate applicability primarily in Maine and Connecticut... where recently enacted State laws will shortly permit State-chartered thrift institutions to offer checking accounts. The Maine law takes effect on October 1, 1975, and the Connecticut law becomes effective January 1, 1976. The proposed regulation appeared in the *Federal Register* on September 12.

Mortgage Future Market to Begin

The *Wall Street Journal* reported that the *Chicago Board of Trade* is planning to open trading in a home mortgage futures market in about a month.

The recently-formed *Commodities Futures Trading Commission* gave the *Board* permission to establish a market for *GNMA*-backed mortgage certificates called *Ginnie Maes*.

In effect... *Ginnie Maes* are shares in pools of loans backed by *HUD/FHA* or *VA* and will allow individuals and institutions to invest in mortgages without having to collect payments on the mortgages.

The *Board of Trade* currently trades in wheat, corn, oats, soybeans, soybean oil, soybean meal, broilers, gold, silver, plywood, and lumber futures.

NOTE:

Effective September 29 the *Newsletter* has a new telephone number: (202) 235-1307

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Wages Continue Up

The *Labor Department* reported that average hourly wage rates in the unionized building trades in cities of 100,000 or more rose 5.0 percent in the second quarter of 1975 compared to 4.6 percent in the second quarter of 1974... and was the largest 3-month rise since the second quarter of 1971... the beginning of a period of wage controls in the construction industry.

Union wage rates in the building trades averaged \$8.91 an hour on July 1, 1975... up 72 cents or 8.9 percent... from a year earlier. Fringe payments for health, welfare, and pension or vacation plans to the basic wage raised the average to \$10.45... up 10.0 percent... or 94.5 cents, from a year earlier.

The \$10.54 an hour average in wages and benefits represents a 5.4 percent increase in the second quarter of 1975. The corresponding increase in the second quarter of 1974 was 4.7 percent.

The rate of wage increases in the building trades declined sharply from an annual rate of about 12.5 percent in early 1971 to 4.5 percent in late 1973 and early 1974. However... the rate of increase almost doubled to 8.9 percent in the second quarter of 1975. The *Construction Industry Stabilization Committee*... which monitored collective bargaining agreements for a couple of years... went out of business in the spring of 1974.

The *Department* said that nearly one-half of the increases in the second quarter of 1975 were deferred from previous negotiations. About one-third of the bargaining units reporting increases during the quarter also had rate advances as recently as the fourth quarter of 1974 or the first quarter of 1975. This return to multistep increases within a 12-month span were common prior to the wage control period.



Indian Task Force Formed

HUD has announced the establishment... and initial meeting... of a *HUD Task Force on Indian Programs*.

The *Task Force*... under the co-chairmanship of Reaves F. Nahwooksy, *HUD* Coordinator for Indian Program, and William E. Hallett, Special Assistant to the Administrator of the *HUD* Denver Regional Office... will explore the many issues required for a successful Indian program within the *Department*.

Secretary Carla A. Hills has appointed Dennis Blair... a *HUD White House Fellow*... to represent her in the effort, which she said is designed to "recommend policy alternatives within the Central Office and field organization to best support Indian programs."

Policy areas to be reviewed by the *Task Force* include factors involved in subsidized housing such as annual contributions contracts and fund allocations, modernization funds, rent collections, minimum property standards, and factors involving community planning and development.

Secretary Hills asked the *Task Force* to give her a report by November 1.

Other members of the *Task Force* are: Howard E. Ball, Acting Director, Policy Planning, Office of Community Planning and Development; George Bennett, Regional Indian Coordinator, Region V, Chicago; Carl Brown, Special Assistant to the Administrator, Region X, Seattle; Joseph Burstein, Assistant General Counsel; Abner D. Silverman, Counselor to the Assistant Secretary for Housing Management; William L. Warfield, Special Assistant to the Assistant Secretary for Mortgage Credit and Federal Housing Commissioner; and David Epstein, Office of the Assistant Secretary for Administration.

Housing Stock Increases

Preliminary figures based on a joint *HUD-Census Bureau* report shows that the Nation's housing stock gained nearly 7.5 million units between the 1970 census and October 1974.

The 1974 total of housing units was an estimated 77.6 million... or 1.6 million ... above the October 1973 total... and 7.5 million above a total from the 1970 census that had been adjusted for units missed in the count.

The statistics are from a new *Annual Housing Survey* series initiated by *HUD* to provide current information on housing conditions and trends as a basis for more effective housing and neighborhood preservation policies.

The figures released are from the first two annual surveys... covering 1973 and 1974. These annual surveys make it possible to measure trends on a yearly basis rather than every 10 years when benchmark data on housing were collected by the *Census Bureau* in its *Decennial Censuses of Population and Housing*. The annual series is collecting new data that will permit a more sophisticated analysis of housing conditions than was previously possible.

The 1973 and 1974 data offer new insight into the rapidly changing picture of U.S. housing. The surveys cover physical condition, mechanical serviceability, and occupants' opinions of their homes and neighborhoods as well as providing housing inventory totals and general characteristics data.

In summarizing inventory data... the surveys show that 8 million new housing units were built between the 1970 census and October 1973. This amounted to 11 percent of 1973 housing and indicated that the average annual 1970-73 increment amounted to 2.3 million units. Another 2.1 million units were built in 1973-74. During the 1960's, the yearly average of new units constructed was 1.7 million units; in the 1950's... the rate was 1.6 million units. Offsetting new construction are removals through demolitions, disasters, and other causes.

The surveys indicate that the proportion of housing in larger apartments seems to have increased, that housing in single-family dwellings has declined slightly and that housing in structures of 2 to 4 units has also declined slightly.

The reports will be in four parts for each survey as follows: Part A, *General Housing Characteristics*;" Part B, *Indicators of Housing and Neighborhood Quality*;" Part C, *Financial Characteristics of the Housing Inventory*;" and Part D, *Housing Characteristics of Recent Movers*." For the 1973 survey, Part A is now available at \$3.20 from the *Superintendent of Documents*, Washington, D.C. 20402. Parts B and D are scheduled for release sometime in September, and Part C in October. Preliminary data for Parts B and C of the 1974 report are expected in October and Parts A and D in November. Prices have not yet been set for these reports.



FYI

National Savings and Loan League... 32nd Annual Meeting... Las Vegas, October 23-26. Details: *NSLL*, 1101 Fifteenth St., N.W., Washington, D.C. 20005 (202/331-0270)

American Institute of Planners... Annual Convention... San Antonio, October 24-29. Details: *AIP*, 1776 Massachusetts Ave., N.W., Washington, D.C. 20036 (202/872-0611)



New Publication

Dictionary of Development Terminology... contains the technical language of builders, lenders, architects and planners, real estate brokers, appraisers, and governmental and development technicians. Compiled by J. Robert Dumochel... published by *McGraw-Hill Books*. Available from bookstores... \$9.95.

States Collected \$140 Billion in Revenue in 1974

Revenue collected by State governments from all sources totaled \$140.8 billion in fiscal 1974 (an 8.4 percent increase over fiscal 1973) and expenditures amounted to \$132 billion... an 11.2 percent increase, a *Census Bureau* report shows.

Aggregate State revenue exceeded expenditures by \$8.6 billion... lower than the excess of \$11 billion in fiscal 1973. The report attributes this mainly to strong inflationary pressures, the recession, and direct assumption of basic welfare payments to aged, blind, and disabled recipients by the Federal Government on January 1, 1974.

Taxes provided \$74.2 billion... or 60.7 percent... of the total of State general revenue. State tax revenue was up 9 percent in 1974 from the 1973 total. Included in the tax revenue were general sales and gross receipts taxes which provided \$22.6 billion... followed by the sales tax on motor fuel, \$8.2 billion. Tobacco sales tax collections were \$3.3 billion, taxes on alcoholic beverages totaled \$1.9 billion, and motor vehicle license taxes, \$3.5 billion. The yield from individual income taxes, imposed by 44 States, totaled \$17.1 billion... up 9.6 percent from 1973. Corporation net income taxes amounted to \$6 billion in 1974... or almost 11 percent higher than the previous year.

The 50 States spent more for education than for any other function in 1974. Of \$119.9 billion included in general expenditure, \$46.9 billion went to education, a rise of 12.6 percent from 1973. Expenditure for public welfare totaled \$22.5 billion, an increase of 4 percent and spending on highways rose 5.5 percent to \$15.8 billion. Expenditures for hospitals, the fourth major State function, rose 13.3 percent to total \$6.2 billion in 1974.

California collected the most of any State... \$16.5 billion... followed by New York... which had revenues of \$16 billion. In 50th place was Wyoming... with total tax collections of \$310 million.

Copies of the report, *State Governments Finances in 1974, GF-74, No. 3*, may be obtained for \$1.40 from the *Superintendent of Documents*, Washington, D.C. 20402.

HUD newsletter

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September 29, 1975

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HUD-401



HUD NEWSLETTER
September 29, 1975

HUD

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1367



October 6, 1975

Vol. 6 No. 40

Current Trends

Unemployment in the construction trades declined slightly in August... to 19.9 percent from 20.8 percent in July... according to the *Labor Department*. This compares to a rate of 11.3 percent in August 1974. The overall national unemployment rate for all industries remained the same in August as in July... 8.4 percent. Employment in contract construction rose by 45,000 in August... as a result of the settlement of several strikes. Unemployment in the construction industry rose from 502,000 in August 1974 to 907,000 in August 1975.

Delinquency and foreclosure rates showed substantial improvement in the second quarter... ending June 30... the *Mortgage Bankers Association Delinquency Survey* showed. The serious delinquency rate (90 or more days) dropped from .51 percent to .47 percent... for all loans and remained unchanged at .31 percent for conventional loans. Declines were reported for HUD/FHA-VA loans during the quarter... but HUD/FHA-subsidized mortgage delinquency rates continue high.

The *FHLBB* has announced that interest rates on conventional home mortgages rose slightly from early July to early August. The average effective interest rate on conventional loans closed for purchasing newly-built homes increased by 2 basis points to 8.91 percent. The average rate charged on loans closed for purchasing previously-occupied homes rose to 9.14 percent... a 6-basis-point advance. These moderate rate rises appear to continue to reflect prior increases in rates at which major mortgage lenders were making commitments for future lending. These, in turn, were caused by rising open market interest rates, a moderate firming of monetary policy, and a slight slowdown in savings flows to major mortgage lenders.

GNMA has issued \$297.6 million of mortgage-backed securities. The 7¼ percent 30-year securities were awarded at a price of 85.8161 and are being reoffered at 86.25 to yield 9.21 percent to the investor. The securities are the seventh issued under *GNMA*'s revised mortgage disposition program. The last auction... held in mid-July... resulted in a price of 90.8851 to *GNMA*. The securities were reoffered at 91.375 to yield approximately 8.45 percent.

The *Census Bureau* has released its estimate of the July 1, 1975 U.S. population. The figure is 213,631,000... an increase of 1,737,000... 0.8 percent over July 1, 1974... and 166,000 over the June 1 estimate. The July figure is 9.3 million above the last *Decennial Census* on April 1, 1970.

Publication Available

A Guide for Codes Adoption and Codes Enforcement... a compilation of a series of 10 articles published in the *Southern Building Magazine* during 1973 and 1974. Directed primarily toward local elected officials. Single copies available free from the HUD Regional Office, Office of the Assistant Administrator for Community Planning and Development, 1371 Peachtree St., N.E., Atlanta, Georgia 30309.

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Ford Foundation Grants

Different ways of preserving the stability of racially-mixed neighborhoods will be tried across the country under a series of programs announced by the *Ford Foundation*. Grants for the projects... totaling \$270,600... were made to groups in Philadelphia, New York City, Richmond, Va., and Rochester, N.Y.

National Neighbors, 17 Maplewood Mall, Philadelphia 19144... \$154,000 over 2 years, to continue efforts to strengthen interracial neighborhoods. *National Neighbors* was founded in 1970 to combat practices that result in racially-segregated neighborhoods such as panic selling, racial steering by real estate agents, and denial of mortgages by banks (*red lining*) in transitional areas.

United Neighborhood Houses of New York, 63-62 Saunders St., Forest Hills, N.Y. 11374... \$45,000 over 2 years, for a range of social services intended to help maintain stability in a community recently bitterly divided over a proposed high-rise public housing project.

Housing Opportunities Made Equal (HOME), 503 E. Main St., Richmond, Va. 23219... \$21,600 over 18 months, to help organize an experimental variable-rate mortgage program (in which monthly payments are geared to changes in family income) for interracial neighborhoods in Richmond.

Nineteenth Ward Community Association, 447 Genessee St., Rochester, N.Y. 14611... \$50,000 over 2 years, to help preserve the ethnic and racial diversity of the area by mounting a community education program aimed at stemming the drop-off in white enrollment in the ward's junior and senior high schools.

At the same time the *Foundation* announced grants totaling \$300,000 for the rehabilitation of housing in New York City and San Francisco as a means of revitalizing older neighborhoods and preventing community deterioration. The grants are:

Lutheran Medical Center (New York City), 4520 4th Ave., Brooklyn 11220... \$100,000 over 1 year, to enable the *Sunset Park Redevelopment Committee (SPRC)*... the hospital's community partner... to continue the rescue and rehabilitation of abandoned housing in a multiethnic Brooklyn neighborhood.

San Francisco Development Fund, 57 Post St., San Francisco 94104... \$50,000 over 2 years, for the fund's *Housing Conservation Institute*, which will organize a demonstration program aimed at preserving moderate-income neighborhoods.

Association of Neighborhood Housing Developers, 105 E. 22nd St., 7th Floor, New York 10010... \$150,000 over 18 months, to expand technical assistance and training services to some 20 housing groups that make up the *Association's* membership. All the groups are engaged in preserving low- and moderate-income housing in various neighborhoods throughout New York City.



Building Material Prices Remain Fairly Stable

Wholesale prices for all industrial commodities increased .6 percent in August... the *Labor Department* reported... but prices for major building materials remained relatively steady for the second consecutive month. Most of the building materials included in the *Labor Department Wholesale Price Index* rose within a .1 to .2 percent range.

Within the building materials category... there were increases of 2.2 percent in wholesale prices of floor coverings, 1.7 percent in gypsum products, .8 percent in flat glass, and .5 percent in lumber. At the same time... wholesale prices for plywood dropped 1.5 percent, and asphalt roofing declined 1 percent. Compared to August 1974... wholesale lumber prices were down 4.3 percent and plywood prices were up 2.2 percent. The 12-month percentage increases were most marked in paint (12.6)... hardware (14.6)... machinery and equipment (14.2)... household appliances (11.9)... structural clay products (10.9)... and concrete ingredients (13).

CITYSCALE Program Announced

The *National Endowment for the Arts Architecture + Environmental Arts Program* has announced *CITYSCALE*... the third in a series of *National Theme* programs. The *Endowment* is seeking applications from State and local governments and from organizations whose projects clearly have affiliation with and support of these units of government to undertake projects aimed at assisting communities improve their visual character. The goal of *CITYSCALE* is to help in the design and promotion stages of projects in order that actual implementation may be achieved.

In 1973... *Architecture + Environmental Arts* initiated its first *National Theme* ... *CITY EDGES*... emphasizing design and planning problems relating to urban boundary conditions. *CITY EDGES* grants were awarded to 37 projects representing communities across the country and featuring "edges" ranging from waterfronts to highways and historic edges.

The 1974 and 1975 programs were combined for a second *National Theme*... *CITY OPTIONS*. 148 grants totaling over \$3 million under this program supported projects concentrating on special settings within cities that provide distinctive character and identity.

For Fiscal Year 1976 the theme... *CITYSCALE*... will focus on those design elements in our cities and towns which enhance their habitability and human scale ... benches, street lights, signs, plantings, pavings, and many more. Grants generally will be awarded for a maximum of \$50,000 with a matching requirement at least equal to the amount requested from the *Endowment*.

Application for Federal Assistance forms may be obtained from *Architecture + Environmental Arts, National Endowment for the Arts*, Washington, D.C. 20506. Submissions must be postmarked no later than November 3, 1975.



Solar Energy Meeting Scheduled

HUD is one of the co-sponsors of a *Conference on Standards for Solar Heating and Cooling* to be held in Philadelphia on October 14-15. Other sponsors are the *American Society for Testing Materials; American National Standards Institute; American Society of Heating, Refrigerating, and Airconditioning Engineers; American Society of Mechanical Engineers; Department of Defense; Edison Electric Institute; Energy Research and Development Administration; Federal Energy Administration; National Aeronautics and Space Administration; National Bureau of Standards; and the Solar Energy Industries Association.*

The purpose of the conference is to organize a standards system for incorporation in the performance criteria now being prepared for issuance by *HUD*. These criteria are an essential element in stimulating a commercial capability to produce and distribute solar heating and cooling systems.

Additional information is available from Walter V. Cropper, *ASTM*, 1916 Race Street, Philadelphia 19103 (215/299-5478).



National Savings League Elects

Arthur Tonsmeire, Jr., Chairman and President of the *First Southern Federal Savings and Loan Association* of Mobile, Ala., and D.D. McClatchy, President of the *Olney Savings Association*, Olney, Texas, have been elected President and Vice President, respectively, of the *National Savings and Loan League* for 1976.

Tonsmeire... who has been serving the League during the past year as Vice President... succeeds Edwin G. Alexander, President of *Majestic Savings and Loan*, Denver, Colorado, in the top executive position.

McClatchy, who has been the *League's Legislative Committee* Chairman during the last year, has been associated with *Olney Savings* for 24 years.

Architectural Record. . . Conference: *Resources 76*. . . Chicago, October 27-30. Registration: *University of Chicago Center for Continuing Education Resources 76*, Conference Registration, 1307 East 60th St., Chicago, Ill. 60637 (312/753-3185)

National Economic Development Law Project of the University of California, Berkeley. . . 3-day National Training/Workshop Conference on housing and community development opportunities for Community Development Corporations. . . San Francisco, October 29-31. Major areas include: Strategies for Urban and Rural CDC Involvement under the *HCD Act of 1974*. Registration: Ms. Margaret Baker, *National Economic Development Law Project*, 2313 Warring St., Berkeley, California 94704.

American Institute of Real Estate Appraisers. . . Annual Convention. . . San Francisco, November 6-13. Contact: Marge Jorgensen, *AIREA*, 155 E. Superior, Chicago, Illinois 60611.

National Leased Housing Association in cooperation with *HUD*. . . Section 8 Practitioner's Workshop. . . a 1-day seminar in processing under the Section 8 Leased Housing Program. . . New York City, November 5; Washington, D.C., November 12; Chicago, November 14; Dallas, November 19, and San Francisco, November 21. Section 8 practitioners and *HUD* Headquarters, Regional, and Area personnel will focus on problems encountered in processing Section 8 new construction and existing unit projects, the degree to which the Housing Assistance Plans are affecting *HUD*'s allocation of units, the development of techniques for local agency financing under Section 8, conversion of Section 23 to Section 8, and other issues relevant to the housing practitioner. Details: *NLHA*, 1025 Connecticut Ave., N.W., Suite 707, Washington, D.C. 20036 (202/833-2327)

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HUD NEWSLETTER
October 6, 1975

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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
OCT 11 1977
U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1907



October 13, 1975

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Vol. 6 No. 41

Current Trends

HUD's latest mortgage market opinion survey...based on the then prevailing maximum allowable interest rate of 8½ percent for *HUD/FHA*-insured mortgages... was conducted in late August... before the increase to 9 percent which became effective on September 2. Nationally, the secondary market price for immediate delivery of *HUD/FHA* insured 8½ percent new-home mortgages with 30-year terms and minimum downpayments averaged \$93.7 per \$100 of outstanding loan amount. This represented a decrease of 1½ points from the price reported as of August 1. The equivalent gross yield to investors was 9.33 percent.

FNMA issued \$177.2 million in 4-month commitments to purchase Government-backed and conventionally-financed home mortgages in late September. The issuance was \$142.0 million in commitments on Government-backed mortgages at an average yield of 9.860... which converts to an average price of 94.23 for 9 percent *HUD/FHA-VA* mortgages. The average in the previous auction was 9.695. The range of accepted bids was 9.817 (94.51) to 10.000 (93.28). *FNMA* received 441 bids totaling \$293.6 million and accepted 332 bids... including 282 noncompetitive. In the conventional auction... *FNMA* issued \$35.2 million in 4-month commitments at an average yield of 9.921... up from 9.750 in early September. The range of accepted bids was from 9.900 to 10.064. *FNMA* received 113 bids totaling \$68.8 million and accepted 80 bids.



Irrigation Designers Need License

The California Attorney General has ruled that a license as a landscape architect is required when an individual practices irrigation design which incorporates specific aesthetic features.

The ruling also covers manufacturers of irrigation equipment who also provide designs for the deployment of the equipment when the designs incorporate specific aesthetic features and are tailored for a particular piece of land.

The opinion implies that it is irrelevant whether individuals refer to themselves as irrigation consultants, designers, manufacturers, or distributors.

The Attorney General noted several exceptions, however. These exceptions extended to persons who hold certain valid registrations or licenses issued by the State. For example... a landscape contractor may design an irrigation system he himself will install, as long as he does not attempt a comprehensive design of the landscape itself. In addition... an architect may design an irrigation system, or an engineer may design an irrigation system when it is incidental to his dominant engineering project.

But aside from these exceptions, only persons licensed by the *California Board of Landscape Architects* may perform irrigation design.

Savings Inflows Decline

Contraction in savings inflows in August has been reported by the *Federal Home Loan Bank Board*... indicating that rising interest rates for bonds and other securities has attracted money away from savings accounts. The report showed the month's increase was \$1.3 billion... \$1.6 billion less than July's... and contrasted to net savings withdrawals of \$1.2 billion in August of 1973 and 1974.

According to the *New York Times*... the *FHLBB* report confirmed a trend already evident in other sectors of the thrift industry. It came amid increasing expectations that the situation will eventually lead to a shortage of mortgage funds that would impede recovery in the depressed housing industry.

So far... the flow trends at savings institutions appear to have had no impact on availability of mortgage funds. The *United States League of Savings Associations* reported that a record \$5.7-billion in mortgage loans were made in August. Bankers in general continue to report no shortage in mortgage money, although they foresee shortages if the present trend in interest rates continues.

Meanwhile... several leading bankers and money market analysts predicted that the uptrend in interest rates would continue at least through the balance of this year and perhaps well into next year.

Rising interest rates in the money markets in recent months have enabled savers to increase their income by taking funds out of savings accounts and putting them into *Treasury* bonds and other market-related investments with higher yields.



FYI

National Building Show... National Conference and Exposition... Chicago, October 21-23. Details: *NBS*, Conference Manager, 331 Madison Ave., New York, New York 10017.

American Institute of Steel Construction, Inc.... Annual Convention... Boca Raton, Fla., October 27-29. Details: *AISC*, 1221 Ave. of the Americas, New York, New York 10020

American Consulting Engineers Council... Convention... Portland, Oregon, October 27-28. Details: *ACEC*, Suite 713, 1155 15th St., N.W., Washington, D.C. 20005.

Architectural Woodwork Institute... Convention... St. Louis, October 29-31. Details: *AWI*, 5055 S. Chesterfield Rd., Suite A, Arlington, Va. 22206.

National Technical Information Service of the U.S. Dept. of Commerce... Five 4-day seminars on Solar Energy plus a 1-day "Profit Opportunities Workshop"... Washington, D.C., November 3-7; Chicago, November 17-21; Los Angeles, December 8-12; Houston, February 2-6; and New York, March 1-5. Registration: *NTIS* Registrations, *New York Management Center*, P.O. Box 2409, Grand Central Station, New York, New York 10017.

National Council for Urban Economic Development... Annual Convention... Washington, D.C., November 9-12. Details: *NCUED*, 1620 Eye St., N.W., Washington, D.C. 20006 (202/293-6911).

United States League of Savings Associations... 83rd Annual Convention... Miami Beach, November 9-14. Details: *USL*, 111 East Wacker Drive, Chicago, Illinois 60601 (312/644-3100).

New York University Business and Management Programs in cooperation with *Public Relations Society of America (N.Y. Chapter)*... Seminar: Trends and Challenges in Community Relations... New York, November 10-11. Registration: *N.Y.U. Business and Management Programs*, Room 1517, 310 Madison Avenue, New York, New York 10017 (212/682-1435).

Housing Under Emergency Act Begins

The *Housing Conservation Institute (HCI)* of San Francisco has begun a three-part action program for preserving selected neighborhoods in the city. It provides:

- A broad range of loan opportunities for home improvement.
- Expert assistance in planning and concluding home improvement business transactions.
- Priority attention for needed public improvements.

Commitments of \$20 million from the *Crocker Bank*, the *Bank of America*, *Citizens Savings Bank*, and *Wells Fargo Bank and Mortgage Company* plus \$337,000 in 7.5 percent loans under the *Emergency Home Purchase Assistance Act of 1974* have been made available for home purchases in *HCI* demonstration neighborhoods.

The *HCI* staff is presently dealing with over 30 Westwood Park homeowners who have requested assistance. The first contracts for complete home remodeling have been awarded. The work will include replacement of steps and porch, interior and exterior painting, rebuilding existing windows, raising the foundation and installation of a complete new electric kitchen. The amenities of the remodeled homes will be competitive with new suburban homes. . . and is the beginning of an expected \$8 million dollar home improvement investment in the neighborhood.

San Francisco. . . like other large cities. . . is feeling the impact of middle class flight to suburbia. The City has not yet reached the state of Eastern cities. . . where only the very rich and the very poor may live. However. . . demand for homes in the most exclusive neighborhoods is increasing, while many other once fashionable neighborhoods have so deteriorated that massive public subsidies are required to restore minimum health and safety standards. This new home and neighborhood improvement is expected to redirect the trends, so that an important middle segment of a healthy population will not be totally forced out of the City.

HCI was founded by the *San Francisco Development Fund*, a California nonprofit public service organization with a distinguished history in housing research and demonstration programs. Operating funds have been granted to the *Institute* by the *San Francisco Foundation*, the *Ford Foundation* and others.

Westwood Park was selected as a first demonstration area. It consists of 726 lovely old homes near *City College*. The neighborhood is nearly 50 years old.



Ground Broken for First Bicentennial Units

As part of the Bicentennial. . . the *National Housing Partnerships* will complete and rent the first units of low- and moderate-income housing next year in the historic *Dip Urban Renewal Project* area. The new buildings will have architectural design and materials compatible with the surrounding historic structures of Alexandria, Va.

The recent groundbreaking for 179 new apartments and townhouses is the first stage of the 11-block renewal culminated a long period of planning and the overcoming of obstacles. This stage. . . consisting of garden apartments. . . just across the Potomac River from Washington, D.C., is being developed by *Dip Limited Partnership* consisting of the *National Housing Partnership* and Thomas P. Harkins, Inc., Silver Spring, Md., as general partners.

The apartments are being financed under the *HUD/FHA* Section 236 Federal subsidized housing program. . . enabling rents to be kept within reach of families in the low- and moderate-income category. The townhouses will be sold to former residents of the area, displaced by project activities.

Public Hearings Scheduled for Basic Code Proposals

Building Officials and Code Administrators (BOCA) International... the Nation's oldest professional association of practicing building and code officials and publishers of the *BOCA Basic Codes*, will hold three separate public hearings on proposed changes to the 1975 *Basic Code* series.

The *BOCA Basic Codes* (*Building, Mechanical, Plumbing, Fire Prevention, etc.*) are model code documents adopted and used by hundreds of government jurisdictions across the country. In keeping with *BOCA's* democratic model code revision procedure, any interested person may submit proposals at public hearings, with acceptance or rejection of a proposed code change determined by vote of *BOCA's* active (practicing code official) membership at the organization's Annual Conference.

The 1975 public hearing schedule marks an expansion of *BOCA's* previous procedure of holding only one public hearing (in Chicago) for a given year's change proposals.

The 1975 hearings will be held from 9:00 a.m. to 5:00 p.m. on Saturday, November 22, in Richmond, Virginia; on Saturday, November 29, in Lansing, Michigan; and in Chicago on Wednesday and Thursday, December 3 and 4, on changes proposed to all 1975 *Basic Codes* (*Basic Building Code, Basic Plumbing Code, Basic Mechanical Code, Basic Fire Prevention Code, Basic Housing-Property Maintenance Code, and Basic Industrialized Dwelling Code*) in conjunction with *BOCA's* annual Mid-Year Meeting at the *University of Chicago's Center for Continuing Education*. The hearings will be extended past December 4 as long as needed to complete the testimony.

All interested persons may state their views on current code change proposals at these hearings. Further details from *BOCA*, 1313 E. 60th St., Chicago 60637 (312/947-2580).

HUD newsletter

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

HUD-318-197-ASI

October 13, 1975

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HUD-401



HUD NEWSLETTER
October 13, 1975

HUD

newsletter
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



OCT 23 1975

October 20, 1975

Vol. 6 No. 42

New Credit Source Successfully Tested

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In what could be a landmark development in tapping a new source of mortgage funds... *California Federal Savings and Loan Association*... the Nation's fourth largest... sold \$50 million of mortgage-backed bonds to the public. The issue was in minimum amounts of \$10,000... and bore interest at 9-1/8 percent... and was quickly sold out.

The mortgage-backed bonds... the first of this type of issue ever to be offered publicly... brought comments from industry observers that this could be the beginning of a multibillion dollar market for these bonds and could do much toward maintaining a flow of funds to *S&Ls* when savers switch from *S&L* accounts to higher-interest savings sources. With the *Treasury* currently draining off a very high percentage of savings funds... mortgage-backed bonds in the 9-percent range offer a competitive advantage over the usual 5 to 6 percent yield on *S&L* savings accounts... and could tend to bring about a more stable flow of funds to the thrift institutions for mortgage lending.

Investment bankers report that following the success of the California *S&L's* offering... a number of other *S&Ls* and at least one large life insurance company are planning to issue mortgage-backed bonds.



Warranty For Pre-Owned Homes Begins

St. Louis has become the first major urban area in the Nation to institute a *Home Protection Program* covering prospective home sellers and buyers. The *Program*... which was conceived and approved by the *National Association of REALTORS* is being operated by the *Real Estate Board of Metropolitan St. Louis*.

In announcing the beginning of the *Program*... *Real Estate Board* President Joseph T. Muehring said: '*REALTORS* in the St. Louis metropolitan area are proud to announce another 'St. Louis first.' It is our belief that this innovative *Home Protection Program* promises a new era of professionalism for the *REALTORS* of America and is a manifestation of the *REALTORS'* traditional concern with the protection of their clients and their customers, and with service to the public.

The objectives of the *Program* are:

- To disclose defects in the basic structural and functional components of a property.
- To minimize... through insurance or warranty... the loss to the home buyer resulting from any undisclosed defects.
- To protect both the seller and the *REALTOR* from liability for misrepresentation, fraud, or breach of warranty.

The *Program* protection is for a period of 18 months and for an amount up to \$2,500.

Energy Program Authorized

A joint *HUD-Federal Energy Administration* funding of \$375,000 for initial projects in a program to encourage States to upgrade their planning activities by including energy considerations has been announced by HUD Secretary Carla A. Hills and *Federal Energy Administrator* Frank G. Zarb.

The cooperative effort stems from an *HUD/FEA* agreement to encourage State planning for long- and short-range solutions to the Nation's energy needs... and to coordinate energy planning activities among State, regional, and local government officials.

The projects... which are financed by *HUD* grants under the *Comprehensive Planning Assistance Program (701)* and *FEA* contractual authority are:

- A study by the *Mid-Atlantic Governors Resources Advisory Council* to determine the State policy and decision needs related to offshore oil drilling. The participating States are New York, New Jersey, Maryland, Virginia, and Delaware. The project involves \$50,000 in *HUD 701* funds and \$115,000 in *FEA* funds and will be concerned with community and environmental impacts.

- A similar study funded through the State of California to determine and analyze the onshore implications of West Coast offshore drilling. This project involves \$50,000 in *HUD 701* funds and \$50,000 in *FEA* funds.

- A State of Utah study related to the impacts on communities of energy extraction. The project involves \$50,000 in *HUD 701* funds and \$60,000 in *FEA* funds.

The agreement also commits *HUD* and *FEA* to the development of an interagency information exchange system on energy planning, joint funding of future energy-related projects, and communications of results to State, regional, and local officials.

Among the first joint information products will be a guide book for local elected officials and planners on energy siting needs, and a *National Energy Planning Conference* ... both scheduled for later in the year.

In a letter to the Governors of the 50 States informing them of the agreement and announcing the demonstration grants and other cooperative *HUD/FEA* efforts, Secretary Hills and Administrator Zarb emphasized the importance of State action in planning for energy supply and demand, conservation, domestic resource development, and siting of energy production facilities.

The *HUD/FEA* agreement demonstrates the mutual recognition by Secretary Hills and Administrator Zarb that State energy management plans are an essential part of each State's comprehensive plan. The agreement sets forth basic policies for coordination and supportive delivery of *HUD 701* and *FEA* resources to promote integration of energy planning into the already established comprehensive programs of more than 2,000 recipients of *HUD 701* assistance.



FHLBB Raises Loans on Co-ops

Conventional loans to cooperative housing projects may be made up to 95 percent of value... effective October 28... under final amendments issued by the *FHLBB*. Existing Regulations limit the loan-to-value ratio on such loans to 80 percent.

The cooperative housing projects must be owned by a nonprofit organization... must be 90 percent presold... and must meet the requirements for 90 and 95 percent loans on single-family homes. In addition... reserves such as those required for comparable loans insured by *HUD/FHA* must be maintained.

Island Territories Gaining Migrants

Puerto Rico had a net inflow of about 65,000 persons between 1970 and 1973...after several decades of heavy outmigration to the United States mainland...according to estimates by the *Census Bureau*. The report shows the 1973 population to be 2,951,000...an increase of 8.8 percent since the 1970 census.

Of the five other areas listed in the report...the Virgin Islands of the United States led in the rate of population growth. The estimated 1973 population of this island resort was 82,000...a 32.2 percent increase over 1970. The Virgin Islands are gaining migrants at an even faster pace than in the 1960's when the territory nearly doubled in population. The net inflow between 1970 and 1973 was about 12,500 persons.

Guam...a strategic military base some 6,000 miles southwest of San Francisco in the Pacific Ocean, had a population of 100,000 in 1973...an 18 percent increase over 1970. The Trust Territory of the Pacific Islands, located near Guam and comprising three major island groups (the Marshalls, the Carolines, and the Marianas) had a population of 107,500 in 1973...an increase of 13 percent over 1970.

American Samoa...with 28,300 inhabitants in 1973...showed a slower population growth, 4 percent since 1970. The Canal Zone is the only area that lost population; its 1973 population of 41,000 represented a 7.2 percent decline from 1970.

Population growth in Guam and the Canal Zone is closely related to changes in the Armed Forces stationed there which make up a large portion of each territory's total population...the report says. In the Canal Zone...there has been a sharp curtailment of Armed Forces personnel. Guam's rapid growth resulted from the substantial and probably temporary increase in assigned Armed Forces as American military strength in South Vietnam was phased out.

Annual estimates of the population of these areas are shown for the period 1960 through 1973...together with estimates of the births, deaths, and migration for the 1960 to 1970 and the 1970 to 1973 periods.

The report, *Estimates of the Population of Puerto Rico and Other Outlying Areas: 1960 to 1973*, P-25, No. 603, is available for 30 cents per copy from the *Superintendent of Documents*, Washington, D.C. 20402.

New Publications



A new *Publications Catalog* is now available at no cost from *Building Officials and Code Administrators (BOCA) International*.

The *Catalog* provides up-to-date listings and prices on *BOCA's Basic Code* series, textbooks, manuals, and other publication items designed to assist professional Code Administration and enforcement. By category, it offers complete information on ordering information; the *BOCA Basic Codes/1975/* earlier *Basic Code* editions; noncode publications; building department forms, permits, and signs, and specialized *BOCA* products; The *Building Official and Code Administrator Magazine*; complimentary publications; *Publications Department* services; and other services available to the *BOCA* membership.

Individual free copies of the *BOCA Publications Catalog* may be obtained from *BOCA International, Publications Order Department*, 1313 East 60th St., Chicago, Illinois 60637.

Planning in America: Learning from Turbulence. The book's main point is that society is no longer slow-moving and relatively predictable. Sudden change...or the sudden awareness of changes that have taken place...create the need for a different response mechanism for different research tools, for different theories in planning. The book looks at what is actually happening in society and at how fast the public perspective and demands can change. 240 pp. Illus. Paperbound...\$10...(\$8.50 to members of *AIP*, prepaid) from *American Institute of Planners* 1776 Massachusetts Ave., N.W., Washington, D.C. 20036.

FYI

Governmental Refuse Collection and Disposal Association. . . Annual Convention . . . Los Angeles, November 11-14. Details: *GRCDA*, 17071 Ventura Blvd., Suite 103, Encino, California 91316.

National Municipal League. . . Annual Convention. . . Chicago, November 16-19. Details: *NML*, 47 E. 68th St., New York, New York 10021 (212/535-5700).

American Bankers Association. . . 24th National Agricultural and Rural Affairs Conference. . . Houston, November 16-19. Contact: Conference Coordinator, *Agricultural Bankers Division*, *ABA*, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

U.S. Conference of City Health Officers. . . Annual Convention. . . Chicago, November 17. Details: *USCCHO*, 1620 Eye St., N.W., Washington, D.C. 20006 (202/293-7300).

American Association of State Highway and Transportation Officials. . . Annual Convention. . . St. Louis, November 17-21. Details: *AASHTO*, 341 National Press Bldg., Washington, D.C. 20004 (202/628-2438).

Council of State Governments. . . Annual Convention. . . Orlando, November 20-22. Details: *CSG*, P.O. Box 11910, Iron Works Pike, Lexington, Kentucky 40511 (606/252-2291).



Recent Decision

In *Columbia Plaza Limited Partnership, et al. v. Alfred Cowles, et al.*, the *U.S. District Court for the District of Columbia* granted summary judgment in favor of the *DC Housing Rent Commission* and dismissed the action by a Section 220-insured mortgagor which challenged the DC rent control ordinance as being inconsistent with the *National Housing Act*. The Court held the ordinance was not inconsistent on its face and cited *HUD's Interim Rule on Local Rent Control* as an indication that *HUD* does not consider the *National Housing Act* as preempting all local rent control.

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HUD NEWSLETTER
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October 27, 1975

Vol. 6 No. 43

Section 235 Reactivated

On October 17... Secretary Carla A. Hills announced the activation of a revised *Section 235* homeownership subsidy program to spur construction and rehabilitation of single-family homes for low- and moderate-income families and to assist the recovery in the housing industry.

HUD will use \$264.1 million over the next two years... in funds already authorized... to subsidize over 250,000 new single-family units as a tool to revitalize the troubled housing industry and create construction jobs and to assist in the rehabilitation of urban neighborhoods.

The new program, the Secretary said, differs from the old in a number of significant respects. Among other things... the subsidized home can be a new or substantially rehabilitated single-family detached, townhouse, condominium, or cooperative unit. The subsidies are not available for the purchase of existing homes, which were eligible under the old program.

Additionally... the revised program is designed to help families now priced out of the new home market because of high interest rates and escalated housing costs. Subsidy payments can continue through the term of the mortgage until the property is sold, or until the homeowner can pay the monthly mortgage, insurance and taxes out of 20 percent of his adjusted gross income.

The *Section 235* program is being reactivated at this time in order to help sustain the housing recovery. There are presently no plans to continue the program after the funds have been exhausted.



FY '76 Budget Act Approved

Congress has approved *HUD's Appropriation Act for Fiscal Year 1976*. Total amounts approved... *Appropriations, Contract Authorities*, etc... come to \$11.3 billion. The major items in the *Bill* are:

- Annual Contract Authority (covering *Annual Contributions for Assisted Housing*... *Section 8* and *Low-Rent Housing*) \$662.3 million.
- Annual Loan Limitations (*Sec. 202 for Elderly or Handicapped*) \$375 million.
- Corporate Expense Limitations and Transfers \$211.3 million.
- Appropriations \$6.074 billion.
- Borrowing Authority (*Emergency Home Purchase Assistance Act of 1974*) \$5 billion.

The \$11.3 billion total compares to a 1975 FY total of \$5.454 billion... but the 1975 total did not include the \$5 billion borrowing authority under the *Emergency Act*.

New Low Rent Regulations Proposed

Interim Regulations designed to protect tenants of low-income housing against excessive payment of rent... while at the same time increasing income for *Public Housing Authorities*... have been announced by *HUD*.

The rules would apply to more than 2,400 *Public Housing Authorities*... representing 1.4 million units, and about 3 million people.

Authorized by the *National Housing Act of 1937*, as amended by *Congress* in 1974, the rules provide that no tenant of a low-income housing project pay more than 25 percent of adjusted gross income for rent, unless:

(1) Five percent of gross income exceeds 25 percent of adjusted income;

(2) A tenant receives public assistance, a portion of which is based on his actual housing costs, in which case, the tenant will generally pay the maximum rent allowed by the public welfare agency.

For the purpose of determining minimum and maximum rents, the proposed rules detail deductions that may be taken from income in computing rents, and are designed to prevent "double deductions."

Public Housing Authorities... when applying for an increase in operating subsidies from *HUD* under the new rules... will have to certify that rental income of the project totals at least 20 percent of the income of all tenants.

Responsibility for setting rents remains with the *Public Housing Authorities*, subject to approval by *HUD*. *LHA* managements can adopt rent schedules suitable to their respective projects so long as rent levels remain within the minimums and maximums established by the proposed rules.

Comments on the *Regulations* may be submitted until October 31 to the *Rules Docket Clerk*, Office of *HUD General Counsel*, Room 10245, Washington, D.C. 20410.



FHLBB Authorizes Limited Futures Operations

The *FHLBB* is proposing regulations to authorize Federal savings and loan associations to participate on a limited, hedged basis in the *GNMA* futures market opened by the *Chicago Board of Trade* on October 20. The *Board* is also proposing a policy statement (1) strongly urging insured State-chartered thrift institutions not to participate in the new futures market other than on the limited, hedged basis proposed for Federals... and (2) stating that the *Board's* examinations staff may take supervisory objection to speculative participation by insured institutions in the new market.

The *Board's* Acting Chairman noted that mortgage futures transactions which are conducted in a prudent and knowledgeable manner can provide lending institutions with protection against market fluctuations of interest on mortgage loans made by them. He emphasized, however, that engaging in futures transactions without sufficient understanding of the function and operation of the mortgage futures market would be an unwise practice.



FYI

BATIMAT... 10th International Construction Show, Parc des Expositions... Porte de Versailles, Paris, November 20-30. Contact: *French Trade Shows*, 1350 Avenue of the Americas, New York, New York 10019.

Settlements Act Regulations Amended

HUD has issued eight amendments to the *Regulations* under the *Real Estate Settlements Act (RESPA)*... effective October 9.

On August 1... the *Department* requested comments on the operation of *RESPA*. The *Regulation* amendments are based on the 344 comments received by the September 30 deadline, covering problems being experienced by buyers and sellers of homes, mortgage lenders, and others.

The most significant amendment is the expansion of the provisions for waiver of the 12-day minimum period between advance disclosure and settlement. The waiver will now be possible for all buyers and sellers. Where the waiver is used... the settlement is received. (It should be noted that the *RESPA* statute does not permit the parties to waive the preparation of the advance disclosure statement. It only permits reduction of the 12-day period.)

Lenders are encouraged to use the waiver provision, and to advise buyers and sellers of their rights to waive the 12-day minimum period if they wish. The Department has expanded these provisions for waiver in light of many reports that the more restrictive waiver provisions of the previous regulations were causing serious inconvenience to many buyers and sellers.

The seven other changes to the *RESPA Regulations* are:

- Elimination of coverage of assumptions, except assumptions of construction loans;
- Two amendments redefining "loan application" to mean a written application, and "loan commitment" to mean a written commitment, so that lenders may communicate freely by telephone and in person with the public, without fear that their oral conversations might inadvertently constitute receipt of a loan application or issuance of a loan commitment;
- Provision that certain portions of the standard *Advance/Disclosure Settlement* form not used locally may be deleted. This will allow the form to be substantially shortened by lenders who do not use many of the items on the form;
- Provision that the *Truth in Lending* portion of the form need only be provided to the buyer, not to the seller;
- Elimination of the *Truth in Lending* portion of the form, when used as a *Settlement Statement*;
- Simplification regarding mailing of a *Settlement Statement*.

The eight amendments to the regulations are carefully designed to avoid causing a new nationwide round of training of lenders' personnel.

HUD was particularly concerned to avoid substantial required changes to lenders' procedures in view of current intensive consideration by Congress of possible amendment, suspension, or repeal of *Sections 4 and 6* of *RESPA*.

In order to avoid such a new round of training... as well as substantial possible disruption to the procedures which lenders have established... further consideration has been deferred with respect to other technical changes to the *Regulations*, such as revision of the timing of advance disclosure, changes of the technical instructions for completion of the standard form and changes to the form. Also, the *Department's* legal authority to make other improvements in the *Regulations* is severely limited by the express provisions of the *RESPA* statute.

The amendments were issued after consultation with the *Federal Home Loan Bank Board*, the *Federal Reserve Board*, and other *Agencies*.

Solar Proposals Sought

HUD is seeking new projects for the use of solar heating built into the home ... including domestic hot water... and possibly combined heating and cooling systems ... and is calling for proposals to be submitted for demonstration projects integrating solar energy systems into building plans for single and multifamily homes.

A number of grants will be awarded... perhaps as many as 20... depending upon the number and quality of the proposals, funding available, and other program requirements. The awards will finance only the solar energy portion of the selected projects.

Entrants are expected to have already arranged for the financing, land, building type, and solar energy system. They must have completed their basic engineering designs and be ready to start construction within 90 days after the award is made.

In announcing the program... Charles J. Orlebeke, **HUD** Assistant Secretary for Policy Development and Research... said: "These will be the first private solar energy residential demonstration projects under the *National Solar Heating and Cooling Demonstration Program*. We expect them to be a major factor in alerting the country to the potential energy savings that can be achieved in the effective use of solar energy. Over the 5-year program we hope to demonstrate many different methods of heating, cooling and heating water, and to resolve many of the issues that may restrict the widespread use of solar energy for heating and cooling."

A similar request will be issued in about 9 months to allow organizations which did not submit their plans or whose submissions were not accepted to have another chance to demonstrate their projects. This *Request for Grant Applications (RFGA)* is expected to be reissued approximately five times during the program.

Copies of the *RFGA Number H 2353* may be obtained by writing to the *Office of Procurement and Contracts*, Attn: Cheryl Yeargin or Wayne Cutrell, Room B-133, **HUD**, Washington, D.C. 20410 (202/755-5450);

HUD newsletter

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HUD NEWSLETTER
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Current Trends

Housing starts in September dropped 2 percent from August. . . from 1.268 million to 1.240 million units on a seasonally-adjusted basis. . . but up 7 percent from the 1.157 million level of September 1974. New housing permits rose 8 percent from August to September . . . the September 1975 issuances of 1.072 million were 26 percent above the 853,000 level of September 1974. . . and 8 percent above the August 1975 figure.

President Ford has nominated former Congressman Ben B. Blackburn to be Chairman of the *Federal Home Loan Bank Board*. Blackburn was a member of the *House Banking Committee* until he was defeated for reelection to the House last year. He will replace Thomas R. Bomar as Chairman, if confirmed by the *Senate*. Bomar resigned his post in June of this year, and Garth Marston has been serving as Acting Chairman during the interim. Prior to his election to the House. . . the nominee was a partner in the law firm of *Peek, Whaley & Blackburn* from 1956 to 1967. He served on the staff of the Attorney General of the State of Georgia from 1955 to 1956.

The *FHLBB* reported that the net savings receipts at *FSLIC*-insured S&Ls dropped sharply in August with a total inflow of \$1.31 billion. . . down from July's \$2.87 billion and the smallest monthly gain this year. Mortgage-lending activity continued to expand . . . however. . . with the volume of home loans closed in August rising to \$5.59 billion from \$5.39 billion in July and \$3.50 billion in August 1974.

Dun and Bradstreet reported that one out of every five U.S. companies forced out of business in the first half of this year was a construction contracting firm. Caught in the crunch between a shrinking market and spiraling inflation, 1,302 contractors failed in that period, 45 percent more than in the first half of 1974 and almost twice as many as in the comparable period in 1973. The liabilities of the failing firms rose to \$222 million. . . 87 percent more than a year ago. . . and about half of the liabilities were those of firms of \$1 million or more. Most failing contracting firms were in the South with the Midwest and the far West close behind.

A joint *HUD-Commerce* study showed that during June 1975, new one-family houses were sold at a seasonally-adjusted annual rate of 556,000. . . compared to the revised rate of 592,000 units for May. . . and that the median sales price of houses sold in June was \$37,800 as compared to the revised May price of \$39,500. Privately owned housing completions in June were at a seasonally-adjusted annual rate of 1,107,000 units as compared to the May rate of 1,262,000 units and the June 1974 rate of 1,805,000 units. The seasonally-adjusted annual rate of completions of privately owned single-family structures amounted to 735,000 units and the rate for structures with 5 or more housing units was 321,000.

The *U.S. League of Savings Associations* reported an increase in the number of homeowners late on mortgage payments. In August the number was higher than in any month since February. This is in contrast to a *Mortgage Bankers of America* report covering the second quarter (April to June) that the delinquency rate for residential mortgage loans declined during that quarter of 1975 to .47 percent from .51 percent during the first quarter of the year.

Elderly and Handicapped Sponsors Sought

HUD has invited private sponsors to apply for fund reservations for the construction or rehabilitation of housing for the elderly and the handicapped under *Section 202* of the *Housing Act of 1959*, as amended. The closing date for applications is December 45. *Congress* authorized *HUD* to provide \$375 million during FY 76 for 100-percent permanent financing loans with any cash equity or other financial commitment not to exceed \$10,000. The provision... if approved by the President... would require *HUD* to amend the Regulations to provide both construction and permanent financing, but the criteria for eligibility as a sponsor would not change.

In addition to the financing set forth above, "seed money" loans will be made available to cover up to 80 percent of preconstruction costs.

Elderly families and handicapped persons living in the units to be constructed or substantially rehabilitated through *Section 202* will have the benefits of *HUD's Housing Assistance Payments* program... generally referred to as *Section 8*.

It is stipulated that no single sponsor shall receive a reservation of loan funds in a single *HUD* Region more than necessary to finance the construction or substantial rehabilitation of 300 housing units and related facilities.

Application forms may be obtained from any *HUD* Field Office... and inquiries and applications should be addressed to: *HUD* Assistant Secretary for Housing Production and Mortgage Credit, Attention: Correspondence Unit, Room 6110, Washington, D.C. 20410.

First S&L Conversion Approved



The *Federal Home Loan Bank Board* has approved the application of the *Franklin Savings Association* of Austin, Texas, for permission to convert from a mutual form of organization to a "stock-ownership" type. This is the first conversion application approved by the *Board* under its new conversion Regulations which were recently adopted in final form.

The plan of conversion... which also has been approved by the *Texas Savings and Loan Commissioner*... will be voted upon at a special meeting of *Franklin's* members to be held on November 3. If approved by *Franklin's* members... the conversion is expected to raise about \$1 million in new capital for the association through the sale of its capital stock.

The *Board* had announced earlier that it would allow five such conversions to test the effect of ownership operation... which differs from the mutual type in which the S&L is "owned" by its depositors rather than by stockholders.

FYI



Institute for Professional and Executive Development and the *Bureau of National Affairs, Inc.*... Symposium to Examine Real Estate Tax and Securities Law—1975... Washington, D.C., November 17. Details: Judy Ward, *IPED*, 1025 Connecticut Ave., N.W., Suite 707, Washington, D.C. 20036 (202/785-5275).

National Association of Home Builders... Seminar: *The Basic House from A to Z*... Denver, November 17-19. Registration: *NABH, Department of Seminars and Workshops*, 15th & M St., N.W., Washington, D.C. 20005.

National League of Cities... Congress of Cities... Miami Beach, November 30-December 4. Details: *NLC*, 1620 Eye St., N.W., Washington, D.C. 20006 (202/293-7300).

American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc.... Seminar... Washington, D.C., December 4-5. Details: *ASHRAE/MCI Conference*, (212) 528-0377 and (203) 359-4166 (call collect).

Landscape Design Competition Announced

The 1976 *American Institute of Landscape Architects International Design Competition* has been announced. The deadline for entries is December 1, 1975. Entry is open to all active members of *AILA* or any other landscape architect actively engaged in the profession. Categories of competition are: Residential... apartments, single-family planned unit development; Commercial or Municipal; Parks; and Site Planning.

Further details: Robert Stoffel, Chairman, *Awards Program Committee*, P.O. Box 21521, Gardner Station, St. Louis, Missouri 63109.

Publications Available



Buying Your Home... a 16-page consumer booklet issued by the *American Bar Association*... covers contracts, financing, title, and closing. It alerts the prospective buyer to important points and suggests precautions for guarding against disappointments, unforeseen expense, and unavoidable complications. The booklet is a modernized version of *Your Home Buyer's Guide* issued by the *ABA* in 1967. More than 67,000 copies of the initial version were disseminated. The project is sponsored by the *ABA Standing Committee on Lawyer's Title Guaranty Funds*. Single copies of the new booklet are available for 50 cents from *ABA Circulation Department 5061*, 1155 East 60th St., Chicago, Ill., 60637. Details on quantity discounts and other matters are available by writing to Mary L. Dolan at *ABA*.

Guide to Construction Marketing Research... a reference work for persons involved in marketing and marketing research in building products... produced by the *Marketing Research Committee of Producers' Council*. This construction industry-oriented *Guide* covers the construction industry and describes the main participants and their inter-relationship in the construction process... defines some important concepts and terms... and describes specific research functions and objectives. These activities are made relevant to the construction industry and, frequently, typical case histories are presented. Priced at \$17.50 per copy, the *Guide* is available now at the pre-introductory price of \$12.50 for *PC* members and \$14.50 for nonmembers. Ten copies or more can be purchased at the bulk rate of \$8.50/members, \$10.50/nonmembers, from *PC* headquarters, 1717 Massachusetts Ave., Washington, D.C. 20036.

The Environmental Impact Handbook... by Robert W. Burchell and David Listokin. The first comprehensive guide to the residential environmental impact statement, including the most recent changes in Federal and State guidelines (through January 1975). Surveys the scope, objectives, and requirements of the *National Environmental Policy Act of 1969*. 200pp. \$8.95 from the *Center for Urban Policy Research, Rutgers University*, Bldg. 4051, Kilmer Campus, New Brunswick, New Jersey 08903.

Federal Disaster Assistance Administration Program Guide... issued by *HUD's Federal Disaster Assistance Administration*. Describes what assistance is available when a disaster strikes. Free from any *HUD Office*.

2 ✓ *State Initiatives in Rural Housing*... describes the role of State governments in housing... with particular emphasis on rural low-income housing. Gives examples of how various States have set up assistance agencies. \$3.50 postpaid from *Housing Assistance Council, Inc.*, 1601 Connecticut Avenue, N.W., Washington, D.C. 20009.

The *New Jersey Supreme Court* ruled 7-0 in *Burlington County NAACP v. Mount Laurel Township* that communities may not use restrictive zoning practices... highrise bans, large lot zoning, etc... to keep out low-to-moderate income housing. Further... the court said each New Jersey community must provide its share of regional low-to-moderate housing. This *Court's* landmark restrictive zoning decision in the case has been compiled in a special report by *Land Use Planning Reports*... a weekly newsletter. Included in the report is an analysis by Frank Schnidman, research counsel with the *Urban Land Institute*. The report... *Exclusionary Zoning and Due Process: The Mount Laurel Township Decision*... may be obtained for \$7.50 (\$5 to subscribers to *Land Use Planning Reports*) from *Plus Publications*, 2814 Pennsylvania Avenue, N.W., Washington, D.C. 20007. Bulk rates are available.

California Continues Lead in Households

In 1974... California, the Nation's No. 1 State in population... continued to lead all States in the total number of households, with an estimated 7.4 million, a 13.1 percent increase over the total counted in 1970... the *Census Bureau* estimates.

Florida... with an estimated 2.9 million households in 1974... had an increase of 621,000 households (27.2 percent) between 1970 and 1974. Although Florida led all States in population growth from 1970-74... California's gain in households was 242,000 greater than Florida's during the same period. California's greater increase in households was caused primarily by a larger increase in the adult population. The larger proportion of these adults who set up households as primary individuals (persons maintaining their own households while living alone or with persons unrelated to them) also contributed to the increase.

New York was second highest in the Nation in household total with 6.2 million in 1974... a 5.4 percent increase over 1970. Alaska had the smallest estimated 1974 total, 93,000.

The largest percentage increase (30 percent) in households between 1970 and 1974 occurred in Arizona. The total went from 539,000 in 1970 to 701,000 in 1974... an average annual rate of 6.7 percent.

Regionally... the South maintained its lead in number of households with almost 22 million in 1974, followed by the North Central States with nearly 19 million, the Northeastern States with about 17 million and the West with almost 13 million.

The report, *Estimates of the Number of Households by States: July 1, 1973 and 1974, Series P-25, No. 544*, is for sale for 30 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

HUD newsletter

HUD-318-200-ASI
November 3, 1975

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HUD NEWSLETTER
November 3, 1975

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November 10, 1975

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(45)
Vol. 6 No. 43

Current Trends

In what a number of economic analysts consider the beginning of a downward trend in interest rates... a number of major banks across the country lowered their prime rate from 8 to 7¾ percent. This is the first instance of major banks lowering the rate in recent months... and may presage a drop in interest on long-term loans (such as mortgages) as well.

FNMA's latest issuance of \$32.4 million in 4-month commitments to purchase home mortgages showed a marked decline in yields. On \$23.2 million of government-backed mortgages... the average yield came 9.647 percent... compared to a 9.951 percent yield in the previous sale. (The average sale price was 95.62 for 9 percent *HUD/FHA-VA* mortgages.) For conventional mortgages... the issuance was for \$9.2 million of 4-month commitments... at an average yield of 10.021 percent in early October.

Reporting on September's mortgage interest rates... the *FHLBB* reported a slight rise for the month... from 8.89 in August to 8.94 percent. This compares to the 9.19 percent average in August 1974... when mortgage interest rates were rising to record highs.



New Foundation Begins Operations

The *Academy for Contemporary Problems*... a new *Foundation* created for the purpose of searching for solutions to specific public problems... has begun operations. Six organizations... *The National League of Cities*, the *Council of State Governments*, the *International City Management Association*, the *National Association of Counties*, the *National Conference of State Legislatures*, and the *U.S. Conference of Mayors*... are member-organizations of the new *Foundation*. A seventh group... the *National Governors Conference*... has been invited to join. The new organization was made possible by a \$7 million gift from *Battelle Memorial Institute*, the world's largest nonprofit scientific research organization... and began operations on September 9. The \$7 million gift includes a \$2.5 million headquarters facility in Columbus, Ohio, where *Battelle* is also located.

Earl S. Mackey, Executive Director of the *National Conference of State Legislatures*, was elected chairman of the *Academy Board of Trustees*. Ralph R. Widner, director of a predecessor research organization, was elected President and chief executive.

The objectives of the *Foundation* are to:

- Serve as secretariat for its member organizations when they engage in joint efforts to solve problems requiring intergovernmental cooperation;
- Assemble research or problem-solving teams at the request of local, State, or national leaders;
- Attempt to assess the implications of proposed new public policies before their adoption, in order to anticipate both desirable and undesirable consequences;
- Provide facilities and technical support to local, State, or national organizations working toward solutions of public problems;
- Attempt to advance the development of methods for solving public problems;
- Promote the education and training of problem solvers.

The *Academy's* estimated operating budget through June 30, 1976, is \$1.5 million.

Delinquent Mortgage Procedure Announced

Secretary Hills has announced that financially troubled homeowners with delinquent payment problems on federally-insured mortgages are assured more protection in actions taken by *HUD* to improve mortgage services.

The actions result from recommendations of the *Chicago Task Force* that Mrs. Hills created to review problems with mortgage servicing and property disposition in Chicago and other areas of the country.

A *HUD* notice to *HUD*-approved mortgagees, dated October 4, imposes more stringent practices on servicing mortgagees. Mortgagees unwilling or unable to meet these requirements will be subject to administrative actions. The new rules:

- Prohibit the initiation of a foreclosure action until at least 3 full monthly installments are due (after crediting for any partial payments accepted by the mortgagee), except in the case of abandonments.

- Prohibit initiation of foreclosure action where the only delinquency is the failure of the borrower to pay late charges.

- Require the mortgagee to permit reinstatement of the mortgage even after foreclosure has begun if the borrower brings his account current and pays legal costs incurred.

- Require the mortgagee to send to the borrower a *HUD*-produced delinquency notice and information booklet that cautions the delinquent borrower and points out available remedies, including forbearance or the recasting of the mortgage.

- Require the mortgagee to accept toll-free or collect calls from borrowers living outside of the metropolitan area in which the lender is located, in certain circumstances, so the homeowner can readily explain his or her problem to the lender and receive advice and assistance.

- Require the mortgagee to try to have a face-to-face interview with a borrower in default before loans become 60 days delinquent.

New monitoring procedures include:

- An increase in the number of audits of mortgagees by *HUD's* Inspector General. A recently installed computerized monitoring system will assist in tracking mortgagee foreclosure activity.

- Establishment of a Mortgage Review Board that has authority to propose sanctions on *HUD/FHA* approved mortgagees as a result of adverse audit reports, or other substantiated complaints resulting from other mortgagee monitoring procedures.

Other procedures include:

Property preservation. *HUD* Field Offices are responsible for the inspection of each foreclosed property within 5 days after the mortgagee conveys title to *HUD*. The inspection report will be forwarded to *HUD*, Washington, D.C., to determine the validity of expenses claimed by the mortgagee for preservation of the dwelling.

Mortgage origination. *HUD* has established a nationwide system of spot-checking information on *HUD/FHA* mortgage applications, such as employment, bank deposits, and credit references, the veracity of which is critical to approval or rejection of the applicant. *HUD* credit examiners have been directed to turn over to the Inspector General "substantial failures" in mortgage origination.

Flood Claims Exceed \$50 Million

J. Robert Hunter, Acting Administrator of HUD's *Federal Insurance Administration (FIA)*, says tentative estimates show that about half of the property damage caused by Hurricane Eloise was covered by *National Flood Insurance*. . . "thus minimizing the hurricane's impact on those foresighted enough to invest in flood insurance."

"These figures are early estimates only," he said, "and are subject to change, of course, but we're now estimating damage to property covered by Federal flood insurance policies at \$41 million." Preliminary insurance industry figures place total damage from Eloise. . . which ran in a swath from Puerto Rico to New England. . . at just under \$100 million.

"If these figures are anywhere near accurate," Mr. Hunter continued, "they show that a lot of people bought flood insurance policies during the years between Hurricanes Agnes and Eloise. In 1972. . . when Agnes hit. . . only about 2 percent of the damage was covered by flood insurance." He said that total claims paid out in 1972 as a result of that hurricane amounted to \$5 million. . . which means not only that the program is working. . . it means that a great many people have been spared the agony of paying off a loan to rebuild their home or business.

The *Federal Disaster Assistance Administration (FDAA)*, which coordinates relief work in Presidentially-declared disasters, lists the most destructive recorded hurricane as the 1972 Agnes. . . which caused an estimated \$3 billion in damages.

Losses in the States hit hardest by Hurricane Eloise (all figures are estimates only):

- Florida—\$8 million in FIA-insured damage; 413 claims filed to date.
- Virginia—\$4.2 million in FIA-insured damage; 400 claims filed to date.
- Pennsylvania—\$32.5 million in FIA-insured damage; 6,100 claims filed to date.
- Connecticut—\$500,000 in FIA-insured damage; 135 claims filed to date.
- Maryland—\$2.9 million in FIA-insured damage; 553 claims filed to date.
- Puerto Rico—\$900,000 in FIA-insured damage; 209 claims filed to date.
- *New York-New Jersey—\$3 million in FIA-insured damage; 1,749 claims filed to date.

*(New York-New Jersey figures are kept jointly. 350 claims from above total are from New Jersey.)



Section 223(f) Regs. Published

HUD has issued final Regulations covering mortgage insurance to purchase or refinance existing multifamily projects. The projects may be conventionally financed or subject to federally-insured mortgages at the time of application.

The Regulations. . . implementing *Section 223(f)* of the *National Housing Act*, as amended. . . were published in the *Federal Register* September 24, effective on that date. Interim Regulations were published March 5, with an amendment published June 3. *Section 223(f)* in effect is a modification of *Section 207* of the *National Housing Act*, as amended.

With the publication of the interim Regulations, interested persons were invited to submit comments. The 38 responses received were carefully considered and the interim rule was modified in several respects, either as a result of the comments, or upon consideration of technical matters by the Department.

David S. Cook, HUD Assistant Secretary for Housing Production and Mortgage Credit and Commissioner of the *Federal Housing Administration*, said, "These modifications are intended to implement the program more effectively. We believe that by FHA underwriting loans on sound existing rental properties a substantial step will be taken to induce investment for the long term rather than for short term 'milking' or merely as a tax shelter."

Copies of the Regulations are available from any HUD/FHA office.

From the States

CONNECTICUT: Governor Grasso signed into law a bill giving cities and towns powers to issue bonds for the purpose of providing financing for the building and developing of property to attract new industry and wipe out blighted urban areas. .

In signing the bill. . . the Governor said that it represents "hope for the restoration of beleaguered cities." New York, New Jersey, and 41 other States and Puerto Rico have given similar borrowing authority to their municipalities. . . and many in Connecticut feel that the borrowing authority in neighboring States helped lure industries away from Connecticut.

ILLINOIS: Governor Walker signed into law two bills aimed at halting "redlining," the systematic refusal by financial institutions to grant home loans in deteriorating neighborhoods.

One of the measures requires financial institutions to file semi-annual statements showing by ZIP code and census tract where loans were made for home mortgages, purchases, and rehabilitation. The measure provides strong penalties for violations, including a prison term of 1 to 3 years for filing a false report.

The second measure prohibits financial institutions from denying conventional home mortgages solely because the lender believes a neighborhood is deteriorating. It also attempts to ban more subtle "redlining" practices, such as requiring larger downpayments or shorter-term loans and higher interest rates for property in deteriorating areas. It also prohibits financial institutions from refusing home mortgages because of sex, marital status, childbearing capacity, race, or national origin. While financial institutions have denied charges of discriminatory mortgage practices. . . the Governor was convinced the practices exist and the Bills were needed to prevent further decay of neighborhoods.

HUD newsletter

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

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November 10, 1975

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HUD NEWSLETTER
November 10, 1975

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1807



November 17, 1975

Current Trends

The *Commerce Department* reported that construction spending in September rose 3.3 percent over August... to a seasonally-adjusted rate of \$130.2 billion... and the highest seasonal rate since last January. The increase followed a drop of .6 percent in the August rate. Most of the increase in construction activity for the month was accounted for by a 7 percent rise in public construction... with only a 2 percent increase in the private construction category.

For the second time in as many weeks... major banks across the country have lowered their prime rate. The latest drop was from 7 $\frac{1}{4}$ to 7 $\frac{1}{2}$ percent. This bears out the predictions of money experts during the past several weeks that short-term money is becoming more plentiful... and thus less costly to borrow.

The *Wall Street Journal* compilation of corporate profits for the third quarter of 1975 showed a 12.1 percent earnings drop for 626 companies surveyed... compared to the third quarter of 1974. For the Building Materials category... the 26 firms reporting showed the same percentage decrease... 12.0 percent... as the overall economy.

Net new savings receipts of savings and loan associations dropped off sharply in September... for the second successive monthly savings flow decline. Sample data indicate a substantial recovery for October... according to the *FHLBB*. The September decline in savings inflow reflects the rise in market interest rates during the summer while the apparent early October rebound seems to have resulted from the more recent easing in such security yields. Net new savings receipts of federally-insured associations totaled \$600 million in September. This is less than one-half the August savings inflow and the smallest net receipts since last December... and is in sharp contrast to the net savings withdrawals experienced by savings associations in each of the two preceding Septembers... with the month's savings inflow being the largest for any September except 1971 and 1972, when net new savings receipts totaled \$1.1 billion and \$1.5 billion, respectively. An additional \$3.0 billion of quarterly interest was credited to savings accounts this September (the same as in June and \$500 million more than a year earlier), bringing the total rise in savings balances on savings association books to \$3.6 billion last month.

The *Board's* report on mortgage loans closed by insured savings associations showed a total of \$5.4 billion in September... more than twice the sharply-curtailed volume a year earlier. Lending volume for the month was \$200 million less than in August, but this decline was much smaller than the typical August-to-September drop. As a consequence... loans closed that month on a seasonally adjusted basis appear to have risen to a record volume, slightly exceeding prior records established in late 1972 and early 1973. Outstanding commitments for future lending also edged down slightly in September... by \$100 million to \$12.4 billion at monthend. As was the case with loans closed, however, this decline was much smaller than the typical seasonal drop-off and, as a consequence, outstanding commitments on a seasonally adjusted basis were the highest since the spring of 1971.

In still another report... the *FHLBB* reported that mortgage interest rates and home prices increased again in September. It was the fifth consecutive monthly rise for mortgage interest rates on older homes. Interest rates for new home mortgages rose after holding steady in the two previous months. The average interest rate for new homes was 8.94 percent in September... up from 8.89 percent in the two previous months. For older homes... the average interest rate climbed to 9.14 percent... an increase from 9.04 percent. New home prices averaged \$45,300 in September... older homes cost an average \$39,300.

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Vol. 6 No. 46

Land Sales Suspended

HUD's Office of Interstate Land Sales has suspended *GAC Properties*. . . one of the largest land developers in the Nation. . . because its financial difficulties were not explained in some of its *Property Reports*. Among the *GAC* subdivisions affected are Poinciana and Cape Coral in Florida and Rio Rico in Arizona.

A stockholders' report recently issued by *GAC Properties Credit, Inc.*, . . . the parent company. . . revealed a perilous financial condition which could affect development plans for portions of all the projects. The firm's financial troubles were not, however, made equally clear in its *Property Reports*. The *Reports*, which describe the property, must be filed with *HUD* and given to all prospective buyers. *OILSR* stated that prospective buyers of land from *GAC* are entitled to the same financial information as stockholders.

GAC has filed amendments to certain of its *Property Reports*, and voluntarily suspended the sale of lots at others pending satisfactory updating of its filings. The *OILSR* suspensions represent properties in the two States whose filings *GAC* did not change satisfactorily. Sale of these lots will not resume until the firm properly amends its *OILSR* filings and *Property Reports*.

Also. . . New Mexico. . . which has become a major site for land development. . . has seen some screw-tightening by *OILSR*. Items: *Equity Management Company of Albuquerque* . . . In Sandoval County. . . just North of Albuquerque. . . the developers of *Ranchos de Placitas*. . . were charged by *OILSR* with failure to amend the *Property Report* they give to the public to show that: some lots are too steep for building; washes and arroyos can be a problem for future purchasers; the maximum cost of a water connection has risen; the cost of installing telephones is higher outside a certain "base rate area" and the report does not indicate which lots are affected; lots are not accessible by ordinary automobiles; some lots have no legal access by public road or street.

Another Sandoval County development, *San Pedro Estates*, ceased selling lots September 30 on orders from *OILSR*, which charged the developer, *American Recreational Properties, Inc.*, with failure to submit proper amendments to its disclosure statements. Also. . . *Pinescape* subdivision, in South central Lincoln County, stopped selling lots on orders from *OILSR*. The charge: selling lots without properly amending its public disclosure statement. *Great Western Cities, Inc.*, in an agreement with *OILSR*, voluntarily suspended the sale of lots in its Sandoval County *Cochiti Lake* property while it completes amendments to its disclosure statements.

The Falls Land and Development Corporation is selling subdivisions in four New Mexico counties to the *S&F Corporation*. Sale of lots at all properties involved has been halted until the transaction is complete and the new orders have registered with *OILSR*. Developments involved are: Elephant Butte Estates and Lakeshore Highlands-Sierra County; Meadow Lake and Mesa Estates—Valencia County; Sweet Water Hills—Torrance County; Forest Park—Bernalillo County.

Earlier New Mexico suspensions still in effect are:

- *Timberon*, owned by *North American Land Developments, Inc.*, which was suspended by *OILSR* on August 18 for failing to tell prospective buyers in its disclosure statements that its Otero County properties may have a cloud on the land title. Other charges included not clearly showing if its water system has the approval or permits required by the *New Mexico Environmental Improvement Agency*—failing to furnish enough details about the cost, quality and quantity of its water supply—and failing to make clear the responsibilities and obligations of the *Property Owners' Association*.

- *Baca Grand's Angel Fire*, a development in Colfax County, which has been suspended since June, because it didn't tell the public what it will cost to complete roads, water, or sewer systems—or when that will happen. The suspension order also charged that the developer failed to disclose a corporate financial loss in 1974 or to make clear whether its water and sewer systems have the necessary approval of the *New Mexico Environmental Improvement Agency*.

Section 235 Applications To Be Accepted

HUD will be ready to accept applications under the revised *Homeowner's Interest Subsidy Program*... *Section 235*... by January 5, 1976. After the publication of proposed *Regulations* on or about November 10 in the *Federal Register* for a 30-day comment period, final *Regulations* for the administration of the *Program*, incorporating any changes made on the basis of comments on the proposed *Regulations*, will be ready for publication in the *Register* on December 20. *

A new *Section 235 Handbook* will be prepared for use by *HUD* Field Offices in processing applications and in the general operation of the program between now and the first of the year.

Also... during this period... allocations of units to the 10 *HUD* Regions will be made for sub-allocations by them to the Area Offices within their respective jurisdictions.

Secretary Hills announced that homes, on which construction or substantial rehabilitation had begun after October 17... pursuant to an *FHA* commitment for mortgage insurance... will be eligible for inclusion in the *Program*. Therefore... construction scheduled to start after October 17 need not be delayed pending publication of the final *Regulations*.

The Secretary also indicated that the use of the *Section 235* program for the purchase of substantially rehabilitated housing will be encouraged. Minimum requirements for substantial rehabilitation would be the improvement of a unit in deteriorating or substandard condition to a decent, safe, and sanitary level, meeting *HUD/FHA's* standards for mortgage insurance.

Secretary Hills explained that builders interested in participating in the new program can ask local *HUD* Area and Insuring Offices whether the "high cost area" statutory limits on mortgage amounts are applicable in the localities in which they intend to build. The basic program has upper statutory limits of \$21,600 except for families of five or more, for whom the upper limit is \$25,000. These limits can each be raised for high cost areas by \$3,600.

Generally, this program will be available for families whose incomes do not exceed 80 percent of the median income for the area. In some areas this may be raised somewhat because of high construction costs or other factors.

Target Projects Selected

 *

HUD Secretary Carla Hills has selected 37 *Local Housing Authorities (LHAs)* as candidates in the \$35 million-third phase *Target Projects Program (TPP)*. *

TPP... launched in June 1974 as a 3-year program, scheduled to allocate \$35 million a year... is designed to improve public housing projects that have serious operational and social problems. In the first phase (June 1974) *TPP*... 37 *LHAs* participated. Another 94 were designated in the second phase (December 1974).

Commenting on the impact of *TPP* thus far, H.R. Crawford, Assistant Secretary for Housing Management, said, "This program, in view of the urgent problems it is designed to solve, is showing encouraging early signs that it is possible to make public housing operationally efficient and a safe and decent place for people to live."

LHA candidates for *TPP* participation are selected on the basis of a number of factors, including extent of physical deterioration and maintenance needs, crime and vandalism rates, closed and vandalized dwelling unit inventory, adequacy of municipal services, and community reputation.

Of the \$35 million in third phase *TPP* funds, \$10 million in special use reservations will be used as follows: tenant management, \$5 million; productivity management, \$1 million; small *LHA* consolidation, \$1 million; Indian *LHAs* and Alaska Native Housing, \$3 million. Another \$7 million are discretionary funds, and the balance of \$18 million will go to the 37 selected *LHAs*.

FYI

Keep America Beautiful, Inc.... 22nd Annual Meeting... Washington, D.C., December 3-5. Representatives of business, Federal and State Governments, and community groups will attend and participate. Winners of 1975 Awards will be announced. Details: *KAB, Inc.*, 99 Park Avenue, New York, New York 10016 (212/682-4564)

National Technical Information Service (Department of Commerce)... Four 3-day seminars on Government Project Management... Washington, D.C., December 8-10; Los Angeles, February 2-4; New York, February 23-25; and Chicago, March 29-31. The seminar will focus on a full range of management techniques and is designed to meet the needs of project planners, administrators, and advisors working at Federal, State, and local levels. Details: Ms. Heidi Kaplan, Information Services Manager, Department 14NR, New York Management Center, 360 Lexington Ave., New York, New York 10017 (212/953-7262)

American Public Welfare Association... National Round Table Conference... New Orleans, December 16-19. Details: *APWA*, 1155 16th St., N.W., Suite 201, Washington, D.C., 20036 (202/833-9250)



New Publication

Something to Preserve... a report describing a special approach to historic preservation in Ipswich, Mass. Historic homes are being saved by *Preservation Agreements*... a unique partnership between the town's historic commission and the loan homeowners. In 1969 *HUD* and the *Ipswich Historical Commission* entered into a contract for a demonstration project designed to use recorded *Agreements* in historic preservation. Traditionally, preservation is achieved by local regulation or the purchase of significant properties by civic-minded groups.

Copies of the report are available for \$3.50 plus mailing costs from John Conley, Chairman, *Ipswich Historical Commission*, 31 High Street, Ipswich, Mass. 01938.

HUD newsletter

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Mrs. Landis
Rm. 8141

HUD NEWSLETTER
November 17, 1975

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



November 24, 1975

Vol. 6 No. 47

Current Trends

Residential construction contracts in September rose 21 percent... according to the *F.W. Dodge Division of McGraw-Hill*. The jump... which was accounted for entirely by single-family units... represents the first time in more than 2 years that any month's building value exceeded the value for the same month a year earlier, according to George A. Christie, Chief Economist at *Dodge*.

Another bit of encouraging news came from the *Mortgage Insurance Companies of America*... the trade association of the private mortgage insurance firms. In September... for the first time in 1975... the volume of private mortgage insurance exceeded that of the same month a year ago. There were 35,632 mortgages insured on single-family homes... a gain of 23.5 percent over September 1974. "This indicates a resurgence of consumer confidence in the economy and the housing market"... according to John C. Williamson... Executive Vice President of the association.

On November 3, 1975... the *FHLBB* approved the application of *American Savings and Loan Association of Florida*, Miami Beach, Florida, for permission to convert from the mutual to the stock form of organization. This is the second conversion application approved by the *Board* under its new conversion *Regulations* which became effective June 9, 1975. The first conversion approval was *Franklin Savings Association*, Austin, Texas, on October 10.

Yields declined for the second consecutive time as *FNMA* issued \$56.9 million in 4-month commitments to purchase \$41.7 million in government-backed and \$15.2 million in conventionally financed home mortgages. The commitments on government-backed mortgages were at an average yield of 9.321... which converts to an average price of 97.79 for 9 percent *HUD/FHA-VA* mortgages. (The average in the previous auction was 9.647.) In the conventional mortgage auction... the commitments brought an average yield of 9.543... down from 9.806 in late October.



Census Lists Possible Effects of Population Undercount

Experimental calculations illustrating the possible effects of adjusting population figures to account for persons missed in the 1970 census have been released by the *Census Bureau*.

The calculations were designed to indicate the possible effects of such adjustments on Congressional representation and Revenue Sharing allocations. The *Bureau's* new *Advisory Committee on the Black Population for the 1980 Census*... a group of black leaders that is helping to investigate new means of improving the enumeration of blacks in time for the 1980 census... had urged the *Bureau* to give special attention to this subject.

The calculations... described in the report... represent the *Bureau's* first examination of possible methods for estimating census undercounts for States and local areas rather than for the U.S. as a whole. An estimate of the 1970 census undercount for the U.S. was published by the *Bureau* in April 1973.

Copies of the report, *Coverage of the Population in the 1970 Census and Some Implications for Public Programs*, P-23, No. 56, are available for 90 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

Section 235 Comments Invited

HUD has invited the public to comment on the revised *Home Mortgage Interest Subsidy Program* designed to provide housing for families priced out of the new home market because of high interest rates and soaring construction costs.

Proposed *Regulations* for the revised *Section 235 Home Ownership Program* appeared in the *Federal Register* on November 7.

Interested persons are invited to submit comments by December 10 to the Rules Docket Clerk, *HUD Office of General Counsel*, Room 10245, Washington, D.C. 20410.

Comments will be available for public inspection at the above address during regular business hours before and after the close of the comment period.

The *Section 235 Program* is a revision of the mortgage interest subsidy established by the *Housing and Urban Development Act of 1968*.

Proposed *Regulations* specify that the applicant shall have an adjusted annual income not in excess of 80 percent of median income for the area, with adjustments for smaller or larger families. Although the actual home limits will vary substantially by market area, the usual income eligible range will be \$9,000-\$11,000.

The mortgage ceiling for a new home is \$21,600 for a family of four, or \$25,200 for larger families. In designated high cost areas... the limits are \$25,200 for a four-member family, and \$28,800 for larger families.

For a \$25,000 mortgage, downpayments are expected to be about \$1,500. Maximum mortgage term would be 30 years.

The revised *Program* will apply to mortgages approved for insurance after January 1, 1976, but properties may qualify if construction or rehabilitation started after October 17, 1975, under an *FHA* commitment for mortgage insurance.

Copies of the summary of the proposed *Regulations* for the *Revised Section 235* may be reviewed at *HUD's Field Offices*. Copies of the *Regulations* themselves will be available as soon as possible at the *Field Offices*.



Variable Rate Regulations Withdrawn

The *FHLBB* has withdrawn regulatory amendments proposed on February 6, 1975, which would have authorized Federal savings and loan associations to make *Variable Rate Mortgage Loans* on 1- to 4-family homes. The *Board* adopted amendments to authorize such loans on the security of multifamily and commercial property.

The *Board* explained that it continues to believe that Federal associations should be permitted to make *Variable Rate Mortgage Loans* on homes, subject to appropriate consumer protections. However... the *Board* has decided not to permit such loans by Federal associations at this time in view of the substantial Congressional opposition to the proposal.

The *Board* will monitor developments in those States in which commercial banks and State-chartered thrift institutions are now making *Variable Rate Mortgage Loans* and the effect and implications for Federal associations.

It is permitting variable rate loans to commercial and multifamily borrowers... the *Board* said... as such borrowers are normally investors, who obtain loans to engage in profitmaking business ventures, and that limiting the ability of Federal associations to contact freely with such borrowers concerning interest rates is inappropriate.

The *Board* action was published in the November 5 *Federal Register* and becomes effective on December 8.

Public Employment Program Announced

Secretary Hills has announced that 52 cities and towns along with five *Local Housing Authorities (LHAs)* have been selected to receive about \$18 million to provide 4,383 persons with public employment jobs. Allocation of the funds to *HUD*, under Title X of the *Public Works and Economic Development Act of 1965*, was made by the *Commerce Department*.

In June... 21 *LHAs* will receive \$2,493,000 to provide for 277 jobs, and 52 Community Planning and Development localities (CPD projects) will share \$15,747,726 to provide for 4,106 jobs.

Work is expected to get under way within 60 days after final approval by participating agencies... and be completed within a year.

The current action is the final distribution of funds from the \$500 million authorized for the Title X program. Since the goal of the program is to put jobless persons to work on useful public projects in their home communities... projects of a labor-oriented nature were given special consideration.

The *Department of Commerce* disclosed that nearly 10,000 eligible proposals totalling \$3.5 billion were submitted by 30 Federal Departments, Agencies, and Regional Commissions. Because only \$375 million was available for allocation... *Commerce* could approve only about 10 percent of the money requested.



S&Ls Powers Broadened

The *FHLBB* has approved on an experimental basis the application of *City Consumer Services, Inc.*, a wholly owned subsidiary of *City Federal Savings and Loan Association*, Elizabeth, New Jersey... to invest in the capital stock of a proposed national trust company... *City Trust Services, N.A.* The proposed national trust company is to be limited to offering a broad range of trust and other fiduciary services for individuals and limited trust services for savings and loan associations and their affiliates.

The *Bank Board's* approval is conditioned upon the issuance of a national bank charter with trust powers to *City Trust Services* by the *Comptroller of the Currency*, and to *City Trust Services* entering into an agreement with the *Comptroller* not to engage in customary banking activities such as making commercial loans and accepting deposits other than trust funds. The *Bank Board's* approval is also conditioned upon the *Federal Reserve Board* affirming that neither *City Federal* nor *City Consumer Services* would be viewed as a bank holding company.

The *Board* announced that approval of this application... accompanied by favorable action by the *Comptroller*... will furnish the *Bank Board*, the savings and loan industry, and the public valuable experience and information relating to the ability of Federal savings and loan associations to profitably offer these fiduciary services.



Census Predicts More Households by 1990

An increase of between 20.3 million and 26.5 million households in the United States by 1990 is projected by the *Census Bureau*. The total ranges from a low 90.2 million households to 96.3 million by 1990... compared with 69.9 million as of March 1974. The projected totals are related to varying assumptions about future rates of household formation and population change.

Since the survey data, from which the projections are derived, are based on samples of the population, they are subject to sampling error. See *Current Population Reports, Series P-20, No. 276*, for estimates of the sampling error of the survey.

Copies of the report, *Projections of the Number of Households and Families: 1975 to 1990, P-25, No. 607*, are available at 55 cents each from the *Superintendent of Documents*, Washington, D.C. 20402.

Block Grant Application Dates Announced

Changes in *HUD's Regulations* for discretionary grants in the second year funding of the *Community Development Block Grant Program* appeared in the *October 30 Federal Register*. Included was a calendar showing the dates for the submission of preapplications and full applications. Significant dates are December 1 to January 15 for the receipt of preapplications for nonmetropolitan discretionary grants, and February 1 to March 15 for preapplications for metropolitan discretionary grants.

Other important changes include:

- Preapplications are now required for metropolitan and nonmetropolitan discretionary grants. *HUD* will review the preapplications and invite communities to submit full applications. With this change, cities can be assured before preparing their applications that there are funds available for them to receive, if their applications are approved.

- Selection criteria for discretionary grants are being modified to insure that applicants of all sizes receive consideration for funding. Poverty and substandard housing will be computed differently this year to assure fairer distribution of funds.

- *HUD* rating and review procedures for metropolitan and nonmetropolitan grants are clarified in the *Regulations*. Regional and Area Offices are required to make their rating systems available to applicants.

The *Community Development Block Grant Program* was created under *Title I of the Housing and Community Development Act of 1974*. Units of local government receive a single block of money and spend it according to the community development priorities set by their elected officials. *Congress* appropriated \$2.5 billion for the *Program* in 1975 and \$2.802 billion for 1976.

HUD newsletter

HUD-318-203-ASI
November 24, 1975

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HUD NEWSLETTER
November 24, 1975

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



December 1, 1975

Vol. 6 No. 48

Current Trends

The *Commerce Department* reported that the seasonally-adjusted annual housing start rate for October reached the highest level in 15 months... 1.458 million units... up 15 percent above September... and 31.8 percent above October 1974. The *Department* also issued a revised starts figure for September... 1.268 million. Permits for new building remained virtually unchanged in October. Most of the new starts and permits were for single-family housing... with apartment building continuing its slow activity.

Secretary Hills told the *National Association of REALTORS* convention in San Francisco that more existing homes were sold in September than any month in 15 years. She said further... that "while housing has lagged more than other sectors of the economy... recovery is real. Existing housing sales in August were the second highest of any month since such records began to be kept."

Meantime... Oakley Hunter... *FNMA* Chairman... issued a cautious prediction for the housing industry... stating "inflation is Public Enemy No. 1... and as long as inflation continues at a 7 percent annual rate... there is little likelihood that mortgage rates will fall below present levels of 9 percent. No investor is going to invest in 30-year mortgages without at least getting back that amount by which his dollars are eroding as a result of inflation... plus 2 or 3 percent as return on his investment."

The *National Association of Mutual Savings Banks* reported that the savings inflow in the Nation's savings banks in October was a "moderate" \$120 million... which... coupled with interest credited during the month of \$210 million... brought the net deposit increase to \$330 million. This contrasts to a \$300 million net outflow in September and a \$21 million drop in August.

Project notes totaling \$612 million representing 91 *Local Housing Authorities* were sold in mid-November at an average interest rate of 3.196 percent... the lowest interest rate in nearly 3 years.

HUD's GNMA has announced the awarding of two mortgage backed securities offerings totaling \$237.3 million. The 7¼ percent 30-year securities totaling \$110.9 million were awarded at a price of 90.7713 and are being reoffered at 91.20 to yield 8.45 percent to the investor. The 7½ percent 30-year securities totaling \$126.5 million were sold at a price of 92.0431 and reoffered at 92.55 to provide a yield of 8.50 percent to the investor. This is the ninth lot of securities issued under *GNMA's* revised mortgage disposition program and brings the total securities auctioned in this manner to \$2.1 billion. Under this procedure... *GNMA* sells government-guaranteed securities backed by mortgages acquired under its "Tandem" programs, rather than selling whole mortgages to individual mortgage bankers. The last auction in mid-October resulted in a price of 88.6349 to *GNMA* for the 7¼ percent securities. The securities were reoffered at 89.125 to yield approximately 8.76 percent.



FYI

National Association of REALTORS... National Marketing Institute... Fundamentals of Creating a Real Estate Investment... Washington, D.C., December 15-20. Details: RNMI Department of Logistics, 155 E. Superior St., Chicago 60611 (312/440-8520).

Producers' Council Elects

Richard I. Morris of the *W.R. Grace & Co.*, Cambridge, Massachusetts, was elected president of the *Producers' Council* for the 1975-76 term at its 54th annual conference in Key Biscayne, Florida. The *Producers' Council* is the national organization of building products manufacturers. He succeeds James V. Rice of the Pease Company of Hamilton, Ohio.

Others elected were: Fred W. Rexford, *Elkay Manufacturing Company*, first vice president; Robert M. Winters, *Environmental Elements Corporation*, second vice president; Robert E. Hall, *Honeywell, Inc.*, treasurer; and John E. Shackelford, *Vermont Marble Company*, secretary.

Morris has been affiliated with various *Grace* divisions for 27 years in a variety of marketing, sales, and administrative roles. He has represented *PC* during the formation of the *National Construction Industry Council*, which seeks to provide "one voice" for the construction industry in the complex issues facing it. He holds an A.B. degree from *Harvard University* and has pursued additional studies at *Harvard Business School*. Long active in construction industry affairs, he is presently vice president and member of the board, *American Road Builders' Association*, and a member of its *Advisory Council on Urban Transportation*. He also serves on the board of directors of the *National Concrete Masonry Association*.

The *Construction Products Division of W.R. Grace* is a major supplier of specialty products for industrial, commercial, institutional, residential, highway, and heavy construction.

Elected for 3-year terms on the *Producers' Council* board of directors were: Eli D. Bernheim, Jr., *Hough Manufacturing Corporation*; C. William Carroll, *Barber-Colman Company*; William Doll, *Kohler Co.*; Ronald L. Flucker, *United States Steel Corporation*; John M. Hauserman, *The E.F. Hauserman Company*; G. Richard Horton, *The Trane Company*; Stuart B. Knott, *Schlage Lock Company*; R.A. Manogue, *Emerson Electric Company*; Ernest W. Nolder, *The Sherwin-Williams Company*; Kelly Powell, *Georgia-Pacific Corporation*; and Edward L. Stout, *Acme Brick Company*.



AIA Launches Energy Information Service

A new information service that brings architects and other design professionals current data on energy is now available from *The American Institute of Architects*.

The *AIA Energy Notebook* is designed as a continuing information service, providing up-to-date information on energy as it relates to architectural practice. Included in the *Notebook* are an introduction to the energy questions in relationship to the built environment and an overview of legislative and regulatory action governing the use of energy in buildings.

The *Notebook* will also serve as a research tool, providing data on existing buildings, abstracts, and reprints of important articles on energy in the built environment, lists of existing computer software, and other technical aids to help solve energy-related problems in the design process.

Available by subscription... the *Notebook* will be updated quarterly. Subscribers will also receive the *Energy Newsletter*, issued 10 times a year... with energy related news, notices of current publications, and information on forthcoming seminars, workshops, and other events.

A special 15-month charter suscription rate of \$48 is available to *AIA* members and components until December 31, 1975. After January 1, 1976, the subscription rate for *AIA* members will be \$72 annually. Non-member suscription cost will be \$96 per year. Annual renewal rates are \$48 for *AIA* members and components and \$64 for non-members. Order from *Publications Marketing, AIA*, 1735 New York Avenue, N.W., Washington, D.C. 20006.

Equal Access Report Released

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Home Free?—New Vistas in Regional Housing.... a report covering a unique 5-year HUD-financed demonstration project testing innovative methods of opening new opportunities for racial minorities in housing, employment, and education has been issued by the **National Committee Against Discrimination in Housing (NCDH)**, the sponsoring organization.

The **National Committee Against Discrimination in Housing** is a 24-year-old civil rights organization engaged in research, public information, technical counsel, legal services, and monitoring government enforcement of *Fair Housing Laws*. It also publishes *Trends in Housing*, a bimonthly reporting service. Its program is carried out in association with some 50 national organizations, 54 metropolitan Housing Opportunity Centers, and with several hundred local fair housing committees. It is funded by foundation grants and public subscription.

The report states that a staffed, independent, advocacy group such as manned the **NCDH** project can prod governmental agencies into action... stimulating them to innovate new programs and techniques. It goes on to say that these efforts result in only limited institutional reform because of resistance of entrenched bureaucracies and special interests. The project was undertaken in the nine-county San Francisco Bay area.

The report... illustrated with maps, charts, and photographs... is 8½" x 11"... contains 63 pages and includes a bibliography of the project's studies, reports, directories, and "fact sheets." Single copies are available without charge from **NCDH**, 1425 H St., N.W., Washington, D.C. 20005.



1976 Appraisal Courses Set

The **American Institute of Real Estate Appraisers**... a constituent of the **National Association of REALTORS**... has announced the 1976 schedule for its *Continuing Education Course for Real Estate Appraisers*. There will be a series of nine regular courses during the year... from January to October... given in a number of locations, in addition to its HQ Education center in Chicago.

The courses will be given in **Bloomington, Indiana; Athens, Georgia; Memphis; Rochester, Michigan; Charlottesville, Virginia; Tampa; Dallas; Boulder, Colorado; New York City; San Diego; New Orleans; San Francisco; Norman, Oklahoma; Seattle; Chapel Hill, North Carolina; Houston; and College Park, Maryland.**

Full details may be obtained from the **Education Department, AIREA**, 155 East Superior Street, Chicago 60611.



Computers Essential to Local Governments

More than 90 percent of local government chief executives find the computer an "essential tool" in the daily operation of their governments... a study published in the current **NATION'S CITIES** reports.

In its lead story... the magazine says that local governments spend more than \$1 billion annually on electronic data processing... and this figure is expected to double within a decade. **NATION'S CITIES** is published by the **National League of Cities (NLC)**.

The findings are part of a major research project called **URBIS (Urban Information Systems)** and result from a poll of mayors or city managers in city governments and board chairmen or chief executives in county governments conducted by the **Public Policy Research Organization**... a research center at the **University of California, Irvine**. They are published in a special 24-page supplement to the October issue of the magazine.

Copies are available from the **National League of Cities**, 1620 Eye St., N.W., Washington, D.C., at \$1. Subscription rate for **NATION'S CITIES** is \$10 per year.

Urban Homesteading Awards Made

With the help of \$5 million worth of structurally sound homes provided by HUD... plus another \$5 million in HUD rehabilitation loans, 22 cities will spend about \$50 million of their own funds in an experiment in urban homesteading as a device to preserve selected ailing urban neighborhoods.

Under the program, authorized by the *Housing and Community Development Act of 1974*... HUD will transfer the homes to the selected communities... using the \$5 million to reimburse the HUD/FHA insurance fund. The \$5 million in loans will be allocated to rehabilitate property in target areas.

Neighborhood preservation was described by the Secretary as one of the principal strategies at HUD's disposal to recycle the cities as self-sustaining entities, capable of reversing the population trend to the outlying suburbs.

The awards were made to those cities which submitted the most comprehensive and coordinated plans for utilizing the basically sound housing supplied by HUD from its inventory of foreclosed one- to four-family homes.

The cities will transfer the housing conditionally to an individual or family... giving special consideration to the homesteader's need for housing and his or her ability to undertake the necessary repairs and improvements. The homesteader must agree to occupy the property for not less than 3 years, make the needed repairs for health and safety prior to occupancy, and meet local standards for decent, safe, and sanitary housing within 18 months, permitting inspections at reasonable times. If all of these conditions are met, the homesteader is given title to the property.

The 22 cities are: Oakland; Wilmington, Del.; Atlanta; Decatur, Ga.; Chicago; Rockford, Ill.; Gary; Indianapolis; South Bend; Baltimore; Boston; Minneapolis; Kansas City, Mo.; Jersey City; Islip, N.Y.; New York City; Cincinnati; Columbus, Ohio; Philadelphia; Dallas; Tacoma; and Milwaukee.

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HUD-401



HUD NEWSLETTER
December 1, 1975

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HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



December 8, 1975

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
No. 6 No. 49

Current Trends

The *Labor Department* reported that construction wages continued to advance at a moderate rate in the third quarter. Union construction wage rates in larger cities rose 1.2 percent in the July-September period... the smallest for this quarter since 1967 except for the period of the wage freeze in 1971. Wages were 8.3 percent above year-earlier levels... a smaller year-over-year increase than in the first and second quarters. Counting fringe benefits, construction labor costs were 9.6 percent above year-earlier rates in the third quarter. The peak rise was 13.5 percent in the first quarter of 1971.

HUD's November 1 opinion survey of conditions in the mortgage market showed that nationally... the secondary market price for immediate delivery of HUD/FHA-insured new-home mortgages with 30-year terms and minimum downpayments advanced one and one-half points from a month earlier to \$96.0 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 9.53 percent... a drop of 21 basis points from the October 1 yield. The national average interest rate contracted to be paid by the borrowers for conventional first mortgages was unchanged. The national rate for both new- and existing-home contracts remained at 9.25 and 9.30 percent, respectively. For the two previous monthly surveys, increases between 10 and 15 basis points had been reported. In comparison with a year earlier, significant improvement for the home buyer applies in all areas of the country.

The *FHLBB* reported that interest rates on conventional home mortgages rose moderately from early September to early October... but that other loan terms such as maturity and loan-to-price-ratio generally eased. The average effective interest rate on conventional loans closed for purchasing newly-built homes increased by 7 basis points to 9.01 percent... while the average rate on previously-occupied homes was up 5 basis points to 9.18 percent. During the first 5 business days of October, the average effective interest rate on conventional mortgages closed by major lenders for purchasing newly-built, single-family homes was 9.01 percent... up from 8.94 percent in early September... but below the 9.17 percent year ago average.

The total population of the United States (including Armed Forces overseas) was about 213,983,000 on September 1, 1975... according to estimates released by the *Census Bureau*. This figure represents an increase of 1,783,000... or 0.8 percent... over the estimate for the corresponding month a year ago... and an increase of 172,000 over the previous month. The monthly gain was the result of a natural increase of 135,000 (excess of births over deaths), and estimated net civilian immigration of 34,000. The September 1, 1975, total population represents an increase of 9,649,000 over the population on April 1, 1970, the date of the census upon which these estimates are based.

Urban renewal project notes totaling \$343.6 million... representing 102 local issuing agencies... were sold in mid-November at an average interest rate of 3.472 percent... a sharp drop from the average interest rate for the \$242.7 million of project notes sold in early October... which was 3.903 percent.

Earthquake Study Issued

Studies for Seismic Zonation of the San Francisco Bay Area... which reports on new techniques for reducing earthquake losses in the quake-prone San Francisco Bay area of California... has been issued jointly by HUD and the U.S. Geological Survey of the Interior Department. The techniques can also be used in 38 other States facing various degrees of similar risk.

These scientific methods... which provide a basis for *seismic zonation*... are described in the report.

Seismic zonation is the mapping of earthquake hazard areas. It classifies areas according to their susceptibility to, and the degree of potential damage from, such earthquake effects as ground faulting, ground shaking, landsliding, and flooding. The 9-county Bay study area... with varying degrees of earthquake risk... covers some 7,000 square miles and has a population of more than 3 million people.

By knowing the potential hazards for each area, planners and decisionmakers can develop regional zone-by-zone land-use and construction procedures such as building codes and designs that enable structures to withstand earthquake hazards. This knowledge is vital to the location of critical structures such as nuclear power plants, dams, and schools in areas with lesser potential for quake hazards.

Emphasizing what could happen if urbanization continues without regard to earthquake hazards, the report presents a scenario of possible effects in an area south of San Francisco resulting from a hypothetical earthquake registering 6.5 on the Richter scale.

The *Seismic Zonation* report is one of a series of reports resulting from the *San Francisco Bay Region Environment and Resources Planning Study* begun by HUD and the USGS in 1970 and still underway. The study is developing methods for the use of earth-science information in support of land-use planning and decisionmaking for application in the Bay Region and throughout the Nation.

Copies of the report... *USGS Professional Paper 941-A*... may be ordered prepaid for \$2.80 each from the U.S. Geological Survey, Branch of Distribution, 1200 South Eads St., Arlington, Va. 22202... or may also be purchased at the U.S. Geological Survey's Public Inquiries Office, 504 Custom House, 555 Battery St., San Francisco.



Publications Available

Community Education/Community College Bibliography... the fifth in a series of selected bibliographies... includes some 160 abstracts of documents from the *National Multimedia Center for Adult Education*. The materials reviewed are pertinent to the planning, establishment, and/or evaluation of various kinds of community based programs... of interest to educators and other professionals working in community education programs or at the community college level. *English as a Second Language*, *Consumer Education*, *Career Education*, and *Education for Aging Bibliographies*... published earlier... are also available. Each of the five costs \$2.80. Information on obtaining bibliographies, abstracts, newsletters, or other services may be obtained from Dr. Joseph W. Jacques, *National Multimedia Center*, Montclair State College, 848 Valley Road, Upper Montclair, New Jersey 07043.



Land Control is 1975-76 Debate Topic

Each year the *Library of Congress* issues a suggested *Debate Topic* for colleges and high schools. For 1975-76... the *Library* has selected the topic: *Resolved: That the Federal Government Should Adopt a Comprehensive Program to Control Land Use in the U.S.* To provide useful source material on this subject... the *HUD Library* has prepared *A Land Use Resources List*... a comprehensive bibliography covering all phases of the subject... with special emphasis on community development. Single copies of *A Land Use Resources List* may be obtained without charge from the *HUD Distribution Center*, Room B-258, *HUD Building*, Washington, D.C. 20410.

New Mortgage Ideas Slow in Coming

Secretary Hills told a recent meeting of the *U.S. League of Savings Associations* that "a remarkably underwhelming response has been received to HUD's request for new ideas for mortgage instruments." The request for new ideas was contained in a *HUD Request for Proposals* which appeared in the August 18 *Federal Register*. The RFP... which was required under the terms of the *Housing and Community Development Act of 1974*... asked for submissions before November 1. Among the subjects for which ideas were solicited and hoped for were suggestions from the public on non-level... or graduated payments on mortgage principal and interest... which would help HUD establish some experimental mortgage programs.

The Secretary explained that "under the experimental program... it is anticipated that HUD can provide lenders with an opportunity to prove the value of new forms of mortgages."



AIA Restructures Honors Program

The *American Institute of Architects* has reorganized its *Institute Honors Program* which recognizes the highest standards of achievement in architecture and related fields.

In previous years... the *Program* awarded medals and citations to individuals and groups in several specific categories. The 1976 program will award identical *AIA* medals in five broad categories. Accompanying citations will specify the recipients' achievements and identify the person in whose memory the medal is being given.

The *AIA Medal* will be given to individuals and groups in the following categories:

- Artists and craftsmen whose work is related to architecture: this category would include candidates for the former *Fine Arts Medal* and *Craftsmanship Medal*;

- Illustrators and recorders of architectural accomplishments: candidates for the former *Architectural Photography Medal*, as well as from the fields of film and television;

- Individuals or organizations who have inspired and influenced the architectural profession: former *Allied Professions Medal*, *Industrial Arts Medal*, *Architecture Critics' Medal*, *AIA Medal for Research*, *Whitney M. Young, Jr. Citation*;

- Individuals or organizations responsible for a specific project related to architecture (a private or government building program, public works project, a single book, etc.): former *Citation of an Organization*, *Henry Bacon Medal*, *Architecture Critics' Citation*, and

- Individuals or groups responsible for specific accomplishments demonstrating the integration of several disciplines related to architecture: former *Collaborative Achievement in Architecture Medal*.

In addition to the *Architectural Firm Award* (which is unchanged) no more than 10 awards will be given each year, and no more than three will be given in any one of the five categories.

Further information may be obtained from Nancy Hallmark, Assistant Director, News & Features, *AIA*, 1735 New York Ave., N.W., Washington, D.C. 20006 (202/785-7264).



REALTORS Elect

Philip C. Smaby... a Minneapolis REALTOR... was elected president of the *National Association of REALTORS* during the *Association's* 68th annual convention in San Francisco. A director of the *Association* and a member of its Executive Committee... he is currently serving as first vice president. He also is a former regional vice president of the *Association*, and a past president of the *National Institute of Real Estate Brokers*, now *REALTORS National Marketing Institute*, an *Association* affiliate. Before service as first vice president of the *National Association*, he was *Association* treasurer for two terms.

FYI

Northeastern Retail Lumbermens Association... 82nd Annual Convention... Boston, January 4-6. Details: *NRLA*, 339 East Ave., Rochester, New York 14604.

University of California-Berkeley Extension and the *UC College of Environmental Design*... *Public Sector Housing*... San Francisco, January 15-16. Designed for housing and planning professionals, public officials, and others involved in housing policy formulation or implementation, the 2-day program offers an opportunity for in-depth analysis of issues in the housing policy field, with emphasis on current and future application. Details: *City, Regional, and Environmental Planning, UC Extension*, 2223 Fulton St., Berkeley, CA 94720 (415/642-4811).

National Association of Home Builders... 32nd Annual Convention and Exposition... Dallas, January 18-22. Details: *NAHB Convention & Meetings*, 15th & M Sts., N.W., Washington, D.C. (202/452-0420).

Transportation Research Board... Annual Convention... January 19-23, Washington, D.C. Details: *TRB*, 2101 Constitution Ave., N.W., Washington, D.C. 20418 (202/389-6334).

Solar Energy Industries Association... Workshops... Los Angeles, January 24-28. Details: *SEIA*, 1001 Connecticut Ave., N.W., Suite 632, Washington, D.C. 20036 (202/293-1000).



Real Estate Management Courses Announced

The Institute of Real Estate Management... of the *National Association of REALTORS*... has announced its schedule of management educational courses for 1976. The classes run from February through November... and cover a wide range of subjects in the fields of real estate economics and management techniques and procedures. Classes are scheduled for Atlanta, Boston, Chicago, Columbus, Dallas, Denver, Honolulu, Houston, Louisville, Orlando, San Diego, San Francisco, Seattle, and Washington, D.C., as well as in the following Canadian cities: Calgary, Edmonton, Halifax, Montreal, Ottawa, Toronto, Vancouver, and Winnipeg. Full details and registration: *IREM*, 155 East Superior Street, Chicago, Illinois 60611 (312/440-8600).

HUD newsletter

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December 8, 1975

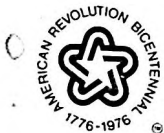
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HUD NEWSLETTER
December 8, 1975

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401





newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



December 15, 1975

Vol. 6 No. 50

Current Trends

HUD is 10 years old. It was in November 1965 that Congress converted the *Housing and Home Finance Agency* into a Cabinet-level Department known as the *Department of Housing and Urban Development*.

The *Commerce Department* reports that construction spending increased in October for the third month in a row. The seasonally-adjusted total for the month...\$131.8 billion...rose fractionally from September and 1.8 percent above August...with private construction up...and public construction down.

The *FHLBB* reports that the flow of savings into federally-chartered S&Ls increased in October after a 2-month slowdown. There was a net savings inflow of \$2.1 billion for the month...the highest of any October on record...surpassing the \$1.9 billion gain in October 1972. The *Board* credited the substantial rebound in savings to "recent declines in market interest rates on short-term securities that compete with savings institutions for investor funds."

Total housing permits issued increased 6.2 percent in October to 94,800 units from 89,300 units in September. The October level was 33.3 percent above the 71,000 figure for the same month last year. Single-family permits increased 4.6 percent to 67,700 units from 64,700 units, and multifamily permits were up 10.2 percent to 27,100 units from 24,600 units. Regionally...the Northeast had a 10.2 percent increase in permits to 14,100 units in October from 12,800 units in September...the North Central was up 13.7 percent to 25,700 units from 22,600 units...the South declined 2.5 percent to 27,000 units from 27,700 units...and the West was up 6.9 percent to 28,000 units from 26,200 units.

September mobile home shipments declined 8.5 percent at a seasonally-adjusted annual rate to 215,000 units from 235,000 units in August.



Study Reports Available

The following reports...based on studies funded in whole or in part by *HUD's Office of Policy Development and Research*...are available from the source listed:

Housing and Suburbs... a report by the *New Jersey County and Municipal Government Study Commission*, which studies the impact of multifamily housing on local service capacity and social stability. It concludes that there is little reason for suburban jurisdictions to exclude this housing choice. An executive summary and the full report are available free from the *N.J. County and Municipal Government Study Commission*, 115 West State Street, Trenton, New Jersey 08625.

Site Planning Evaluation Guide and Methodology... a two-part report developed as a technical and educational tool for the evaluation of multifamily site planning and design solutions. A systematic analysis and problem identification procedure to aid in arriving at the best possible site planning solution are presented. Available in limited quantity from the *Office of PD&R*, Room 8126, *HUD*, Washington, D.C. 20410.

HUD Consumer Office Proposed

HUD has issued a *Consumer Representation Plan*... calling for a program to strengthen consumer involvement in the *Department's* activities. The proposal was published in the *Federal Register* of November 26... and public comments on the *Plan* were invited. The deadline for such comments is February 24, 1976... and they should be directed to the *HUD* Assistant Secretary for Policy Development and Research, Attention: Charles Field, Room 8106 *HUD*, Washington, D.C. 20410.

The key element of the *HUD* Plan is the creation of an Office of the Assistant Secretary for Consumer Affairs and Regulatory Functions... which would consolidate the *Department's* diverse consumer and regulatory activities.

This office would provide a clear access point for consumers, prepare and disseminate consumer education materials, and represent consumer interests in Departmental policy-making, but would not obviate the responsibility of other program offices to be responsive to consumer needs.

Secretary Carla A. Hills explained:

"One of the *Department's* primary national goals is to assure that the basic rights of consumers are considered and respected in all housing and community development activities. To achieve this goal... *HUD* policymakers and program managers must design their programs with an understanding of consumer needs.

"That understanding presupposes that consumers are afforded a reasonable and timely opportunity to communicate their views to decisionmakers, have access to relevant background information, have a point of access in government that will respond to their questions and complaints, and have a knowledgeable advocate within the agency to represent their views in the decisionmaking process."

The new Office... Secretary Hills said... would have jurisdiction over several consumer-oriented and regulatory programs dealing with real property transactions, interstate land sales, and mobile home safety.

The Secretary cautioned:

"The consumer and regulatory responsibilities of the new office will require a delicate balance be struck between the needs of the consumer and the needs of the marketplace. The need to regulate must be balanced by an awareness that over-regulation can disproportionately increase the cost of housing services or decrease their availability, thus limiting the range of consumer choice."



Discrimination Found in Rural Housing

A study... funded by *HUD*... was recently completed by *Urban Systems Research and Engineering, Inc.* In it six rural housing markets were studied to determine whether... and to what extent... minority and female-headed households are denied equal access to housing. The study showed "systematic inequality in housing for minorities and... to a lesser extent... for women in five of the six areas."

"This inequality," the report says, "cannot be attributed to differences in income or any socio-economic variable other than race and sex... blacks are systematically and almost totally segregated in both private and public housing in the four southern sites. Examination of the prices and characteristics of housing recently sold revealed in three of these sites a 'dual housing market' with price differentials between otherwise comparable black and white housing."

The areas studied were in Arkansas, Georgia, North Carolina, New Mexico, South Dakota, and Tennessee. Each site consists of a county located at least 50 miles from the nearest SMSA and centered on a town of under 10,000 population.

Lead-Paint Clearinghouse Established

The *National Bureau of Standards* is assisting *HUD* in establishing a *Clearinghouse* on the technical aspects of the problem of lead-based paint in housing. The *Clearinghouse* will serve parents, building owners, contractors, housing and health agencies, building code groups, government agencies, and others who are concerned with the hazards of lead-based paint.

The *Bureau* has prepared a questionnaire... which has been sent to all *Local Housing Authorities*, many nonprofit housing managers and owners, and a large number of landlords in an effort to identify both the existing information and the need for new communications on the lead paint poisoning hazards. Also... the *Bureau* requested that respondents include with their replies samples of publications or data that can assist others who are concerned about this problem.

As the *Clearinghouse* grows, it will contain information on incidences, technology for detection, and methods for correcting lead-based paint hazards and it will be able to respond to specific requests for data about these matters.



Denver and Portland, Oregon Selected

HUD has announced the selection of Denver and Portland, Oregon, as winners of a nationwide competition to test a promising "two-tier approach to the solution of common problems faced by municipal governments."

HUD Assistant Secretary Charles J. Orlebeke... whose *Office of Policy Development and Research* is funding the study, said "the basic premise behind the two-tier concept is the achievement of a balance between centralized and decentralized functions of governments."

Mr. Orlebeke said the study might find that certain municipal functions, such as those concerning air pollution and mass transportation, could be handled more effectively on an areawide basis, while others "should be kept closer to the people" or shared between local and areawide governments.

"The two-tiered government approach," he said, "should produce innovative ways to deliver and finance public services in urban areas. The two selected metropolitan areas will analyze the potential to sort out and shift public services between areawide and neighborhoods governments to improve the management and delivery of those services."

Each area will receive up to \$100,000 in direct support for local costs and will have 18 months to conduct an analysis of its local government system and prepare a report of findings and recommendations for government modernization.

The two-tiered government concept was developed earlier with *HUD* assistance in the metropolitan areas of Rochester-Monroe County, New York, and Tampa-St. Petersburg, Florida.

The competition was conducted by the *National Academy of Public Administration (NAPA)* as part of a *HUD*-funded study aimed at encouraging and assisting local government modernization.

Focusing on local government finances, services, and organization, the *NAPA* study will be conducted by panels of local officials and citizens with supporting staff assistance from the localities.

For further information: Charles R. Warrent, Project Director, *National Academy of Public Administration Foundation*, 1225 Connecticut Ave., N.W., Washington, D.C. 20036 (202/659-9165).

County Revenues and Expenditures Rose in Fiscal 1973-74

Revenue collected by the Nation's county governments during fiscal 1973-74 totaled \$30.8 billion... an increase of \$3.3 billion... or 12 percent... over the previous year, the *Census Bureau* reports.

General revenue of county governments (excluding utility, liquor store, and employee-retirement amounts) was \$30.1 billion in 1973-74... compared to \$26.9 billion a year earlier. Included under general revenue are county receipts from the *Federal General Revenue Sharing Program* which provided county governments with \$1.7 billion in fiscal 1973-74.

All major components of county revenue contributed to the increase. County taxes accounted for about 39 percent of all general revenue... with property taxation the predominant tax revenue source... supplying \$9.6 billion or about 32 percent of general revenue in fiscal 1973-74. This was an increase of 3 percent over the previous year. The proportion of total general revenue derived from nonproperty taxes increased slightly from 6.6 percent in fiscal 1972-73 to 6.9 percent in fiscal 1973-74.

County government expenditures totaled \$29.5 billion in 1973-74... up 10.6 percent from the '72-'73 total of \$26.7 billion. General expenditures... spending other than for utility, liquor store, and employee-retirement purposes... totaled \$28.9 billion in 1973-74... compared to \$26.1 billion in the previous fiscal year.

Public welfare, education, highways, and hospitals in that order, were the leading county functions in terms of expenditure for general government purposes and accounted for about 59 percent of the total.

The report, *County Government Finances in 1973-74, GF74, No. 8*, is available for \$1.75 from the *Subscriber Services Section (Publications)*, Bureau of the Census, Washington, D.C. 20233.

HUD newsletter

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HUD NEWSLETTER
December 15, 1975

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



December 22, 1975

SEASONS GREETINGS
from all of us at HUD

Current Trends

McGraw-Hill's F.W. Dodge Division reports that new residential construction contracts showed a substantial gain in October... although activity in construction generally dropped during the month. There was a 12 percent decrease in contracts for the month in the heavy construction category... most particularly in electric power plants. Residential building activity rose 33 percent to \$3.19 billion... compared to \$2.4 billion in October 1974. Most of the increase was in the single-family home group... but there was also a small gain in apartment houses... the first monthly gain in this type of construction in almost 2 years.

Mortgage rates will stay relatively high in 1976... according to *FNMA* Chairman Oakley Hunter. He thinks that as long as inflation runs at an annual rate of 7 percent or so... there's not much chance that mortgage rates will dip much under 9 percent.

The *FHLBB* says that changes in market interest rates were mixed from late October to late November... following their earlier sharp drop in response to an easing in monetary policy. Rates on short-term money market instruments declined moderately further on balance despite some rise late in the period. Yields on intermediate- and long-term bonds followed the same general pattern... but the former changed little on balance while the rise in yields on some types of long-term bonds late in the period was sufficient to produce a modest overall rise. All market rates... however... remained well below their recent highs.

Interest rates on conventional home mortgage loans closed rose slightly from early September to early October... reflecting earlier increases in rates at which major lenders were making commitments for future lending. The average interest rate on newly-built homes rose 7 basis points to 9.01 percent... while the average for existing home loans increased by 5 basis points to 9.18 percent.

New home sales in September declined to a seasonally-adjusted annual rate of 565,000 units... and completions of housing units in structures of five or more units declined further to only 268,000 units... compared to an average completion rate of about 750,000 units in the first quarter of 1974. Total units under construction were down to 460,000 units in September... compared to the peak of 975,000 units in September 1973. October starts figures indicate that this trend is continuing with respect to the multifamily sector.



Uniform Appraisal Form Adopted

FNMA and *FHLMC* have agreed to use the same appraisal form for conventional single-family residential mortgages.

Both organizations adopted the uniform appraisal form to further simplify sales of conventional mortgages in the secondary market. They had previously adopted standard forms for mortgage applications, mortgages, notes, and deeds of trust.

Appraisals using the new form will be accepted immediately... but its use will not become mandatory until March 1, 1976... to allow mortgage originators to use up the existing stock of forms.

NAHB Views the Current Situation

The *Economic Department* of the *National Association of Home Builders* in its November *News Notes for the Building Industry* sees a number of favorable signs... and is guardedly optimistic about 1976... and at the same time it points to a number of current and future problem areas that cannot be overlooked. Its *Fall 1975 Labor Wage Rate Bulletin* reports:

"Construction wage rates continue an inexplicable upward movement in the face of the lowest housing starts level in post-war times, and a drop in the construction labor force of close to a million workers. In the year since controls were discontinued, average union construction wages increased 10.4 percent for all trades in the unionized sector.

"The largest increase among the crafts was for plumbers... who averaged \$1.23 per hour for a 11.4 percent gain. Next were carpenters with an 11.0 percent increase. The lowest increase was for bricklayers with a 7.1 percent rise. Over the 5-year period beginning July 1970... building laborers posted a 56.0 percent gain—the largest among the selected crafts. They were followed by painters with 50.8 percent."

In the same report, *NAHB* says:

"By February 1974, the construction labor force had risen to 4.2 million workers. But as housing starts continued to drop so did the labor force... to 3.4 million workers by May 1975. Since then it has moved up a little... to 3.7 million in October. However, it is not expected to show much improvement for some months to come. As such... the number of unemployed, which was hovering close to 1 million, has decreased to 810,000 in October. Compared to the years 1973 and 1974, however, this is still double the number of unemployed."

In May 1975, the seasonally adjusted unemployment rate reached a high of 21.8 percent before gradually dropping over a 6-month period to 17.9 percent in October 1975... but still exceeding previously recorded high.

The *Association's Quarterly Metropolitan Housing Starts Forecast* for 103 metro areas expects total starts in the 103 Metro areas to be 15 percent above the 1975 level... but still 16 percent below the 1974 total. (On a nationwide basis, *NAHB* sees an increase of about 25 percent in housing starts to a level of about 1.45 million in 1976.) The *Quarterly Metro Forecast* anticipates 546,595 total starts in the 103 areas in 1976. That number reflects the extent of the housing depression. It would be 11.6 percent below multistarts alone in the same areas in 1973 (618,582 units). In 1973... multis comprised 56.7 percent of total starts in the 103 Metro areas. The figure fell to 48.4 percent in 1974... and is expected to plummet to 31.6 percent in 1975. A slight increase of the multi-portion of total starts to 33.5 percent predicted for 1976 is no harbinger of a substantial improvement in housing activity in the metro areas.

There are many reasons for the depressed state of the multifamily sector. Building rental apartments is expensive and risky; interest rates have risen to prohibitive levels, and the cost and problems of building and operating apartment houses make other investments safer. Multifamily starts traditionally have been a major component of total starts in the metropolitan areas, so some of these problems will have to be corrected before a significant recovery can occur.

In the first quarter of 1976, total starts, single starts, and multistarts are expected to be higher than the same categories in the first quarter of 1975 by 28 percent, 30 percent, and 26 percent, respectively. While these increases appear healthy, it must be remembered that building activity touched bottom at the end of 1974 and the beginning of 1975.

As a result of this relative inactivity in the multi-housing market... *NAHB* foresees the possibility of a shortage of rental units ahead and the prospect of renewed demand as the economy recovers.

People Return to the Cities

Secretary Carla Hills... addressing the Annual Convention of the *National League of Cities*, in Miami... spoke of factors motivating middle-income people to move back to the cities from the suburbs.

Citing a number of reasons... such as the high cost and skimpy availability of fuel, scarce and expensive land, stricter building codes, and the high cost of suburban construction... the Secretary said: "For the first time in more than a decade, people of moderate means are finding more reasons for moving into the city than for moving out of it. And they are already moving back."

She also told the delegates that 'doomsayers' are overlooking some positive aspects of the Nation's cities. "In truth, the forces of energy, mobility, and beckoning space—which once combined to drive wealth away from our cities—are now combined in reverse to welcome a new era of equal opportunity," she said.

Housing costs are high, but "we know that it takes almost 50 percent less of everything—land, labor, money, and environmental disruption—to rehabilitate a city neighborhood than to build a new suburb," and cities are full of old, neglected neighborhoods.

Mrs. Hills also said that more than 80 percent of the Nation's population growth from 1970 to 1974 was in small families, "singles, young marrieds, few or no children, and the elderly, and these are the families whose lifestyles are most suited to the very things our cities have to offer—smaller housing, convenience to jobs, entertainment and cultural amenities, recreational opportunities..."



Solar Heating Proposal Published

HUD is asking for a contractor to help develop a *Solar Heating and Cooling Data Bank* and disseminate this information to the public. The selected contractor may be a firm... or a consortium of firms... with marketing, communication, and technical experience.

A detailed statement of work required is outlined in the *Request for Proposals (RFP No. H-2377)* issued December 5.

Copies of the *RFP* may be obtained from the HUD Office of Procurement and Contracts, Ms. Lydia Jackson, Room B-133, (ACR-Y) (711 Building), Washington, D.C. 20410.

It is HUD's responsibility under the *Solar Heating and Cooling Demonstration Act of 1974* to demonstrate solar heating and cooling systems in residential applications and to establish a *Solar Heating and Cooling Data Bank*. This effort is part of a larger national program of solar energy research led by the *Energy Research and Development Administration*. Specific information on the program can be obtained by writing the HUD Solar Energy Staff, Room 8158, Washington, D.C. 20410.



New Publication

A directory of disaster-related studies, investigations, and research efforts of the past 5 years has been completed. *Directory of Disaster-Related Technology*... prepared by HUD's *Federal Disaster Assistance Administration*... is designed to improve application of disaster-related technology by State, Federal, and local governments, and the private sector through the exchange of information on recently completed and current research and studies. Most of the information was gathered from the *National Technical Information Service* and the *Smithsonian Institute's Science Information Exchange*. Available from the *Superintendent of Documents*, Washington, D.C. 20402, at \$8.95 per copy. (Stock No. 023-000-00300-1)

Both Gains and Lack of Progress for Blacks During Early 1970's

Black Americans have made progress in education and election to public office during the first half of the decade of the 1970's. However... their progress in income and employment has been impeded by a variety of social and economic factors... the *Census Bureau* says.

A report... the eighth in an annual series on the characteristics of blacks in America (and, at 205 pages, the longest), focuses on recent trends (1970-74) and includes some data as current as 1975. The report presents a special section on crime... including entirely new data from a nationwide survey on criminal victimization conducted in 1973... as well as data on jail inmates and capital punishment. Other new subjects are blacks in the Armed Forces, sources of income of black post-secondary students, black-owned businesses, and ownership of major appliances by black households.

A 56 percent increase in black college enrollment between 1970 and 1974 highlighted black gains in education. White college enrollment increased only 15 percent over the same period. However... the proportion of young blacks (18-24 years old) enrolled in college was still below that for young whites... 18 and 25 percent, respectively.

The report also includes sections on population, labor force, and business ownership, education, family and fertility, health, housing, criminal offenders, voting, and Armed Forces. Each section includes text, detailed tables, and graphs, a new feature.

The report, *The Social and Economic Characteristics of the Black Population in the United States: 1974, P-23, No. 54*, is available for \$3.50 from the *Superintendent of Documents*, Washington, D.C. 20402.

FYI



Institute for Professional and Executive Development and the *Bureau of National Affairs' Housing and Development Reporter*... A 1-day seminar on Rent Controls—How They Work and Their Impact... Washington, D.C., January 16, 1976. Details: *IPED*, 1025 Connecticut Ave., N.W., Suite 707, Washington, D.C. 20036. (202/785-5275)

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HUD NEWSLETTER
December 22, 1975



December 29, 1975

Vol. 6 No. 52

Mortgage Bankers Elect

New officers for 1975-76 have been elected by the *Mortgage Bankers Association of America* at its convention in Chicago. Elected president was Jerome L. Howard, chairman of the board and chief executive officer of *Mortgage and Trust, Inc.*, Houston; first vice president—Kennon V. Rothschild, chairman and chief executive officer, *H. & Val J. Rothschild, Inc.*, St. Paul; second vice president—John C. Opperman, chairman, *United California Mortgage Company*, San Francisco; and treasurer—Bernard V. Dill, executive director, *Massachusetts Purchasing Group*, Boston.

Howard... the new president... was previously first 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 that organization.

Rothschild... the first vice president... was the second vice president last year. He is a past president of the *Minnesota Mortgage Bankers Association*, the *St. Paul Mortgage Bankers Association*, and the *St. Paul Urban League*.

Opperman... the new second vice president... was a member of *MBA's* board of governors last year. He is a past president of the *California Mortgage Bankers Association*.

The treasurer... Dill... was a member of *MBA's* investor liaison committee and finance committee last year. He is a corporator and trustee of the *Quincy Savings Bank* in Massachusetts and serves as a director of *Financial Life Insurance Company of New York*.



AIA Proposes Incentives for Energy Efficiency

The *American Institute of Architects* has proposed a comprehensive new tax incentive program for the design and retrofitting of both new and existing buildings to achieve maximum energy conservation.

AIA Executive Vice President William L. Slayton presented the *Institute's* tax incentive proposal to the *Senate Finance Committee*. Under the *AIA* proposal... owners of commercial buildings could choose either an investment credit, or rapid amortization for a percentage of the costs of design, engineering, and construction services and equipment needed to achieve an energy efficient building. Owners of residential buildings would receive a tax deduction for a percentage of the costs of the same services.

The tax incentive program, said Slayton, would stimulate between two and three million jobs in the depressed construction industry and in the industries which supply materials. In addition, it would make possible energy savings of up to 4.67 billion barrels of petroleum equivalent in the first 5 years and, in the same period, a savings to the American public in energy costs of \$75 billion.

The *AIA* tax incentive program is being proposed as a short-term initiative to complement a long-range national effort to achieve energy efficiency in the built environment. "We are convinced," he said, "that long-term, comprehensive energy conservation policies must be adopted in all sectors of industry, construction, and transportation."

Late each year the *Dodge Division of McGraw-Hill* issues a forecast for the upcoming year. In its *1976 Construction Outlook*, . . . George A. Christie, vice president and chief economist of *McGraw-Hill*. . . said, among other things:

"On the very short list of good things that happened in the construction business during 1975, two events have to rank near the top.

"The first was when the *Dodge Index* reached the bottom of its year-and-a-half-long slide. That occurred in the opening quarter of 1975, and the upturn that followed signaled the beginning of the recovery of the construction industry from its longest and deepest recession in a generation or more. But that recovery couldn't sustain itself very long without the backup of another event. That was the turnaround of the rest of the economy, and it took place during the second quarter. It meant, among other things, that the improvement in building activity that was beginning in the single-family housing market early in 1975 had a good chance of developing into a full-scale, across-the-board expansion of the entire construction industry over the year or two ahead."

"In the fall of 1975 the housing situation stands about like this: a pretty good recovery in single-family building so far this year, but little to cheer about in the stagnant apartment market. From here, this one-sided recovery could go either of two ways. Nourished by a continuing supply of mortgage money, the single-family upswing would continue into 1976, by which time an apartment recovery would also be taking hold. On the other hand, a prolonged new round of disintermediation (a reversal of savings flows) would yank the rug from under the single-family recovery by year-end as well as dash the hopes for even a delayed recovery of the apartment market."

The Dodge Outlook:

Total residential construction for the year... \$43 billion... up 37 percent from 1975's \$31.4 billion. This is broken down to a 30 percent dollar increase in 1- and 2-family houses from 1975's \$24.5 billion to \$31.8 billion in 1976... and apartments from \$5.7 billion in 1975 to \$9.7 billion in 1976. The nonresidential estimate for 1976 is \$33.4 billion... 5 percent above the 1975 figure of \$31.775 billion... and total of all construction (including highways, bridges, and other nonbuilding construction) \$108.8 billion... an increase of 15 percent over 1975.

Development Fellows Selected



Two college professors are serving as Fellows for a year... assisting HUD in evaluating its *Community Development Block Grant (CDBG) Program* and its *Comprehensive Planning Assistance Program (701)*. They are Raymond A. Rosenfeld, Assistant Professor of Political Science and Urban Studies at *Old Dominion University*, Norfolk, Va., and Rondal G. Downing, Professor of Public Administration and Political Science at the *University of Missouri-Columbia*.

The two were among 14 university faculty members selected in national competition by the *National Association of Schools of Public Affairs and Administration (NASPAA)* in a program that places faculty members with appropriate expertise in temporary administrative roles with Federal Agencies. The experience gained in the program is expected to aid their teaching later in the fields of public affairs and administration.

At HUD, they are with the Office of Evaluation, Community Planning and Development. Major objectives of their work are to assess the effects of HUD's *Community Planning and Development Programs*, and to evaluate these efforts.

In addition to their CDBG work, both Rosenfeld and Downing have individual responsibility for special projects to be carried out during the year.

State Tax Collections in Fiscal 1974

State tax collections in fiscal 1974 totaled \$74.1 billion... an increase of 8.9 percent over the \$68.1 billion collected in fiscal 1973... according to a *Census Bureau* report.

Sales and gross receipts taxes continue to be the leading tax revenue source for States... amounting to \$40.5 billion in 1974 or 54.7 percent of all State tax revenue. These were divided as follows: general sales and gross receipts taxes, \$22.5 billion, and selective sales and gross receipts taxes, \$18 billion.

The second largest source of State tax revenue is the individual income tax collected in 44 States. In fiscal 1974... these totaled \$17 billion... up 9.2 percent from 1973. Corporate net income taxes were \$6 billion... up nearly 11 percent from the previous year.

State motor fuel taxes increased by only 1.8 percent in fiscal 1974... compared with an 11.7 percent rise from fiscal 1972 to 1973, reflecting current energy problems.

Some summary figures for selected major categories of State taxes:

Type of Tax	Fiscal '74 collections (millions)	Percent increase or decrease (73-74)	No. States using tax FY '74
General sales and gross receipts	\$22,595	14.2	45
Selective sales and gross receipts:			
Motor fuels	8,207	1.8	50
Tobacco products	3,250	4.4	50
Alcoholic Beverages	1,909	5.1	50
Insurance	1,674	4.2	50
Individual income	17,015	9.2	44
Corporation net income	6,015	10.9	46
Death and gift	1,425	-0.4	49
Property	1,301	-0.8	43
Severance	1,254	47.5	29

More than half of all State tax revenue was collected in 8 States. The leaders and totals collected were: New York, \$8.5 billion, California, \$8.0 billion; Pennsylvania, \$4.6 billion; Illinois, \$4.1 billion; Michigan, \$3.7 billion; Texas, \$3.3 billion; Florida, \$2.8 billion; and Ohio, \$2.8 billion.

In 12 States there were tax revenue increases of 15 percent or more over 1973, while only 6 States showed an increase of less than 5 percent. Connecticut was the only State with a net decrease from fiscal 1973 to 1974. This resulted from a change in the base of the individual income tax, along with a reduction in the general sales tax rate.

Copies of the report, *State Tax Collections in 1974, GF74, No. 1*, may be obtained for \$1.05 from the *Superintendent of Documents*, Washington, D.C., 20402.

A historical report on Federal, State, and local governmental statistics covering the years 1902-1972 has been issued by the *Census Bureau*. The report... part of the series on the *1972 Census of Governments*... covers a period in which the population increased 163 percent, and American economic activity underwent vast changes. The *1972 Census of Governments* is the most recent in a series taken every 5 years in years ending in "2" and "7."

Among the data shown are Federal finances for selected years since 1902 and State and local government finances by State for selected years since 1957. Data on public employment are shown nationally for each year since 1940 and for selected years since 1953, and State-by-State for specified years.

Copies of the report, *1972 Census of Governments, Topical Studies, Historical Statistics on Governmental Finances and Employment, Volume 6, No. 4*, are available for \$2.90 from the *Superintendent of Documents*, Washington, D.C. 20402.

Study Reports Available

A number of reports of study projects funded in whole or in part by *HUD's Office of Policy Development and Research* have been issued. They are for sale by the *Superintendent of Documents*, Washington, D.C. 20402, at the prices shown:

MIUS, or Modular Integrated Utility System. . . a "packaged" small-scale plant which supplies on-site all the utility needs of a residential development. *MIUS* will help architects, builders/developers, and local governments solve the problems of absence of water, sewer, power or solid waste management capacity. *MIUS* is particularly promising for enabling already developed areas in an around cities to be filled in with medium to high density complexes such as PUD's without necessitating an expansion of the in-place utilities capacity. (Stock No. 2300-00268) 55 cents.

✓ *The Costs of Sprawl.* . . a report by the *Real Estate Research Corporation.* . . which finds that more economical housing types such as PUDs and clustered housing can bring savings to a local jurisdiction's service budget and helps protect the environment. The report provides detailed cost-impact data for various types of residential development. An executive summary (Stock No. 411-00023), detailed cost analysis (No. 4111-00021), and literature search and bibliography (No. 4111-00022) are available for 55 cents, \$2.90, and \$3.25 respectively.

A Design for Improving Residential Security. . . a booklet prepared by the *Center for Residential Security Design.* . . examines major components such as hardware, personnel, and electronic equipment. Each component is then discussed in its interaction with a total system. A final chapter illustrates by examples solutions to the security of existing residential complexes. (Stock No. 2300-00251) \$1.20.

Noise Assessment Guidelines. . . a handbook which makes it possible for the architect, designer, builder to do a quick assessment, without enlisting expert assistance, of present and future noise environment of a development site. Results of that assessment can be compared with *HUD* standards or State or local noise regulations. (Stock No. 2300-1194) \$1.25.



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