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HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1301



January 5, 1976

Solar Energy Contract Awarded

HUD has awarded a \$238,000 contract in the solar energy field to Arthur D. Little, Inc., Cambridge, Massachusetts, for development of a location matrix... or plan... under which HUD can select sites for the demonstration and long-range evaluation of solar heating and cooling equipment in residences.

The location matrix will also enable HUD to match individual locations with appropriate types of solar systems. The demonstrations could involve up to 100 locations over a 5-year period.

The HUD residential solar heating and cooling demonstration is part of a larger effort headed by the *Energy Research and Development Administration (ERDA)* which calls for demonstrations of solar heating by the end of fiscal 1977 and combined solar heating and cooling by the end of fiscal year 1979. In addition to the HUD residential demonstration, ERDA will conduct a demonstration of commercial and agricultural applications.

The final plan will be ready by October 1 of this year... and will include a recommended list of demonstration project locations, correlating the various selection factors with the solar energy systems of each location.

The HUD contractor will work closely with the *General Electric Company* and the *InterTechnology Corporation*, which are now developing similar plans for ERDA's demonstration program. Dr. Peter Glaser, head of Engineering Sciences for Arthur D. Little and past president of the *International Solar Energy Society*, will direct the HUD project.



Smaller City Package Available

Revitalization of Downtown: Self-Help Guidelines for the Smaller City... a package of slides, script, and manual of operations prepared by PROD, Inc., of Santa Cruz, California, under a *Comprehensive Planning Research and Development Project* grant from HUD. PROD (*Private Revitalization of Downtown*) has recorded the steps taken by its founder... the late Chuck Abbott... in encouraging the private interests in Santa Cruz to bring about a revitalization and renewal of the downtown business district... which has had a significant impact upon the entire community. (The Santa Cruz program was covered in detail in the February 1975 issue of *HUD Challenge*. Single copies of the magazine are available from the *Superintendent of Documents*, Washington, D.C. 20402, for \$1.40.) The PROD Package is designed to assist the smaller city... up to 50,000 to 75,000... in facing the issues of a declining business district and deteriorating downtown. It includes a set of slides showing alternatives, a manual of operations, and other general information.

The Package is available for a mailing charge of \$3.50... as long as quantities last... from PROD, Inc., 406 Lincoln Street, Santa Cruz, California 95060, to communities which fit within the general guidelines.

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U.S. DEPARTMENT OF HOUSING
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80 Percent Like Their Neighborhood

Fourth-fifths of the households in the Nation consider their neighborhood a satisfactory place to live... according to a survey released by the *Census Bureau*. The survey was conducted for *HUD*.

The *1973 Annual Housing Survey* showed that 80 percent of all households rated their neighborhoods as good or excellent places to live; 71 percent of central city dwellers shared this view... compared to 85 percent of suburban dwellers.

Only 3.4 percent felt that specific conditions in their neighborhood were so objectionable they wanted to move.

In central cities of metropolitan areas, 5.2 percent of households wanted to move because of objectionable circumstances in contrast to 2.9 percent in suburban areas.

Street noise and heavy traffic were most frequently mentioned as neighborhood irritants—by 48.8 percent and 29 percent, respectively.

Objectionable neighborhood crime was cited by 13.2 percent of the respondents.

In regard to neighborhood services, public transportation was cited most often by the households surveyed... 32.4 percent... as being inadequate.

In addition to occupants' attitudes about their neighborhoods and services provided there, indicators of housing quality such as availability of plumbing and kitchen facilities, physical condition, and mechanical serviceability are included. The report is the second in a series of four to be published from this survey; *Part A, General Housing Characteristics*, was published earlier.

Part D, Housing Characteristics of Recent Movers, and *Part C, Financial Characteristics of the Housing Inventory*, are scheduled to be released later.

Copies of this report, *Part B, Indicators of Housing and Neighborhood Quality, Series H-150-73B*, are available for \$2.75 from the *Superintendent of Documents, Washington, D.C. 20402*.



Analysts See A Better 1976

The *Economic Forum of the Conference Board* expects the current business recovery to continue throughout 1976... and looks for a decline in inflation. The *Forum*... composed of 11 academic and business economists... meets twice a year to assess the economic outlook for the *Conference Board*... the nonprofit business research organization maintained by a large segment of American industry.

There is also an optimistic outlook in the consensus of housing experts reported by Dr. Donald M. Kaplan, Director of *FHLBB's Office of Economic Research*, that housing starts will recover to a range of 1.4 million to 1.65 million units in 1976... compared with 1.15 million units in 1975. Speaking at the *Bank Board's Fifth Annual Housing Forecast Conference* held in Washington, Dr. Kaplan said there was a general feeling that the potential demand for housing would remain greater than the effective demand... yet economic and financial conditions would be more favorable for housing in 1976 than in 1975. In addition... some housing experts foresaw an improvement in credit market conditions and a moderation of inflation pressures that should spill over into 1977 and provide the basis for an even healthier housing industry atmosphere in that year.

Other predictions were that the recovery in multifamily construction is likely to be slower than in single-family construction but will begin to occur as rental markets tighten and some new construction is initiated under Government subsidy programs. Over the longer run, it was believed that the maintenance of the high level of housing starts will depend upon the ability to successfully control inflation and to structure financial institutions so that mortgage funds are available to the consumer at a reasonable cost.

New Publications

Services Available to HUD-Related Businesses in International Trade... a Special Report prepared by HUD's Office of International Affairs. Identifies various services which are available to U.S. businesses engaged in (or interested in becoming involved in) the fields of housing and community development overseas. For sale by the Superintendent of Documents, Washington, D.C. 20402. Price: \$1.10, (Stock No. 023-000-00301-5).

Seguro Federal Contra Crimenes Contra Robos Y Perdidas Causadas Pro Robos... A Spanish-language version of HUD's booklet describing the Federal Crime Insurance program... administered by HUD. It is available free from any HUD office.

The National Housing Partnership... a pamphlet describing how NHP enters into partnership with local builders, developers, or nonprofit and community organizations to produce projects serving lower-income Americans. Currently... NHP has commitments to participate in 145 projects in 32 States containing 22,160 units and costing more than \$443 million. It is a private organization created by the Congress to stimulate by private enterprise housing for low- or moderate-income families, and received its initial capital of \$42 million from investment by 270 leading corporations, utilities, financial organizations, and labor unions. Among the methods of operation described in the pamphlet are joint ventures, equity purchases, and sponsorship with nonprofit and community organizations. Single copies of the pamphlet are available free from the Department of Corporate Affairs, National Housing Partnership, 1133 15th St., N.W., Washington, D.C. 20005. Enclose a self-addressed stamped envelope 9½ x 4 inches in size.

Fiscal Impact of Land Development: A Critique of Methods and Review of Issues... by Tom Muller... published by the Land Use Center of the Urban Institute under a grant from HUD. Copies are available from the Center, 2100 M St., N.W., Washington, D.C. 20037. Price \$2.95.

The Urban & Social Change Review... published semiannually by the Graduate School of Social Work Alumni Association of Boston College. The journal's major aim is to provide and promote integration in the broad field of human service and action programming. Subscription rate is \$4 per year for individuals; \$6 for institutions. Address the Review at McGuinn Hall, Boston College, Chestnut Hill, Mass. 02167.

How People Feel About Downtown Parking... an opinion research study. The answer to this question, and to countless other questions about downtown and parking, are analyzed in this report. Price \$11.50 from Downtown Research and Development Center, 555 Madison Avenue, New York, New York 10022.

The Nation's Cities... Change and Challenge... by Patrick Healy III, for many years Executive Vice President... and now Director of the Office of International Relations for the National League of Cities and United States Conference of Mayors, expertly chronicles the far-reaching changes in cities and metropolitan areas brought on by the acceleration of urbanization. 288 pages; illustrated; \$8.95. Published by Harper & Row, 10 E. 53rd St., New York, New York 10022. May be ordered from your bookseller or direct from the publisher.

Components of Change for the Adult Populations of Cities by Age, Sex, and Color... by P. Neal Ritchy and Barbara L. Bishop. Prepared by the Oak Ridge National Laboratory for HUD's Office of Policy Development and Research... this statistical bulletin provides, for the first time, component estimates of population change for 1,905 incorporated cities with 10,000 or more inhabitants in 1970. Separate tabulations are presented for each city, broken down by age, sex, and color. Nine volumes paperbound; \$4.80 per volume. Available from the Regional and Urban Studies Information Center (RUSTIC), Southern Regional Demographic Group, Oak Ridge Associated Universities, P.O. Box 117, Oak Ridge, Tennessee 37830.

HUD Research Reports Available

A number of reports have been issued by HUD's Office of Policy Development and Research.

Graffiti Removal. The results of testing (for HUD by the National Bureau of Standards) of 24 commercially available removal products on 36 different aerosol paints applied to brick, limestone, wood, and aluminum are presented. Further information from C. Arnolts, Division of Building Technology and Safety Research, Room 8158, HUD, Washington, D.C. 20410.

Fog-Dried Paint. Now is used in several major cities; this innovative latex paint and application technique is odorless, rapid drying, quickly applied, and permits easy cleanup with minor inconvenience to occupants of public housing and other housing and office spaces. In conjunction with a new-type seamless flooring and electro-static paint, the fog-dried paint application has been demonstrated to local housing officials in 10 cities through a mobile demonstration unit. An overview of the technique and recent field demonstrations is available at no cost from HUD, Division of Building Technology and Safety Research, Room 8158, Washington, D.C. 20410.

Neighborhood Preservation: A Catalogue of Local Programs. ... is designed to assist local officials and community groups in selecting appropriate approaches to neighborhood preservation. This publication describes 100 locally initiated preservation programs with information on objectives, program operations, participants and their rules, costs and funding sources, and program strengths and problems. For sale at \$5.15 per copy by the Superintendent of Documents, Washington, D.C. 20402. (Stock No. 023-00-00285-0).

Measuring Impacts of Land Development. ... was developed for HUD by the Urban Institute and represents an initial, organized approach to the thorny problems faced by those who must make important land use decisions. The report is designed to help local officials approach land use issues in an orderly way, with emphasis on how various choices will affect the community environment, including jobs, housing, transportation, and clean air. Available at \$2.95 per copy from the Urban Institute, 2100 M St., N.W., Washington, D.C. 20037, (Order No. URI 86000) Summary available free from HUD's Office of Policy Development and Research, Room 8126, Washington, D.C. 20410.

HUD newsletter

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January 5, 1976

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HUD NEWSLETTER
January 5, 1976

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 285-1307



January 12, 1976

Vol. 7 No. 2

Current Trends

For the first time in its 41-year-old history, **FHA** will have two maximum allowable interest rates. The single-family rate will be lowered to 8 1/2 percent, while the multifamily rate will remain at 9 percent. The new "two-tier" system was effective January 5.

N.Y. Bricklayers Accept Wage Cut

In New York... the *Bricklayers Union* has voluntarily accepted a cut in wages and benefits of 33 percent on small construction and renovation jobs. The cut will stay in effect until the expiration in 1978 of the current contract between the *Union* and the *Associated Brick Mason Contractors of Greater New York*.

The *Union* said it was taking the action... in cooperation with the *Contractors*... to try to stimulate construction in New York City... and to try to help overcome the city's financial crisis by encouraging the conversion of unused buildings and thus broaden the city's tax base. About 80 percent of the area's 4,000 bricklayers are presently unemployed.

Bricklayers now earn \$9.99 per hour... plus fringe benefits which come to another \$4.53 per hour. Hourly wages will be reduced 25 percent and fringe benefits approximately 50 percent.

Bridgeport Pays Most In Federal Taxes

The *Tax Foundation*... a nonprofit research group... has surveyed the 123 *Standard Metropolitan Statistical Areas* and has found that the Bridgeport, Connecticut area pays the most Federal taxes per capita of any area in the Nation. The Bridgeport area (which includes Stamford, Norwalk, and Danbury) had an average tax burden of \$1,841 per person. The New York City area... was... to the surprise of many... tenth, with a per capita \$1,570. Hartford was second (\$1,740)... West Palm Beach-Boca Raton was third (\$1,723)... followed by Washington, D.C. (\$1,721)... Newark (\$1,696)... Rockford, Illinois... (\$1,654)... and Fort Lauderdale-Hollywood (\$1,594).

The *Foundation* reported that the totals (covering Fiscal Year 1974) included Federal gift and estate taxes, excise, Social Security, corporate, and individual income taxes... and the figures were adjusted to reflect actual tax burden... not simply where they were paid.

AIA Installs

Louis de Moll, FAIA, of Philadelphia has been installed as the President of the *American Institute of Architects* for 1976. He succeeds William Marshall, Jr., FAIA, of Norfolk, Virginia, as head of the 25,000-member national professional society.

In addition to de Moll... five other officers were installed. They include the first vice president (president-elect) John M. McGinty, AIA, of Houston; three national vice presidents, Elmer E. Botsai, FAIA, of San Francisco; Carl L. Bradley, FAIA of Fort Wayne, Ind., and Robert L. Wilson, AIA, of Stamford, Conn., and treasurer, Charles E. Schwing, AIA, of Baton Rouge.

De Moll... principal in charge of design in the Philadelphia firm of *Ballinger Co.*... served as AIA first vice president for the past year.

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New Publications

Metropolitan America in Contemporary Perspective... Edited by Amos H. Hawley and Vincent P. Rock. The volume systematizes and codifies the past 10 years of social science research on urban society by a group of distinguished scholars under the sponsorship of the *National Academy of Science*. Published by *Halsted Press*. 504 pages... \$25 at bookstores.

Public Housing Policy... Convention versus Reality... by Eugene J. Meehan, professor of Political Science, *Center of Community and Metropolitan Studies, University of Missouri at St. Louis*. Refutes the contention that public housing is a failure... even though it has had some monstrosities like *Pruitt-Igoe*. Published by the *Center for Urban Policy Research, Rutgers-the State University, New Brunswick, New Jersey 08903*. 181 pages... \$15.

Dictionary of Architecture and Construction... Edited by Cyril M. Harris. A comprehensive 1-volume compilation of architectural and related subjects by a professor of Architecture and Electrical Engineering at *Columbia*. Created for nonspecialists... features concise definitions of everyday terms in construction and associated fields... 553 pages... 1,775 illustrations. Published by *McGraw-Hill Books*. \$35.

Directory of Disaster-Related Technology... a compendium of studies, investigations, and research efforts... undertaken since 1970... relating to disaster preparedness, assistance, mitigation, and hazard reduction. Prepared by *HUD's Federal Disaster Assistance Administration*. For sale by the *Superintendent of Documents, Washington, D.C. 20402*. Price \$8.85 (0-591-525).

Digest of Federal Disaster Assistance Programs... prepared by *HUD's Federal Disaster Assistance Administration*. Defines and explains the Federal programs which supplement local, State, and private agency efforts when disasters strike. For sale by the *Superintendent of Documents, Washington, D.C. 20402*. Price \$2.05 (023-000-00299-0).

A Design Guide for Improving Residential Security... Revised edition... prepared for *HUD's Office of Policy Development and Research* by the *Center for Residential Security Design* of New York City. Provides current technology on the subject of residential security. Available from the *Superintendent of Documents, Washington, D.C. 20402*. Price \$1.65 (023-000-00251-5).

La Raza... a report on how the *Ford Foundation* has helped Mexican-Americans through *La Raza...* the first major organization formed to unite the various disparate Mexican groups in the Southwest. Free from the *Ford Foundation, Office of Reports, 320 East 43rd Street, New York, N.Y. 10007*.

Basic Laws and Authorities on Housing and Community Development, as amended July 31, 1975. Available from *Superintendent of Documents, Washington, D.C. 20402*. Price \$11.15 (052-070-03087-9).

One and Two Family Dwelling Code... 1975 edition. The latest version of the model code document co-published by the Nation's three model code organizations is now available. It incorporates all revisions approved by the active memberships of the joint publishing organizations. This 1975 edition also contains a new Appendix B, comprised of the existing span tables for joists and rafters and new tables of working stresses for joists and rafters. The price is \$7.00 per copy for *BOCA* members and \$8.00 per copy for nonmembers. Address orders to *BOCA's Publications Order Department, 1313 East 60th Street, Chicago, 60637*. Nonmembers' orders must be prepaid or on a government jurisdiction's purchase order.

Exclusionary Land Use Litigation: Policy and Strategy for the Future... published by the *National Committee Against Discrimination in Housing, Inc.* This publication consists of papers prepared for a November 1974 *Legal Conference on Exclusionary Land Use Litigation*, convened by *NCDH* and the *Potomac Institute*, and also contains an "Overview," prepared by the *NCDH's* General Counsel... which highlights some of the issues discussed at the *Conference*. \$4 postpaid. Order from *NCDH, 1425 H St., N.W., Washington, D.C. 20005*.

Neighborhood Preservation Projects Approved

The *Urban Reinvestment Task Force*... initiated in 1974 as a joint HUD-FHLBB effort to promote the *Neighborhood Preservation Program (NPP)*... has approved several projects for Fiscal 1976. The *Program*... which provides... among other things... below-market-rate rehabilitation funds to owners of multifamily units... utilizes *HUD Demonstration* funds plus substantial local funds in each city. Local funding includes *General Revenue Sharing* and *Community Development Revenue Sharing* funds... as well as matching grants from foundations or businesses. For FY '76... HUD is providing the *Task Force* with \$2.5 million.

The NPPs approved are:

The Berkeley (California) Housing Conservation Program covers conservation efforts in three neighborhoods by providing municipal services and public improvements... along with a program of support of private lenders in making high-risk loans. Through the working of the project... Berkeley will obtain the necessary information and experience to expand these conservation efforts into a city-wide program. The city's commitment includes \$550,000 in *Revenue Sharing* and *Operating Funds* to operate a revolving loan fund... and \$750,000 for park improvements.

The Hoboken Multifamily Rehabilitation Project is to provide below market-rate rehabilitation funds to owners of 6-10 multifamily units in central Hoboken. The funds will be provided through a combination of private lending institutions and interest-reduction grants financed by public money from the *New Jersey Department of Community Affairs and Community Development* funds. An innovative *Municipal Mortgage Insurance* program to insure multifamily rehabilitation loans will also be tested. The program supplements the successful earlier *Project Rehab Program* and the *Home Improvement Program (HIP)*.

The Greater Hartford Process Commercial/Revitalization Project. The *Neighborhood Capital Action Program* in Hartford is designed to improve the appearance and consumer appeal of a four-block central shopping area Avenue adjacent to a \$3.2 million dollar shopping center site and an existing rehabilitation project. The city has allocated *Community Development* funds and *CETA* personnel to implement this program.

The Village of Oak Park (Illinois) Neighborhood Preservation Program calls for a single-family and multifamily property maintenance program; intensive public safety and crime prevention program; a Village-wide elementary school strategy; revitalization of the commercial strip; and an effort to increase the availability of conventional mortgage and home improvement financing. An *Equity Assurance Program* to insure homeowner's equity will also be tested. The neighborhood selected in Oak Park abuts the Austin Neighborhood program in Chicago.

The Yonkers (New York) Multifamily Rehabilitation Program involves a partnership of property owners, tenants, the *City Building Department*, and mortgagees... who have joined together to upgrade large apartment buildings in order to stabilize the surrounding neighborhood. The city has committed \$350,000 in *Community Development* funds to two city *Divisions*... *Building* and *Housing*... and part of these funds will be allocated to this program. In addition... the city has agreed to a tax-abatement program to enable building owners to allocate additional revenue for property rehabilitation.

The Worcester (Massachusetts) Neighborhood Preservation Program. The *Worcester Cooperation Council, Inc. (WCCI)* in cooperation with *Transitional Employment Enterprises, Inc. (TEE)* and HUD's experimental *Hazard Elimination Program* will test innovative methods of lead paint removal in the Crown Hill neighborhood of Worcester. In conjunction with this effort and with a grant from the *National Endowments for the Arts (NEA)* and the *City of Worcester*, *WCCI* and *Worcester Heritage Society* will restore structures of architectural and historic interest in Crown Hill.

(continued)

Neighborhood Projects-continued

The Urban Edge Neighborhood Preservation Project in Jamaica Plain, Boston, Massachusetts. Urban Edge has developed a homeownership development program in cooperation with the *City of Boston* to acquire, rehab, and market vacant dwellings. The *City's Homestead Program* includes Jamaica Plain as one of its four demonstration neighborhoods.

The Westwood Park Neighborhood Development Project in San Francisco. *The Housing Conservation Institute of the San Francisco Development Fund* is working with the city and a number of S&L's and commercial banks to preserve the city's sound neighborhoods that show early signs of deterioration. The program will provide Westwood Park residents with technical assistance in home improvement packaging and financing, financial analysis, and neighborhood organization. The city has committed resources to improve public amenities in Westwood Park and the Ocean Avenue commercial strip. An innovative financing program will be tested to redevelop Ocean Avenue.



Report Available

Techniques for Intergovernmental Redevelopment of the Hackensack Meadowlands... prepared by the *State of New Jersey...* examines the major problems involved in the development of the Hackensack Meadowlands and shows their relationship to other regional redevelopment problems. The report contains a discussion of regional redevelopment in general including such aspects as definitions, patterns, governmental problems, and how best to overcome these problems. It focuses specifically on the Hackensack Meadowlands, describes its particular characteristics in relation to regional redevelopment and points out the desirable attributes of establishing a mechanism for development. Also contained in the report are possible inter-jurisdictional and area-wide cooperative approaches to the development and financing of the Meadowlands. The research served as the basis for legislation which created the *Hackensack Meadowlands Development Commission*.

Request for copies of the report should be sent to the *Division of State and Regional Planning, New Jersey Department of Community Affairs, P.O. Box 2768, Trenton, N.J. 08625.*

HUD newsletter

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HUD NEWSLETTER
January 12, 1976

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



January 19, 1976

Vol. 7 No. 3

Current Trends

The Commerce Department announced that sales of new one-family houses during October were at a seasonally adjusted annual rate of 577,000 units... virtually unchanged from the revised September rate of 579,000 units... but 33 percent above the October 1974 rate of 433,000 units. Actual sales during October were 44,000 units. The median sales price of these houses was \$40,700. There were 391,000 new one-family houses for sale at the end of October. Of these... 130,000 were completed units ready for occupancy; 209,000 were under construction; and 52,000 were units for which builders have obtained permits, but have not yet started. With adjustment for seasonal variations... the new houses for sale represent an 8.2 months' supply of houses on the sales market at the October rate of sales. This supply has remained virtually unchanged since April 1975.

The Commerce Department also reported that both public and private construction spending outlays rose 3 percent in November over October's performance... to a seasonally-adjusted rate of \$135.1 billion. The November rate was 5.5 percent above the 1974 rate for the same month.

The October seasonally adjusted annual rate of mobile home shipments increased 6.5 percent to 229,000 units from 215,000 units in September. October's mobile home shipment rate was virtually unchanged from the 227,000 units in the same month last year. Actual shipments in October were up 3.9 percent to 21,200 units from 20,400 units in the previous month.



\$3 Billion in Apartment Mortgage Funds Released

A \$3 billion program to finance the construction of multifamily apartment projects has been announced by HUD. The Government National Mortgage Association (GNMA) will implement the program pursuant to the Emergency Housing Act of 1975, enacted by Congress during its last session.

During the past 2 years the Administration has committed over \$15 billion to newly constructed single-family mortgage purchase assistance programs... HUD Secretary Hills noted. New single-family starts are now just below their peak years... and single-family sales have recovered at a rate commensurate with previous housing cycles. However... the multifamily apartment sector is continuing to lag behind historical recoveries. Multifamily housing starts for November were at an annual rate of 349,000 units.

"Therefore," Secretary Hills said, "it is prudent that additional mortgage purchase assistance be directed to stimulating multifamily construction starts."

Daniel P. Kearney... President of GNMA... said the funds will be made available at a below market interest rate of 7½ percent on multifamily projects insured by FHA. The monies released should be sufficient to finance 120,000 units. The 7½ percent interest rate is well below current market levels and should make multifamily projects more feasible, Kearney said. However, he cautioned that the effects of prior overbuilding of apartment projects will continue to affect adversely multifamily construction in some local markets.

Secretary Announces 'Split Rate' Interest Policy

Secretary Carla Hills announced a lowering of the allowable maximum interest rate for HUD/FHA-insured single-family mortgage loans to 8½ percent effective January 5... while at the same time continuing the existing 9 percent rate for multifamily mortgages. This two-tier interest-rate maximum is the result of a new policy.

"The new approach"... Mrs. Hills said... "acknowledges for the first time in *FHA's* existence that the markets for home loans and multifamily loans are separate and distinct. In setting maximum interest rates we need to take into account the special characteristics of each market."

The Secretary said that a "split rate" system is appropriate because while the interest rate on single-family loans has declined recently, rates on multifamily apartments projects have not evidenced a similar decline.

Many factors make the multifamily mortgage market distinct from the single-family. Among the elements of distinction are significantly larger average loan amounts, longer terms to maturity, greater risks, and requirements for consistently higher market yields.

Moreover, unlike home loans, it is the borrower who pays points in the case of multifamily financing... so that the full financing cost is reflected in the owner's cost... regardless of whether it is paid through points or through the interest rate.

The new single-family rate was determined after consultation with Richard L. Roudebush, *Veterans Administrator*... who simultaneously announced a similar change in the maximum rate for *GI* home mortgage loans.



223f Program Extended

HUD Secretary Carla Hills has extended until June 30, 1976, special provisions of a program designed to provide mortgage insurance for purchase or refinancing of existing multifamily rental housing projects not requiring substantial rehabilitation.

The special provisions of the *Program*... known as *Section 223(f)*... originally were to have expired December 31, 1975. Discussions with various industry representatives indicated that several thousand units under construction would not have been completed by December 31... and since all of these were under construction prior to June 30, 1974, they fall within the category the special provisions were specifically designed to help.

Moving the deadline to June 30, 1976 will give the affected applicants adequate opportunity to seek financing under *Section 223(f)*.

As of December 5... applications for 170 projects comprising 26,056 units had been received. Of these... 13 projects with 2,264 units had been approved; 48 projects comprising 6,594 units had been rejected. In addition... as of December 15, nine projects had received conditional commitments... and four had received firm commitments.

On December 11... the first final closing of a *223(f)* loan in the Nation occurred in Houston. This first project was built by Houston developer Herb Zeiben... with construction financing provided by *Alison Mortgage Investors* of Los Angeles. It contains 168 units of garden-type construction... with a \$1.9 million loan at the special *223(f)* rate of 8½ percent for 35 years.

FYI



New York University and the *Public Relations Society of America*... Public Relations Management Seminars... Atlanta, January 21-22; New York, January 27-28; Chicago, April 27-28; and San Francisco May 20-21. Details from the *New York University School of Continuing Education*, Room 1517, 310 Madison Avenue, New York, N.Y. 10017. (212) 682-1435.

Energy Hearing Scheduled in Five Cities

The views of concerned citizens will be sought in five cities across the Nation in January and early February as a part of a major study of the role of nuclear power in the context of alternative energy systems. The hearings are being organized by a committee of the *National Research Council*... which conducts technical studies on behalf of the *National Academy of Sciences and the National Academy of Engineering*. The *Academies* were asked by the *Energy Research and Development Administration (ERDA)* to conduct the 2-year study.

Invitations have been issued to more than 5,000 interested individuals and organizations inviting them to submit statements to the committee on the issues that the study should address and on the study plan. This is the first time in the 112-year history of the *Academy* that such an extensive effort is being made to solicit the views of the informed public on a projected study.

The hearings will be held in New York City on January 22; Minneapolis, January 29; San Francisco, February 3; and Denver, February 5.

Individuals or organizations interested in appearing at one of the hearings should submit a written request to the *Assembly of Engineering, National Research Council*, 2101 Constitution Avenue, N.W., Washington, D.C. 20418 (Attn: Energy Hearings)... not later than 10 days prior to the date of the appropriate hearings.



Bank Board Approves Conversions

Acting Chairman Garth Marston announced that the *Federal Home Loan Bank Board* has approved the applications of *First Federal Savings and Loan Association of Fresno*, Fresno, California; *Prudential Federal Savings and Loan Association*, Salt Lake City, Utah; and *Standard Federal Savings and Loan Association*, Gaithersburg, Maryland, for permission to convert to the stock form and retain their Federal charter. These are the first conversions of this type by Federal associations.

Both *First Federal of Fresno's* and *Standard Federal's* plans of conversion contemplate the raising of new capital for the associations through the sale of capital stock, approximately \$2.6 million in the case of *First Federal of Fresno*, and approximately \$1.65 million in the case of *Standard Federal*.

Prudential Federal, one of the three institutions authorized by *Congress* to convert under a plan based on the free distribution of capital stock to their members, is the first to incorporate such a provision in its plan of conversion and obtain *Board* approval.

These approvals bring to six the number of mutual-to-stock conversions approved by the *Board* under its *Revised Conversion Regulations*.

Acting Chairman Marston also announced that the first applicant given permission to convert to the stock form by the *Board*... *Franklin Savings Association*, Austin, Texas... has successfully completed its conversion. *Franklin Savings* raised approximately \$1.17 million in new capital through the sale of stock to its depositors in a subscription offering which was over-subscribed. Marston added that the second application approved—*American Savings and Loan Association* of Miami Beach had on December 17 received the approval by its members to convert.

Publication Available



✓ *The Municipal Year Book '75*... for over 40 years the source book on trends and developments in American and Canadian cities. New in the '75 edition is every city over 2,500 listed with population, form of government, names of the mayors, chief administrative officer, and other major city officials. Price \$25... or \$23 if order is accompanied by payment... from *International City Management Association*, 1140 Connecticut Ave., N.W., Washington, D.C. 20036.

1975 Disaster Summary

Some 92,000 disaster-stricken families received assistance and counseling from the *Federal Government* following 38 major disaster declarations by President Ford during 1975. The number of disaster victims aided was the highest since 1972... according to *HUD's Federal Disaster Assistance Administration*... which coordinates all Federal disaster relief efforts after a Presidential declaration of a disaster.

The most damaging 1975 disaster was in September when *Hurricane Eloise* hit Puerto Rico, Florida, and Alabama on the Gulf Coast. *Eloise* then lost some of its intensity and became *Tropical Storm Eloise*... but nevertheless caused extensive flood damage in Maryland, Pennsylvania, and New York.

Some 65,000 families registered in *Disaster Assistance Centers* in areas devastated by *Eloise*... where an estimated \$250 million of Federal assistance is expected to be provided in the six-State area. *FDAA* estimates that \$184 million will come from the *President's Disaster Relief Fund*... \$21 million for temporary housing provided through *HUD* or the States; \$5.5 million for unemployment assistance for those whose employment was disrupted by the storm; \$36.2 million for the Federal portion of *Individual and Family* grants administered by the States; \$17 million for debris removal; \$6 million for emergency assistance; and \$98 million for repair and restoration of public and certain private nonprofit facilities.

Total Federal assistance for all 38 major disasters for the year is estimated by *FDAA* at \$433 million. This brings total estimated Federal assistance for 195 major disasters in the 5-year period of 1971-1975 to \$4.3 billion.

Section 235 Regulations Issued



Final *Regulations* covering the revised *HUD Section 235 Homeownership Program* for lower-income families were published in the *Federal Register* on January 6. Proposed *Regulations* were published in the *Register* in November... along with an invitation for comments from the public. Some 300 comments were received.

HUD newsletter

HUD-318-211-ASI
January 19, 1976

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HUD NEWSLETTER
January 19, 1976

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



January 26, 1976

Vol. 7 No. 4

Current Trends

Project notes totalling \$406 million... representing 58 *Local Housing Authorities*... were sold in early January at an average interest rate of 3.128 percent. The interest rate last month was 3.701 percent.

As the new year began... at 12:01 a.m. on January 1, 1976... the U.S. had an estimated 215,005,859 population according to the *Census Bureau*. The figure is about 1.8 million higher than the Bureau's estimate for 1 year earlier. The total includes the 50 States, the District of Columbia, the American Armed Forces, and Federal employees overseas and their dependents. The 1.8 million gain for the past year is higher than the 1.6 million increase of 1974 and the 1.5 million increase of 1973, but is considerably lower than the record 3.1 million gain during 1956. The rate of increase during 1975 was 0.8 percent... a slightly higher rate than that for 1974. During the period 1947-1961 the annual rate of gain ranged from 1.6 to 1.8 percent.

The *National Delinquency Survey* of the *Mortgage Bankers Association of America (MBA)* reported that mortgage foreclosure rates have declined to their lowest level in 4 years. The proportion of one- to four-family residential mortgage loans on which foreclosure action was started during the third quarter of 1975 was 0.20 percent... down from 0.23 percent the previous quarter. The proportion of loans in process of foreclosure as of September 30, 1975, was 0.42 percent... down from 0.46 percent at the end of the previous quarter. The rates in both categories were the lowest since September 1971. The seasonally adjusted rate of one- to four-family residential mortgages that were seriously delinquent (having payments 90 or more days past due) was 0.47 percent... unchanged from June 30.

29,728 mortgages were insured by private mortgage insurance companies on single-family homes in November... an increase of 72.6 percent over the 17,216 a year earlier. This raised private mortgage insurance in force to more than \$40 billion. Because a substantial portion of private mortgage insurance involves sales of homes with lower downpayments, the increased activity indicates a continuing resurgence of consumer confidence in the housing market... John C. Williamson, executive vice president of the *Mortgage Insurance Companies of America* explained. Percentagewise... the number of private mortgages insured has shown a trend of increasing volume over the same month a year earlier... 23.5 percent in September, 64.9 percent in October, and 72.6 percent in November.

Notes of 75 local *Urban Renewal Agencies*... totaling more than \$236 million... were sold in mid-January at an average interest rate of 3.022 percent... the lowest rate in more than three years. The interest rate a month earlier was 3.438 percent.



RESPA Amendments Issued

On January 2... President Ford signed into law amendments to the *Real Estate Settlement Procedures Act of 1974 (RESPA)*. HUD... which administers the law... has issued new *Regulations* incorporating the 1975 amendments... and these were published in the *Federal Register* on January 9, 1976.

Copies of the new *Regulations* are available from the HUD Legal Dockets Clerk, Room 10251, HUD, Washington, D.C. 20410.

First Block Grant Report Issued

Secretary Carla Hills has reported that in its first year of operation the *Block Grant Program of the Housing and Community Development Act of 1974* substantially helped more communities than all the combined programs it replaced. As required by law... the first annual report on the *Program* has been submitted to *Congress*.

The *Act* consolidated seven existing categorical grant programs... Urban Renewal, Model Cities, Water and Sewer Facilities, Open Space, Neighborhood Facilities, Rehabilitation Loans, and Public Facilities Loans.

As of December 5... \$2.5 billion had been allocated to an estimated 2,900 communities. A small number of *Discretionary Grants* for the remaining funds are under review.

Not only did more communities receive help under the *Block Grant Program* but *HUD* reached out for the first time with Community Development Assistance to 58 metropolitan cities and 22 urban counties that had been unable to participate in the predecessor programs.

Secretary Hills applauded local officials on their role in the *Program*. Operating under severe time constraints and a lack of familiarity with new requirements... local governments, Mrs. Hills said... proved their capacity to effectively manage funding through flexible programs such as *Block Grants* and *Revenue Sharing* and to relate them to local needs.

The report noted that in their first year applications... communities announced as their top priorities "prevention of slums and blight" and "the conservation and expansion of the housing stock"—two principal objectives of the *Housing and Community Development Act*. About 67 percent of the total funding to metropolitan cities will go toward achieving these objectives.

According to the report, the *Block Grant Program*... compared to the categorical programs it replaced... substantially reduced Federal Regulations—from about 2,600 pages of rules for the categorical programs to 25 pages for block grants. Applications filed by communities were reduced from 1,400 pages to 50 pages on the average. Time required for preparation of local application, *HUD* review, approval, and contract execution averaged 8 months... compared to an average of 31 months for a conventional Urban Renewal Project.



Significant Recent Court Actions

HUD and State and Local Housing Authorities have been named as party defendants in two recent school desegregation suits. These suits seek to impose an added duty upon the *Department* to consider the impact of its actions upon the racial composition of a community's school population... particularly when the community is under an order to achieve the desegregation of its schools.

In *Hays, et al. v. McMillan, City of Dallas, Hills, et al., U.S.D.C., N.D. Tex., Dallas Div., C.A. No. CA3-75-1441*, the suit was brought by school children in the Dallas metropolitan area who allege, inter alia, that the placement of federally-assisted housing has tipped the racial balance of their schools, thereby denying them equal protection of the laws. They seek an order enjoining the location of any more subsidized housing in their school district, and directing the closing of any unoccupied project buildings in that areas.

In *Haycraft, et al. v. City of Louisville, Hills, et al., U.S.D.C., W.D. Ky.*, school children allege that the location of federally-assisted housing has contributed to the school segregation. They seek an order requiring *HUD* to prepare an *Affirmative Action Plan* to desegregate housing in the City of Louisville and in Jefferson County and to refuse funding of any program that would result in increased school busing.

Similar efforts to attribute liability for school segregation to housing agencies were made recently by school boards in Indianapolis and Brooklyn by naming the housing agencies as third party defendants in school desegregation cases.

Marital Status No Bar to Rental

The New York Times reports that the *New York City Commission on Human Rights* has awarded \$1,460 to Jay Marans, a Brooklyn salesman, who was refused an apartment because he was separated from his wife.

In the first "marital-status" discrimination case to be decided... the *Commission* ruled that Mr. Marans had been the victim of "unjustified prejudice toward the tenancy of separated couples" and of "preconceived views about separated persons."

It ordered the firm managing the building to pay Mr. Marans \$960... the cumulative difference between the rent of the apartment he wanted and the rent of an apartment he found elsewhere... plus \$500 for "pain, suffering, and mental anguish."

A *Commission* spokesperson said: "This is just one more indication that prospective tenants, like other citizens, should be judged on their individual merits rather than on sweeping and faulty assumptions about group behavior—in this case, how separated people are likely to act."



Virginia Led in Tax Increases

A *Wall Street Journal* article on a *Tax Foundation* survey reports that Virginia led all other States in the rate of increase in its taxes in the 1965-1974 period. Virginia's State and local taxes per capita jumped 193 percent to \$510 in 1974 from \$174... 10 years earlier. The national average was \$618 for 1974... up 147 percent from \$250. Other rapid gainers were South Carolina (up 189 percent to \$422), Hawaii (up 181 percent to \$765), and Maryland (up 180 percent to \$674). The least growth came in Utah; taxes rose to \$473 from \$237.



Mortgage Banker Wins HUD Fair Housing Award

A Denver mortgage banker has received *HUD's Fair Housing and Equal Opportunity Award*.

Robert G. Boucher... president of *First Denver Mortgage Company* and a member of the board of governors of the *Mortgage Bankers Association of America (MBA)*... received the award for his role in providing \$73 million in loans to finance more than 5,300 housing units for low-income and elderly persons.

James Blair... *HUD* Assistant Secretary for Fair Housing and Equal Opportunity... presented the award certificate to Boucher. Blair said that the Award... which is the highest honor bestowed by the *Department*... is presented only to a "very few people" who are "very special, creative human beings."



Historic Preservation Guide Lists U.S. Aids

The first edition of *A Guide to Federal Programs and Activities Related to Historic Preservation*... a comprehensive reference book on Federal programs, services, and activities related to the historic preservation field... is now available from the *National Trust for Historic Preservation*.

Compiled by the *National Trust* with the advice and assistance of the *Advisory Council on Historic Preservation* and the *Legislative Research Service of the Library of Congress*, the *Guide* lists the programs and activities of 49 permanent Departments, Agencies, Boards, and Commissions of the Federal Government as of June 30, 1974. Only those programs of possible utility and assistance to preservation have been included.

A Guide to Federal Programs may be ordered from the *Bookstore, National Trust for Historic Preservation*, 740-748 Jackson Place, Washington, D.C. 20006, for \$8.

Publications Available

Northern Virginia Region—HOUSING—Program, Policies, Plans... prepared by the *Northern Virginia Planning District Commission* and financed in part through a Section 701 planning grant from HUD. Covers regional housing goals and objectives, an analysis of population and housing characteristics generally associated with the Northern Virginia region. Available from *Northern Virginia Planning District Commission*, 7309 Arlington Blvd., Falls Church, Virginia 22042, (703/573-2210)... \$4.50 postpaid.

Arthur D. Little, Inc., a national research and consulting organization, recently completed an comprehensive study of the private mortgage insurance industry under contract with the *Federal National Mortgage Association* and the *Federal Home Loan Mortgage Corporation*. A copy of a summary of the *Arthur D. Little* report is available without cost from the *Mortgage Insurance Companies of America*, Suite 604, 1825 K St., N.W., Washington, D.C. 20006.

Fiscal Impact of Land Development... discusses in detail one of the most hotly debated questions of impact measurement: how land development affects the revenues and expenditures of local government. The author indicates those techniques which may be used with some confidence to forecast fiscal results of proposed land use changes in cities, counties, and regions. Also discussed is the potential for misuse of techniques. Available from the *Urban Institute* at \$2.95 per copy. (Order No. URI 98000) Summary available at no cost from HUD's *Office of Policy Development and Research*, Room 8126, Washington, D.C. 20420.

FYI



Mortgage Bankers Association of America... National Mortgage Banking Conference... Phoenix, February 5-6. Details: *Public Relations Department, MBA*, 1125 Fifteenth St., N.W., Washington, D.C. 20005. (202/785-8333)

Savings Institutions Marketing Society of America... 11th Annual Convention... Miami Beach, February 8-12. Details: *USL*, 111 East Wacker Drive, Chicago, Illinois 60601. (312/644-3100)

HUD newsletter

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HUD NEWSLETTER
January 26, 1976

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HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



February 2, 1976

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Vol. 7 No. 5

Current Trends

Year-end cost figures... covering both residential and nonresidential buildings... compiled by the *Dodge Building Division of McGraw-Hill*... show a 9.6 percent national average rise in construction costs in the 12-month period. Some local percentage increases showed a substantial deviation from the national norm: Milwaukee, 16 percent; Miami, 15.1; Seattle, 14.4; New York City, 3.5; Atlanta, 4.1; and Cleveland, 4.2.

During 1975... savings and loan associations placed mortgages on an estimated 1.5 million homes and apartments... enough housing to accommodate 4.2 million persons... almost the population of the Detroit Metropolitan Area... according to the *U.S. League of Savings Associations*. The \$55 billion of mortgage money lent by the S&Ls was three-fourths of the total of all home financing provided by the Nation's financial institutions during the year. The 1975 level of lending broke all previous records... and was 40 percent higher than the \$39 billion loaned out in 1974. Total of S&L mortgages on the books at year-end was about \$278 billion... comprising approximately 13 million of the total of 22 million mortgages outstanding in the U.S.

The *League* also reported net savings receipts of \$29 billion... 20 percent larger than the previous peak of \$23.9 billion reached in 1972... and more than six times the increase in 1974.

Housing starts in December were at the seasonally-adjusted annual rate of 1.309 million units... down 3 percent from November.

"The recession is definitely over, and 1976 should be a relatively good year for mortgage bankers"... was the forecast of Jerome L. Howard, president of the *Mortgage Bankers Association of America (MBA)*, speaking at a new year meeting of the *Philadelphia Mortgage Bankers Association*. Howard pointed out that despite very high interest rates during much of 1975, mortgage bankers closed a record volume of home mortgage loans. He explained that *MBA* expects total housing starts in 1976 to exceed 1.5 million units... with single-family starts reaching 1.1 million units and multifamily starts above 400,000 units. Add mobile home shipments of 250,000 units and this boosts total shelter production to 1,776,000 units—"a very patriotic number for the Bicentennial year," he said.

Yields declined for the fourth straight auction as *FNMA* issued \$63.6 million in 4-month commitments to purchase both government-backed and conventionally financed home mortgages. *FNMA* issued \$31.5 million in commitments on government-backed mortgages at an average yield of 9.133... which converts to an average price of 97.35 for 8¾ percent *HUD/FHA-VA* mortgages. (The average in the previous auction was 9.291.) Also... \$32.1 million in 4-month conventional commitments were issued at an average yield of 9.277... down from 9.351 in late December.

A *HUD-Census Bureau* report shows sales of new 1-family homes in November at a seasonally adjusted annual rate of 660,000 units... 9 percent above October... and 52 percent above November 1974's 435,000. Median sales prices of new homes inched up in November to \$40,800... compared to \$40,700 in October... and 9.4 percent higher than November 1974's \$37,300.

1977 Budget Submitted

On January 21... President Ford sent to *Congress* the proposed budget for fiscal year 1977... which begins on October 1, 1976. The *HUD* portion of the budget includes proposed authority for the following major actions:

- A total of \$3.25 billion in FY 1977 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 each of fiscal years 1976 and 1977 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*.
- Full use of all available *Section 235* funds... allowing for an estimated 75,000 units through September 30, 1976, and 100,000 units in 1977.
- Direct loan authorizations of \$375 million a year to support permanent housing for the elderly under the revised *Section 202 Housing for the Elderly or Handicapped Programs*.
- An appropriation of \$825.7 million to restore actual losses incurred in the *Special Risk Insurance Fund* and for all *Section 221* programs.
- An appropriation of \$463.6 million for public housing operating subsidies under the *Performance Funding System (PFS)*. Beginning in 1977... the *PFS* will be expanded to incorporate revenue standards as well as expense standards. Legislation also will be introduced to conform the definition of income under the *Public Housing Program* to that used in the *Section 8 Program*. This will result in operating subsidy savings of over \$100 million.
- Capital improvements for public housing of \$215 million in FY 1976 under the *Modernization Program*.
- Total requested appropriations of \$9.1 billion for FY 1977... as compared to \$6.1 billion for FY 1976.

The budget also reflects an additional \$3 billion in *GNMA* purchase authorities in 1976 to assist the multifamily housing industry with about 100,000 units. The release of these amounts was announced earlier this month.

In a briefing on the budget... *HUD* Secretary Carla A. Hills said it was developed in the context of an effort to nurture a housing recovery without contributing to an excessive Federal budget deficit and a renewed inflationary period.

The Secretary noted that housing improved steadily during the last half of 1975, and there is every indication of continued further improvement during 1976. The economic recovery, she said, has raised the income of potential home buyers, bringing them into the market with renewed confidence in their own economic futures. Savings institutions have high levels of funds available for mortgages. Homebuilders are now providing more modest, "no frills" houses, bringing homeownership within the reach of many who were formerly priced out of the market.

She estimated "substantial savings" to the *FHA Fund*... over \$1 billion in 1977... and said this new approach should "eliminate the need for operating subsidies for privately-owned insured housing."

The Secretary also said that the FY 1977 budget includes over 17,000 units of public housing for Indian families over the 1976-1977 period.

The FY 1977 budget proposes a \$71 million total *HUD* research program for 1976. Research activities include dissemination of techniques to lower the cost of housing, continuation of direct cash assistance experiments, demonstration of possible approaches to neighborhood preservation, and programs for improving the community environment and conservation of natural resources. The research budget includes \$1 million for mobile homes research which will supplement a proposed \$1 million appropriation for enforcement of *Mobile Homes Standards*. The *Department* will also continue its investigations into solar energy for residential use in cooperation with the *Energy Research and Development Administration*.

The *Federal Home Loan Mortgage Corporation* sold more than \$1 billion in securities backed by conventional mortgages in 1975 and purchased \$716 million of conventional home mortgages for its own portfolio from the Nation's home mortgage lenders.

It was the first year in the *Mortgage Corporation's* 5 years of existence that its sale of conventional mortgages exceeded the amount of conventional home mortgage purchases ... and reduced its inventory of conventional mortgages by nearly \$300 million.

Corporation President Victor H. Indiek called the 1975 performance a milestone. "The *Mortgage Corporation* was chartered by Congress in 1971 to develop a secondary market in home mortgages," he said. "By selling a record amount of mortgage-backed securities, we not only made money from new sources available to the homebuilding industry, but we also demonstrated to the financial community that trading in home mortgages is viable."

The *Mortgage Corporation* sells mortgages using two kinds of instruments. Its *Mortgage Participation Certificates* are purchased mainly by the savings and loan institutions. They facilitate the flow of capital from surplus savings areas to areas with an excess of demand for credit. In 1975... \$515 million worth of PC's were sold.

The second type... *Guaranteed Mortgage Certificates* were initiated by the *Mortgage Corporation* last year and \$500 million worth were sold. GMC's have many of the characteristics of bonds and so attract funds from investors who otherwise would be unlikely to invest in the mortgage market.

Also in 1975... the *Mortgage Corporation* purchased \$120 million of HUD/FHA-insured and VA-guaranteed mortgages and sold \$69 million in conjunction with a *Government National Mortgage Association* auction.



Characteristics of Housing Units, 1970-1973

The joint HUD-Census Bureau Annual Housing Survey: 1973 has been issued.

Some findings in the Survey include:

- Mobile homes as a share of total inventory increased significantly in the 1970-73 period. More than one in six new housing units added to the inventory in the April 1970-October 1973 period were mobile homes... representing 1.4 million units and accounting for 43 percent of the total mobile home inventory at the time of the survey.
- New homeowners were likely to spend more of their income on housing.
- A majority of households with annual incomes over \$2,000 were homeowners.
- Nearly one in 10 renter households paying cash rent were living in publicly owned or subsidized housing units.
- On a regular basis, new units had the highest values and rents in the Northeast, and homeownership is the strongest in the South Region.
- Natural gas was declining as a heating fuel in new homes, indicating that shortages were being felt.



NLC Elects

Mayor Hans Tanzler of Jacksonville, Florida, was elected president at the Miami meeting of the *National League of Cities* after serving as First Vice President for the past year. He also is a member of the Advisory Board of the *U.S. Conference of Mayors* and a past President of the *Florida League of Cities*. He has been mayor of Jacksonville since June 1967 and was an advocate of the consolidation of Jacksonville and Duval County that took effect in October 1968.

FYI

National Woodwork Manufacturers Association... 49th Annual Meeting... Newport Beach, California, February 8-11. Details: John Shoemaker, 400 West Madison St., Chicago 60606 (312/782-6232).

Real Estate Management Brokers Institute of the National Association of Real Estate Brokers, Inc. (REALTIST)... Advanced Property Management Courses... Course 1... Chicago, February 9-13... Washington, D.C., February 16-20; Course II... Chicago, March 15-19. Subjects: Urban Redevelopment, Management Procedures; Merchandising; etc. Details and registration: REMBI, 732 East 7th St., Chicago 60619 (312/483-1470).

American Subcontractors Association... Annual Convention... Atlanta, February 17-21. Details: ASA, 815 15th St., N.W., Suite 902, Washington, D.C. 20005 (202/783-1883).

American Bankers Association... Advanced Construction Lending Workshop... Ohio State University, Columbus, February 25-27. Program includes consideration of the dimensions of construction and its finance, construction lending policy, land acquisition and development, speculative multifamily construction, and the legal and regulatory aspects of construction lending. Contact: Mary Ellen Ledwith, *Housing and Real Estate Finance Division, ABA*, 1120 Connecticut Ave., N.W., Washington, D.C. 20036 (202/467-4193).

American Institute of Landscape Architects... International Convention... Calloway Gardens, Georgia, February 26-29. Details: AILA, 6810 North Second Place, Phoenix, Arizona 85012.

National Housing Conference... 45th Annual Meeting... Washington, D.C., February 29-March 1. Details: NHC, 1126 16th St., N.W. Washington, D.C. 20036 (202/223-4844).

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HUD NEWSLETTER
February 2, 1976

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



February 9, 1976

Vol. 7 No. 6

Current Trends

Actual housing starts in December totaled 78,700 units... including 900 public housing units... and 77,800 privately-financed (including assisted) units. This was down 18.4 percent from November's 96,500 units.

Total housing permits issued in December were 73,600... up 2.2 percent from November's 72,000 units. Single-family permits declined 5.9 percent to 47,900 units in December from 50,900 units in November... and the multifamily sector rose 21.3 percent to 25,700 units from 21,100 units.

Daniel P. Kearney, President of HUD's GNMA, predicts a continuation of the favorable housing trends of late 1975. "Single-family starts are near their peak years," he said, "and single-family sales have recovered at a rate commensurate with previous housing cycles. While multifamily construction is still at depressed levels... the \$3 billion in 7½ percent 'tandem' assistance recently released for HUD/FHA-insured multifamily projects should give that sector of the housing industry the necessary support to insure recovery." With the housing starts approaching a level near 1.4 million units as 1976 begins, he predicted starts at about 1.5 million, perhaps going as high as 1.8 million. "Continuing economic recovery," Kearney said, "and record savings inflows to the thrift institutions, with mortgage rates declining into the 8½ percent range, will support this level of housing activity."

FNMA announced the purchase of the \$34.5 million federally-backed mortgage on the new St. Mary of Nazareth Hospital Center in Chicago. The mortgage is the largest single financial transaction ever processed in the FNMA Midwestern office. The mortgage is insured by HUD/FHA and guaranteed by HEW.



Home Mortgage Interest Rates Stable in December

In a year-end summary... FHLBB Acting Chairman Garth Marston said that the most recent mortgage interest rate movements left rates in December 1975 considerably below their December 1974 levels... the first time since 1972 that mortgage rates had declined on an annual basis.

The average effective interest rate on conventional loans closed for purchasing newly-built homes remained unchanged at 9.01 percent in December... while the average effective rate on loans closed for purchasing previously-occupied homes declined 1 basis point to 9.29 percent. The more volatile average rate on combination construction-purchase loans... however... dropped 7 basis points to 9.03 percent.

During 1975... declines in average effective mortgage interest rates ranged from 31 basis points for existing home loans and 35 basis points for combination construction-purchase loans to 36 basis points for new home loans.

From early November to early December... the average contract rate on conventional mortgages closed by major lenders for purchasing newly-built, single-family homes rose by 2 basis points to 8.76 percent, but initial fees and charges declined by 8 basis points to 1.57 percent of principal, with the net effect being that the effective rate was unchanged.

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Land Registration Powers Upheld

The *U.S. District Court* in Washington has upheld some of the most basic powers granted by law to *HUD's Office of Interstate Land Sales Registration (OILSR)*.

Judge Gerhard Gesell handed down a decision in January which supports the *HUD* Secretary's powers to issue subpoenas; issue, change, or modify regulations; and deny requests for exemption from the *Interstate Land Sales Full Disclosure Act*.

The case concerned the *Colonial Discount Corporation's* two developments. . . both in Indiana: *Apple Blossom Lakes*, a 146-lot project some 15 miles from Greencastle in Putnam County; and *Cataract Lake Estates*, whose 263 lots are in Owen County, 20 miles from Spencer.

Colonial President Jack Griffin asked the Court to quash *HUD's* subpoena asking for a list of all buyers at the two sites. *Colonial* also asked the Court to set aside *OILSR's* denial of an exemption from the law. The developer argued that his projects should be exempt from Federal regulation because each consisted of less than 300 lots. . . a basic criterion for exemption.

OILSR denied the request for exemption on the grounds that a complete separation of the two Indiana projects had not been proven and that the possibility of a common promotional plan for the two existed, which would, in effect, show that the two projects are sold as one.

The Judge reiterated that *Congress* has granted broad regulatory authority to the *Agency*. . . and that the Secretary was correct in denying the exemption.



State Taxes Vary

A recently published study by Professor Stephen E. Lile of *Western Kentucky University* points up to the wide variation between taxes in the 48 contiguous States. Among the States. . . New Jersey, Massachusetts, Wisconsin, and Maryland consistently place a higher tax burden on their residents than such lightly-taxed States as Florida, Louisiana, Mississippi, and Nevada. Another important factor the study emphasizes. . . the comparative burden on low-income families in contrast to the more affluent. The figures shown are for the largest city in each State.

Professor Lile's study covers six income groups. . . from \$5,000 to \$50,000 per year. Connecticut. . . the second stiffest at the \$5,000 level. . . was 27th at the top level. New York State was toughest at the top. . . and 21st at \$5,000. Other States with comparable wide variations in income-bracket levels were Washington, New Jersey, Oregon, South Dakota, New Hampshire, and Tennessee.

In only two States. . . Oregon and New York. . . were taxes "progressive": The \$5,000 bracket paid a lower percentage of its income than did the \$50,000 bracket. (In Oregon, 6.6 percent vs. 10.6 percent; New York, 11.6 percent vs. 15 percent.) Washington's taxes were more "regressive": the bottom paid 10.4 percent; the top, 3.5 percent.

Film Available



The International Masonry Institute. . . the research arm of the masonry industry in North America. . . has produced a film. . . *First Principles*. Shot on location in Italy, Bangladesh, India, and North American locations. . . the film has won international acclaim. It traces (in color) the development of loadbearing-masonry architecture through the ages. It is scheduled for use in many of the accredited schools of architecture in the U.S. and Canada. It is available for showing, free, from *Association-Sterling Films*. Contact ASF at 866 Third Avenue, New York City, 10022, or the nearest ASF office in Chicago; Arlington, Virginia; San Francisco; Ridgefield, New Jersey.; LaGrange, Illinois; Oakmont, Pennsylvania; Dublin, California; Sun Valley, California; Dallas, Littleton, Massachusetts; Portland, Oregon; Atlanta; Minneapolis; Toronto; Montreal; and Vancouver.

Solar Projects Announced

HUD has announced \$1 million in grants for the installation of solar units in 143 new and existing dwelling units in 27 States.

This will be the Nation's first large-scale test of solar energy in housing... and will give the housing industry, **HUD**, and the general public a firsthand look at the practical applications of solar energy for heating and cooling homes under varying climatic conditions.

The solar demonstration will be carried out by 55 grantees... including private builders, public agencies, and universities... selected from a field of 250 applicants, who will be integrating solar energy units into their building plans for single and multifamily dwellings. Grantees are required to begin construction within 90 days of their awards.

Each of the dwelling units... 102 single-family and 40 multifamily, including three student residences... will be equipped with a commercially-available unit designed for a specific purpose. Some solar units will provide home heating only; some hot water only, and some a combination of the two. A limited number will demonstrate both solar heating and cooling.

Grant funds will pay for the cost of the solar unit and its installation. A second cycle of grants is currently planned for the summer or fall of this year, enabling those who missed this first round to apply, and permitting new solar systems developed in the interval to be demonstrated.

HUD's responsibility for demonstrating solar heating and cooling in residences is spelled out in the *Solar Heating and Cooling Demonstration Act* of 1974. Grant funds administered by **HUD** for the residential solar energy demonstration have been transferred to **HUD** by the *Energy Research and Development Administration* pursuant to an interagency plan, which is part of a larger national program of energy research led by **ERDA**.



Elderly and Handicapped Allocations Announced

Secretary Carla Hills has announced tentative Regional allocations of *Housing for the Elderly and the Handicapped* authorized by the *Housing Act of 1959*.

An invitation to submit applications for these loans was published in the *Federal Register* in September... with a closing date of December 15. Applications were received for more than 1,500 projects comprising some 230,000 units.

Units were allocated among **HUD's** 10 Regions on the basis of need... as defined by the number of elderly households, income levels, and housing conditions.

Under *Section 202* of the Act, **HUD** is authorized to lend up to \$375 million to eligible sponsors during FY-1976 for construction or substantial rehabilitation of units for the elderly and the handicapped. They may borrow, directly from **HUD**, amounts up to 100 percent of the total development costs of their projects, through a longterm, 40-year loan at an interest rate charged related to the current longterm rate paid by the *U.S. Treasury* in its borrowing activities.

Final allocations to sponsors will be announced on or about March 15, following further evaluation by **HUD**. Although the table now shows allocations of only 12,610 units... it is anticipated that the final figure may rise to 14,000 units.

The projects to be constructed or substantially rehabilitated will vary in size and design and will be expected to furnish a wide range of services, including health, continuing education, welfare, informational, recreational, and transportation services.

While the program is designed primarily to help meet the housing needs of low- and moderate-income groups... it is anticipated that tenants will comprise a wide income range, including those who need no financial assistance. However, for those persons with income below 80 percent of the median income for the locality, subsidies will be available under **HUD's Section 8 Housing Assistance Payments Programs**.

FYI

World Environment and Resources Council... Conference on the Environment of Human Settlements... Brussels, Belgium, April 5-9. Details: Dr. P. Laconte, Conference Chairman, c/o University of Louvain, Avenue de l'Espinette 14, B 1348 Louvain-La-Neuve, Belgium.



Texas Bricklayers Accept Pay Cut

Following similar action taken recently in New York City... union masonry workers and contractors in Texas have adopted wage scales and work practices intended to make them more competitive.

Under a 1-year agreement... union masonry contractors in 23 north Texas counties have been offering nearly a 30 percent reduction in construction bids since December 3, according to the *North Texas Contractors Association*, one of the parties to the agreement.

Other parties to the agreement are the *Dallas* and *Fort Worth Bricklayers Union* locals, *North Texas Laborers District Council*, and *Operating Engineers Local No. 714*. The agreement is subject until March 1 to adjustment by a committee representing labor, management, and the public.

The agreement reduces wages on new construction for bricklayers, laborers, and forklift operators to prevailing nonunion rates. Bricklayers wages are reduced to \$7 an hour, including fringe benefits, from \$9.83 an hour; laborers' wages to \$4.25 an hour, including benefits, from \$6.47 at hour, and forklift operators' wages to \$6.65 an hour, including benefits, from \$8.75 an hour.

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HUD NEWSLETTER
February 9, 1976



newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



February 16, 1976

Vol. 7 No. 7

Current Trends

The *Dodge Division of McGraw-Hill* reports that construction contracts in December showed a drop of 23 percent from the same month a year earlier. The primary cause of the reduced volume... according to the *Dodge* chief economist... was a sharp decrease in new utility construction. In 1974... as a result of the energy crisis... a large number of new electric utility plants were scheduled and placed under contract. There was no such utility construction activity in 1975. Residential construction rose 34 percent from its 1974 volume during the month... although the total of residential contracts for the year was 8 percent smaller in 1975 than in 1974.

Net new savings receipts of federally-insured savings and loans dropped off considerably in December... according to the *FHLBB*. The month's decline seems to have been a temporary phenomenon... as a sample of associations shows that the S&Ls experienced a very sharp rise in early January... indicating a new record for the month. Despite the December drop-off... the year as a whole resulted in a 23 percent increase in savings... bringing the total to \$29.3 billion... the highest in history. The prior record was \$23.9 billion in 1972.

Mortgage loans closed by federally-insured S&Ls in December totaled \$5.1 billion... up \$800 million from November... and more than twice the December 1974 volume.



1975 Flood Payments Reach New High

Secretary Carla Hills reports that *HUD* paid flood insurance claims in 1975 in excess of \$72 million... three times the amount paid in 1974. The biggest single cause of loss in 1975 was Hurricane Eloise... which ravaged the East Coast in September.

Illustrating the impressive growth of the *National Flood Insurance Program*... Secretary Hills said flood insurance sales went up 40 percent in 1975 over the previous year. The total amount of coverage in force increased by nearly 45 percent... going from \$12.5 billion in 1974 to more than \$18 billion in 1975. Yearend figures for the Program show that the number of communities participating in the *Flood Insurance Program* more than doubled... from 5,488 in 1974 to 13,256 last year.

The 1975 Hurricane Eloise gave *HUD's Federal Insurance Administration* and the *National Flood Insurers Association* an opportunity to compare Eloise with Tropical Storm Agnes... which hit the same part of the country in 1972. In Pennsylvania... for example... one of the Nation's most flood-prone States... the *Flood Insurance Program* had its most astonishing growth. From 683 policies in that Commonwealth in 1972... coverage had risen to 40,180 policies when Eloise struck in 1975. As a result... about one-third of the families and businesses sustaining damage from Eloise were indemnified under the Program... compared to less than 1 percent following Agnes.

The Program... which is subsidized by the Federal Government... offers low-cost protection to property owners under policies issued by *NFIA*. The insurance is available from any licensed insurance agency in participating communities.

State Income Taxes Rose in 1975

State income taxes on individuals... the second largest source of State tax revenue... totaled \$18.8 billion in fiscal 1975... up 10.2 percent over 1974, according to a *Census Bureau* report. This tax is levied in 44 States. Corporate net income taxes also increased to a total of \$6.6 billion in 1975... up 10.4 percent from the previous year.

Total State tax collections in all 50 States totaled \$80.1 billion... an increase of 8 percent over the \$74.2 billion collected in fiscal 1974. Sales and gross receipts taxes continue to be the major tax revenue source for States... amounting to \$43.3 billion in 1975... or 54.1 percent of all State tax revenue. These were divided as follows: general sales and gross receipts taxes, \$24.8 billion and selective sales and gross receipts taxes, \$18.6 billion.

State motor fuel tax revenue increased by only 0.6 percent in fiscal 1975 compared to a 1.8 percent increase in fiscal 1973-74 and an 11.7 percent in fiscal 1972-73. The smaller increase in the last 2 years reflects the impact of consumer conservation programs.

Summary figures for selected major categories of State taxes are:

	Fiscal 1975 collections (in millions)	Percent increase or decrease (-) 1974 to 1975	No. of States Using Tax, Fiscal 1975
General sales and gross receipts	\$24,780	9.6	45
Selective sales and gross receipts:			
Motor fuels	8,256	0.6	50
Tobacco products	3,286	1.1	50
Alcoholic beverages	1,958	2.5	50
Insurance	1,751	5.0	50
Public utilities	1,739	20.3	39
Individual income	\$18,819	10.2	44
Corporation net income	6,642	10.4	46
Severance	1,741	38.7	30
Property	1,451	11.5	45
Death and gift	1,418	- 0.5	49

More than one-half of all State tax revenue was collected in eight States. The leaders and totals collected were (in billions): California, \$9.6 New York, \$8.9 Pennsylvania, \$4.7 Illinois, \$4.4 Texas, \$3.6 Michigan, \$3.5 Ohio, \$3.0 and Florida, \$2.8.

In 11 States, tax revenue increases of 15 percent or more over 1974 occurred, and 12 States showed increases of less than 5 percent. Two States experienced decreased net tax collections in 1975 compared to 1974... Connecticut's by 3.1 percent... following a 4.4 percent decline from 1973-74; a reduced general sales tax rate and changes in the individual income tax were the major factors. Michigan's decrease of 5.3 percent in total net tax collections was the result of a 12.4 percent drop in individual income taxes.

The report, *State Tax Collections in 1975, GF75, No. 1*, may be obtained for \$1.05 from the *Subscriber Services Section (Publications)*, *Census Bureau*, Washington, D.C. 20233.



1977 Rural Housing Budget

In addition to the various housing programs covered in the proposed *HUD* budget for FY 1977 sent to *Congress* on January 21... President Ford has also submitted a 1977 *Rural Housing Program Budget*. The *Rural Program* is administered by the *Farmers Home Administration*... part of the *Department of Agriculture*.

The total for all *FmHA* functions for fiscal 1977 is \$2.716 billion... compared to \$2.706 billion for fiscal 1976. This includes both subsidized and unsubsidized housing assistance programs; loans for repair of housing; and rental housing for farm laborers.

The Interreligious Coalition for Housing and the Institute for Professional and Executive Development. . . Practitioners' Workshop on Elderly Housing. . . Washington, D.C. February 27. Registration: *The Institute for Professional and Executive Development*, 1025 Connecticut Avenue, N.W., Washington, D.C. 20036 (202/785-5275).

Producers' Council. . . Construction Marketing Seminar. . . Washington, D.C., March 17-19. Details: CM² Registrar, *Producers' Council, Inc.*, 1717 Massachusetts Ave., N.W., Washington, D.C. 20036.

National Center for Resource Recovery, Inc. . . Conference: Resource Recovery '76. . . Washington, D.C., March 23. Details: Director of Information Programs, *NCRP*, 1211 Connecticut Ave., N.W., Washington, D.C. 20036.

American Society of Planning Officials and American Institute of Planners. . . Annual Convention. . . Washington, D.C., March 20-25. Details: *ASPO*, 1313 E/ 60th St., Chicago, Illinois 60637 (312/947-2560).

Joint sponsorship of the *National Trust for Historic Architecture, National Clearinghouse for Criminal Justice Planning and Architecture, University of Illinois Department of Architecture, National Association of Counties*, and the *National Endowment for the Arts. . . National Conference: The Conservation of the Older Courthouse: Some Practical Solutions. . .* St. Louis, March 31-April 2. Contact: Cheryl I. Krieger, Program Assistant, *National Trust for Historic Preservation*, 507 South Dearborn Street, Suite 710, Chicago, Illinois 60605, or Elmer Edwards, conference coordinator, *University of Illinois*, 116 Illini Hall, Champaign, Illinois 61802.

National Bureau of Standards. . . Symposium on building construction, for public and private building owners. . . Gaithersburg, Maryland, March 24-25. Details: Harry Thompson or James Haecker, Center for Building Technology, *NBS*, Washington, D.C. 20234.

Council of University Institutes for Urban Affairs. . . Annual Convention. . . Atlanta, March 3-7. Details: *CUIUA*, Division of Urban Affairs, Raub Hall, University of Delaware, Newark, Delaware 19711 (302/738-2394)

Institute of International Education in cooperation with the *University of Manchester* (England) is offering for the fifth year. . . a course in *New Towns and Community Planning in Britain*. The 4-week program opens on July 1 and will provide an opportunity for firsthand study of the evolution of new towns and preservation of existing facilities. Details: *Division of Study Abroad Programs, Institute of International Education*, 809 United Nations Plaza, New York, New York 10017. (212/883-8269)



Staff Papers Available

Several Staff Papers. . . prepared by the *HUD Office of Program Analysis and Evaluation, Assistant Secretary for Policy Development and Research*, have been issued. They are now available in paper and Microfiche from the *National Technical Information Service (NTIS)*. . . 5258 Port Royal Road, Springfield, Virginia 22151. The first price shown for each is for paper. . . the second for Microfiche.

Causes of Multifamily Defaults (PB244662/AS). . . \$5.25. . . \$2.25.

Multifamily Property Disposition (PB247631/AS). . . \$4.50. . . \$2.25.

Disposition of Foreclosed Houses (PB247634/AS). . . \$4.50. . . \$2.25.

Allocation Issues in Section 701 Planning Grants (PB247629/AS). . . \$4.00. . . \$2.25.

HUD/FHA Condominiums: Their Future (PB247630/AS). . . \$4.00. . . \$2.25.

Coordination of Federal Planning Programs (PB247633/AS). . . \$4.00. . . \$2.25.

Counseling for Delinquent Mortgagors (PB244811/AS). . . \$4.50. . . \$2.25.

Neighborhood Preservation Report Issued

HUD has issued a 286-page catalog... offering profiles in 100 locally developed preservation projects that have been particularly effective in preserving and stabilizing neighborhoods in 66 cities across the country. Local decision makers seeking ways to stabilize declining neighborhoods in their own communities will find this catalog... and a series of workshops now being held... of value in guiding their actions.

In preparing the catalog and its accompanying *Executive Summary for HUD, Real Estate Research Corporation (RERC)* of Chicago contacted 650 cities, identified 350 local neighborhood preservation programs, and visited 66 cities. The final result provides full descriptions of 69 locally-initiated neighborhood preservation programs... shorter descriptions of 21 programs treated as variations of full programs... and summaries of 10 tactics that focus on a single preservation activity.

Single free copies of the *Executive Summary for Neighborhood Preservation: A Catalog of Local Programs*... which contains a GPO order blank for the full report... can be obtained from the HUD, Office of Policy Development and Research, Room 8126, Washington, D.C. 20410. The full catalog can be obtained at \$5.15 from: *Superintendent of Documents*, Washington, D.C. 20402. (GPO Stock No. 023-000-00285-0).



Report Available

Proceedings of the National Conference of States on Building Codes and Standards at the organization's 7th annual conference, held in 1974, are now available. Presentations include the national fire data system of the *National Bureau of Standards' Center for Fire Research*, an energy report, and a report from the *Consumer Product Safety Commission*. Copies of publication 429 are \$1.95 (prepaid) from the *Superintendent of Documents*, Washington, D.C. 20402.

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U.S. Department of Housing and Urban Development
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HUD NEWSLETTER
February 16, 1976



HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



February 23, 1976

Vol. 7 No. 8

Current Trends

The third instance of a bricklayers union accepting a cut in wages in order to spur construction has taken place. This time the action was in the 7-county South Florida area centered in Miami. The previous occurrences were in New York City and the Dallas-Fort Worth region. The new contract between the *Bricklayers, Masons and Plasterers International No. 6* and the *Trowel Trades Contractors Association* calls for a reduction in hourly pay from \$9.77 to \$6.72.

Mortgage investors across the country bought \$115.7 million in *Mortgage Participation Certificates (PCs)* in January—more than in any month since February 1973... according to *Federal Home Loan Mortgage Corporation*. These mortgage investment instruments are sold by *FHLMC* primarily to savings and loans and other mortgage investors. Last year, \$526 million worth was sold. Since October 1974... *PCs* have been sold each business day. Before then they were sold in special sales in given months. In February 1973, \$150 million in *PCs* was sold during one such special sale.

At the same time... the *FHLMC* announced its own \$6 billion mortgage portfolio has reduced from 10½ years to 9 years the maximum average life of its *Guaranteed Mortgage Certificates (GMCs)*. This is reflected in the terms under which the *Mortgage Corporation* announced its third *GMC* offering, of \$200 million. The new *GMC* offering guarantees a maximum life of 9 years, and a first year minimum reduction of principal of 7.5 percent. *GMCs* are bond-like instruments backed by conventional home mortgages purchased by the *Mortgage Corporation*. They return interest semi-annually, and principal annually in guaranteed minimum amounts.

News From the States

In California... the *State Business and Transportation Agency* has made some revisions in its original Proposals to curb 'redlining' so as to permit lenders... in some instances... to restrict loans in an area because of "neighborhood characteristics." The *Agency* said "these revised *Regulations* constitute a more thorough treatment of the regulatory prohibition against restrictive lending practices based on neighborhood factors... and in addition... these revised *Regulations* will allow for the collection and public disclosure of more information on lending practices and enable a more comprehensive analysis of data.

The proposed *Regulations*... for which the revisions were filed... prohibit redlining and require State-chartered S&Ls to file reports on their lending practices with the *State Savings and Loan Commissioner*.

The major revision provides for some exceptions to the prohibition against discrimination because of conditions or trends in a neighborhood. The revisions mean that implementation of the regulations were delayed from their scheduled starting date of January 1, 1976.

"The *Regulations*," the *Agency* said, "are tough but reasonable if this administration is to come to grips with a problem partially responsible for the unconscionable deterioration of the inner city. I am hopeful the savings and loan industry will want to cooperate in efforts to change practices which have in the past contributed to inner city decline."

NOT TO BE TAKEN
★ FROM THE LIBRARY.

Building Trades and Contractors Sign Rehabilitation Agreement

On February 5... seven *AFL-CIO* building and construction trades unions and the *National Housing Rehabilitation Contractors Association* agreed on a plan which is expected to stabilize and strengthen the federally-assisted or insured rehabilitation of housing.

HUD Secretary Carla Hills... who was present at the signing of the agreement... said that *HUD*, which funds a number of rehabilitation programs, had used its best efforts in serving as a 'catalyst' in helping work out the pact. She also said: "I am enthusiastic about this agreement... I think it can bring stability to the rehabilitation sector of the construction industry. This will induce private investment in the rehabilitation sector of the construction industry, and greater private investment means that we can look toward revitalization of our cities and greater housing opportunities for our people."

The goals of the agreement are to:

- provide decent housing for all Americans at reasonable cost;
- preserve and restore deteriorating housing;
- use and preserve the national investment in streets, sewer systems, transportation systems, schools, and the other amenities of desirable community housing.

The agreement calls for the signatories to:

- strive for a standard of harmonious labor relations and peaceful solution of grievances;
- establish a procedure for developing wages and conditions unique to the rehabilitation of existing housing. All rehabilitation work would be done under the terms set by the local collective bargaining.
- limit costs and keep profits to reasonable levels.

The seven unions are: *United Brotherhood of Carpenters and Joiners of America, International Brotherhood of Electrical Workers, Laborers International Union of North America, United Association of Plumbers and Pipefitters, International Brotherhood of Painters and Allied Trades of the United States and Canada, International Union of Bricklayers and Allied Craftsmen, and Operative Plasterers' and Cement Masons' International Association of the United States and Canada.*



AIA Names 10 Honorary Members

Ten persons... including a U.S. Senator and the mayor of one of the Nation's largest cities... have been elected Honorary Members of the *American Institute of Architects* in recognition of their distinguished contributions to the architectural profession or to allied arts and sciences.

The honorary memberships, extended to persons outside the architectural profession, will be presented at the annual convention of the Institute, to be held in Philadelphia, May 2-5.

The new honorary members are: Weld Coxe, Philadelphia management consultant; Dr. Dwayne E. Gardner, executive director of the *Council of Educational Facility Planners*; the Hon. Gordon Gray, chairman emeritus of the *National Trust for Historic Preservation*; Andrew Heiskell, chairman and chief executive officer of *Time, Inc.*; Henry A. Judd, chief historical architect of the *National Park Service*; Sen. John L. McClellan (D.-Ark.); S. Dillon Ripley, secretary of the *Smithsonian Institution*; Vincent J. Scully, Jr., professor of art and architectural history at *Yale*; the Hon. Pete Wilson, mayor of the City of San Diego; and William Zeckendorf, New York real estate developer.

Land Refunds Ordered

Purchasers of land in four different unregistered California developments may get their money refunded. . . according to John R. McDowell, Acting Administrator of *HUD's Office of Interstate Land Sales Registration*.

Mr. McDowell has written more than 80 letters to people who bought land in *Pala Ranches* (Tracts 3141 and 3491a) in Kern County. . . 30 miles east of Bakersfield in the Lake Isabella Area; *Bigfoot Village*, in Humboldt County. . . 45 miles east of Eureka; *Mace Meadows Estates*, in Amador County. . . 20 miles east of Jackson near Sacramento; and *Santa Nella Estates*, in Merced County. . . some 60 miles southeast of San Francisco.

Grounds for *OILSR's* action were the failure of all four developers to register their properties with *HUD*. . . or to give purchasers a *Property Report*. . . both basic requirements of Federal law.

The law requires that legal action in such cases must be started within two years from the date of purchase. Thus. . . recipients of the letters are being told to file their requests directly with their respective developers as soon as possible. Mr. McDowell said this would allow time for court action to obtain the refunds, if that should become necessary.

He explained that during the period of time in which he was dispatching the letters, he still had not received any definite assurance that any of the development firms intended to give back anyone's money.

"Our office," he said, "regulates the land development industry only by disclosure of each offering to the public. We don't have the authority to go to court on behalf of individual citizens to seek a refund. All we can do is what we've done in these four cases. . . offer help and advice."

Mr. McDowell suggested that purchasers not sure of their eligibility consult an attorney. . . or write to the *HUD Office of Interstate Land Sales Registration*, Washington, D.C. 20410.



BOCA Announces Disaster Preparedness Program

BOCA International. . . the Nation's oldest professional association of practicing building officials. . . has developed a totally new concept in local government disaster preparedness: the *Model Disaster Preparedness Program* and its corollary. . . the *BOCA Mutual Aid Program*.

The *Model Disaster Preparedness Program Manual* sets forth step-by-step guidelines and organizational procedures for local jurisdictions wishing to develop effective disaster readiness plans. The *Manual* includes specific recommendations on the administration of pre-disaster planning, emergency relief activity, repairs and reconstruction permits, post-disaster building department activity, disaster damage inspections, communications procedures, and other areas where pre-planning is vital to protect public safety after disasters strike.

A corollary aid program has also been developed.

The *BOCA Mutual Aid Program* is a no-cost volunteer membership network of individuals willing to help other localities in their region in disaster situations. The purpose of the *Program* is to counteract the substantial understaffing problem facing building departments in communities struck by large-scale disasters, by mobilizing experienced professional inspectors in whatever numbers are necessary. Therefore, communities do not have to rely on the somewhat risky procedures of attempting to organize amateurs. *BOCA* offers complete recordkeeping, communication, and organizational services and maintains a hotline telephone number, available 24 hours a day, for communities wishing to summon assistance through the *Mutual Aid Program*.

A detailed brochure describing the *Model Disaster Preparedness Program* and accompanying supplies and the *Mutual Aid Program* are available from *BOCA International's* executive offices at 1313 E. 60th Street, Chicago, Illinois 60637, or call (312) 947-2580.

FYI

Department of Urban Affairs (AFL-CIO).... National Housing Conference... New Orleans, March 9-10. The Conference will provide an opportunity for State and local units of the various unions interested in housing to exchange information. Details: *Department of Urban Affairs*, 815 16th St., N.W., Washington, D.C. 20006 (202/637-5312).

Drexel University.... *Environmental Planning Conference.*... Philadelphia, March 22-25. Information: Director, Continuing Professional Education, *Drexel University*, 32nd and Chestnut Streets, Philadelphia, Pennsylvania 19104 (215/895-2154).

National Center for Housing Management.... Second Annual National Housing Management Conference and Education Exposition... Washington, D.C., April 7-10. Theme: *The '76 Revolution in Professional Housing Management.* Professionalizing the management of the Nation's more than 12 million units of multifamily housing is a central concern of conference cosponsors: the *National Center for Housing Management*, HUD, FNMA, and the *National Corporation for Housing Partnerships*. Details: *National Center for Housing Management*, 1133 Fifteenth St., N.W., Suite 611, Washington, D.C. 20005 (202/872-1717).

NHRA Elects



The *National Housing Rehabilitation Association*, a Washington, D.C.-based trade organization whose members include private and public organizations active in the rehabilitation of residential dwelling units, has elected its officers for 1976. They are: President, A. Carleton Dukess, *Continental Wingate Company*, New York, New York; Vice President, Thomas A. Denhart, Cincinnati, Ohio; Secretary, Joseph Barry, *Applied Housing Associates*, Hoboken, New Jersey; and Treasurer, Preston Moore, *Urban Home Ownership Corporation*, New York, New York.

The *Association* is concerned with rehabilitating housing units under various Government-assisted programs and is currently active in matters of tax reform, and the modification of certain HUD administrative procedures.

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March 1, 1976

Vol. 7 No. 9

Current Trends

HUD's February opinion survey was the first on secondary market prices and yields on HUD/FHA-insured home mortgages since the lowering to 8 $\frac{3}{4}$ percent of the maximum permissible interest rate on January 5. The survey showed that nationally... the secondary market price for immediate delivery of HUD/FHA-insured new-home mortgages with 30-year terms and minimum downpayments averaged \$97.6 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 9.06 percent.

Yields declined for the sixth straight auction as FNMA issued \$216.8 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. The commitments on *Government*-backed mortgages averaged 9.067 percent... which converts to an average price of 97.80 for 8 $\frac{3}{4}$ percent HUD/FHA-VA mortgages. The average in the previous sale was 9.071. In conventional mortgages... \$36.9 million in 4-month commitments were issued at an average yield of 9.166... down from 9.219 in late January.

Project notes totaling \$709.7 million representing 100 *Public Housing Agencies* were sold in mid-February. Proceeds of the sale will be used to reimburse the *Federal Government* for funds advanced to *Public Housing Agencies* and to refund maturing notes for low-income housing projects. Interest rates on the notes averaged 3.021 percent... down from January's 3.128 percent.

The final tabulation of HUD/FHA mortgage insurance activity for 1975 shows a modest rise in FHA's share of the total mortgage activity during the year. After a sharp drop in 1973... and continued low activity in 1974... *Section 203(b)* mortgages... which are the nonsubsidized single-family type... turned upward and accounted for 7.2 percent of all the houses started last year. In 1973... the figure was only 5.2 percent. This is in addition to the more than \$8 billion of *Section 235* below-market interest-rate subsidized housing FHA has committed since early 1974.

The *Commerce Department* reports that permits for new housing construction rose 10.7 percent in January over December... to a seasonally-adjusted rate of 1.138 million units... the highest rate since May of 1974. At the same time... new housing starts fell 5.4 percent from December... to an annual rate of 1.221 million units. The permit activity volume was up 14 percent in apartments and 11.6 percent in the single-family home category over the previous month.

Recent Decision

In *City of Hartford, et al. v. Carla A. Hills, et al.*, C.A. No. H-75-258... the U.S. District Court in Hartford recently turned down a method HUD used in determining a community's eligibility for a *Community Development Block Grant*. The case was brought by the *City of Hartford* to insure that... prior to receiving *Block Grant Assistance*... seven suburban communities around the city provide for the housing needs of lower-income families in Hartford who could be expected to reside in these communities. The city complained that HUD improperly authorized the grants because it accepted applications from the communities without accurate assessments of future needs for housing of lower-income families. The judge agreed and enjoined the seven communities from spending *Block Grant Funds* until they submit more accurate statements of future housing needs of these families. No decision has yet been made on whether the *Government* will appeal.

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FYI

Associated General Contractors of America... Annual Convention... Washington, D.C., March 5-11. Details: AGC, 1957 E St., N.W., Washington, D.C. 20006.

United Mortgage Bankers of America... Mid-Winter Conference... Detroit, March 11-13. Details: UMBA, 1511 K Street, N.W., Washington, D.C. 20005 (202/737-5689).

National League of Cities and the U.S. Conference of Mayors... Annual Congressional-City Conference... Washington, D.C., March 14-16. Details: NLC & USCM, Conference and Convention Services, 1620 Eye St., N.W., Washington, D.C. 20006 (202/293-7366).

American Society of Civil Engineers... Technical Council on Water Resources Planning and Management... Washington, D.C., March 21-25. Details: ASCE, 345 East 47th St., New York, N.Y. 10017.

United States Water Resources Council... Federal Inter-agency Sedimentation Conference... Denver, March 22-26. Details: USWRC, Suite 800, 2120 L St., N.W., Washington, D.C. 20037.

International Building, Heating, Plumbing and Air Conditioning Fair (HEPAC)... Fair Centre... Helsinki, Finland, April 6-11. Details: Finnair, 10 E. 40th St., New York, N.Y. 10016.



Census Briefs

The following selected items have been released by the *Census Bureau* based on data gathered in recent tabulations:

The U.S. population is currently gaining at a rate of .8 of 1 percent or 1.6 million annually. World population is gaining at more than twice the U.S. rate, 2.1 percent, or 78 million.

During 1970-1974...only two States showed a net loss in population...Rhode Island and New York. Growing most rapidly were Arizona, 21 percent; Florida, 19 percent; and Nevada, 17 percent.

One out of every two women 65 and over is a widow; one out of every seven men 65 and over is a widower.

After dropping steadily every year since 1957 from a peak of 25.3 per 1,000 population...the birth rate settled around 14.9-15.0 during 1973 and 1974. Infant death rates continued to decline...reaching a new low of 16.5 deaths per 1,000 live births in 1974...compared with 20 in 1970 and 26 in 1960.

An estimated 745,000 legal abortions were performed in 1973. Illegitimate births numbered 407,000 or 13 percent of all births.

Divorced persons (per 100 married) have increased from 3.5 in 1960 to 4.7 in 1970 to a high of 6.3 in 1974.

Nevada...which ranks as number 1 in the Nation for divorce rate per 1,000 population...is one of the two States to show a decline since 1970 in its divorce rate (from 18.7 per 1,000 in 1970 to 15.6 in 1973). Michigan is the other State with a decline from 3.4 per 1,000 in 1970 to 2.9 in 1973. California neither gained nor lost at 5.7.

The Nation's elderly population has grown by 2.5 million since 1970. The mid-1975 figures show that the over-65 population grew from 19.9 million in 1970 to an estimated 22.4 million last year. At the same time...the population under 5 decreased in the same period by 1.3 million...from 17.2 million to 15.9 million.

Landmark Equal Housing Decree Approved

HUD Assistant Secretary for Fair Housing and Equal Opportunity James H. Blair has hailed a recent consent decree approved by the *U.S. District Court for the Western District of Tennessee* as "a major landmark in fair housing litigation."

The decree... negotiated by the *Department of Justice*... between *HUD* and counsel for the *Fogelman Management Corporation* of Memphis... will provide free rent or cash settlement to 315 men and women who appeared to have been discriminated against by the *Fogelman Corporation* in their attempts to rent apartments in Memphis.

Under the terms of the consent decree... *Fogelman* agrees to comply with *Title VIII of the Civil Rights Act of 1968* and to promote equal housing opportunity. The decree was obtained as a result of an independent investigation by the *Department of Justice* and complaints filed with *HUD* under the provisions of *Title VIII*.

Commenting on the decree, Mr. Blair said: "The real significance of this action is not so much that it may provide cash settlements to 315 people but that, by extension, it will provide housing for those individuals and their families.

"Based upon this decree... nearly 1,000 black men, women, and children in Memphis could conceivably be able to choose freely an apartment under *Fogelman Management* in which they desire to live."

An unusual feature of the decree is the extent to which *HUD* will participate in its administration. Each of the 315 individuals will receive a letter and a form containing several options they can employ in settling their complaint. The completed forms will be reviewed by a *HUD* Equal Opportunity Specialist in Memphis, who will act as the U.S. representative in discussions with *Fogelman* representatives. After these discussions the plaintiff and *Fogelman* representatives will meet to settle the option. Under the process confidentiality for each of the plaintiffs will be assured and the exact terms of the option will be carried out.

Among other things the decree also permanently enjoins *Fogelman Management Corporation* from:

- Refusing to sell or rent a dwelling after the making of a bona fide offer or refusing to negotiate for the sale or rental of any dwelling to any person on account of race, color, religion, sex, or national origin.
- Discriminating against any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities because of race, color, religion, sex, or national origin.
- Representing to any person because of race, color, religion, sex or national origin that any dwelling is not available for inspection, sale, or rental when such dwelling is in fact so available.

Conservation Program Planned



Planning for Community Conservation... jointly sponsored by the *City, Regional and Environmental Planning Department of the University of California* (Berkeley)... and the *National Trust for Historic Preservation*... a program concerning new perspectives and methods for making decisions about older buildings and areas is scheduled for April 14 and 15 in San Francisco.

The course focuses on recognizing and evaluating existing resources as well as how to protect them by law and how to finance their future. It also deals with the factors to consider in preparing an historic preservation element of a local General Plan. The faculty will include community conservation practitioners; planners; and experts in art and architecture, history, law, real estate, building inspection, and program administration.

Details: *City, Regional and Environmental Planning, UC, 2223 Fulton Street, Berkeley, California 94720 (415/642-4811)*

New Publications

1976 Federal Funding Guide for Local Governments... published by *Government Information Services...* a Washington-based information organization. This 320-page guide describes nearly 150 programs of Federal assistance to local communities. **Soft-cover \$14.95; Hard-cover \$18.95; 20 percent discount for six or more copies. From *Government Information Services*, 752 National Press Building, Washington, D.C. 20005.**

Pockets of bad housing can be found in every county in Florida... a booming State known for its luxury housing and resorts... according to the *American Friends Service Committee's Catalog of Misery...* a 96-page photo-text recently issued. Published jointly with the *Rural Housing Alliance...* the publication shows examples of deteriorated housing throughout the State. Copies of the report... designed by Hubert Leckie... are available from *RHA*, 1346 Connecticut Ave., N.W., Washington, D.C. 20036. Price \$3, postpaid if payment accompanies order.

Annual Report of the Department of Housing and Urban Development. The report on the activities of the *Department* for the calendar year 1974... as submitted to *Congress*. For sale by the *Superintendent of Documents*, Washington, D.C. 20402, at 85 cents.

Testing and Inspection and Listed Products Manual... 1975 edition... published by the *Hardwood Plywood Manufacturers Association*. The *Manual* is intended to provide a quick-reference identification of companies manufacturing hardwood plywood wall paneling conforming to the flamespread and structural requirements of local, State, and Federal Building construction codes. Copies can be obtained from the *HPMA*, P.O. Box 6246, Arlington, Va. 22206 at no charge.

Environmental Certification for Community Development: A Manual of Procedures... by Suzanne M. Wellborn. Published by the *National Association of Housing and Redevelopment Officials*. Available from *NAHRO*, 2600 Virginia Ave., N.W., Washington, D.C. 20037. (Publication No. N 575) \$7.50... \$4.50 to *NAHRO* members.

HUD newsletter

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March 1, 1976

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AND URBAN DEVELOPMENT
HUD-401



HUD NEWSLETTER
March 1, 1976

Mrs. Landis
Rm. 8141



HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



March 8, 1976

Vol. 7 No. 10

Current Trends

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In mid-February... there was an upward movement in several areas of the money market as 13-week *Treasury* bills closed at 4.92 percent bid... up from 4.87 percent. The 26-week bills finished at 5.27 percent bid... up from 5.20 percent. The 1-year bills closed at 5.61 percent bid... up from 5.54 percent. *FHLBB* increased interest rates to 4.8 percent from 4.7 percent on 30- to 59-day consolidated discount notes... to 4.85 percent from 4.7 percent on 60- to 89-day issues... and to 4.9 percent from 4.8 percent on 90- to 179-day notes. Left unchanged was the 5.1 percent rate on 180- to 270-day notes.

The *Manufactured Housing Institute* reported that mobile-home shipments in January totaled a seasonally-adjusted annual rate of 258,000 units... up 13 percent from December and an increase of 20 percent from a year earlier.

FNMA has purchased the \$17 million mortgage on the *Hollywood Presbyterian Medical Center* in Hollywood. It is the largest single purchase ever processed in *FNMA*'s Western Regional Office in Los Angeles.

The February issue of the *Savings & Loan News*... published by the *U.S. League of Savings Associations*... reports that almost half (42.9 percent) of those with S&L accounts are 65 years old and over. The largest groups... those 55 to 64 represent 25.4 percent... while 16 percent are in the 45-54 bracket... 8.4 percent are 35-44... and 6.8 percent are under 34.



New York State Acts on 'Redlining'

A *Wall Street Journal* article reports that in an attempt to eliminate geographic discrimination in mortgage lending... the *New York State Banking Department* said it will require certain banks and other financial institutions to provide detailed reports on where and how they invest their mortgage cash.

The *State* agency is seeking to identify the neighborhoods where the flow of funds has been systematically cut off by what Gov. Hugh Carey called "the highly objectionable practice known as 'redlining.'" In the past... bank lenders in New York and elsewhere have been accused of drawing a 'red line' around rundown or otherwise objectionable areas and refusing to invest their mortgage money there.

The Governor said that for many years he had heard that 'redlining' existed in New York State and that it was known what the consequences were for the neighborhood affected by it... and that 'redlining' usually leads to further deterioration and decay.

The new disclosure regulation... which takes effect April 1... will require reports from 66 commercial banks, 108 savings banks, and 28 savings and loan associations chartered by the State. The regulation generally follows the Federal law (*P.L. 94-200*, signed by the President December 31, 1975) which requires any lending institution which has either its home office or a branch office in an *SMSA* (*Standard Metropolitan Statistical Area*) to provide reports on its mortgage loans. The federally-chartered banks and *S&Ls* in New York State which are not in *SMSA*'s will be asked to comply with the disclosure requirements on a voluntary basis.

Home Builders See Home Prices Moderating in 1976

Citing *Census Bureau* figures for the last half of 1975 as its basis... the February *Economic News Notes of the Economic Department of NAHB* states:

- From what is already known about housing prices... chances are good that this reasonably lower level of price changes continued in the last quarter of 1975, and very likely will continue into 1976.
- Overall inflation is going to be less pronounced this year than at any time over the past 2 years. The projected 5-6 percent inflation rate will, of course, be reflected in most goods and services... including those which affect the cost of housing production and housing services.
- Increases in construction materials costs in last year's July-December period were less than one-half the increases in the January-June period. In perspective, last year saw smaller price increases in construction materials than the 2 previous years. Other than lumber, which has its own... for the most part unexplainable... movements in prices, no compelling reasons exist for building material products to increase anywhere near the increases experienced in the past 3 years.
- Despite talk about a construction labor wage push... the somber fact remains that the construction industry has no surplus jobs. On the contrary... the construction unemployment rate is high and will remain so throughout 1976. In 1977... when construction activity sees a substantial upswing... wages will show a more pronounced increase.
- Developed land is still in good supply. For the next few months this availability should provide some cushion on land prices. The situation will change in mid-1976. By then the inventory of finished land will be worked down, and new development costs will be considerably higher than they were a year or so ago.
- The answers to land costs will be a reduction in lot sizes and smaller and different types of for-sale units. The trend toward smaller lots and units will continue through 1977.



Construction Reports Released

The first in a new series of quarterly reports covering *Residential Construction in 13 Selected Metropolitan Statistical Areas (SMSA's)* has been released jointly by *HUD* and the *Census Bureau*.

The report Series C21... *New Residential Construction in Selected Standard Metropolitan Statistical Areas*... provides quarterly statistics on new, privately-owned residential construction in 13 SMSA's.

Data show (1) number of housing units authorized, (2) number authorized but not yet started, (3) number started, (4) number of new housing units under construction, and (5) number completed. The statistics cover only new residential housing units authorized by building permits.

The first report shows annual and quarterly data for 1973, 1974, and the first and second quarters of 1975. In addition to statistics for all housing units, separate detail is shown for one-family houses.

The SMSA's covered are: Baltimore, Chicago, Cincinnati, Ohio-Kentucky-Indiana, Denver-Boulder, Detroit, Los Angeles-Long Beach, Miami, New York, New York-New Jersey, Phoenix, Riverside-San Bernardino-Ontario, San Jose, Seattle-Everett, and Washington, D.C. Maryland-Virginia.

The report, *New Residential Construction in Selected Standard Metropolitan Statistical Areas, C21-Q2*, is available for 50 cents per copy (annual subscription, \$2.00) from *Subscriber Services Section, Census Bureau, Washington, D.C. 20233*.

Fraud Charged to Texas Developer

A Dallas land developer has been charged with defrauding the public in the course of selling an estimated half million dollars worth of unregistered lots over the last 4 years.

The complaint... filed in the *U.S. District Court* in Dallas on behalf of *HUD's Office of Interstate Land Sales Registration (OILSR)*... alleges that Don L. Blankenship sold lots in five separate recreational developments in the Dallas area without registering them as required by law.

Three of the projects, *Bonita Point*, *La Martinique* and *Landmark Passage*, are near Athens, in Henderson County. The other two are *King Script Cove*, 10 miles south of Greenville, in Hunt County, and *Tanganyika Village*, in Kaufman County.

According to the complaint... Mr. Blankenship allegedly gave some purchasers Property Reports purported to be effective when in fact they were not.

Mr. Blankenship's firm... *Hana-San Investment Co., Inc.*, and *Bat-Lar Properties, Inc.*... made an effort some years ago to register with *OILSR*. The filing was incomplete... however... and was never approved. At its peak some 10,000 lots were offered for sale in five separate developments. A little more than half have actually been sold. Based on advertised prices, they represent about a half million dollars in sales.

The suit by the *U.S. Attorney* in Dallas also alleges that Mr. Blankenship promised purchasers clear title to their 30x60 lots, when in fact there were encumbrances, there were no approved or recorded plats, and property taxes had not been paid by the developer, all of which jeopardizes title. Finally, the suit claims that the Mesquite firms promised buyers water and hard surface roads leading to their land—even collecting an advance fee, in some cases—but the promised amenities were never delivered.

In addition to asking both a preliminary and permanent injunction against further sales by the defendant, the suit asks that all money collected from sales since March 31, 1972, be turned over to a court-appointed trustee for ultimate return to buyers.



Secretary Sees Increased Housing Starts

Appearing before the *Senate Banking Committee*... Secretary Carla Hills estimated that private housing starts in 1976 would be between 1.4 and 1.6 million units. "While economic forecasts are always a risky business," she said, "present indications suggest that the higher figure is more likely than the lower."

Mrs. Hills also said the outlook for mortgage loans... both in availability and in terms of interest rates... should improve... particularly in the first half of 1976... with a possible tightening of interest rates during the second half of the year as business borrowing increases due to the improving economy.

FYI



Conference of Minority Public Administrators... Annual Conference... Theme: *New Directions for Minorities in Public Administration*... Silver Spring, Maryland, March 10-12. Constance B. Newman, newly-appointed *HUD* Assistant Secretary for Consumer Affairs and Regulatory Functions, and Former *HUD* General Assistant Secretary Sam Jackson will be guest speakers. Registration: Donna Moran, c/o *COMPA/ASPA*, 1225 Connecticut Ave., N.W., Washington, D.C. 20036.

National Leased Housing Association... Seminar on the Section 8 Leased Housing Program... Washington, D.C. April 9. Details: Rose Noonan, Research Director of the *Association*, 1025 Connecticut Ave., N.W., Suite 707, Washington, D.C. 20036 (202/833-2327).

George M. Brady, Jr., president of the *National Corporation for Housing Partnerships*, speaking at the convention of the *National Association of Home Builders* in Dallas, reported that four sales housing developments have broken ground within the last month for which working capital was provided by *Housing Capital Corporation*... the new wholly owned subsidiary of the *NCHP*.

HCC was licensed only about 4 months ago by the *Small Business Administration* to operate as a *Small Business Investment Company*. The \$2 million invested by *NCHP* in *HCC*... together with loans now anticipated from *SBA*... will make available about \$8 million to provide cash working capital to experienced builders with feasible projects for rental or sales housing through equity investment and subordinated loans.

Since beginning operations in 1970... privately funded *NCHP* has committed more than \$44 million in equity funds in 170 projects in 33 States... comprising more than 26,000 dwelling units with an estimated replacement cost of over \$500 million.

New Publications



A new *Membership Information* brochure has been issued by *Building Officials & Code Administrators International*... the Nation's oldest professional association of practicing building officials and publishers of the widely-adopted *Basic Code* series. Free copies of the brochure are available from *BOCA International, Membership Records Department*, 1313 East 60th St., Chicago, Illinois 60637; or by calling (312) 947-2580

Section 8 in Rural America... issued by the *Housing Assistance Council*. The study identifies differences between the rural and urban operations of *HUD's* major low-income subsidy program, and where obstacles to its effective implementation have appeared, it suggests ways to overcome them. It also includes a concurrent processing chart for housing practitioners using *Farmers Home Administration* financing for *Section 8* rural projects. Price \$3.25 postpaid from *Housing Assistance Council, Inc.*, 1601 Connecticut Ave., N.W., Sixth Floor, Washington, D.C. 20009 (202/483-1426).

HUD newsletter

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HUD NEWSLETTER
March 8, 1976

Mrs. Landis
Rm. 8141



HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 238-1397



March 15, 1976

Current Trends

The *F.W. Dodge Division of McGraw Hill* reported new construction contracts in January were up 25 percent above January 1975... to a level of \$6.39 billion. However... the rise was accounted for by a single project... a billion dollar nuclear power plant in northern Illinois. George A. Christie... *Dodge* vice president and chief economist... said the construction activity of the country has remained fairly stable... that housing is doing better... and the critical upturn in commercial and industrial construction is yet to materialize. Residential building contracts during the month rose 40 percent to \$2.16 billion... with an encouraging but not very large rise in apartment construction.

Based on preliminary reports... the *U.S. League of Savings Associations* reports that net savings flow into *S&Ls* in January reached record levels. Net new savings deposits... excluding dividends credited... increased \$5.3 billion during the month. This was 43 percent above the previous record established in March and again in May of 1975. The *League* commented on its report that January is ordinarily a poor month for savings... so the record rise in that month is doubly significant.

Yields declined for the seventh straight auction as *FNMA* issued \$104.5 million in 4-month commitments to purchase both *Government*-backed and conventionally financed home mortgages. In the *Government*-backed category... \$81.2 million in commitments were issued at an average yield of 9.044... which converts to an average price of 97.95 for 8¾% *HUD/FHA-VA* mortgages. The average in the previous auction was 9.067. In the conventional auction... *FNMA* issued \$23.3 million at an average yield of 9.141... down from 9.166 in early February. The range of accepted bids was from 9.082 to 9.250.



Lower Mortgage Interest Rates Foreseen

A *Wall Street Journal* article reports that a break for home buyers can be anticipated this spring... as interest rates drop. The article stated that the reason is that thrift institutions are loaded with money to lend. As a result, many real estate experts expect to see mortgage rates dropping at least a quarter percentage point and perhaps a half-point by the time spring house buying gets into full swing. In metropolitan Chicago, the prevailing rate of 8¾ percent on single-family home mortgages is already the lowest it has been in more than 2 years. The prime mortgage rate for California *S&Ls* is currently 8¾ percent, but Robert Dockson, president of *California Federal Savings & Loan Association*, says it "could slip another quarter before mid-year."

Standing in the way of a substantial reduction in rates is the fact that lenders are still paying a high price for their money. With *S&Ls* paying 8.06 percent compound interest on 7¾ percent certificates of deposit, says *Great Western Savings & Loan Association* in Los Angeles, they can't afford to go much lower than 8¾ percent on a prime mortgage.

However, the article warns... any rate downturn may be temporary. Many mortgage lenders see rates inching back up later this year.

Half of U.S. Population Works in Earthquake-Prone Buildings

Half of the population of the U.S. may be living and working in seismically hazardous buildings, Elmer E. Botsai, FAIA, vice president of the *American Institute of Architects*, told the *Senate Commerce Committee*. He expressed the view as a "personal opinion" while testifying in favor of earthquake disaster legislation being considered by the committee and supported by AIA.

"The real tragedy of this is that we do not know the true magnitude of this problem," Botsai said. "It is my personal opinion that, excluding single-family wood-framed construction, approximately 50 percent of the total population in this country is living or working in seismically hazardous buildings."

There is an almost total void in the knowledge of large-scale soil problems in much of the country, including such heavily populated seismic risk areas as New Madrid, Mo.; Charleston, S.C.; and Boston. Botsai strongly recommended a greater emphasis on the development of research, citing three examples to show the need. The entire design profession and particularly architects are desperately in need of additional knowledge, Botsai said.

For the full text of Mr. Botsai's statement... contact Mike Green, Public Relations, AIA, 1735 New York Ave., N.W., Washington, D.C. 20006 (202/785-7263).



Women and Housing Report Published

Women & Housing: A Report on Sex Discrimination in Five American Cities has been published. The 196-page study is the result of a year of investigations conducted by the *National Council of Negro Women* under a contract funded by HUD's Office of Fair Housing and Equal Opportunity.

The investigations were conducted through public hearings and workshops in Atlanta, St. Louis, San Antonio, San Francisco, and New York City during the period July 1, 1974 to June 30, 1975.

James H. Blair, HUD Assistant Secretary for Fair Housing and Equal Opportunity, said the purpose of the projects was to "obtain a solid reference work" on discrimination against women in the housing market. The analysis will be used not only by HUD, he said, but by individuals and institutions involved in expanding fair housing and educating the public to the effects of discrimination.

It is hoped...he added...that the project will encourage, at the local level, a continuing private sector thrust directed at eliminating discrimination based on sex.

Among chief findings of the project:

- Myths and stereotypes about women are the underpinning of prejudicial attitudes against women shared by many persons in the housing system.
- Women, generally, are not aware of the nature or extent of sex discrimination.
- While discrimination against women, historically, has been overt, today it is increasingly subtle.
- Women outside a male-headed household represent a sharply growing demographic trend and are "disproportionately adversely affected" by a shortage of moderately priced housing and by the marketing practices of those who control the housing.

Have Copies of the report, *Women & Housing*, Stock No. 023-000-00316-3, may be obtained for \$3.40 each from the *Superintendent of Documents*, Washington, D.C. 20402.

News From The States

In Kansas... a legislative proposal for the creation of a *Kansas Housing Finance Act* would be unconstitutional... according to the *State Attorney General*. He said that the proposed *Housing Authority* which would be created under the legislation would be a violation of *Article 11, Section 9, of the State Constitution*. Under the proposal which had been suggested by the Governor... a State-created *Housing Finance Authority* could issue revenue bonds to assist financial institutions in providing housing loans at low interest rates to provide financing for low- or moderate-income families.

In Kentucky... constitutionality of a Kentucky law allowing first and second-class cities to set up development districts to fight inner-city blight was upheld by Kenton County Circuit Judge James J. Gilliece. The ruling permits the cities of *Covington* and *Louisville*, and Metropolitan *Lexington-Fayette County* to guarantee bond issues for the districts to combat problems of urban decay. Under the statute... tax revenue generated from improvements in the district would go toward retirement of the bonds that financed the improvements.

The court said the taxing and bonding activities permitted by the legislation will allow the cities to combat erosion of their tax base, improve sub-standard housing, arrest migration of upper-income residents to the suburbs, and halt declines in retail businesses and employment opportunities.

In Massachusetts... a bill to make major changes in the State's Urban Renewal laws... including the extension of urban renewal benefits to condominiums... was passed by the *Massachusetts Senate* and sent to the House. The bill also calls for full disclosure of urban renewal agreements between communities and developers.

Under current Urban Renewal laws... limited dividend corporations can be established to develop blighted areas of a community with the agreement of the local government. To encourage development... the corporation can make use of eminent domain and can agree to payments to the community in lieu of property taxes. The proposed new law also shortens the length of such tax agreements; requires public disclosure of such agreements; and permits annual dividend for such corporations to be increased from 6 to 8 percent, but would not apply to existing corporations unless agreements were renegotiated.

Condominiums could be included in eligible urban renewal projects for the first time... but the developer would be required to build a number of rental units equal to the number of condominiums... and one-fourth of the rental units would have to be for low-income persons.

There would be no limit on the profit which the developer could gain from the sale of the condominiums... but the profit would be placed in a fund for 10 years for use as rent supplements if the need were determined by the *State Department of Community Affairs*. The developer would be able to draw his profit out of the fund at 10 percent a year for the 10 years.

In Minnesota... an opinion by the *Minnesota Supreme Court* held that a municipality may not impose stricter requirements on construction of an apartment building under the local fire code than those imposed by the State building code.

The *Court's* opinion said that the State building code deals extensively with fire protection and fire-related safety measures. The *Court* did not believe that the Legislature was "unmindful" of the concern for fire safety when it provided that the State code should supercede all local codes... and rejected the City of Minnetonka's argument that local communities should be permitted to adopt tougher fire prevention measures than the State code because municipalities... not the State... have the responsibility for maintaining fire departments.

Block Grant Comments Requested

The March 1 *Federal Register* contains proposed amendments to HUD's Regulations covering *Community Development Block Grants* under Section 570 of the *Housing and Community Development Act of 1974*. The amendments permit the construction of sewage treatment plants which were not eligible under the old Regulations. Interested persons are invited to submit written comments or views on the proposed amendments on or before March 25 to the Rules Docket Clerk, Office of the General Counsel, Room 10245, HUD, Washington, D.C. 20410.

MBA Hails FHA



The *Mortgage Bankers Association of America* has stated that HUD's FHA is one of the least inflationary of all Federal operations. Citing the fact that since the *Federal Housing Administration* was created in 1934... its nonsubsidized housing program, the *Section 203 Mutual Mortgage System*... has insured more than \$113 billion of mortgages covering approximately 10 million homes for more than 30 million people... and it has... at the same time... paid all of its operating costs and claims at no cost to the taxpayer. Also... through collection of mortgage insurance premiums... the *Mutual Mortgage System* has built an insurance reserve fund of \$1.6 billion. Most of this is invested in U.S. Treasury securities.



FYI

Mortgage Bankers Association... Conference... Washington, D.C., April 12-13. Details: Robert Gray, MBA, 1125 15th St., N.W., Washington, D.C. 20005 (202/785-8333).

Joint sponsorship of the *California Department of Housing and Community Development, Self-Help Enterprises (SHE), la Federacion de Programas Campesinos en California, and Housing Assistance Council*... *California Farmworker Housing Conference*... Sacramento, April 19-20, 1976. The conference will examine Federal, State, local, and private responsibilities to provide housing for migrant and seasonal agriculture workers in California. Details: Moises Loaz, HAC, 1601 Connecticut Ave., N.W., Washington, D.C. 20009 (202/483-1426).

HUD newsletter

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

HUD-318-219-ASI
March 15, 1976

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HUD-401



HUD NEWSLETTER
March 15, 1976

Mrs. Landis
Am. 8141



HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



March 22, 1976

Vol. 7 No. 12

Current Trends

Single-family lending by mortgage bankers reached a new high in 1975. A record volume of \$15.0 billion in single-family loans was closed... 16 percent above the previous record of \$13.3 billion in 1972. According to the *Mortgage Bankers Association of America*... total mortgage loans closed for 1975 reached \$20.6 billion... 3 percent above 1974. Mortgage servicing volume reached \$133.0 billion at the end of 1975... compared to \$121.3 billion at the end of 1974. Mortgage banking companies originate and service one out of every five home loans in the Nation.

HUD's GNMA has awarded two mortgage-backed securities offerings totaling \$295 million. The 7½ percent 30-year securities... in the amount of \$19.1 million were awarded at a price of \$91.92 and are being reoffered at \$92.30 to yield 8.28 percent to the investor. The 7½ percent 30-year securities totalling \$204.2 million were sold at a price of \$93.31 and reoffered at \$93.80 to provide a yield of 8.32 percent to the investor. This is the twelfth such auction conducted under GNMA's revised mortgage disposition program and brings the total securities auctioned in this manner to \$2.8 billion. Under this procedure... GNMA sells Government-guaranteed securities backed by mortgages acquired under the *Tandem* programs, rather than selling whole mortgages to individual mortgage bankers.



Largest Mortgage Sale Announced

The *Government National Mortgage Association (GNMA)* has sold \$700 million in conventional residential mortgages to the *Federal National Mortgage Association* at a yield of 9.072 percent. The transaction is believed to be the largest single block sale of conventional mortgages on record.

The below-market-interest-rate mortgages were initially purchased by GNMA pursuant to its *Emergency Home Purchase Assistance Program* initiated in 1974 to stimulate new home construction.

Besides its size... the sale is significant because the funds to finance the acquisition will be raised from the general capital market... rather than through mortgage institutions.



Oregon Development Sales Suspended

Sales at Greentrees Village Mobile Resort, in Florence, Oregon, have been suspended by HUD's Office of Interstate Land Sales Registration (OILSR).

OILSR's Acting Administrator... John R. McDowell... said that the filing which Greentrees is required to maintain with his office fails to indicate to prospective buyers fees for a number of services such as utilities, sewer services, garbage collection, cable television hook-up, and the maintenance of open areas and road.

Greentrees Village developer Ted Simmoneau was also told by OILSR that the *Property Report* he gives prospective buyers must disclose the cost of electricity at the site.

Lot sales at the Lane County project may resume as soon as an up-to-date amendment is approved by OILSR.

HUD Design Awards Program Announced

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

A limited number of *Honor Awards* will be made for the winning entries. Judging will consider three-dimensional form in relation to user needs and goals, and the design's contribution to the social, environmental, and economic development of the metropolitan area, the central city, and the neighborhood. The *Awards* will recognize superior achievement by design professionals, and builders, sponsors, and local government officials in improving the living environment of all citizens.

Work in the respective categories must have been undertaken under a financial assistance program of *HUD* or its predecessor. It must have been finished, or substantially finished since January 1, 1970. Winning entries in previous departmental awards programs will not be eligible.

There are two entry categories:

Project Design—The involved *HUD* programs include those for Housing Programs such as *Public, Elderly and Handicapped, College, Single and Multi-Family Insured, Rehabilitated, Rent Supplement; Neighborhood Facilities; Medical Facilities Insurance; Urban Beautification; Public Facilities; Open Space Land; Urban Renewal; and Historic Preservation.*

Urban Design Concepts—Eligible areas include those assisted by *HUD* programs of as *Public, Elderly and Handicapped, Couege, Single and Multifamily Insured, Rehabilitated, Neighborhood Renewal; Mortgage Insurance for New Communities; and Guarantee of Obligations for New Communities.*

All entries must be submitted by May 31, 1976.

Full details for submission may be obtained from *Seventh Biennial HUD Design Awards Program, HUD, 451 7th St., S.W., Washington, D.C. 20410.*



Housing Management Conference Set

The *National Center for Housing Management* in cooperation with *HUD, FNMA, and the National Corporation for Housing Partnerships* will hold the *Second National Housing Management Conference and Educational Exposition* in Washington, D.C., April 7-11. Held specifically for owners and managers of all types of multifamily housing. Over 1,000 owners and managers from conventional, *FHA* subsidized, public, and elderly housing will be in attendance. Each person registering can nominate individuals for consideration to receive one of the following awards:

- On-Site Manager of the Year
- Managing Agent of the Year
- *LHA* Director of Management of the Year
- *LHA* Executive Director of the Year
- Tenant Manager of the Year
- Resident of the Year

Details and registration: *NCHM, 1133 Fifteenth St., N.W., Washington, D.C. 20005.* Attention: Ms. Edwards. (202/872-1717).

CAI Elects

Lincoln C. Cummings of Gaithersburg, Md, has been elected president of the *Community Associations Institute*, and William D. Sally of Chicago has been elected *CAI* first vice-president at the First National Conference on Community Associations recently held in New Orleans.

Cummings is an *IBM* executive and a resident-member of the *Montgomery Village Foundation*. . . the community association in a large-scale *Planned Unit Development* in the Washington, D.C. metropolitan area. He is a former *CAI* first vice-president. . . and has been a board member of the *Institute* since its inception.

Sally is immediate past chairman of the *Chicago Real Estate Board's Property Management Council* and first vice-president of the *Apartment Building Owners and Managers Association*.

Other *CAI* officers elected for 1976 include David P. Rhame, president of *Rhame Associates* of Millville, N.J., and a founding member of the *Institute*, who will continue to serve as chairman of the *CAI* board of trustees. John J. Gunther, executive director of the Washington-based *U.S. Conference of Mayors*, was reelected *CAI* second vice-president. Dave E. Stahl, executive vice-president of the *Urban Land Institute* in Washington, D.C., was reelected secretary and treasurer of *CAI*.

CAI is the national membership organization for builder/developers, managers, public officials, consumers, realtors, lenders, and others involved in establishing, financing, and operating the community associations which maintain and manage the common property and services in condominiums, PUDs, townhouse communities, and condominium conversions.



Adult Male Population Rises

In the 5 years since 1970, the number of young men of ages at which they normally enter college and the labor market (18 to 29 years) has grown to 44.6 million. . . an increase of 6.5 million or 17 percent. Because of a reduction in the Armed Forces. . . only about 1.6 million of them are in the military service compared with 2.5 million of the 38 million in this age group in 1970. . . according to the *Census Bureau*.

Between 1970 and 1975. . . the population under 5 years of age decreased by 1.3 million. . . the elementary school population (5 to 13) dropped by 3.2 million. . . while the population 18 to 34 years increased by almost 9 million.

The report shows that the total U.S. population including Armed Forces overseas was estimated at 213.6 million on July 1, 1975. . . an increase of 9.3 million or 4.5 percent over the 1970 census count.

Annual population growth fell by nearly one-third between fiscal 1971 and 1974. . . dropping steadily from 2.2 million to 1.5 million. The decline in the birth rate from 18.0 per 1,000 population in 1971 to 14.8 in 1974 was the principal reason for the slowing population growth.

However. . . during fiscal 1975, the population increased about 254,000 more than during fiscal 1974. The number of births increased by 72,000. . . the number of deaths decreased by 23,000. . . and net civilian immigration increased by 159,000 including approximately 106,000 Vietnamese refugees.

Median age of the 1975 population stands at 28.8 years. After dropping from 29.4 years in 1960 to 27.9 years, the median age remained at about the same level until 1971 before climbing to its present level.

Both the white and black fertility rates have decreased substantially since 1960. . . reducing the proportion of the population under 15 years in 1975. However, the black population has a younger age structure due to higher fertility rates. With nearly one-third of the black population under 14 years, the median age is 23.5 years.

Copies of the report, *Estimates of the Population of the United States, by Age, Sex, and Race: 1970 to 1975, P-25, No. 614*, are available for 90 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

FYI

American Society for Public Administration... Annual Convention... Washington, D.C., April 19-23. Details: *ASPA*, 1225 Connecticut Ave., N.W., Suite 300, Washington, D.C. 20036 (202/785-3255).

Chamber of Commerce of the United States... Annual Convention... Washington, D.C., April 25-28. Details: *CofC of the U.S.*, 1615 H St., N.W., Washington, D.C. 20062 (202/659-6203).

American Institute of Real Estate Appraisers... 10th Pan-American Congress... Chicago, May 2-7. This is the first time in 19 years the Congress has been held in the U.S. Details: *AIREA*, 155 E. Superior St., Chicago, Illinois 60611 (312/440-8000).

American Chapter, International Real Estate Federation (an affiliate of the *National Association of REALTORS*)... 27th Annual World Conference... San Francisco, May 23-28. Theme: *The Real Estate Profession Serving the Public*. Real estate professionals from more than 40 countries will meet to exchange ideas and knowledge on international real estate transactions and investments. Details: *IREF*, 155 E. Superior St., Chicago, Illinois 60611 (312/440-8000).



Publication Available

1976 Federal Funding Guide for Local Governments... published by *Government Information Services*. Contains basic information on Federal aid programs for which local governments may apply and also provides practical information on the techniques of obtaining Federal funds. Soft cover \$14.95... hard cover \$18.95... with a three-ring binder and removable pages. Available from *Government Information Services*, 752 National Press Bldg., N.W., Washington, D.C. 20045 (202/783-4240).

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

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HUD-401



HUD NEWSLETTER
March 22, 1976

*Mod Lands
Room 8141*



March 29, 1976

Vol. 7 No. 13

Current Trends

Starts of privately-financed new housing units totaled a seasonally-adjusted annual rate in February of 1.555 million units... up 27 percent from January 1976. Of the total... 1.303 million units were single-family dwellings... an increase of 37 percent over the previous month. Multifamily housing starts continued their recent sluggish performance... with 197,000 starts in buildings with five or more units... and 55,000 in two- to four-unit structures. The February total starts rate was the largest since February 1973... and was 63 percent above the February 1975 performance. With single-family units rising 80 percent from the February 1975 rate... and 37 percent above the January 1976 rate... it appears that single-family starts are close to full recovery. Also... total starts are showing commendable progress. Permits issued during the month totaled 1.127 million units... virtually unchanged from January.

Federally-insured *S&Ls* experienced the largest flow of new savings of any month in history in January... increasing \$5.11 billion... and surpassing by 38 percent the previous high gain that occurred in both March and May 1975. The rise compares to the \$3.09 billion increase in January 1975. There is every indication that both February and March will continue the unusually high rate and exceed all previous months... with the possible exception of the January 1976 performance... the *FHLBB* said.

Indian Housing Actions Taken



Final *Regulations* for housing that is developed or operated by *Indian Housing Authorities (IHAs)* for low-income families under the *Housing Act of 1937* have been issued by *HUD*.

The *Regulations*, which fulfill *HUD's* commitment to codify rules for its Indian Housing Programs, were published in the March 9 *Federal Register* and went into effect on publication.

Secretary Carla Hills said the *Regulations* are a product of a comprehensive review by a tri-agency task force consisting of representatives from *HUD*, the *Bureau of Indian Affairs of the Department of Interior*, and the *Indian Health Service of the Department of Health, Education, and Welfare*.

Included in the *Regulations* is a new *Interdepartmental Agreement* to coordinate operations of the three agencies.

The *Regulations* were originally published as *Proposed Regulations* in the *Federal Register* last September 9... and more than 50 statements from major organizations and individuals concerned with Indian housing... as well as from *IHAs*... were received and carefully considered by the task force. The text of the *Regulations* is available from the Legal Dockets Clerk, *OGC*, Room 10251, *HUD*, Washington, D.C. 20410.

In addition to the publication of the new *Regulations* in the *Federal Register*... the Secretary also announced a number of new *HUD* initiatives for housing American Indians following a meeting between the Secretary and Indian leaders from across the country.

(continued)

Indian Housing — (Cont'd)

The initiatives are:

- Approval of production of 9,723 low-income houses this fiscal year. The units will be purchased or rented by Indians with low incomes or who are unable to obtain other housing. The buyers will contribute either land, labor, or materials.
- Establishment of special field offices in San Francisco and Denver to help Indians plan, finance, and construct housing and community projects.
- Establishment of an Indian policy and program staff under the direction of Constance Newman, Assistant Secretary for Consumer Affairs and Regulatory Functions.
- Making *Indian Housing Authorities* primarily responsible for designing projects, selecting home buyers, and supervising construction by private builders who are to be paid with the proceeds from the sale of bonds.
- An agreement among Secretaries Hills, Thomas S. Kleppe of *Interior*, and David Mathews of *Health, Education and Welfare*, to coordinate interdepartmental activities dealing with Indians.

This emphasis on delivery services to Indians grew, in part, from a task force set up last fall by Secretary Hills.

"I expect to meet the production goal," Mrs. Hills told Indian leaders. "And I expect *HUD* to continue to produce houses for Indians at a substantial and steady rate."

Secretary Hills said a major reason for her confidence in producing Indian Housing with consistency "and at high levels" is the new organization being developed for Indian programs."

The *Indian Policy and Program Office* under Assistant Secretary Newman will advise the Secretary concerning departmental policy toward Indians. Indian objectives are to be incorporated into departmental goals.

Mrs. Newman also will provide a central liaison point with *Congress*, Indian groups, and other Government Agencies and take initiatives across program lines inside the Department. Other Assistant Secretaries will name Indian coordinators for their offices and work with Assistant Secretary Newman.

Within field organizations, *HUD* has established *Assistant Regional Administrators for Indian Programs* in Denver and San Francisco. A staff of 15 serves the Rocky Mountain region and the west coast staff is expected to number 52.



Housing Assistance Regulations Published

HUD has announced proposed changes in its *Housing Assistance Payments Program* for new construction. . . which provides rental aid for lower-income families who rent housing from eligible landlords. The proposed amendments are designed to provide greater flexibility and to expedite the processing of applications of owners of housing who wish to participate in the *Program*.

Before framing final *Regulations*, *HUD* will consider comments on the proposed revisions of the *Section 8* program received following the publication of the contemplated changes in the March 5 *Federal Register*.

Additional changes in the *Section 8* program applying to existing housing appeared in the March 8 issue of the *Federal Register*. Comments on these proposals received before April 8 will be considered by *HUD* before issuing these final regulations.

For new construction, several alternative methods would be authorized, and *HUD Field Offices* would determine which methods to use.

Comments should be addressed to the Rules Docket Clerk, Room 10245, *HUD*, 451 Seventh Street, S.W., Washington, D.C. 20410.

Area Housing Opportunity Program Launched

HUD intends to allocate \$20 million in supplemental *Section 8* funds to communities participating in *Areawide Housing Opportunity Plans*.

The **HUD** initiative... authorized under the *Housing Assistance Payments Program* ... is intended to stimulate federally-assisted housing opportunities for lower-income families.

The areawide planning organizations must submit plans that meet minimum eligibility requirements to be considered for supplemental funding.

The plan must address areawide housing assistance needs and goals, increase housing opportunities for lower-income families outside the community where they currently live, and it must be endorsed by at least 80 percent of the local government units served by the planning organization.

The organization must demonstrate that the plan can be implemented and that additional units actually will be built with the supplemental funds.

HUD requires the planning organizations to prepare regional housing allocation plans as a condition for continued planning assistance funds under *Section 701* of the *Housing Act of 1954*.

The program and anticipated eligibility requirements are being announced in advance of publication in the *Federal Register* to allow interested areawide planning organizations and their member jurisdictions to begin considering participation. The proposed *Regulations* will be published later this month.

The funds announced are in addition to those already allocated by **HUD** under the *Housing and Community Development Act of 1974*. The *Act* requires a proportional allocation on the basis of the relative needs as to population, housing overcrowding, housing vacancies, amount of substandard housing, and other objectively measurable conditions.

The supplemental allocations will be equivalent to at least 20 percent... but not more than 50 percent... of the total FY 76 *Section 8* allocations to areas and communities served by the areawide planning organization.



More Target Projects Chosen

Thirteen additional *Public Housing Agencies (PHAs)* have been selected to participate in the \$35 million third phase of the *Target Projects Program (TPP)*. The newly participating *PHAs* will receive an aggregate of \$4.5 million.

In addition, \$2 million in *TPP* funds have been allocated for special uses such as work incentive, tenant management demonstration, resident services, and security programs.

Launched in June 1974, as a 3-year, \$105 million Program, *TPP* focuses assistance on public housing projects that have serious operational and social problems. *PHAs* are selected according to such factors as extent of maintenance needs, crime rates, closed and vandalized dwelling units, adequacy of municipal services, and community reputation.

Of the amount earned for the *Program's* third year... 37 *PHAs* received a total of \$18 million on October 28. At that time \$10 million was designed for special use reservations.

The newest participating *PHAs* are: Cambridge, Mass.; Stamford, Conn.; New York, N.Y.; Portsmouth and Richmond, Va.; Durham and High Point, N.C.; Hobson City and Lanett, Ala.; East Point, Ga.; Cairo and Chicago, Ill.; Cherokee Nation, Tahlequah, Okla.; and Sacramento, Cal.

Innovative Projects Program

HUD has issued new guidelines for State and local government competition for \$5 million in grant awards under HUD's 1976 Community Development Innovative Projects Program (IPP).

Program guidelines and instructions for the nationwide competition were published on March 11 in the *Federal Register*. Grants totaling \$4 million will be awarded for winning projects in the *Housing and Neighborhood Preservation* category and awards of \$1 million will be available to those in the *Government Productivity Improvement* category.

Projects in the *Housing and Neighborhood Preservation* category are those making maximum use of existing housing stock and the investment of public and private resources for neighborhood preservation. The *Government Productivity Improvement* category includes innovative projects designed to make the local government service more effective, efficient, and less costly.

In announcing the competition, Secretary Hills said the IPP is designed to encourage creative problem-solving at the State and local levels by making additional funds available to jurisdictions which are developing new solutions to community development problems.

Authorized by Title I of the *Housing and Community Development Act of 1974*, IPP is in its second year of operation. It is administered by HUD's *Office of Policy Development and Research* in cooperation with the *Office of Community Planning and Development*.

Any unit of State or local government interested in submitting an application should submit a *Letter-of-Intent* to HUD by April 1. Applications under the *Housing and Neighborhood Preservation* category must be submitted to HUD by June 3. Applications under the *Government Productivity* category must be submitted to HUD by April 30. Awards in both categories will be announced in July.

HUD newsletter

U.S. Department of Housing and Urban Development
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HUD-401



HUD NEWSLETTER
March 29, 1976



HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



April 5, 1976

Vol. 7 No. 14

Current Trends

The *Dodge Building Costs Services of McGraw-Hill* reports that building costs rose nationally in the 12 months from March 1975 to March 1976 by 9.6 percent. The major variations in percentages from the average were in Atlanta, which rose 4.1 percent; Birmingham, 6.1; Cleveland, 4.2; Houston, 13.6; Milwaukee, 16; New York, 3.5; and Seattle, 14.3. Most of the other cities in the country were approximately within the 9.6 percent national average range.

HUD's GNMA has awarded two mortgage-backed securities offerings in the amount of \$239 million. The 7¼ percent 30-year securities totaling \$118.1 million were awarded at a price of \$92.2629 and are being reoffered at \$92.65 to yield 8.23 percent to the investor. The second group... the 7½ percent 30-year securities totaling \$121.2 million... were bought at a price of \$93.9769 and are being reoffered at \$94.40 to yield 8.24 percent to the investor. This is the thirteenth such auction conducted under GNMA's revised *Mortgage Disposition Program* and brings the total securities auctioned in this manner to \$3.1 billion.

The slide in short-term interest rates is ending... homebuilding is on the rise... and the decline in mortgage interest rates will hit bottom this spring... *Federal Home Loan Mortgage Corporation* analysts have reported in the *Mortgage Corporation's Mortgage Finance Review* for the last quarter of 1975. The *Review* reports that mixed indicators promise a noticeable... but modest... increase in housing starts in the U.S. by mid-1977. Rising incomes, pent-up demand, and leveling off of inflation and of new-home prices are contributing to a recovery by the sluggish homebuilding industry. Countering these positive influences, however, are problems in multifamily construction, plus a rising proportion of existing home sales and continued high new-home prices. High costs are a particular bind on new-home sales, the *Review* says. The ratio of median family income to median new-home sales prices went from 2.370 in 1970 to 2.935 last year.

Urban renewal project notes totaling \$259.6 million representing 95 local issuing agencies were sold in mid-March at an average interest rate of 3.162 percent. The average interest rate for the notes sold in mid-February was 3.039.

HUD's March 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 increased one-fifth of a point to 97.8 percent of \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 9.04 percent... a decrease of two basis points from the February 1 yield.



Fair Housing Month Commemorated

Activities commemorating *Fair Housing Month* were inaugurated in the Department's Headquarters Building on April 2.

Secretary Hills, other HUD and Federal agency officials, guests from the *White House* and *Congress*, members of national civil rights leadership groups, and representatives of the real estate industry participated. The attending guests signed a ceremonial document calling for personal commitment to the principles and spirit of the *National Fair Housing Law of 1968*.

NOT TO BE TAKEN FROM THE LIBRARY.

HUD Program Helps Control Crime

Crime is down at seven problem public housing projects in New York City... partly because young high school dropouts are hired to help police the area.

At *Cabrini Green*... Chicago's vast 3,600-unit project... tenants, with *Housing Authority* support, put pressure on problem families to halt illegal activities.

At Newark's 1,149-unit *Stella-Wright Project*... apartments are getting long overdue janitorial attention, and tenant management is becoming a reality.

These are examples of the impact of *HUD's Target Projects Program (TPP)* on some of the Nation's most troubled public housing projects, according to reports by *HUD* field personnel. The program was funded at \$35 million annually for 3 years.

In addition to the *HUD* field reports, an independent report evaluated the cost and status of each *TPP* objective during the program's first 6 months, from last April through September.

Reflecting an encouraging trend, the report, prepared by *Coopers & Lybrand*, an international management consulting firm, also cited an increase in monthly operating receipts from \$769,489 to \$983,406 for 28 public housing projects encompassing 25,571 units.

The report also highlighted an increase of \$5.5 million in support by community-based agencies supplying health care, income assistance, and recreation and consumer services previously unavailable to the tenants.

"It is our considered opinion," the report said, "from an analysis of the data and a review of all the operating plans that the first objectives for the *Target Projects Program*, namely to foster management improvement and to initiate the 'turn-around' process in the *Local Housing Authorities*, are well on the way to being achieved."



Forum on Street Signs Announced

HUD will hold an open forum in Chicago on April 22-23 on local government action to control the proliferation of signs along city streets. The forum will be open to all interested parties, including consumer, government, and industry groups. Sessions will run from 9 a.m. to 5:30 p.m. daily.

"It is not the purpose of this forum to develop Federal regulations controlling the use of signs," said *HUD* Assistant Secretary Charles J. Orlebeke. "Rather... we are offering a neutral marketplace to discuss competing ideas among the various groups concerned with the legal, economic, and design aspects of local sign control ordinances."

Many communities have adopted graphic systems or enacted sign control ordinances as demonstrations of concern for the quality and visual character of their streets, the *HUD* official said, and considerable research has been done in the field by both public and private sectors.

Requests to appear and present statements should be submitted... together with an outline of topics to be presented... no later than April 7 to the *Assistant Secretary for Policy Development and Research*, 451 Seventh St., S.W., Washington, D.C. 20410, Attn: *Urban Signage Forum*. Complete written copies of materials to be presented should be forwarded no later than April 16.

Statements prepared by persons unable to attend the forum will be accepted and incorporated into the forum report. Such statements should be received at the same address no later than April 16.

All comments and information submitted will be available to the public.

1975 Home Sales

The *Federal Home Loan Bank Board's Economic Briefs* reported that the inventory of unsold homes showed little change during the second half of 1975 after declining moderately early in the year. In January 1976, there were 384,000 unsold homes. Of this number... 197,000 were under construction, and it is these units that have been selling relatively well. There are 134,000 units in the completed category that have not been selling particularly well... the remainder of the inventory of unsold homes consist of 53,000 units for which permits have been issued, but which have not been started.

The better sales tone in the single-family market has occurred despite the sharp increase in the median sales-price of new homes since September... the median sales-price was relatively stable during much of the year because of the downward price-pressure exerted by the large inventory of unsold homes and the requirements imposed upon builders in order for them to take advantage of the housing tax credit. However, the median sales price of new homes rose quite sharply from \$38,200 in August to \$42,100 in December and declined only slightly to \$41,900 in January... undoubtedly this increase reflected in small part the gradually improving income position of households as the economic recovery continued.

Increased new home prices, however, also reflect the type of households purchasing new homes. Even under normal conditions, the majority of purchasers of new homes already own an existing home. The number of transactions in existing homes continued to set new records during the final months of 1975, although declining in January, and this was accompanied by higher prices of existing homes... it is likely that new-home sales toward the end of 1975 and in January 1976 were disproportionately represented by households who sold an existing house at a favorable price and were... therefore... in a good position to pay a high price for new housing. Thus, a disproportionate part of the strength in new-home sales may reflect upgrading by more affluent households.

Along the same lines... the March issue of the *Savings and Loan News* published by the *U.S. League of Savings Associations* covered the impact of rising home costs on the housing market. Based on data supplied by the *Department of Commerce* and the *FHLBB*... the article reported that the average cost of a new house rose in the 1965-1975 period by 86 percent... from \$22,900 to \$42,600. The average rate of interest rose during the same period by 34.5 percent... from 5.8 to 9.2 percent. The average mortgage on the same house... based on 80 percent of sales-price... rose from \$18,320 to \$34,080... and the monthly payment was up 86 percent... from \$115.92 to \$215.64.

The article concludes that to purchase the typical 1975 house that cost over \$40,000... a family would need an annual income of \$13,000 or more... even if they had the 20 percent downpayment on which these calculations are based. As a result... between half and two-thirds of American families could not afford to buy the \$42,600 average house built in 1975.



Special Censuses Conducted in 133 Municipalities During First Half of 1975

Special censuses were conducted by the Census Bureau in 133 local jurisdictions during the first half of 1975. A special census is conducted at the request and expense of a local government... usually in order to update the population base for State tax fund allocations. Information collected in a special census is usually limited to a count of all persons by age, sex, race, and their relationship to the head of household. Additional questions may be asked if the local government is willing to incur the cost.

The report shows that the 133 special censuses were distributed among 22 States. The most populous place enumerated was San Bernardino County, California... where the 1975 total was 696,064. The smallest place was Watson City, Arkansas; it had a population of 401.

The report also includes a table of the populations in areas annexed to the 133 municipalities since the 1970 census.

Copies of the report, *Summary of Special Censuses Conducted by the Bureau of the Census between January 1, 1975 and June 30, 1975*, P-28, No. 1522, may be obtained for 30 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

FYI

Louisiana State University... Second Southeastern Conference on Application of Solar Energy... Baton Rouge, April 19-23. Details: Dr. Arnas, Dept. of Mechanical Engineering, LSU, Baton Rouge, Louisiana 70803.

National Academy of Sciences... Annual Meeting... Washington, D.C. April 26-28. Details: *National Academy of Sciences*, 2101 Constitution Ave., N.W., Washington, D.C. 20418 (202/393-8100)

National Academy of Engineering... Annual Meeting... Washington, D.C., April 28-29. Details: *National Academy of Engineering*, 2101 Constitution Ave., N.W., Washington, D.C. 20418 (202/393-8100)

American Institute of Architects... Annual Convention... Philadelphia, May 2-5. Details: Frances Brown, AIA, 1735 New York Ave., Washington, D.C. 20006 (202/785-7300)

Municipal Finance Officers Association of the U.S. and Canada... Annual Convention... San Francisco, May 2-6. Details: MFOA, 1313 E. 60th St., Chicago, Illinois 60637. (312/324-3400)

League of Women Voters of the U.S... Biennial Convention... New York, May 3-7. Details: *League of Women Voters of the U.S.*, 1730 M St., N.W., Washington, D.C. 20036. (202/296-1770)

University of Chicago Center for Continuing Education... Management Information Seminars for Electronic Data Processing Professionals... Chicago, May 10-12, May 17-19, May 24-26, June 14-16, August 2-4, and August 18-20; Toronto, August 11-13. Seminars cover *Systems Analysis and Design*, *Data Processing Management*, and a number of other subjects. Full curriculum and further details from: Heidi E. Kaplan, Information Services Manager, *New York Management Center*, Department 14NR, 360 Lexington Ave., New York, New York 10017. (212/953-7262)

International Federation for Housing and Planning... Annual Convention... Theme: *Local and Regional Government—Better Environment for Human Settlements...* Kobe, Japan, May 17-22. Details: IFHP, Wassernaarseweg 43, The Hague, Netherlands.

HUD newsletter

HUD-318-222-ASI
April 5, 1976

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HUD NEWSLETTER
April 5, 1976

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



April 12, 1976

Interest Rate Cut

Effective March 30... the maximum interest rate on single-family homes insured by HUD/FHA or guaranteed by VA was reduced to 8½ percent. The former rate... 8¾ percent... had been in effect since January 5, 1976. The interest rate on multifamily housing remains unchanged at 9 percent.

Current Trends

Project notes totaling \$820 million... representing 89 public housing agencies... were sold by HUD in late March at an average interest rate of 3.059 percent. The interest rate last month was 3.021 percent.

Ninety Massachusetts savings banks... in a joint effort coordinated by the *Savings Banks Association of Massachusetts*... have purchased \$48 million in short-term notes issued by the *Massachusetts Housing Finance Agency*. The private sale of *MHFA* notes to the banks... the first of its kind... was accomplished with no underwriting expense. The notes... maturing from 13 to 22 months... were offered at par value at an annual interest rate of 8 percent... and the proceeds will be used to refund outstanding bond anticipation notes until long-term bonds are sold to convert certain construction loans to permanent financing.

Yields declined as *FNMA* issued \$155.3 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. The \$121.6 million in commitments on *Government*-backed mortgages were at an average yield of 9.032 percent... which converts to an average price of 98.04 for 8¾ HUD/FHA-VA mortgages. (The average in the previous auction was 9.060.) In the conventional auction... *FNMA* issued \$33.7 million in 4-month commitments at an average yield of 9.132... down from 9.148 on March 8.

The *National Delinquency Survey* of the *Mortgage Bankers Association of America* reports that the percentage of loans on which foreclosure action was started during the fourth quarter of 1975 dipped to 0.19 percent, not seasonally adjusted... lowest since mid-1971. "This represents the best indicator of the recovery in the economy and in the housing market," *MBA* chief economist John Wetmore said.



Miami Design Competition Announced

A design competition for *Biscayne West*... a new 50-acre in-town community in Miami has been announced. There will be 7,000 residential units and related facilities in the development. Prizes are: First Prize, \$10,000; Second Prize, \$5,000; Third Prize, \$2,000; and Fourth Prize, \$1,000. There will be 20 Honorable Mentions. A jury of nationally-known architects will select the winners. Registration Deadline (\$50 entrance fee) is April 15, with close of competition on May 15. Registration: *Biscayne West Design Competition*, Lowe Art Museum, *University of Miami*, 1301 Miller Drive, Coral Gables, Florida 33124. (305/284-3535).

Variable-Rate Mortgage Test

The *Bank of America*... the Nation's largest bank... and one of the largest mortgage lenders in the country... has become the second California commercial bank to experiment with *Variable Rate Mortgages*. Although many California-chartered *S&Ls* have been offering this type of mortgage... only one other bank... *Wells Fargo*... has experimented with it.

Beginning May 1... *Bank of America* will test-market its *Vari-Rate Plan* in its 61 offices in San Diego County. It will cover all loans of \$50,000 or more... and will be optional on loans below that amount. *Vari-Rate* loans will be offered at an interest rate $\frac{1}{4}$ of a percentage point below the rate on fixed-rate conventional mortgages. The rate will remain unchanged for a year initially... after which it may be adjusted semi-annually based on a *Cost-of-Month Index* calculated by the *Federal Reserve Bank of San Francisco*.

The maximum increase in rate permitted over the life of the mortgage is $2\frac{1}{2}$ points... with no limit on reductions.



GNMA Mortgage Sale Announced

GNMA has announced that it will offer for sale the remainder of its portfolio of mortgages obtained under the *GNMA-Federal Home Loan Mortgage Corporation Conventional Home Mortgage Program*. Bids will be received on May 12.

The *FHLMC* and *GNMA* have agreed that the *Mortgage Corporation* will act as *GNMA's* agent for the sale. *GNMA* will offer in packages all of the \$700 million to \$800 million worth of mortgages remaining in the conventional mortgage portfolio. There will be no restrictions as to who may bid on these mortgages. Bids will be considered from any bidder/purchaser.

Mortgage interest rates on the mortgages to be offered will range from 7.5 percent to 8.5 percent. Each mortgage package will contain mortgages at a single interest rate, all secured by properties in a single State or territory, serviced by the same mortgage servicer, and administered for *GNMA* by the same *Mortgage Corporation* regional office.

An invitation to participate in this auction will be issued by *GNMA* later in April. The invitation will list and describe each mortgage package to be offered for sale.



Cities Bankruptcy Bill Passes

Congress has passed... and sent to the *White House*... a bill requested by President Ford which permits bankrupt cities to defer payments to bondholders in order to continue to pay for the maintenance of essential services. Under existing laws... the payment of interest to bondholders takes precedence over the cost of maintaining police and other municipal services. Under the new law... a municipality may declare bankruptcy and postpone or reduce payments to bondholders.



Real Estate Industry Recovering

The real estate industry is well on its way to a substantial recovery in 1976... according to Jerome L. Howard, president of the *Mortgage Bankers Association of America (MBA)*. Speaking at a meeting of the *St. Louis Mortgage Bankers Association*... Mr. Howard noted that sales of houses are up more than 50 percent from the recession low at the beginning of 1975... and the strong consumer demand is now moving into the production side since inventories of unsold new houses have been worked down.

He predicted that private housing starts in the first quarter of 1976 will reach the annual rate of 1.4 million units... 40 percent above the number begun in the same period a year ago.

"Mortgage credit is now plentiful," according to the *MBA* president, "as witness the increase in the volume of mortgage lending by all types of financial institutions."

New Foreclosure Rules Proposed

HUD has issued proposed *Regulation* changes that could... in some cases... permit tenants and former owners to continue living in *HUD*-insured housing after it had been foreclosed and turned over to the *Federal Government*. The proposed changes appeared in the *Federal Register* of March 19.

The proposed amendments to *HUD*'s "vacant delivery" *Regulation* would establish explicit criteria under which *HUD* would accept from insured lenders foreclosed one- to four-family dwellings with tenants and former owners still occupying the premises. Currently... and with limited exceptions... the *Regulation* requires lenders foreclosing on *HUD*-insured properties to convey title to *HUD* with the property untenanted.

The criteria are: No defects to property affecting use and liability; no reasonable prospect for sale by *HUD* within 5 months; a deposit equivalent to 1 month's rent, and the willingness to sign a lease. If these specific circumstances exist... *HUD* would be required to accept the property with tenant occupancy.

The criteria for both tenants and former owners would permit them to continue living in their homes even though the lender had foreclosed and transferred title to *HUD*, if such occupancy was not otherwise detrimental to *HUD*.

Public comments on the proposed changes are invited. They should be sent to the *Rules Docket Clerk, HUD Office of the General Counsel, Room 10245, Washington, D.C. 20410*. All relevant material received on or before April 22 will be considered before adoption of the final rule. Copies of comments submitted will be available for public inspection during normal business hours.



Nation's Housing Units Totaled 77.6 Million in 1974

There were 77.6 million housing units in the Nation in 1974... according to a joint *HUD-Census Bureau* report.

Of the 77.6 million housing units... 70.8 million were occupied... 5.1 million were year-round housing units which were vacant... and 1.7 were vacant units intended for seasonal occupancy or held for migratory labor. Of all occupied units... 45.8 million... or 64.6 percent... were occupied by their owners, and 25 million were occupied by renters.

The Nation's occupied housing lacking complete plumbing facilities declined to 3.2 percent in 1974... from 3.6 percent in 1973 and 5.5 percent in 1970. Nationally... the proportion lacking plumbing in 1974 was nearly three times higher among renter-occupied units than among owner-occupied units... 5.4 percent compared to 1.0 percent.

The advance report covers general characteristics of all the Nation's housing units, characteristics of units constructed since 1970, and characteristics of owner- and renter-occupied units with Negro heads of households and those with Spanish origin household heads. It is the first of a series which contains the results of the *1974 Annual Housing Survey*.

Copies of this advance report, *Part A, "General Housing Characteristics for the U.S. and Regions" 1974, Series H-150-74A*, are available for \$2.00 from the *Subscribers Services Section, Census Bureau, Washington, D.C. 20233*.



New Publications

The American Institute of Planners has begun to publish a new bimonthly magazine, *Practicing Planner*. It was created to help fill a gap in information about what is happening in planning. The publication has as its editorial aim the exchange of practical information of immediate usefulness to planners and public officials in cities and counties of all sizes. *Practicing Planner* is available to nonmembers of *AIP* for \$15 per year domestic... and \$20 overseas. Order from *AIP, 1776 Massachusetts Ave., N.W., Washington, D.C. 20036*. (202/872-0611)

New Settlement Regulations Published

HUD has invited public comments on proposed *Federal Regulations* aimed at protecting home buyers at the time of real estate settlements.

The proposals are designed to carry out the modified *Real Estate Settlement Procedures Act* scheduled to take effect June 30... and appeared in the March 29 *Federal Register*.

Major safeguards of the proposed *Regulations* would:

- Require a lender to give a borrower an information booklet and good faith estimates of closing costs at the time he applied for the loan.
- Allow a borrower who makes the request to examine, by right, most settlement costs one business day before settlement.
- Prohibit fee splitting or "kickbacks" by lenders, attorneys, agents, or others who may be involved in the transaction, but give no service of value to the consumer. Penalties for violations run up to \$10,000 in fines and/or a 1-year prison sentence.

The protective language reflects the original law (*RESPA*) passed by *Congress* in 1974 as well as amendments passed last January. Home buyers are protected, until the new *Regulations* take effect, by prior *Regulations* which were effective January 2.

Comments on the proposed *Regulations* should be submitted by April 28 to *Rules Docket Clerk, HUD Office of General Counsel, Room 10245, Washington, D.C. 20410.*

HUD newsletter

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HUD-401



HUD Newsletter
April 12, 1976



HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1300



April 19, 1976

Vol. 7 No. 16

Current Trends

Market interest rates changed little on balance from late February to late March. Rates rose moderately early in the period as a result of additional signs of significant economic recovery and a slightly less expansionary monetary policy... declined slightly later as it became clear there had been no major change in monetary policy... and rates remained slightly above the lows reached earlier in the year.

New construction contracts in February rose 22 percent to \$6.15 billion from the year-earlier's \$5.05 billion... according to the *F.W. Dodge Division of McGraw-Hill*. Residential construction continued to strengthen, with February contracts totaling \$2.55 billion... up 60 percent from the year earlier. George A. Christie, vice president and chief economist at *Dodge*, said housing activity as reflected by the number of contracts for new dwelling units has expanded nearly 50 percent over the past 12 months. Mr. Christie said that while single-family units continued to make up the largest portion of housing starts in February, "the still-depressed apartment market was beginning to show signs of revival."

The *Federal Home Loan Bank Board* reported that savings receipts by *S&Ls* were extremely large in February... although smaller than the record January inflow. Mortgage lending activity at the *Board's* member associations was also on the increase during the month. Net new savings receipts of *FSLIC*-insured associations totaled \$3.7 billion in February. This was \$1.4 billion less than the all-time peak volume achieved in January... but a record for February and 19 percent more than a year earlier. Mortgage loans closed totaled \$4.1 billion in February... 80 percent above the sharply curtailed volume of a year earlier and 5 percent more than the January total. For the second month in a row... mortgage lending activity was substantially smaller than savings flow and mortgage repayments. As a result... associations sharply increased their liquid asset holdings and made substantial repayments of borrowed funds.

The *Board* also reported loan commitments for future mortgage lending by *S&Ls* showed more than seasonal strength. Total volume outstanding at insured associations at monthend was \$12.8 billion. This was up 16 percent from the total at the end of January... 47 percent more than a year earlier... and the highest outstanding total since 1973.



Rural Housing Report Available

The *Tennessee Valley Authority (TVA)* has published the proceedings of the workshop, *Quality Housing Environment for Rural Low-Income Families*, which was held last September in Atlanta. The workshop was jointly sponsored by *TVA*, seven southern Land Grant Universities, the *S-95 Southern Regional Research Committee*, and the *Southern Rural Development Center*. The proceedings include presentations on regional growth patterns, constraints to improving rural housing, the future of rural housing, and the participants' recommendations. Single copies are available free from *TVA*, Muscle Shoals, Alabama 35660.



Census Requests Suggestions

Recommendations for 1980's *Decennial Census* are being sought. Basic questionnaire content must be determined by April '77. Suggestions should be sent to: Director, *U.S. Bureau of Census*, Washington, D.C. 20223.

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APR 19 1976

Housing Sales Spurt

The joint *HUD-Census Bureau* report on sales of one-family houses in February showed sharp gains over the preceding month and compared to February 1975. On a seasonally-adjusted annual basis... sales totaled 646,000 units... up almost 15 percent over January... and a spectacular 52 percent over February 1975.

This upturn in sales complements the starts figures for the same month... which showed the highest rate of starts in 3 years.

There were 379,000 new, one-family houses being offered for sale at the end of February... the lowest figure since August 1972. Most of these units were under construction... with 132,000 units completed... and 52,000 authorized but not begun.

The median sales price of the approximately 50,000 newly-built houses sold during February was reported as \$43,000... up 2.9 percent from January's \$41,800... and 13.5 percent higher than the same month a year earlier.

Pointing to a significant upturn in consumer confidence as a major cause of the buying trend... in its lead article on April 5... the *Wall Street Journal* reported that "buoyed by their faith in a strengthening economy, Americans are once again in the market for housing in a big way. Demand is outpacing supply in many areas of the Nation... bringing a resounding halt to the severe 2-year slump in single-family home building and driving the prices of both new and existing homes through the roof. The turn-around looks powerful enough to lift the entire, economically important residential construction industry to higher ground."

Citing the very substantial increase in housing starts... a 37 percent rise in February over January... the article predicts 1976 will be the best year since 1972. The more-than-adequate availability of mortgage funds... and a lower interest rate on home loans are cited as only part of the reason. Spokesmen for the *National Association of REALTORS*, the *Mortgage Bankers Association*, and representatives of the building and loan associations are quoted as saying that the increase in buying is happening despite the average 12 percent rise in home costs (both new and existing) over a year ago. The general consensus is that it wasn't primarily tight money or high interest rates that kept people from buying... it was a prevailing uncertainty about the economy that was the reason.



New Study Clarifies Population Growth

A clearer picture of the pattern of recent metropolitan and nonmetropolitan population growth is provided in a recently released study by the *Census Bureau*. The study is based on information from the 1970 census supplemented by a nationwide survey done in March 1974.

Earlier reports indicated that... between 1970 and 1974... areas defined as metropolitan in 1970 grew at a much slower rate than during the 1960-70 decade. The 1970-74 rate was so slow... in fact... that nonmetropolitan areas outpaced metropolitan areas—nonmetropolitan areas grew by 5 percent during that period while metropolitan areas grew by only 3.6 percent, an apparent reversal of the growth pattern long prevalent in the United States.

The new study clarifies the picture by including areas added after 1970 to already existing metropolitan areas as well as a number of small cities that have been recognized as metropolitan areas since 1970. Even if these areas are taken into account, the study shows, the increase in total metropolitan population still amounted to only 4 percent between 1970 and 1974. Nonmetropolitan areas (as defined in 1974) showed about the same 4 percent increase between 1970 and 1974. Thus... the new study confirms that the old pattern of rapid metropolitan growth and much slower nonmetropolitan growth no longer holds.

Copies of the report, *Social and Economic Characteristics of the Metropolitan and Nonmetropolitan Population: 1974 and 1970, Series P-23, No. 55*, are available for \$2.55 each from the *Superintendent of Documents*, Washington, D.C. 20402.

HUD to Have Bicentennial Exhibit

Sixteen *Federal Government Agencies* will participate in the *U.S. Bicentennial Exposition on Science and Technology* at the Kennedy Space Center in Cape Canaveral, Florida. The *HUD* Pavilion will be entitled *AMERICA: A NATION OF COMMUNITIES* ... and will focus on *HUD's* role in helping American communities to achieve a better life style through science and technology. The exposition is scheduled to open on May 30 and will run through September 7, 1976.

The *HUD* exhibit was planned by the *Association of Science-Technology Centers* of Washington, D.C., with the collaboration of a national steering committee composed of urban planners, museum representatives, and *HUD* officials.

Its special design permits audience participation in the process that has built America's cities, suburbs, and towns; and provides visitors an opportunity to learn the intricacies of community development.

A friendly cartoon figure called "*HUD*" will talk directly to the audience from a TV screen. "*HUD*" will answer visitors' questions and will welcome people personally at the entrance to the exhibit.

Visitors will be able to hear "voices of the city" discuss the pros and cons of neighborhood renewal, and listen to an animated, talking house. A multi-screen audiovisual presentation at the center of the geodesic dome will show examples of citizen participation programs, the diversity of life-styles in America, and historic preservation projects.

Before and after views of cities and communities that have been renovated or renewed, a simulation of a city through lights, sounds, and slides, and an ultraviolet-light representation of "why no home is an island," are a few of the many components included in the exhibit.

HUD-sponsored advanced construction techniques are depicted, along with noise-abatement efforts, satellite and computer applications to planning and management, and building standards guidelines that help make life safer and more convenient for the elderly, children, and the handicapped. The exhibit will illustrate some of *HUD's* other varied activities—such as home loans, community development grants, and energy conservation.

The *HUD* exhibit will highlight ways in which America is coming to terms with the automobile, resource shortages, our new manmade environment, and a multiplicity of individual attitudes toward urban life.



REALTORS Install 1976 Officers

The 1976 officers of the *National Association of REALTORS* were installed during the Mid-Winter Meeting in New Orleans.

They are Philip C. Smaby, president; Harry G. Elmstrom, first vice president; and Alvin J. Wolff, treasurer.

Mr. Smaby, of Minneapolis, was first vice president of the *Association* last year and served three terms as treasurer from 1972-74. He also is a director and member of the Executive Committee and a past president of the *Minnesota Association of REALTORS* and the *Minneapolis Board of REALTORS*.

Mr. Elmstrom, 1975 treasurer, is from Ballston Spa, New York. He has served on the board of directors of the *National Association* since 1973 and has been a member of the Executive Committee for 6 years.

Mr. Wolff, of Spokane, Washington, has been a REALTOR for 25 years. He is a past president of the *Washington State Association of REALTORS* and served two terms as president of the *Spokane Board of REALTORS*.

FYI

Governor's (Texas) Committee on Aging... Workshop: New Options for Older Texans: A Day of Reporting... Austin, May 10. Results of recent studies on housing for the elderly will be presented by Helen Holt, Assistant to the Secretary for Programs for the Elderly and the Handicapped, HUD. Details: Anne T. Kohler, *Governor's Committee on Aging*, P.O. Box 12786, Capitol Station, Austin, Texas 78711 (512/475-2717)

Bureau of National Affairs' Housing and Development Reporter and the Institute for Professional and Executive Development... Seminar and workshop on the 1975 amendments to the *Real Estate Settlement Procedures Act of 1974...* Washington, D.C., May 17. Details: Judy Ward, *IPED*, 1800 M St., N.W., Suite 400-South, Washington, D.C. 20036 (202/466-8592)

American Consulting Engineers Council... Annual Convention... Washington, D.C., May 17-20. Details: ACEC, 1155 15th St., N.W., Washington, D.C. 20005 (202/296-1780)

Society of Architectural Historians... 29th Annual Meeting, Philadelphia, May 19-24. Details: Rosann S. Berry, *Society of Architectural Historians*, 1700 Walnut St., Philadelphia, Pa 19103.

National Academy of Science... International Council for Building Research, Studies and Documentation... International Symposium on Organization and Management of Construction... Washington, D.C., May 19-20. Meeting will provide for exchange of information and views from around the world on achievements and research on construction organization, evaluation, and management. Details: S.M. Charlesworth, *National Academy of Sciences*, 2101 Constitution Ave., N.W., Washington, D.C. 20418 (202/389-6315)

International Association for Housing Science... Biennial Meeting... Atlanta, May 24-28. Participants from 41 countries are expected. Topics to be covered include new methods of design and construction, new materials, NASA spin-offs in the housing industry, energy conservation, and public housing projects in different parts of the world. Details: *Office of Continuing Engineering Education*, 116 Riggs Hall, Clemson University, Clemson, S.C. 29631 (803/656-3308)

HUD newsletter

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HUD-401



HUD NEWSLETTER
April 19, 1976



Mrs. Landis
Bm 8/41

HUD

newsletter

U.S. Department of Housing and Urban Development,
Washington, D.C. 20410 (202) 235-1307



April 26, 1976

Vol. 7 No. 17

Current Trends

Yields declined in early April in *FNMA's* auction of \$88.0 million in 4-month commitments to purchase both *Government-backed* and conventionally-financed home mortgages. Commitments on *Government-backed* mortgages totaled \$56.2 million at an average yield of 9.937 percent... which converts to an average price of 96.95 for 8½ percent *HUD/FHA-VA* mortgages. In the conventional auction... *FNMA* issued \$31.8 million in 4-month commitments at an average yield of 9.049... down from 9.132 in late March.

The *Wall Street Journal* says that "the wood-price advance that started last fall has stalled in the past few weeks... but some market analysts think the decline has about 'bottomed out' and that higher prices may soon replace the recent softness. The falling prices that have occurred would seem to be out of line with prospects for increased construction this year. Estimated housing starts for 1976 range around 1.5 million to 1.6 million units, with some guesses even higher. The actual figure... whatever it turns out to be... will compare with 1.2 million units in 1975... a year wood producers and construction-industry people would probably like to forget because the starts fell sharply. Recent prices were up roughly \$35 to \$40 since last autumn, when wood market prices began to rise because construction was extended by unseasonably warm weather... and retailers and other wood handlers rebuilt low inventories. However... this, in turn, led to a price decline when more wood was produced than was needed or wanted, market sources said. Now, the picture may be about to change because warmer weather will bring improved demand, but even experienced observers can't agree on when the inevitable price upturn will come."



New Publications

Spanish Speaking Program Handbook... published by *HUD*... details policies and procedures for promoting equal opportunity in employment and housing for Spanish-surnamed citizens. Established in November 1970, the Federal Government's *Spanish Speaking Program* is designed to attempt to correct the lack of Hispanic presence in Federal employment and programs. It is an integral part of the Government's total effort in this area under *Executive Order 11743* and the *1972 Equal Employment Opportunity Act*. Copies of the *Handbook* are available free from any *HUD* Office.

The Supply of Mortgage Credit, 1970-1974... prepared by Arnold H. Diamond of the *HUD* Economics staff... revises and updates mortgage credit statistics, based on monthly reports by more than 1,400 financial institutions that participate in the *HUD*-coordinated monthly surveys of mortgage lending. In addition to providing a wealth of new information on loan transactions by the 11 lender groups that account for 98 percent of all mortgage lending, this publication examines in detail developments in the primary and secondary markets for long-term mortgage loans and in the construction loan market. It also traces the mortgage gross flows for each major lender group, noting the extent to which loans are financed through relending of loan repayments, as compared to "new money." Single free copies of the new publication can be obtained by writing *HUD Publications and Directives*, Room B-258, *HUD*, Washington, D.C. 20410.

Section 701 Procedures Issued

HUD has issued *Procedures* to help State and local governments and areawide planning organizations develop a single set of growth policies to qualify for Federal planning funds.

The policies... applicable to all planning and development... must be formulated in advance of applications for *Section 701 Comprehensive Planning Assistance Program* funds submitted after August 22, 1977.

The *Procedures*... reinforcing the intent of the *Section 701 Program*... were issued to **HUD** Field Offices and recipients of 701 funds... and implement agreements previously signed with the *Environmental Protection Agency (EPA)* relating to its *Section 208 Water Quality Management Planning Program*... and the *Office of Coastal Zone Management (CZM)* in the *Department of Commerce*... regarding its *Coastal Management Program*. Both of these *Programs* require similar growth policies to be completed by 1978.

All 55 States and territories, about 600 areawide organizations, and approximately 1,000 counties and municipalities are developing growth policies under the *Section 701 Program*. Many of these are also developing growth policies under the *EPA* and *CZM* *Programs*.

David O. Meeker, Jr., **HUD** Assistant Secretary for Community Planning and Development, said, "Considerable savings in public and private resources can be achieved through unified planning based on a single set of growth policies which leads to orderly development.

"By requiring our respective State, areawide, and local counterparts to work toward consistency of growth policies, land use plans, water quality plans and coastal protection programs," Meeker said, "we can minimize much of the cost in terms of energy and taxes and trace costs resulting from uncontrolled sprawl and unplanned leapfrog development."

A Rehabilitation Success Story



The March issue of the *Federal Home Loan Bank Board Journal* reported on *RESCORP*... *Chicago's Renewal Effort Service Corporation*... a nonprofit group which counts 57 area savings and loan associations among its members. The report describes how *RESCORP* successfully renovated a 148-unit project known as *New Vistas* in Chicago's South Shore area. The project comprises five buildings... all within a block of each other... about 20 minutes from downtown.

The project is located in an area where most of the housing is in sound condition... although there is some deterioration. The neighborhood also had other plus factors... excellent transportation facilities... an abundance of good natural physical amenities... and is primarily a middle-income district with a viable and concerned community organization. Three of the five buildings have already been completed... the other two are scheduled for occupancy by the end of April.

Complete revitalization is involved. Both exterior and interior improvements are included... new kitchens and baths, dropped ceilings, contemporary lighting, new plumbing, heating, and electrical systems. Financing was arranged through the *Illinois Housing Development Authority* in the amount of \$3.4 million... under *FHA Section 236*... with the funds loaned by the *S&Ls*. Rents range from \$155 for a one-bedroom to \$220 for a three-bedroom apartment for the below-market units... and \$240 to \$320 at fair-market rates. The buildings are being rented as soon as they become available.

Another *RESCORP* project in the area... a 19-unit structure called *Paxton Arms*... is being renovated with conventional financing... and is now 95 percent occupied by middle-income tenants in the \$195-\$230 rental range.

It is *RESCORP's* hope that this beginning will serve as the first step in stimulating revitalization of the whole South Shore community. This seems to be happening... as a great deal of rehabilitation activity... doubtless inspired by *RESCORP*... is now underway in the South Shore.

Conference on Housing for Women Held

HUD's Office of Fair Housing and Equal Opportunity sponsored a *Women's Conference on Housing and Community Development* in the Washington, D.C. suburb of Arlington, Virginia, on April 5 and 6. The Conference was titled: *Housing and Community Development: Making it Work for Women*.

Allene Joyce Skinner, coordinator of *HUD's Women's Program*, said the meeting's main thrust was to educate women about housing and community development programs and their impact on individual women and women's groups.

The Conference explored the special needs of women as consumers of *HUD* programs and informed those attending concerning affirmative aspects of the *Housing and Community Development Act of 1974*. In addition, it examined local government decisionmaking processes used throughout the United States and pointed out where women can most effectively influence and utilize these processes to achieve their aims.

Constance B. Newman, *HUD* Assistant Secretary for Consumer Affairs and Regulatory Functions, delivered the keynote address. *HUD* Secretary Carla A. Hills hosted a reception for conferees following the first day's activities.

Other *HUD* officials participating in the Conference included: James H. Blair, Assistant Secretary for Fair Housing and Equal Opportunity; David Cook, Assistant Secretary for Housing Production and Mortgage Credit; David Meeker, Assistant Secretary for Community Planning and Development; and Mrs. Glendora Putnam, Deputy Assistant Secretary for Fair Housing and Equal Opportunity.

Speakers and panelists included: Dr. Ethel Allen, *City Council* member, Philadelphia; Ruth Rasmussen, executive director of the *Michigan Civil Rights Commission*; Dorothy Height, president, *National Council of Negro Women*; Maxine Brown, *Association of Bay Area Governments* and chairperson of the *NOW Housing Task Force*; Aileen Hernandez, urban affairs consultant; and Carol Greenwald, *Commissioner of Banks, State of Massachusetts*.

The Conference featured workshops on sex discrimination in the sale, rental, and financing of housing; planning to meet the needs of women; and new rights and responsibilities of women under the *HUD Community Development Block Grant Programs*.



61st Annual BOCA Conference Announced

Continuing education opportunities of direct and urgent interest to professional Code Administrators... along with final balloting by *Building Officials and Code Administrators (BOCA) International's* active membership on a wide variety of significant and controversial code change proposals... will be among the matters taken up at the 61st Annual *BOCA* Conference in Atlanta, June 13-18.

BOCA is the Nation's oldest professional association of regulatory code officials.

The topics covered by the Conference educational sessions will include *Administration and Enforcement of Building Regulations for Public Health, Safety, and Welfare*, a seminar on Article 1 of the *BOCA Basic Codes*; *Basic Concepts of Building Energy Use*; *Elevator Inspection*; and *Solar Energy Systems*.

This year there will be over 550 change proposals affecting *BOCA's Basic Building Code/1975*, *Basic Mechanical Code/1975*, *Basic Plumbing Code/1975*, and *Basic Fire Prevention Code/1975*. Among the most important and controversial of the proposed changes are the addition of an article on energy conservation to the *Basic Building Code/1975*, as well as changes involving all-weather wood foundations and procedures for controlled constructions.

The deadline for preregistration for Conference attendance is May 20. Preregistration cards and other information on the Conference program may be obtained by writing or calling *BOCA International's Executive Office*, 1313 E. 60th St., Chicago, Illinois 60637 (312/947-2580).

FYI

Practising Law Institute... Three Forums on Recycling Inner City Real Estate ... Chicago, May 13-14... San Francisco, May 27-28... New York City, June 17-18. The prospects for profitable private investment in the redevelopment of inner-city real estate will be discussed. Existing and proposed programs and how to utilize them will be explored. Among the panel members will be the HUD Regional Administrator in each Forum city: Donald Morrow (Chicago); Robert H. Baida (San Francisco); and S. William Green (New York). Details: Practising Law Institute, 810 Seventh Avenue, New York, New York 10019 (212/765-5700).

Environmental Design Research Association... Seventh Annual Conference... Theme: Beyond the Applicability Gap: The Behavioral Basis of Design... Vancouver, B.C., Canada, May 25-28. Details: ERDA-7 Headquarters, Dept. of Psychology, Univ. of British Columbia, Vancouver, B.C., Canada V6T 1W5 (604/228-6789)



Census Issues Owner and Renter Occupied Housing Maps

Three new color maps... illustrating the number of owner-occupied housing units, the number of renter-occupied housing units, and owner-occupied housing units as a percent of all occupied housing units for each U.S. county have been issued by the *Census Bureau*.

Copies of the maps, *Number of Owner-Occupied Housing Units by Counties of the United States: 1970, Series GE-50, No. 59; Number of Renter-Occupied Housing Units by Counties of the United States: 1970, Series GE-50, No. 60; and Owner-Occupied Housing Units as a Percent of All Occupied Housing Units by Counties of the United States: 1970, Series GE-50, No. 66*, are available for 95 cents each from the *Superintendent of Documents*, Washington, D.C. 20402.

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

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HUD-401



HUD NEWSLETTER
April 26, 1976

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HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



May 3, 1976

Current Trends

NOT TO BE TAKEN
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Vol. 7 No. 18

For the first time... *FNMA* has added a foreign bank to the list of institutions that market and distribute *FNMA* short-term discount notes. Effective April 12, 1976... the list includes the *J. Henry Schroder Bank A.G.*, Zurich, Switzerland. It is expected that the addition of this firm will broaden the market for these debt obligations and will enhance the *FNMA*'s ability to raise funds to fulfill its role as a secondary/mortgage market. The agreement with the Zurich bank limits its primary discount note sales activity to investors located outside the United States. Other firms in the *FNMA* selling group also will offer the notes internationally.

HUD's April 1 mortgage market opinion survey was conducted just 2 days after the maximum allowable interest rate for mortgages insured by *HUD*'s *Federal Housing Administration* was lowered to 8½ percent. Because this change was so recent... the market had not had time to adjust to the new maximum... and reliable data on secondary market prices for these securities were unavailable. On April 1... the national average interest rate contracted to be paid by the borrowers on conventional first mortgages dropped five basis points from the rate of a month earlier to 8.95 and 9.00 percent, respectively. These rates are at the lowest level in a year. Almost all areas reported either lower rates or no change from a month earlier with the exception of existing home contracts in the Southeast where the rate increased by five basis points.

Urban renewal project notes totaling \$271,247,000... representing 89 local issuing agencies... were sold in mid-April at an average interest rate of 2.918 percent. The average interest rate was down from the 3.162 percent for the \$259.6 million of project notes sold in mid-March... and was the lowest since the 2.904 rate in November 1972.

At the early April *GNMA* auction... bids on 130 mortgages totaling \$250 million were accepted. Total offers received were in excess of \$1 billion. The accepted offers included bids for outright purchase on 110 mortgages totaling \$214 million and bids for options to purchase 20 mortgages totaling \$36 million. The range of accepted bids for projects that pay off in cash in the event of default was from 8.536 to 9.188 percent... with an average yield to the investor of 8.824 percent.

Mutual Savings Banks in the United States had a net deposit inflow of \$900 million in March... according to the *National Association of Mutual Savings Banks*. The *Association* said the figure "would appear to reflect an attitude of cautious optimism on the part of the Nation's consumers." It noted that the March inflow during a period of "rising consumer spending" suggested consumers "are utilizing gains in incomes to increase both spending and saving." The \$900 million figure compared to \$1.02 billion during March 1975... which was the highest of any month on record.

In March... permits issued for new housing rose 1.9 percent from February... to a seasonally-adjusted annual rate of 1.156 million units... according to the *Commerce Department*. This is the largest one-month activity record since May 1974. Housing starts... meanwhile... dropped 7.6 percent from the previous month... to a seasonally-adjusted rate of 1.444 million units. While the starts level was below the unusually high figure for February... it was still the second highest monthly performance for any month since mid-1974.

The Gautreaux Decision

On April 20... the *Supreme Court* ruled in *Hills vs Gautreaux et al.*... (Certiorari to the *U.S. Court of Appeals for the Seventh Circuit*) No. 74-1074. In response to the *Court's* ruling... Secretary Hills issued the following statement:

"The *Supreme Court* has decided that the *Gautreaux* case should go back to the *United States District Court* for further proceedings in line with the decision. In the further proceedings, the *District Court* is to consider whether to grant relief against *HUD* to encourage subsidized housing in communities around Chicago, and, if so, what specific relief should be granted under existing housing and community development programs.

The *Supreme Court* underlined the role of local governments. The *Court* stated that 'a remedial plan designed to insure that *HUD* will utilize its funding and administrative powers in a manner consistent with affording relief to the respondent need not abrogate the role of local governmental units in the Federal housing assistance programs.'

This is a complex case going back many years and *HUD* will be presenting its views to the *District Court* under the *Supreme Court* decision. *HUD* will seek the best manner to carry out the *Supreme Court's* decision as the suit progresses."



Annual Housing Survey Begins

A *HUD Annual Housing Survey* in 20 metropolitan areas across the country will be conducted during the next 12 months by the *Census Bureau*.

The Survey... which *HUD* has instituted in response to a need for frequent and up-to-date data on U.S. housing... started on April 1 and will continue through March 1977. About 140,000 housing units in the 20 *Standard Metropolitan Statistical Areas (SMSA's)* will be covered.

SMSA's in the *Annual Housing Survey* are covered on a 3-year rotation basis... with a different group of metropolitan areas being surveyed each year until the rotation is completed.

The sample of housing units was selected from 1970 census records and has been updated to include new construction.

SMSA's in this year's *Survey* are: (15,000 housing units in each *SMSA*) New York, N.Y.; St. Louis, Mo.-Ill.; Houston, Tex.; and Seattle-Everett, Wash.; (5,000 housing units in each *SMSA*) Providence-Pawtucket-Warwick, R.I.-Mass.; Buffalo, N.Y.; Allentown-Bethlehem-Easton, Pa.-N.J.; Baltimore; Birmingham, Ala.; Louisville, Ky.-Ind.; Raleigh; Cleveland; Indianapolis; Grand Rapids; Oklahoma City; Omaha, Nebraska-Iowa; Denver; Honolulu; Las Vegas; and Sacramento.

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

Because interviewers will be returning to the areas every 3 years, the *Survey* will make possible comparisons of the number and types of housing, changes in the total number of units resulting from losses and new construction. It will permit comparisons of the percent of units owned or rented, the frequency of mechanical and utility breakdowns and other indicators of the physical condition of residential structures. Results of the *Survey* will also provide data on the characteristics of occupants who move in and out over the years, and the types of units in which they live.

Previously, housing data have come only from the 10-year census, irregular sample surveys, and 1-time special studies.

Significant Court Decisions

There have been several recent *Federal Court* decisions directly affecting HUD programs.

Cooperative Services, Inc., et al. v. HUD, et al., U.S.D.C., District of Columbia, C.A. No. 74-831. The *Chief Justice* of the United States has granted HUD a stay of an order of the *District Court* for the District of Columbia which required the *Department* to obligate as much as \$115 million to make loans to the plaintiff corporation. The funds were to be used to make 3 percent loans to provide housing for the elderly under the *Section 202 Program* as it existed prior to the *Housing and Community Development Act of 1974*.

NAACP, et al. v. Hills, City of Santa Rosa, et al., U.S.D.C., N.D. Cal., C75-2257. The *Court* granted defendants' motion for summary judgment and sustained as lawful the proposed expenditures of *Block Grant Funds* for completion of an *Urban Renewal Project*. The *Court* found that the approved activities were not inappropriate to meeting recognized public needs, and rejected the contention that the citizen participation requirements of the statute had not been complied with.

Bois d'Arc Patriots, et al. v. City of Dallas, Hills, et al., U.S.D.C., N.D. Tex., C.A. 3-75-0906-D. After a trial... the *Court* found that the *City of Dallas* had properly considered the environmental consequences of its application; that adequate citizen participation had been provided; and that HUD's approval was neither arbitrary, capricious, nor contrary to law.

Druker, et al. v. City of Boston, et al., U.S.D.C., D. Mass., C.A. 71-45-F; Kargman, et al. v. Sullivan, et al., U.S.D.C., D. Mass., C.A. 71-2712-F. HUD intervened in this case on the theory that there was an irreconcilable conflict between the local rent control ordinance and HUD's *Procedures* for regulating rentals in subsidized projects. The *Court* agreed that HUD's program for regulating rentals preempted the field and that the ordinance of the *City of Boston* was invalid insofar as it purported to affect projects subsidized by HUD/FHA.

Fenner, et al. v. Bruce Manor, Inc., Hills, et al., C.A. H-74-858; Parks, et al. v. Ward, Hills, et al., C.A. H-74-859; Harris, et al. v. Bywater Homes, Hills, et al., C.A. H-75-95, U.S.D.C., D. Md. The *Court* held that tenants of projects subsidized by HUD/FHA have no statutory or constitutional right to participate in proceedings for the approval of rental increases sought by the mortgagor. Tenants are not denied equal protection of the law when they are not afforded such rights of participation... although tenants of subsidized projects in the *Ninth Circuit* obtained those rights as the result of an adverse *Court* decision. The *Court* also endorsed direct billing of utility costs to tenants of *Section 236* projects as lawful even in the absence of tenant participation.

Committee for Full Employment, et al. v. Hills, et al. U.S.D.C., E.D. Pa., C.A. 76-210. The *Court* dismissed a complaint that challenged HUD's implementation of the *Emergency Home Owners Relief Act*... because the plaintiffs had no standing in bringing such an action. The *Court* also indicated that it had no jurisdiction to review HUD's refusal to employ a triggering mechanism on a regional... rather than a national basis. A claim concerning the contents of the reports filed with the *Congress* was rejected... again on the ground that plaintiffs had no standing to complain about the adequacy of departmental reports to *Congress*.



1976 Construction Estimates Raised

The *Dodge/Sweet's Construction Outlook for 1976*... issued by *McGraw-Hill*... has been revised upward from the original estimate of last fall. Total construction for the year is now expected to be \$102.5 billion... 12 percent higher than the actual figure for 1975.

As had been previously forecast... the volume of residential construction is estimated to be 37 percent higher than in 1975... with apartment construction showing a spectacular 80 percent rise over last year. The largest drop forecast in any category... manufacturing buildings... is 35 percent lower than 1975's record \$6.8 billion.

May is Home Improvement Time

The annual observance of *HOME IMPROVEMENT TIME* during the month of May has been announced by the *National Association of Home Builders* and its co-sponsors. . . the *National Home Improvement Council*, *Home Center Institute*; *National Lumber and Building Materials Dealers Assn.*; *National Remodelers Assn.*; *National Retail Hardware Assn.*; *National Assn. of Plumbing-Heating-Cooling Contractors*; and *National Environmental Systems Contractors Assn.*

Other participants include: *Abitibi*; *Alcoa Building Products*; *Alside*; *American Gas Assn.*; *American Standard Plumbing/Heating*; *Asphalt Roofing Manufacturers Assn.*; *Bird & Son*; *Boise Cascade*; *California Redwood Assn.*; *Celotex*; *Certain-teed Products*; *The Cooper Group*; *Del Mar Woven Wood*; *Dixie-O'Brien*; *Dow Chemical U.S.A. Construction Materials*; *Edison Electric Institute*; *Flintkote*; *Formica*; *Fuller-O'Brien Paints*; *GAF*; *General Electric*; *General Electric Credit*; *Georgia-Pacific*; *Heatilator Fireplace*; *Gold Bond Building Products*; *Home Center Magazine*; *Hotpoint*; *House Beautiful*; *House & Garden*; *Johns-Manville*; *Majestic*; *Moen*; *O'Brien*; *Owens Corning Fiberglas*; *Reynolds Metals*; *Simpson Timber*; *Stanley Door Systems*; *Tappan*; *United States Gypsum*; *United States Plywood*; *Weyerhaeuser*; *White-Westinghouse*; and *Z-Brick*.

NAHB affiliates and other organizations throughout the country conduct local programs during the month. . . calling public attention to the many advantages of upgrading and improving properties.



Publication: Available

The Municipal Year Book 1976. For over 40 years, the authoritative source of information on the Nation's municipalities. 416 pages. . . 140 tables. . . 9x12 inches, case bound. . . subject index. . . 5-year cumulative subject index. \$26.00 (\$24.50 if payment accompanies order) from *International City Management Association*, 1140 Connecticut Ave., N.W., Washington, D.C. 20036.

HUD newsletter

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HUD newsletter

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May 10, 1976

Vol. 7 No. 19

Current Trends

The *FHLBB* report for March shows mortgage interest rates on both new and existing homes at their lowest since last summer. The average effective rate on conventional new house loans for the month was 8.93 percent... unchanged from February... but the rate on existing homes fell from 9.23 percent in February to 9.11 percent in March. This compares to the 9.28 rate in effect a year earlier. This was the fourth month in a row that the rate for existing homes declined. Loan terms were more liberal... as well... as average maturity periods increased from 26 to 27 years.

The *Bank Board* also reported that average new home prices rose in March to \$46,900 from the February figure of \$45,200... and existing home prices rose from \$37,600 to \$39,900.

GNMA has awarded two mortgage-backed securities offerings totalling \$336 million. The 7½ percent 30-year securities totalling \$175.3 million were awarded at a price of \$94.9218 and are being reoffered at 95.30 to yield 7.85 percent to the investor. The 7½ percent 30-year securities totalling \$160.6 million were awarded at a price of \$96.6718 and are being reoffered at 97.00 to yield 7.87 percent to the investor. This is the 14th such auction conducted under *GNMA*'s revised mortgage disposition program and brings the total securities auctioned in this manner to \$3.4 billion.



Section 202 Projects Announced

Secretary Hills has announced the names of 136 sponsor-applicants to build housing for the elderly or handicapped under *Section 202 of the Housing Act of 1959*. The projects are designated to receive direct loans of nearly \$375 million. Under Regional allocations announced last January... some 12,600 units can be built or substantially rehabilitated under the *Program*. The approvals announced were selected from more than 1,500 project applications... requesting financing for more than 230,000 units.

Under *Section 202* of the amended 1959 Act, *HUD* is authorized to make loans to eligible applicants during FY 1976. They may borrow directly from *HUD* in amounts up to 100 percent of the total development costs of their projects, within the same limits which would be applicable to the housing for the elderly *Section 231* mortgage insurance program. Loans will be for 40 years and at an interest rate related to the current long-term rate paid by the *U.S. Treasury* in its borrowing activities.

The *Program* is designed primarily to help meet the housing needs of low- and moderate-income groups. It is expected that tenants will have a wide range of income, including those who need no financial assistance. However, for those persons with income below 80 percent of the median income for the locality, subsidies will be available under *HUD's Section 8 Housing Assistance Payments Program*.

Because of the obvious equity in providing a broader range of sponsor participation and greater geographic distribution, the *Selection Committee* appointed by the *HUD Secretary* considered it desirable in many cases to approve projects for lesser amounts than requested by the applicant. The *Committee* applied a maximum of 100 units for each project unless found otherwise impractical such as in the case of a building to be rehabilitated.

New Tenant Rights Published

More than 3 million tenants in the Nation's *Public Housing* are now guaranteed advance notice... and a chance to voice their opinions... of any proposed rent changes affecting them as a result of new ground rules issued by *HUD* and published in the *Federal Register* of April 15.

HUD Assistant Secretary James L. Young said a final rule on the subject... which in itself reflects tenant suggestions... now requires *Public Housing Agencies (PHA's)* to:

- Give *Public Housing* tenants and *Tenants Associations* at least 30 days notice of intent to request *HUD* approval of a rent schedule change;
- Provide tenants an opportunity to make written comments on the proposed changes; and
- Inform tenants of *HUD's* decision... whether approval or disapproval... after all submitted materials have been considered.

Other tenant rights confirmed by the final rule include:

- Opportunity to inspect and copy all materials submitted to *HUD* in support of proposed rent schedule changes; and
- Right to assistance of legal counsel or other person in examining *PHA* records.



Senior Members of Congress Die

Two veteran members of the *House of Representatives Banking, Currency, and Housing Committee* died in Washington within a few days of each other. Congressman Wright Patman of Texas, the senior member of the *House*, who had served 47 years in *Congress*... most of them as a member of the *Committee*... and 12 years as its chairman, died first. This was followed by the death of Congressman William A. Barrett of Pennsylvania, the third ranking member of the *Committee*, who served almost 30 years in the *House*.

Both men were major forces in most of the housing and related legislation that was enacted during their periods of service and had a tremendous impact on the shape of the unprecedented Federal involvement in housing and urban development matters that took place in connection with the passage of the *Housing Act of 1949* and subsequent legislation.



Census Poverty Data Report Issued

A special report containing comparable poverty data from the 1960 and 1970 population censuses for geographic areas of the U.S. has been published by the *Census Bureau*. The statistics included are those most frequently requested by data users. The report is the first with poverty data covering a 10-year time span for many local areas in an easy-to-compare format.

Selected data are shown on the poverty status in 1959 and 1969 (the years prior to each census) of persons and families for the U.S., each of the 50 States, all of the more than 3,000 U.S. counties, *Standard Metropolitan Statistical Areas (SMSA's)*, and central cities of large *SMSA's*.

The publication includes previously unpublished 1970 census data on school-age children in poverty families and on the aged poor.

The report, *Poverty Status in 1969 and 1959 of Persons and Families*, for States, *SMSA's*, Central Cities, and Counties: 1970 and 1960, Series PC(S1), No. 105, 1970 Census of Population, is available for \$2.20 from the Superintendent of Documents, Washington, D.C. 20402.

FmHA Housing Credit Extended

Home loan service to families of low- and moderate-income has been extended to 154 communities in the 10,000-to 20,000-population range by the *Farmers Home Administration (FmHA)*. . . the rural credit agency of the *U.S. Department of Agriculture*.

The action was taken under a provision of the *Housing and Community Development Act of 1974*. . . which authorized *FmHA* to make housing loans in rural towns where population exceeds 10,000 but does not exceed 20,000, if the *Secretaries of Agriculture* and *HUD* determine such towns have a serious lack of mortgage credit. *FmHA* otherwise confines its *Home Loan Program* to the rural countryside and rural towns of not more than 10,000 population.

Regulations for extending service to the 154 larger community areas certified by the two *Secretaries* were in the April 14 *Federal Register* and became effective immediately. As required by law. . . all communities listed are outside *Standard Metropolitan Statistical Areas (SMSA's)*.

The extended authority applies to single-family housing loans administered by *FmHA* under *Section 502 of the Housing Act of 1949*, as amended. The *Agency's* insured loans may be made to families whose incomes are categorized as low or moderate. . . for terms of up to 33 years. The interest rate currently is 8½ percent. Under interest credit provisions of the *1974 Housing Act*, interest as low as 1 percent may be paid by a borrower-family of low income.



Southern California Leads in Housing Completions

The *F.W. Dodge Division of McGraw-Hill* has just released its final figures on housing completions for the year 1975. The Los Angeles-Orange County area once again led the Nation with 32,961 units (Los Angeles-Long Beach, 18,604 units—Orange County, 14,357); Chicago was next with 24,695 new units; Dallas, 19,851; Houston, 17,555; Detroit, 17,028; San Diego, 15,330; Seattle-Everett, 12,181; Washington, D.C., 12,102; and Atlanta, 11,982. The nationwide total of new housing production for the year was down 16.8 percent from 1974.



AIA Names Honorary Fellows

The *American Institute of Architects* has announced that 11 distinguished foreign architects have been named *Honorary Fellows* of the *Institute*.

Elected by the *Board of Directors* of the national professional architectural society, they are: Mario Roberto Alvarez, Argentina; Emiliano Bernasconi, Italy; Eduardo Chamorro, Nicaragua; Hassan Fathy, Egypt; Fred Thornton Hollingsworth, Canada; Juan Sordo Madaleno, Mexico; Peter H. Oltmanns, West Germany; Reima Pietla, Finland; Thomas Jose Sanabria, Venezuela; Hans Hartvig Skaarup, Denmark, and James Stirling, United Kingdom.

The title of *Honorary Fellow*, currently held by only 170 other architects, is reserved for "architects of esteemed character and distinguished achievement" who are not U.S. citizens and do not practice in this country and its possessions. The 1976 recipients were invested during the 108th annual convention of the *American Institute of Architects*, held in Philadelphia, May 2-5.



All-America Cities Named

Each year the *National Municipal League* honors 10 American municipalities as *All-America Cities*. . . based on their record of citizen involvement in community betterment programs. . . including cultural, physical, and social upgrading activities. The list for *Bicentennial Year 1976* is: Cleveland Heights, Ohio; Frederick, Maryland; Harbor Springs, Michigan; Marshall, Texas; Montebello, California; Oak Park, Illinois; San Pablo, California; Plainfield, New Jersey; and Portsmouth, Virginia.

Baltimore Most Responsive

The nonprofit research group... the *Council on Municipal Performance*... has completed a study on how city governments respond to the desires of their citizens. It measured regular citizen communication channels, including the city government's reactions to groups and individuals. The survey weighed the various factors... and measured each city on a scale of 0 to 3... with the higher number being the most responsive.

Baltimore led the Nation's 22 largest cities. The ratings were: *Excellent*—Baltimore, 2.30; Seattle, 2.18; Los Angeles, 2.05; San Antonio, 2.0; and Dallas, 1.99. *Good*—Indianapolis, 1.96; San Francisco, 1.80; Columbus (Ohio), 1.73. *Average*—Milwaukee, 1.69; Denver, 1.68; San Diego, 1.66; Cleveland, 1.65; New Orleans, 1.60. *Fair*—Washington, 1.58; Philadelphia, 1.57; Houston, 1.56; Boston, 1.49; St. Louis, 1.44. *Poor*—Memphis, 1.33; New York, 1.31; Pittsburgh, 1.20; and Chicago, 1.05.

FYI



American Bankers Association... National Conference on Urban and Community Economic Development... Washington, D.C., May 24-25. Registration: ABA, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036. (202/467-4103).

Government Information Services... Grantmanship and Federal Funding for Local Programs Seminar... Washington, D.C., June 7-9. Details: GIS, 752 National Press Building, Washington, D.C., 20045. (202/638-5095).

Drexel University... Seminar... How to Manage Environmental Protection Programs... Philadelphia, June 14-17. Registration: Director, Continuing Professional Education, Drexel University, 32nd and Chestnut Streets, Philadelphia 19104. (215/895-2154).

HUD newsletter

HUD-318-227-ASI
May 10, 1976

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HUD-401



Mrs. Landis

Room. 8/41

HUD NEWSLETTER
May 10, 1976



HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



May 17, 1976

Vol. 7 No. 20

Current Trends

Effective interest rates on *FHA*-insured and *VA*-guaranteed home loans declined during February and March... according to a *HUD* survey. On federally-underwritten single-family homes... interest rates declined to 9.31 percent in early February... a drop of 16 basis points from the 9.47 percent prevailing in early January. The effective interest rate on loans closed in March was 9.19 percent. The rate for new commitments in March averaged 9.16 percent. The maximum interest rate on *FHA/VA* loans during the period covered in the survey was 8.75 percent. This rate was lowered to 8½ percent on March 30.

Project notes totaling \$700.3 million... representing 93 *Public Housing Agencies*... were sold in late April at an average interest rate of 3 percent. The rate a month earlier was 3.059 percent.

The *F.W. Dodge Division of McGraw-Hill* reports that new construction contracts in March rose 42 percent over March 1975... to a level of \$8.91 billion. The increase came in both residential construction activity... which has been going up for a number of months... and also in nonresidential... which has been lagging. The turnaround in nonresidential... a 17 percent rise over the 1975 figure... led George A. Christie, Chief Economist for *Dodge* to comment: "An upturn in the nonresidential market seems to be 'finally taking hold'. Although the construction recovery remains tenuous... the conditions needed to keep it going are looking better all the time."

Further evidence that the American public is in a saving mood was the *Treasury's* report that savings bond sales in the first quarter were the highest since the *H Bonds* were first put on sale 24 years ago. The combined sales of *Series E and H Bonds* totaled \$1.98 billion... up from \$1.66 billion for the previous three months. Sales also exceeded redemptions.

Final figures for 1975 compiled by *HUD* showed that long-term mortgage loans closed during the year totaled \$118.1 billion... an increase of 6 percent above 1974's \$111.4 billion. Reflecting the marked improvement in home sales... loans closed for 1-to-4-unit residential properties grew from \$67.5 billion in 1974 to \$77.3 billion in 1975... a 15 percent rise. In contrast... loans closed for apartment houses were 15 percent lower in 1975 than 1974... and mortgage lending for commercial properties also declined. Farm mortgage lending remained the same as the previous year.



Return of the Single-Family House Predicted

The new trend in housing is the return to the single-family house... according to Jerome L. Howard, president of the *Mortgage Bankers Association of America (MBA)*. Speaking at the *American Bankers Association 16th National Conference on Real Estate Financing* in Dallas... Mr. Howard said: "The long uptrend of apartment starts as a proportion of total activity is not only over but has already started to go in the other direction... shifting back to single-family activity. This the beginning of a trend that will continue for the next decade and a half.

"We have crossed the threshold of a single-family housing boom that in the next 15 years will rival the post-war single-family housing boom of the late 1940s and 1950s... and in one very real sense will exceed that golden age of housing activity," Howard predicted. "More single-family housing units will be started in the next 15 years than from 1946 through 1960."

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Rehab Ideas Asked

HUD is asking the public for ideas on *Neighborhood Rehabilitation* through use of its *Housing Assistance Payments Program*.

The assistance program under consideration by HUD would aid communities in carrying out concentrated rehabilitation programs as part of neighborhood planning. It would be available to communities which participate in HUD's *Community Development Block Grant* program and have a local commitment to concentrate public and private resources on conservation of neighborhoods.

The general proposal to modify HUD's *Section 8 Housing Assistance Payments Program* was published in the *Federal Register* on April 26. The public has been invited to submit written comments by May 26. The comments will be considered by HUD in developing *Program Regulations*.



Fair Housing Publication Issued

HUD has issued *Fair Housing & Funding: A Local Strategy*... a "how-to" manual on fund-raising techniques, strategies, and possible funding sources... public and private... for local Fair Housing efforts.

Based on information compiled by the *National Fair Housing Conference* sponsored by HUD in April 1975... the 200-page manual (and accompanying 70-page appendix) provides the basic information necessary to seek and gain funding for Fair Housing organizations.

James H. Blair, HUD Assistant Secretary for Fair Housing and Equal Opportunity, said the publication is "only a set of guidelines, not a blueprint that can be followed successfully line-by-line," because "the circumstances vary in each community and the choice of funding techniques, together with the method of application, will vary from city to city and from organization to organization."

Particular attention is paid to such public resources as HUD's *Section 701, Comprehensive Planning Assistance Program*; the *Social Security Act Amendments of 1974*; the *Older Americans Act of 1965*; the *Higher Education Act of 1965*, and the *Appalachian Regional Commission*. Private fund-raising sources examined include foundations and individual and corporate contributions.

Fair Housing groups and organizations may obtain copies of *Fair Housing & Funding: A Local Strategy* (HUD-EO-137, March 1976) from: Office of Fair Housing and Equal Opportunity, HUD, Room 5202½, Washington, D.C. 20410.



New Publications

Land Use Planning Abstracts... 1974-1975. Published by *Environment Information Center*... the clearinghouse for energy and environmental information. The book lists 110 land-use related bills... along with 385 new books and several thousand abstracts of significant journal articles and reports published during the 2-year period. *Publication No. 74-28044*, 500 pp, hardcover, \$50, updated annually. Available on 10-day approval from EIC, 12 E. 39th Street, New York City 10016.

Federal-State-Local Government Directory, 1976 Winter-Spring Edition. A quick-reference 224-page directory listing top officials and their aides. An authoritative source for names, addresses, telephone numbers of officials and sources of government and international statistics and data. Price \$3.95 from *Braddock Publications*, 1028 Connecticut Avenue, N.W., Washington, D.C. 20036.

Residential Storm Water Management... objectives, principles, and design considerations... a comprehensive manual and definitive guide to be used in the development of storm water management systems. Published jointly by ULI—the *Urban Land Institute*, the *American Society of Civil Engineers*, and the *National Association of Home Builders*. Available from ULI, 1200 18th St., N.W., Washington, D.C. 20036. Price \$4.50 to ULI members; \$7.50 to nonmembers.

Ford Foundation Aids Tenant Management Studies

The *Ford Foundation* has provided a \$600,000 grant to the *Manpower Demonstration Research Corporation* of St. Louis to cover a portion of the cost of a *National Tenants Management Program*. . . patterned after the experiments conducted in St. Louis. . . which were financed by a *HUD* grant.

The St. Louis activity showed promising results. . . and the *Ford Foundation* funds. . . which will supplement the *Federal* grant. . . will be used to cover a portion of *MDRC's* administrative costs, including supervision and evaluation of the program.

MDRC will provide training for tenants in such areas as accounting and budgeting, real estate management, community organization, and job creation and training. *MDRC* will also evaluate the experiments with respect to five major objectives: improving operating performance, reducing social delinquency, providing new employment opportunities, enhancing community aspects of public housing, and increasing resident satisfaction.

The success of the St. Louis projects has led housing experts to believe that tenant management can ameliorate many of the problems plaguing public housing. Crime, vandalism, and rent delinquency have forced the abandonment of projects in some cities. In St. Louis, a 9-month rent strike toppled the housing administration and all but bankrupted the *Housing Authority*.

A key element in the St. Louis experiments has been the new job opportunities provided chronically unemployed residents. Tenants have been hired as building and lane captains, youth workers, security guards, and social service directors. The St. Louis tenant-managed corporations (TMC) are also participating in a national supported-work demonstration in which tenants with special needs are given the opportunity to gain new skills and confidence. Under the demonstration, tenants have been employed to provide homemaking and food services for the elderly and child care for working mothers. *MDRC* is also administering the supported-work demonstration with *Federal* and *Foundation* funding.

Further details from Thomas V. Seessel, *Manpower Demonstration Research Corporation*, 200 East 42nd St., New York, N.Y. 10017.



Resource Center Elects

Edwin D. Dodd. . . president and chief executive officer of *Owens-Illinois, Inc.*, was elected *Chairman of the Board* of the *National Center for Resource Recovery, Inc. (NCRR)*.

He replaces Donald M. Kendall, who resigned the chairmanship. Mr. Kendall who is chairman of the board and chief executive officer of *PepsiCo., Inc.*, had been chairman of the *Center's* board since its organization in 1970. He will continue to serve as a director.

August A. Busch, III, president and chief executive officer of *Anheuser-Busch, Inc.*, was elected vice chairman of the board. He succeeds Dodd. . . who formerly served in that position. Kendall, Dodd, and Busch were among the industry leaders who founded the non-profit research organization to advance resource recovery as an alternative to conventional solid waste disposal.

Dodd is also chairman of the *Executive Committee* and a director of the *NCRR Foundation*. The *Foundation* is a separate, non-profit entity engaged in activities supporting the *National Center*.

At the board meeting, two new directors were elected: E.R. Kane, president, *E.I. duPont DeNemours and Co., Inc.*, and William W. Wommack, vice chairman of the board, the *Mead Corp.*

Members of the *NCRR* board of directors represent 17 industries and several labor unions that support the *Center*, as well as education and consumer interests.

Atlas to be Published

A Comparative Atlas of America's Great Cities: Twenty Metropolitan Regions... will present information derived and interpreted from the findings of the 1970 U.S. census. Edited by Ronald Abler.

Publication date will be August 1. This will be Volume 3 of the *Comparative Metropolitan Analysis Project*... sponsored by the *Association of American Geographers* and funded by the *National Science Foundation*. The work is being published by the *University of Minnesota Press* for the *Association of American Geographers*. Volumes 1 and 2 of the *Comparative Metropolitan Analysis Project* are being published by the *Ballinger Publishing Company* of Cambridge, Massachusetts. These volumes... both of which are edited by John S. Adams... are titled, respectively, *Contemporary Metropolitan America: Twenty Geographical Vignettes*, and *Urban Policymaking and Metropolitan Dynamics: A Comparative Geographical Analysis*.

The Comparative atlas will contain 1,050 maps in color, as well as additional maps in an appendix in black and white. The maps and text together explain, interpret, and discuss detailed findings concerning social, economic, and political aspects of the twenty metropolitan areas, including environment, housing, transportation, land use, education, public health and health care services, crime and public safety, socio-economic and racial segregation, employment and poverty, urban renewal and redevelopment, and intergovernmental relationships.

The cities or metropolitan regions covered in the atlas are Boston, New York-Northern New Jersey, Philadelphia, Hartford-Connecticut Valley, Baltimore, New Orleans, San Francisco-Oakland, Pittsburgh, St. Louis, Cleveland, Chicago, Detroit, Minneapolis-St. Paul, Seattle, Dallas-Fort Worth, Houston, Los Angeles-Long Beach, Miami, Atlanta, and Washington, D.C.

The *Atlas* will be priced at \$95.00, with a 10 percent discount on advance orders placed before August 1. *University of Minnesota Press*. Minneapolis 55455.

HUD newsletter

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HUD NEWSLETTER
May 17, 1976

HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



May 24, 1976

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Vol. 7 No. 21

Current Trends

The average price of an existing single-family home rose in March to \$37,190 from \$34,240 a year ago. . . according to Philip C. Smaby, president of the *National Association of REALTORS*. The 8.6 percent increase represents the fourth consecutive month in which the year-to-year advance has been less than 10 percent. . . and may indicate that the rise in home prices is moderating, Smaby said. The trend is evident in three of the four regions of the Nation. The rate of increase in the North Central region was 9.5 percent to \$31,770; in the Northeast, 7 percent to \$41,060; and in the South, 5.9 percent to \$36,100.

Net new savings receipts of federally-insured associations totaled \$3.68 billion in March. This was slightly less than receipts a month earlier (\$3.72 billion) and the year-earlier volume of \$3.69 billion, which had represented a record for the month. March receipts, however, were below the alltime peak reached in January. Nevertheless. . . they brought total net new savings receipts for the first quarter of 1976 as a whole to a record \$12.5 billion, 26 percent more than a year earlier.

Mortgage loans closed by insured S&L associations totaled \$5.7 billion in March. This was over 80 percent more than the sharply curtailed year-earlier volume and almost two-fifths more than in February. The bulk of the month-to-month increase was seasonal in nature. . . but even after adjustment for seasonal variation. . . loans closed rose modestly last month to a volume exceeded in only a few months late last year. Outstanding commitments for future mortgage lending by associations also showed more than seasonal strength in March. Such commitments increased by \$1.5 billion during the month to total \$14.3 billion at monthend. This was 43 percent more than a year earlier.

The *Commerce Department* reports that construction outlays in March were up 4 percent over February. . . to a seasonally-adjusted annual rate of \$139.5 billion. This was the biggest month-to-month rise since a comparable increase last September. The figure was 11.2 percent above the level of March 1975.

Yields were up as *FNMA* issued \$282.4 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. The corporation issued \$222.3 million in commitments on *Government*-backed mortgages at an average yield of 8.937. . . which converts to an average price of 96.95 for 8½ percent *HUD/FHA-VA* mortgages. In the conventional auction. . . \$60.1 million in 4-month commitments was issued at an average yield of 9.091 percent. . . up from 9.004 percent in mid-April.

Farmers Home Administration has allocated \$500 million additional lending authority for rural housing authorized by Congress last December; \$300 million will be used for homeownership loans and \$200 million for rental housing.

The *Mortgage Bankers Association* said that the late-April upturn in long-term interest rates was a nervous reaction to news that the market interpreted as unfavorable. "Yet this appears to be only a temporary aberration. Long-term yields, which are now the lowest in 2 years, should decline further before the end of the summer with corporate bond yields dropping below 8 percent," said the *Association's Weathervane*.

FHLBB Begins Mortgage Study

The *Federal Home Loan Bank Board* announced the initiation of a major research study on alternative new designs for a home mortgage instrument.

The *Alternative Mortgage Instruments Research Study (AMIRS)* comes at a time when borrowers, lenders, and some members of *Congress* are recognizing the inadequacies of the standard fixed-rate level monthly payment mortgage instrument, according to Garth Marston, Acting Chairman of the *Board*.

This is not to say... said Marston... that the traditional fixed-rate level payment mortgage has not served the country well. But, he pointed out, it has worked well largely because in the past, until the mid-1960's, the economy was characterized by stable monetary conditions, modest inflation, and relatively low interest rates.

Also cited were some examples of the inadequacy of the traditional mortgage instrument... its inability to recognize and accommodate a wide variety of borrower income patterns such as the typically rising income pattern of young working families, the more level and then declining income pattern of retired or soon to be retired homeowners, and the periodic lapses of income for temporarily unemployed or incapacitated homeowners. Also... the pattern of money market interest rates rising and savings flows to thrift institutions declining leads to higher mortgage rates and an uneven... and on occasion... inadequate supply of residential mortgage credit.

The study's objective is to provide a comprehensive evaluation of the many types of new mortgage instrument designs which have been proposed recently by lenders, borrowers, *Government Agencies*, and Members of *Congress*. These proposals represent a wide variety of mortgage instruments including such new forms as "reverse annuity," "deferred interest," "shared equity," and "graduated payment" mortgages.

The *Bank Board* study will focus on those characteristics of alternative mortgage designs that make them desirable or undesirable from the viewpoint of both borrowers and lenders so that recommended proposals will have the greatest public appeal.

June 1, 1976, is the formal starting date for *AMIRS*. It is anticipated that the study will be completed early in 1977.



Housing Assistance Regulations Published

In the *Federal Register* of May 7 *HUD* asked for public comment on *Regulations* and instructions governing the review of *Housing Assistance* applications and the allocation of *Housing Assistance Funds*.

The proposal would amend *Chapter VIII* of *Title 24* of the *Code of Federal Regulations* by adding *Part 891* which applies to the review and approval of applications under *Sec. 213* of the *Housing and Community Development Act of 1974*.

This *Section* would establish the procedure for local government review and comment concerning *Housing Assistance* applications submitted to *HUD* under *Sections 8, 235, 202, and Public Housing*.

Finally, the new *Regulations* would outline the basis for distributing housing assistance funds under the various subsidy programs administered by *HUD*.

Comments received on or before June 4, 1976, will be considered by the Secretary before adoption of a final rule.

Written statements or comments should be filed with the Rules Docket Clerk, Office of the Secretary, Room 10245, *HUD*, Washington, D.C. 20410. Copies of submitted comments will be available for public inspection during business hours... both before and after the specified closing date... at the above address.

Better Living Program Awards Made

The winners in the *21st Annual Homes for Better Living Program* were announced at the *AIA* convention in Philadelphia. The annual program is sponsored by the *American Institute of Architects* in cooperation with *House & Home*, *McGraw-Hill's* business publication for the housing and light construction industry.

Award certificates were presented to four *First Honor* and 13 *Award of Merit* recipients.

Homes for Better Living is the oldest and largest residential design program in the Nation. It was established 21 years ago to upgrade the architectural design of housing by encouraging greater collaboration between architects and builders. Entries are divided into three categories: custom houses, designed for specific clients; merchant-built houses, designed for sale; and multifamily housing.

This year over 300 entries from all over the country were submitted. Two juries, one for custom homes and the other for merchant-built and multifamily housing, selected winners during a 2-day judging session at the *AIA* headquarters in Washington, D.C.

First Honor Awards in the custom house category went to architects Edward Larrabee Barnes, New York City; Hartman-Cox Architects, Washington, D.C.; and MLTW/Turnbull Associates, San Francisco.

Awards of Merit for custom homes were presented to Hobart Betts, New York City; Booth & Nagle Architects, Chicago, Ill.; Kirby Ward Fitzpatrick, San Francisco; Donald Jacobs, The Sea Ranch, Calif.; and Daniel Solomon, San Francisco.

Architects and Planners Donald Sandy Jr. and James A. Babcock earned the only *Four Honor Award* in the multifamily category. They were also the recipients of an *Award of Merit* and the associate architects for the merchant-built *Award of Merit* winner.

Awards of Merit for multifamily housing were given to Clark Tribble Harris & Li Architects, Charlotte, N.C.; Fisher-Friedman Associates, San Francisco; Mackinlay/Winnacker/McNeil, Oakland, Calif.; Schoeneberger, Straub, Florence & Associates, Phoenix, Ariz.; Walz and MacLeod, San Francisco, and Willis and Associates, Inc., San Francisco.

In the merchant-built category, the *Award of Merit* went to SMS Architects, New Canaan, Ct.

Winning projects will be published in *House & Home*, beginning with the June issue.



Refuse-Derived Fuel Research Underway

The burning of trash and garbage as a supplement to oil and coal... which has attracted increased attention since the recent energy shortage... is now being applied in several cities across the country.

The trend... of late... has been toward direct burning of shredded, combustible refuse in large power-generating boilers to reduce the use of more expensive fossil fuels. Current research efforts, however, are developing methods of processing refuse into dense pellets or briquettes for burning in smaller, stoker-fired boilers which normally use lump coal. Progress in this research is reported in an article, *Densified Refuse-Derived Fuel... A Further Application of Waste*, in the Winter 1976 issue of the *National Center for Resource Recovery Bulletin*.

Cities burning or planning to burn refuse-derived fuel include St. Louis; Ames, Iowa; Chicago; Akron, Ohio; Milwaukee; and others.

Copies of *NCRR Bulletin*... a quarterly semi-technical journal published by the *National Center for Resource Recovery*... a nonprofit corporation supported largely by American industry and labor... are available from *NCRR*, 1211 Connecticut Ave., N.W., Washington, D.C. 20036.

\$50 Million Released for Low-Income Housing

HUD has earmarked \$50 million to convert a portion of its inventory of properties into *Public Housing* for low-income families. Secretary Hills said the move is designed to reduce the number of *HUD*-held properties, while at the same time providing some 25- to 30,000 additional homes for low-income families now unable to get into *Public Housing*.

The fund will enable *Public Housing Agencies (PHAs)* with long lists of families waiting for *Public Housing* to buy multi- and single-family properties owned by *HUD*, to rehabilitate them as necessary, and convert them to *Public Housing*. Multifamily properties with mortgages insured or held by *HUD* will also be available for purchase by *PHAs*.

The \$50 million set-aside comes from *HUD's Annual Contributions Contract (ACC) Authority*, approved and released by *Congress* for *HUD's* use in helping *PHAs* finance the development or acquisition of *Low-Rent Public Housing*.

When increasing the *Department's ACC Authority* in the 1976 *Appropriations Act...* *Congress* specified that \$50 million of the additional authorization be used to help *PHAs* develop or acquire *Low-Rent Public Housing*. Based on that authorization... *HUD* is utilizing the authority to help *PHAs* finance the purchase of properties with mortgages currently insured or held by *HUD*, or properties owned by *HUD*.

HUD will provide listings of acceptable properties to interested *PHAs* and sell the properties for their as-is fair market value.

This funding authority is being allocated to *HUD's* 10 Regional Offices which will, in turn, re-allocate funds to Field Offices under their jurisdiction. Secretary Hills' goal is to have all of this contract authority committed by September 30 of this year.

Initial selection of potentially-eligible projects is already underway at *HUD's* 76 Area and Insuring Offices across the country. *PHAs* will be notified by the *Department's* Field Offices of properties available and suitable for *Public Housing* use.

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Mrs. Landis
Rm. 8141

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307



May 31, 1976

Vol. 7 No. 22

Current Trends

Money analysts are anticipating a continuing increase in both long- and short-term interest rates... which inevitably have a direct effect on mortgage rates. The *Bond Buyer*... the authoritative financial trade journal... in its *Yield Index* for mid-May, reported that interest rates on State and city bonds climbed from 6.54 percent in mid-April to 6.83 percent in mid-May. Also... a utility bond issue... with a 10 percent yield... the first double-digit issuance of this type of bond since mid-December... met a great deal of customer resistance. Only a quarter of the issue was sold after it was made available. Interest on 90-day *Treasury* bills moved up from 4.78 to 5.13 percent.

Housing starts in April were at a seasonally-adjusted annual rate of 1.372 million units... according to the *Commerce Department*. This was a drop of 4.3 percent from the March rate of 1.433 million units... and an increase of 39.7 percent over that in April 1975. Housing permits issued during April were at the rate of 1.102 million units... 2.8 percent below the March figure... and 31.7 percent above the 837,000 in April 1975.



Recent Marriage and Divorce Trends Continuing

More young people staying single and maintaining their own households, more divorce and separation, more families headed by women, and more children living with only one parent... trends which developed during the 1960-1970 decade in the U.S... have continued during the first half of the 1970's... according to a report released by the *Census Bureau*.

Data from a nationwide survey conducted in March 1975 show that the number of persons aged 25 to 34 who have never married increased by some 50 percent from 1970 to 1975. In the same period... the number of these persons heading their own households almost doubled. Since 1960... the proportion of single persons aged 20-24 (a range which covers the median age at first marriage for both men and women) increased from 28 to 40 percent for women... and from 53 to 60 percent for men.

The report says the incidence of divorce and separation is still climbing. Some 10 percent of all persons 25 to 54 who had ever been married at the time of the survey were separated or divorced and not remarried. In 1970... the proportion was 7 percent. The increase occurred for both whites and blacks in this age bracket—for whites the rise was from 6 to 8 percent, while for blacks it was from 20 to 27 percent.

Among the consequences of the rising level of divorce and separation are the increasing number and proportion of women who head families and of children who live in homes where only one parent is present. In 1975... there were 7.2 million families headed by women who had no husband living with them... an increase of 1.6 million over 1970. During the same period... the proportion of children under 18 living with both parents declined from 85 to 80 percent. In 1975... 85 percent of all white children under 18 lived with both parents... compared with about half of all black children in that age bracket.

The data in this report are from a sample survey and are subject to sampling variability. A detailed explanation of sampling variability appears in the report.

Copies of the report, *Marital Status and Living Arrangements: March 1975, Series P-20, No. 287*, are available for \$1.10 from the *Superintendent of Documents*, Washington, D.C. 20402.

HOW Program Marks Second Anniversary

The *HOW Program* is 2 years old. The *Program*...initiated by the *National Association of Home Builders*...provides the basis for builders to offer 10-year insured warranties to new home buyers. Marking the anniversary...the *Consumer News*...published by the *Office of Consumer Affairs of HEW*...gave a fairly comprehensive description of the *Program*...and included a summary of how the *Program* works:

- A local *Warranty Council*...licensed by the *Home Owners Warranty Corp.*, an *NAHB* subsidiary...adopts standards for workmanship and materials. During the first year, the builder must make good on any failures to meet these construction standards—such as faulty insulation, improper construction, plumbing and electrical defects—at no cost to the homeowner.

- During the second year of the warranty, the building continues to be responsible for defects in the heating, cooling, electrical and plumbing systems, as well as structural defects.

- After the second year, a national insurance plan directly insures the consumer against major structural defects for the next 8 years. However...if the builder cannot or will not perform his warranty obligations in the first 2 years, *American Bankers Insurance Co.* of Florida...which underwrites the *HOW Program*...backs the builder's written warranty. In addition...if the house is sold before the warranty coverage has expired, the remainder of the coverage passes to the new owner.

As of mid-May:

- *HOW Councils* covered new houses in 39 States and included 285 State and local *Home Builders Associations*. These *Councils* have insured 66,000 new houses.

- Builders are using *HOW* as part of their sales promotion. According to *NAHB* officials, as consumers learn about the existence of *HOW*, they are beginning to ask builders whether they offer this protection. As a result...almost 14,000 builders were participating in the *Program* and this number was increasing.

- *HOW* has gained the support of the financial community. Early in *HOW's* history, the *Home Owners Warranty Corp.* adopted a policy allowing lenders...banks and savings and loans...to be joint beneficiaries with the homeowner in insurance claims over \$1,000 paid by the *Program's* insurer. As a result...several *S&Ls* across the country are giving preferential interest rates either to *HOW* builders on new construction loans or to *HOW* home buyers, reducing the interest they have to pay.

- *HOW's* special feature of providing a conciliation or arbitration program to resolve consumer disputes has had good results. Of the 31 cases brought before the *HOW Councils* since the *Program* was established, most have been resolved through the informal conciliation process. As yet, no case has had to go to formal arbitration.

- *HOW's* insurance protection has already been tested and has proven effective for consumers.

More information is available from *Home Owners Warranty Corp.*, National Housing Center, 15th and M Sts., N.W., Washington, D.C. 20005. (202/452-0450).



HUD Report Available

Annual Report...*Department of Housing and Urban Development*. A narrative record of major activities under all of the programs administered by the *Department* during calendar year 1975. A supplemental statistical report will be published at a later date. *The 1975 Annual Report of HUD*... Stock No. 023-000-00322-B... for sale for \$1.35 from the *Superintendent of Documents*, Washington, D.C. 20402.

New York 'Redlining' Rule Becomes Effective

The *New York State Banking Department's* 'redlining' regulation became effective on May 1. The new regulation... which had been advertised earlier and on which public comments had been requested, requires *State-chartered* lending institutions to disclose the geographic location of mortgage loans made.

Any *State-chartered* institution with assets of over \$50 million must now disclose the amounts and types of mortgage loans they make in the *State's* urban and rural areas. The initial report is due on September 1.

The New York law is similar to those in effect in Massachusetts and California. Congress has also enacted 'redlining' legislation covering certain *federally-chartered* institutions.



Historic Preservation Program Proposed

In the May 10 *Federal Register*. . . HUD published a proposal to make loans available for preserving historic residential structures. The program is designed to enable owners of these structures to obtain property improvement loans from private lenders of up to \$15,000. The loans are to be insured by HUD's *Federal Housing Administration*.

The proposed *Regulations* would implement a Section of the *Emergency Home Purchase Assistance Act of 1974*. . . by increasing the regular *FHA Home Improvement Loan* limit from its usual maximum of \$10,000.

Those eligible for loans are owners of residential structures which are on the *National Register of Historic Places* or which are determined by the *Secretary of the Interior* to be eligible for the *Register*. Structures must be used as dwellings for one or more families. All proposed improvements must be approved by the *State Historic Preservation Officer* in the State where the structure is located before loans can be approved.

Public comments on the proposal are invited and those received before June 11 will be considered before final *Regulations* are published. Comments should be addressed to the Rules Docket Clerk, Room 10245, HUD, Washington, D.C. 20410.



Study of New Community Problems Announced

Two contracts to study and recommend alternatives and future directions for new community development have been announced by James F. Dausch, Administrator of HUD's *New Community Administration*.

The prime contractors in the multi-discipline consulting study, *Kenneth Leventhal & Company* of Los Angeles, and *Coopers and Lybrand* of New York City, were selected from among 14 firms bidding on the contract, the aggregate of which is not to exceed \$700,000.

Working closely with the *NCA* staff. . . the prime contractors and various subcontractors will conduct detailed studies of the financial, economic, social, and governmental problems associated with several federally-assisted new towns.

Mr. Dausch said these studies should provide the *New Community Development Board of Directors* with a number of practical alternative approaches for future development of the program.

HUD-guaranteed new communities involved in the study include: *Park Forest South*, located south of Chicago, Ill.; *Cedar-Riverside*, a new-town-in-town in Minneapolis, Minn.; *Jonathan*, near Minneapolis; *Gananda* and *Riverton*, both near Rochester, N.Y.; *Newfields*, near Dayton, Ohio, and *Flower Mound*, northwest of Dallas, Texas.

Under Title IV of the *Housing and Urban Development Act of 1968* and Title VII of the *Urban Growth and New Communities Act of 1970*, HUD has guaranteed \$280 million in debentures issued by the developers of 13 new communities throughout the United States.

FYI

Building Officials and Code Administrators International, Inc. . . . Annual Convention
... Atlanta, June 13-18. Details: *BOCA*, 1313 E. 60th St., Chicago, Illinois 60637
(947-2580).

American Water Works Association. . . Annual Conference. . . New Orleans, June
20-25. Details: *AWWA*, 6666 W. Quincy Ave., Denver, Colo. 80235 (303/988-1426).

National Leased Housing Association. . . Fifth Annual Meeting. . . Washington, D.C.,
June 17-18. Details: *NLHA*, 1800 M St., N.W., Suite 400 South, Washington, D.C. 20036
(202/785-8888).

Construction Specifications Institute. . . 20th Convention. . . Philadelphia, June 21-23.
Details: John Atherton, *CSI*, 1150 17th St., N.W., Washington, D.C. 20036 (202/833-2160).

National Association of Counties. . . Annual Convention. . . Salt Lake City, June
26-30. Details: *NACo*, P.O. Box 17413, Dulles International Airport, Washington, D.C.
20041.

*The American Management Associations. . . Professional Institutes on Management for
Government Administrators. . .* Hartford, June 22; Boston, June 23; Baltimore, June 29; and
Philadelphia, June 30. Registration: *AMA*, Program Registrar, 135 West 50th Street, New
York, N.Y. 10020 (212/586-8100).

New Publication



Governing California's Coast. Attempts to present some of the lessons learned from
California's experiment with coastal planning since 1972. \$9.75 from the *Institute of
Governmental Studies*, 109 Moses Hall, *University of California*, Berkeley, California 94720
(415/642-1428).

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

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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
May 31, 1976

Mrs. Landis

Rm-8141



HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1807



June 7, 1976

Vol. 7 No. 23

Current Trends

Yields were up in mid-May as *FNMA* auctioned \$390.3 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. The sale involved \$321.4 million in *HUD/FHA-VA* mortgages at an average yield of 9.134... which converts to an average price of \$95.62 for 8½ percent mortgages. The average yield in the previous auction was 8.937. In the conventional auction... *FNMA* issued \$68.9 million at an average yield of 9.240 percent... up from 9.091 percent in the previous auction.

The *FHLBB* reports a sharp rise in the price of new homes sold. The February median sales price of \$43,000 compares with \$38,000 in February last year... a 13 percent increase. The *Bank Board* also reported that in the 6 months ending in February, the price of a new home has been increasing at a 22 percent annual rate. The *Bank Board* explains that the rate of rise is a surprise because, "It is completely out of proportion to the improvement in the financial state of the average consumer, and also appears to contradict the publicity about the increasing importance of 'no frill' housing." They theorize that the mushrooming new home prices are the result of a great many recent home sales to more affluent households upgrading their domiciles, having taken a profit on the sale of a home they already owned. The sharp jump in new home prices... the *Bank Board* said... "throws a big question mark over the ability of builders to reach more of the mass market of first time home purchasers."



Final Urban Renewal Regulations Published

HUD is issuing final regulations to facilitate completion of the Federal involvement in *Urban Renewal*... one of the principal categorical programs replaced by the *Housing and Community Development* of 1974.

Even though the *Urban Renewal Program* officially ended January 1, 1975... there are still 1,200 uncompleted projects in 750 cities with \$2.6 billion in federally-guaranteed loan commitments.

The regulations... published May 18 in the *Federal Register*... authorize financial settlement of *Urban Renewal Projects* before completion. They also clarify other *Urban Renewal* related provisions already in effect... including the use of *Block Grant* funds to pay off *Urban Renewal* loans.

One of the more controversial sections deals with the authority given to *HUD* to deduct 20 percent off the top of a community's *Block Grant* for the repayment of *Urban Renewal* loans.

This section was substantially modified in response to public comments as well as a reassessment of *HUD's* financial requirements.

The regulations also explain the legal requirements a community must follow in buying and reselling land acquired from an *Urban Renewal* project.

Full text of the *Federal Register* item may be obtained from the Legal Dockets Clerk, Room 10245, *HUD*, Washington, D.C. 20410.

HABITAT Conference Opens

HABITAT... The United Nations Conference on Human Settlements... the fifth and largest in a series of international conferences opened on May 31, in Vancouver, British Columbia (Canada). For 11 days... official delegates from more than 130 Nations are meeting to discuss the whole gamut of problems in rural and urban communities. The U.S. delegation to the Conference is headed by HUD Secretary Carla Hills.

Simultaneously... a gathering known as *HABITAT Forum* will bring together over 10,000 individuals and nongovernmental organizations. Their purpose is to supply a broad perspective from private citizens and interested action groups on the officials' deliberations.

The Conference agenda includes debate on a wide range of issues including: national policies; popular participation in planning and implementation; the role of international economics; rural settlements; community involvement; land use and ownership; user-oriented technology; the environment; manmade and natural; and social justice in different cultures and value systems.

It has been called a conference about a concept—the term “human settlements” was designed to encompass every form of community life... but *HABITAT* primarily aspires to promote the exchange of practical solutions to common problems.

Unquestionably real disparities distinguish different kinds of human settlement—in size, social sophistication, political organization, and economic structure. But all human settlements from the simplest village organized around a well to metropolitan behemoths of commerce and industry must devise ways to shelter their citizens, provide essential services such as water and sanitation, apportion land for different purposes, and cope with population shifts and economic change. Perhaps most importantly, all are subject to two overriding trends that could drastically alter the character of human settlements in the next century.

First, by the year 2000, the world's population is expected nearly to double. The brunt of this increase of 3 to 3½ billion people will be borne by the so-called “third world,” the developing countries of Asia, Africa, and Latin America.

Second, though much of the third world is still overwhelmingly rural and agricultural, the trend in both developed and developing countries is unmistakably toward urbanization and industrialization. In fact, the rate of urbanization exceeds even that of population growth.

Each country represented is required not only to participate in committee sessions and plenary debates but to submit in advance of the Conference an official statement of national policy toward human settlements. For many governments, *HABITAT* has supplied the first incentive to analyze their policies in an organized way; for others, *HABITAT* has acted as a catalyst to develop a national policy for the first time.

The U.S. demonstration project... a Bicentennial *Horizons on Display*... shows 200 examples of community achievement across the Nation that illustrate our continuing search for innovative approaches to fill the needs of contemporary human settlements in America.

HUD has developed two films and a slide show especially for *HABITAT*. The films address the issues of citizen involvement and planning for the urban environment; the slide show deals with energy conservation in human settlements.

Further information on the Conference may be obtained from the *HABITAT* National Center, 1111 18th St., N.W., Washington, D.C. 20036.

HUD Program Helps Tenant Employment

HUD has helped *Public Housing* tenants gain more than \$40 million in federally-funded jobs over the past 4 years. . . jobs improving their housing conditions as well as their limited incomes.

Secretary Hills said *HUD* helped *Public Housing Agencies (PHAs)* obtain funds from the *Departments of Labor and Commerce* to hire and train low-income *Public Housing* tenants to do essential work in their own housing projects.

The money comes from the *Comprehensive Employment and Training Act (CETA)* administered by *Labor*, and the *Commerce Department's Job Opportunities Program*. Without it. . . Mrs. Hills said. . . much of the basic work done in *Public Housing* projects would have been put off or done on a limited scale.

Many *PHAs*. . . faced with severe financial difficulties. . . have had to reduce community services, maintenance, and security functions, Secretary Hills said.

HUD in 1975 helped *PHAs* obtain nearly \$14 million worth of *CETA*-supported jobs. Added to the \$29 million allocated during 1972-74, this brings to \$43 million the total *CETA* funds made available for public service jobs over the 4-year period. An additional \$8.2 million was made available under the *Job Opportunities Program* administered by *Commerce*.

Using *CETA* funds, 235 participating *PHAs*, each with 200 or more dwelling units, employed 3,378 low-income housing residents in 1975 to perform jobs principally in maintenance, grounds keeping, plumbing, various mechanical tasks, carpentry and painting. Some *Public Housing* residents performed clerical and filing work, and others were trained and used as resident counselors, information and referral specialists, recreation personnel, and health aides.

The additional \$8.2 million in grants under the *Job Opportunities Program* went to 26 financially-distressed, understaffed *PHAs*, creating emergency employment at essential tasks for more than 1,180 of their low-income residents.



Second Solar Studies Project Announced

In January 1976. . . *HUD* announced 55 grants for demonstration projects involving residential solar energy systems. In July. . . invitations for participation in a second round of projects will be issued. Applications for *Request for Grant Applications (RFGA)* for 'integrated' solar demonstration projects will be sent to those now on *HUD's* mailing list. Applicants will have 8 weeks to submit their forms. . . and project awards are scheduled to be made soon after October 1, 1976.

Any organization interested in receiving a copy of the forthcoming *Application for Request for Grant Application* should address *HUD RFGA/Integrated Projects, Solar Energy Staff, Room 8158, Washington, D.C. 20410 (202/755-5574)*.



Mobile Home Standards Discussed

A public meeting to discuss the new enforcement regulations of the mobile home construction and safety standards has been held. Constance B. Newman, *HUD* Assistant Secretary for Consumer Affairs and Regulatory Functions called the meeting in Kansas City, Mo., May 27-28.

Consumer groups, the mobile home industry, representatives of State and Federal agencies, and other interested persons were invited to attend.

The meeting provided an opportunity to raise questions and get some answers about the regulations scheduled to go into effect June 15, Mrs. Newman said, and all persons and groups involved in enforcing and administering the mobile home construction and safety standards had been urged to attend.

HUD Encourages Greater Housing Choice

HUD is encouraging *Local Housing Authorities* to promote greater choice of housing opportunities for lower-income families seeking rental assistance under the *Section 8 Program*.

Regulations governing the existing housing portion of the *Section 8 Program* were published May 20 in the *Federal Register*. Under this *Program*, . . . *Public Housing Authorities* are encouraged to sign contracts (known as *Housing Assistance Payments*) with owners in any area where the *PHAs* decide they are not legally barred from doing so . . . and to advise families they can lease housing in those areas.

Section 8 is **HUD's** program of supplying rental assistance to lower-income families lacking the financial resources to move into housing of their own choice. *Section 8* funds are allocated through *Local Public Housing Authorities*, which qualify tenants for rental assistance by issuing eligibility certificates.

Spelling out its new procedures, . . . **HUD** announced it will give preference in funding to those *Authorities* offering the widest geographical range of housing to eligible families.

Also, . . . the *Department* is authorizing its field personnel to approve rents as much as 20 percent higher than the current fair market rent for the areas. This authorization is expected to be used primarily in situations where large rental units typically have rents exceeding the fair market rents, and in suburban areas where rents generally exceed the average rent for the metropolitan area.

PHAs are also asked to cooperate with other authorities in permitting families with eligibility certificates to move from one *PHA* jurisdiction to another.

Launched in early 1975, the *Section 8 Program* includes provisions for assistance in substantially rehabilitated buildings and new construction, as well as existing housing. Tenants pay 15 to 25 percent of their income towards the rent, with **HUD** picking up the difference.

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Mrs Landis
Rm 8141

June 14, 1976

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Current Trends

The *Labor Department* reported that average wage rates of unionized building trades workers in cities over 100,000 in the first quarter of 1965 rose .5 percent. . . compared with a .4 percent increase in the first quarter of 1975. For the 12-month period ending March 31, 1976. . . the rise was 8 percent. . . lower than the 9.2 percent increase registered during the corresponding period a year earlier. Hourly wage rates for all building trades averaged \$9.07 on April 1. When employer costs for health, welfare, pension, and vacation plans are added. . . the average rate becomes \$10.48 per hour.

The *Labor Department* also reported that the unemployment rate for construction labor was 15.3 percent in April. . . compared to an overall rate of 7.5 percent for the total U.S. work force.

Mortgage loan delinquencies at *S&Ls* dropped sharply in March to .95 percent . . . from the 1.06 percent level in February. . . according to the *U.S. League of Savings Associations*.

The *National Association of Home Builders Economic News Notes* for May reported that *NAHB* has revised upward its earlier estimate of 1976 housing starts by 1.6 percent to a total of 1.606 million units. Of this number. . . 1.207 million units are expected to be single-family and 399,000 multifamily. Current estimate for 1977 (subject to later revision) is 1.759 million units.

A significant increase in housing construction in the first quarter of 1976 has been reported by the *F.W. Dodge Division of McGraw-Hill*. Starts during the period came to 277,519 units. . . according to George A. Christie, Chief Economist of *Dodge*. . . who said that the recovery in housing activity has thus far been almost exclusively in the single-family field. He added that "the housing cycle has gone about as far as it can until there is some improvement in the still dormant apartment market."

After many months of stable mortgage interest rates. . . a number of the larger California *S&Ls* have raised their prime mortgage rate from 8¾ to 9 percent. . . according to the *Wall St. Journal*. The article quoted a number of *S&L* executives as predicting that the 9 percent rate is only temporary. . . and a 10 percent level is conceivable. This forecast is not universal. . . however. . . as some analysts feel that the new rate will remain for some time. Said one *S&L* spokesman: "Coupled with higher interest rates, loan demand has been so great in California that we can't physically handle any more loans. Savings flows remain good but they aren't keeping pace with mortgage demand. May will probably turn out to be the biggest month in history for mortgage loans."

Congressman Thomas L. Ashley of Ohio has been named Chairman of the *Housing Subcommittee of the House of Representatives*. . . replacing the late William Barrett of Pennsylvania who died in April. Congressman Ashley was elected to the *House* in 1954 and has served continuously since.

Senate Committee Cites Agencies

The *Senate Committee on Banking, Housing, and Urban Affairs* has issued a report in which it said there is "evidence that discrimination is widespread" in the home loan industry. It stated that the *Federal Reserve Board*, the *Home Loan Bank Board*, the *Federal Deposit Insurance Corporation*, and the *Comptroller of the Currency* had never made a formal finding of discrimination by the financial institutions they supervise.

The *Committee* stated that the three bank regulatory agencies... the *Reserve Board*, the *Deposit Insurance Corporation*, and the *Comptroller*... have given "only minimal cooperation to the *Justice Department* and *HUD*" in establishing 'affirmative action' programs... and that only the *Bank Board* had issued regulations regarding fair housing.



HABITAT Conference Opens

The *U.N. HABITAT Conference* in Vancouver, B.C. was opened on May 31 with *HUD* Secretary Carla Hills heading the U.S. delegation. The meeting... which closed on June 11... brought together representatives from more than 130 nations to share their experiences in dealing with the problems of rural and urban communities. The President's 1976 *Report on National Growth and Development*... entitled *Changing Issues for National Growth*... was presented by Mrs. Hills as the official U.S. report to the *Conference*. The *Report*... which is required by statute to be submitted biennially... had already been submitted to *Congress* by the President.

HUD was assigned the responsibility of compiling the document. To assist in its preparation, *HUD* sponsored regional seminars to get ideas on the future of the country from State and local governments and private organizations.

The *Report* contains information on social and economic change, natural resources, economics, urban areas, and government systems. It focuses on growth patterns and activities since 1974 and the changes in individuals' attitudes toward national growth.

Looking beyond this Bicentennial year... it questions whether the shape and direction of our country's growth can be determined by national policies for fiscal and natural resources.

The *Report* recommends a *Uniform Public Participation Act* to modify and standardize the citizen participation requirements now existing under many Federal programs. Citizen involvement in community affairs is a legislative requirement for Federal funding in a number of instances. The proposed Act would replace the proliferation of public participation requirements with a more orderly process that could help to insure open government. The 1976 *Report* is the product of such public involvement and participation at the national level.

Copies of a summary of the *Report* are available to the public from the *HUD* Service Center, Room B-258, Washington, D.C. 20410.



National Wealth is \$5.7 Trillion

In a Bicentennial study... compiled by the *Conference Board*... (formerly the *National Industrial Conference Board*)... and reported in the current issue of the *Morgan Guaranty Trust Company's Survey*... the 1975 year-end national wealth was set at \$5.7 trillion. This compares to an estimated worth of the 13 colonies of \$4 billion (1975 prices) that prevailed 200 years ago. The study was conducted by economist John W. Kendrick, a consultant to the *Conference Board*.

The overall worth of the country averages out to \$26,530 for each person... or \$106,000 for a typical family of four. In 1775... per capita net worth was \$1,550.

Net worth covers natural resources, land, equipment, inventories, and manmade structures. Over the 200-year period... real wealth per capita grew at the rate of 1.4 percent per year.

HUD Films Available

Designing an urban environment and involving citizens in that process are the subjects of two films made for HUD as part of the official United States audio-visual presentation at *HABITAT... the United Nations Conference on Human Settlements*.

The films are accompanied by a slide-show on energy conservation. All three were shown to individuals, representatives of nongovernmental organizations, official delegates, and the press at Vancouver, British Columbia (Canada), where the *Conference* was held from May 31 to June 11. Both films and slide-show are available for distribution in the United States on a free loan basis.

The subjects, *Designing the Urban Environment*, *Citizen Involvement*, and *Human Settlements and Energy Conservation* were chosen to highlight practical solutions to common problems of human settlements that could be shared with other nations. Every country participating in *HABITAT* was asked to contribute up to three such audio-visual presentations for display and discussion. *HABITAT* is the first international conference to emphasize concrete solutions actively and graphically depicted.

The U.S. films attempt to show the process rather than the product of urban planning and citizen involvement. Using examples drawn from a variety of American communities... they demonstrate how rational urban design and democratic participation contribute to better decisions at the local level.

The activities covered... preserving neighborhood community life in Dallas, home-steading in the center of Baltimore, limiting suburban sprawl in Virginia's Fairfax County, establishing a metropolitan council for Minnesota's 'Twin Cities'... all furnish instances of the impact of planning on the urban environment. Also... Seattle, Philadelphia, and agricultural Arkansas are seen as living laboratories of citizen involvement in governmental action at three levels... the State, the city, and the neighborhood.

The slide-show outlines some individual efforts to conserve energy, examines the costs of suburban sprawl, and presents the arguments for a coherent, concerted policy of energy conservation in the design and location of human settlements.

All three audio-visual presentations are available for domestic distribution on a free-loan basis through *RHR Filmedia, Inc.*, 48 West 48th St., New York, N.Y. 10036.



Fewer Marriages in 1974

HEW's National Center for Health Statistics has reported that in 1974 for the first time in 16 years... weddings declined compared to a previous year. The 2,229,667 marriages during 1974 were 54,000 fewer than in 1973. Also... preliminary data for 1974 indicates the trend is continuing... with about 2.1 million weddings expected to be reported when the final figures come in. Also... the brides were a bit older than the average of a decade earlier... although the grooms' ages remained unchanged.



FYI

American Society of Landscape Architects... Annual Convention... Coronado, Calif., July 11-14. Details: Gile W.J. Howard, 1750 Old Meadow Road, McLean, Virginia 22101.

Massachusetts Institute of Technology... Summer Session... *Facilities Management Systems and Inventory Techniques*... Cambridge, July 12-16. Details: *Office of the Summer Session*, Room E19-356, MIT, Cambridge, Massachusetts 02139 (617/253-2101).

University of Tennessee School of Social Work... First National Institute on Social Work in Rural Areas: *Preparation and Practice*... Knoxville, July 16-23. Details: Steve Webster, Box 8820, Univ. Station, Knoxville, Tennessee 37916.

Significant Court Decision

In *Urban League of Greater New Brunswick, et al. v. Mayor and Council of Cartaret, et al., Superior Court of New Jersey, Middlesex County*... the *Court* ruled that the zoning ordinances of 11 of 23 defendant communities (all in *Middlesex County*) violated State law in failing to permit development of a proportionate share of regional housing needs for low- and moderate-income families. The *Court* ordered that each community revise its zoning ordinance and take other affirmative action to provide for the construction of units sufficient to correct the present imbalance within the region... and to accommodate an equal share of the region's needs for such housing through 1985.

The *Court* based its ruling upon a decision of the *New Jersey Supreme Court* in *Southern Burlington County NAACP v. Township of Mt. Laurel*, which held that the *State Constitution* required that zoning serve the general welfare, and that this obligation could be met in a 'developing community' only by providing for a proportionate share of the present and prospective regional need for housing for low- and moderate-income families. In the present case... the *Court* dismissed all allegations of racial discrimination because it found no evidence that the defendant communities intended to exclude minorities. After an analysis of the zoning ordinance, population characteristics, and land suitable for development in each community, the *Court* designated 11 communities as 'developing communities' which failed to satisfy their development obligations.

Of particular note in the decision was the manner in which the *Court* computed housing needs... a methodology significantly different from that prescribed under *HUD's Block Grant Regulations*. The *Court* added projected employment, retirees, and existing substandard units... deducted units to be rehabilitated and units to be vacated through the filtering process. The *Court* then allocated the needs equally among the 11 communities, after ruling that because commuting is normal... and does not constitute a hardship... working in close proximity to one's residence is not an essential factor. The *Court* declared: "No special factor, such as relative access to employment, justifies deviation from an allocation of 1,330 low- and moderate-[income] housing units, plus the allocation to correct imbalance, to each of the 11 municipalities."

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Vol. 7 No. 25

Current Trends

Yields rose for the third straight auction as *FNMA* issued \$315.2 million in 4-month commitments to purchase both Government-backed and conventionally-financed home mortgages. The issuances consisted of \$224.7 million on Government-backed mortgages at an average yield of 9.201 for 8½ percent *HUD/FHA-VA* mortgages. The average in the previous auction was 9.134. In the conventional mortgage auction... there was a total of \$90.5 million in 4-month commitments at an average yield of 9.309... up from 9.240 percent in mid-May.

The *F.W. Dodge Division of McGraw-Hill* reported that in April... contracts for future construction reached the highest level for 1976... \$9.4 billion... virtually unchanged from 1975. However... George A. Christie, Chief Economist for *Dodge*... made a significant point: "The similarity of the two April totals conceals some important improvements in construction markets over the past 12 months. At this time last year, a lot of the thrust in construction demand was being created by Federal anti-recessionary public works spending. By now... that temporary stimulus has worn off, and has been replaced by self-sustaining demand for housing and the beginning of a recovery in commercial and industrial building. At this time last year nonresidential building was on the way down... now it's on the way up. The low point of contracting for commercial, industrial, and institutional building was reached last December (1975). Since then... the rate of nonresidential building (seasonally-adjusted) has made four successive monthly gains."

HUD's latest survey showed that \$8.1 billion in home mortgage loans were closed in March... 81 percent above the \$4.5 billion figure for March 1975. This record volume of loans reflects a step-up in home purchases... especially of existing homes... and demonstrates that there is a plentiful supply of funds in the residential mortgage market. Home construction loans in March totaled \$1.9 billion... 98 percent greater than the depressed volume of last year. S&Ls accounted for 54 percent of the homebuilding loans and commercial banks 34 percent. Multifamily construction loans came to \$400 million... with commercial banks extending 44 percent of them, while S&Ls accounted for 23 percent, and *REITs* for 19 percent. Purchases of home loans in the secondary mortgage market aggregated \$4.1 billion, 65 percent higher than a year ago. S&Ls made 36 percent of these purchases and Government-supported pools (financed by sales of Government guaranteed securities) accounted for another 30 percent. Federal credit agencies such as *FNMA*, *FHLMC*, *FmHA*, and *GNMA* purchased 18 percent.



Three New Preservation Books Published

Three new books covering the historic preservation field have been published by the *Preservation Press of the National Trust for Historic Preservation*. The books are: *Economic Benefits of Preserving Old Buildings* (168 pages, illus., \$5.50 paperbound); *A Courthouse Conservation Handbook* (80 pages, illus., \$3 paperbound); and *Preservation and Conservation: Principles and Practices* (547 pages, illus., \$15 hardcover). All three books may be purchased from the *Preservation Bookshop, National Trust, 740 Jackson Place, N.W., Washington, D.C. 20006*. Please add 50 cents each for postage and handling (\$1.00 on *Preservation and Conservation*). A complete *Preservation Press* catalogue is available on request.

Settlement Regulations Issued

HUD has issued new regulations... implementing the 1976 amendments to the *Real Estate Settlement Procedures Act*... first passed by *Congress* in 1974 and designed to correct abuses that had plagued the real estate settlement process. The 1976 amendments are intended to provide additional help to homebuyers in the real estate settlement process by minimizing their cost... as well as providing for the disclosure of information which should take some of the mystery out of the settlement procedure.

The new regulations were published in the *Federal Register* on June 4... and become effective on June 30. They supersede the earlier regulations published in January 1975. A revised special information booklet called *Settlement Costs* was also published on June 10, which each lender is required to give to qualifying loan applicants. The booklet was written to advise the homebuyer of his rights in choosing lenders, attorneys, agents, and others who provide settlement services. Unfair or illegal practices... such as kickbacks... are prohibited by the regulations.

"These regulations and booklet," said Constance B. Newman, *HUD's* Assistant Secretary for Consumer Affairs and Regulatory Functions, "represent the outcome of an intensive public dialogue among government, industry, and consumers."

The homebuyer will be protected by the regulations at various stages of the real estate settlement process.

When the buyer applies for a mortgage loan... or no later than 3 business days thereafter... the lender is required to provide a good faith estimate of the amount or range of the charges for specific services the borrower is likely to incur in connection with settlement. These charges could cover items such as credit reports, appraisal fees, inspections, loan origination fees, and other services required by the lender.

Along with the good faith estimate... the lender must give the buyer a copy of the booklet... *Settlement Costs*. Prepared by *HUD*... it describes the settlement process and the services and charges the buyer is likely to encounter. The booklet also includes information on negotiating a sales contract with the seller and shopping for a lender and related services.

One business day before settlement... the buyer has the right to inspect the *Uniform Settlement Statement* form that contains all the settlement information available to that date. The completed settlement statement must be given to the buyer at settlement. If the borrower or his agent does not attend a settlement meeting... or if such a meeting is not required... the *Settlement Statement* must be mailed as soon as possible.



Coop Housing Regulations Published

In the May 27 *Federal Register*... *HUD* proposed regulations for issuing mortgage insurance involving individual units in cooperative housing projects. The regulations... upon final approval... will implement statutory authority in the *Emergency Home Purchase Assistance Act of 1974*.

Previously... *HUD's* cooperative mortgage insurance applied only to entire projects. Now... units within a project may be financed with a mortgage loan insured by *HUD/FHA* where the project mortgage is insured by the *Department*.

The new authority enables the *HUD* Secretary to assist individuals and families in acquiring cooperative housing. The program will make available to purchasers insured mortgage financing for the acquisition of a stock or membership certificate on a resale basis in a cooperative housing project. The program will operate essentially the same as the *Department's* other single family mortgage insurance programs in that the loan will be funded by an *FHA*-approved lending institution and the mortgage will be insured by *HUD*.

Comments from the public have been invited... and those received by June 28 will be considered by *HUD* before regulations governing the new cooperative housing program become final. The comments should be addressed to the Rules Docket Clerk, Room 10141, *HUD*, Washington, D.C. 20410.

Mobile Home Council Named

Constance B. Newman, *HUD Assistant Secretary for Consumer Affairs and Regulatory Functions*, has named 16 new members to the *National Mobile Home Advisory Council*.

The 24-member *Council* was established by the *National Mobile Home Construction and Safety Standards Act of 1974*. The Secretary of *HUD* consults with the *Council* before mobile home construction and safety standards are established, amended, or revoked.

Membership consists of representatives from State and local governments, consumers, representatives of community and consumer organizations, manufacturers, dealers, suppliers, and others associated with the mobile home industry.

Eight members, initially appointed to the *Council* in 1975, are completing 2-year terms. These terms expire in December 1976.

The following members are consumers or represent consumer and community organizations: John L. Adams, President, *Florida Coalition of Mobile Home Owners*, Tampa, Fla.; *Jane Conrad, *American Mobile Homes Association*, Lakewood, Colo.; *Herbert F. Hugo, President, *Golden State Mobile Homeowners League*, Garden Grove, Calif.; Peter B. Maier, Director, *Mobile Home Task Force, Center for Auto Safety*, Washington, D.C.; Charles H. Mann, President, *Federation of Mobile Home Owners*, St. Petersburg, Fla.; *Margery Moore, Manpower Counselor, *Orleans County Council of Social Agencies*, Newport, Vt.; *Robert Myers, President, *Michigan Mobile Home Owners Association*, Ypsilanti, Mich.; *William R. Palmer, Editor, *Mobile Homeowners Association of New Jersey, Inc. Newspaper*, Birmingham, N.J.

Members from the mobile home industry and related groups are: *Charles T. Ashford, Vice President, Corporation Purchasing and Engineering, *Redman Industries*, Dallas; Donald A. Barrow, Vice President, *Skyline Corporation*, Elkhart, Ind.; *Philip J. Braff, President, *Braff Building Company*, Madison, Ohio; *Bill Novak, President, *Gallaten Homes Corporation*, Belgrade, Mont.; James Printy, Director of Engineering, *Coleman Company, Inc.*, Wichita, Kan.; Daniel P. Riedel, Executive Vice President, *Vindale Corporation*, Dayton, Ohio; *David Siegel, President and Chairperson of the Board, *Siegel Mobile Home Group, Siegel Financial Services*, Salt Lake City; *William Steward, *California Mobile Home Dealers Association*, Sacramento.

Members from State government agencies are: *Richard Bullock, Chief, Mobile Home Section, *Wisconsin Department of Industry, Labor, and Human Relations*, Madison; *William E. Dell, Assistant to the Director, *Washington Department of Labor and Industries*, Seattle; *Fred H. Jolly, Director, Division of Environmental Health Division, *Nebraska State Department of Health*, Lincoln; *Kenneth E. Meiser, Public Advocate, *New Jersey Division of Public Interest Advocacy*, Trenton; Lee Melancon, Executive Administrator, Mobile Home Division, *Louisiana State Fire Marshal's Office*, Baton Rouge; *C. Sutton Mullen, Administrator, Industrialized Building Law, *Virginia State Corporation Commission*, Richmond; Betty Niven, Chairperson, *Oregon State Housing Council, Eugene Planning Board*, Eugene; and *Marion B. Robinson, Director, *South Carolina Division of Inspection Services*, Columbia.

(*new members)



New Publications

The National Research Council in 1976... Current Issues and Studies. The annual report on the *Council's* activities inaugurates a new format of coverage... a nontechnical discussion of the projects and concerns of the *Council*. A limited number of requests for free single copies can be accepted: Address: *Office of Information, National Academy of Sciences*, 2101 Constitution Avenue, Washington, D.C. 20418 (202/389-6518).

Action Now! A Citizen's Guide to Better Communities... by Richard W. Poston. A practical development guide presenting workable programs and plans... from "dressing up" alleys to enticing new industry... designed to help citizens and their local officials work together to enrich the quality of community life. Price: \$11.85 cloth; \$4.95 paper from *Southern Illinois University Press*, P.O. Box 3697, Carbondale, Illinois 62901.

Training Grants Awarded

HUD has awarded \$740,000 in grants to finance a new kind of practical training to help local officials cope with today's urban management problems. The training programs will be developed by 12 universities, two State governments and a private management consultant.

The 15 winners were selected on behalf of **HUD** from nearly 200 applicants in a national competition conducted by the *National Training and Development Service*... a nonprofit organization set up to help increase the problem-solving capabilities of State, county, and municipal officials.

Many local officials now confront a set of problems which are typically not covered in traditional professional educational programs in public administration. These problems include: negotiating with municipal workers unions, disbursing large amounts of Block Grant money from the Federal Government, and coordinating day-to-day operations with other jurisdictions in densely-populated metropolitan areas.

The training courses to be given are: *Intergovernmental Relations and Local Government Administration*—University of Connecticut and Commonwealth of Kentucky; *Program Implementation, Evaluation, and Formulation*—Boston University, University of California (Riverside), State of Maryland, and Virginia Polytechnic Institute and State University; *Public Accountability and Responsiveness*—Ohio State University; *Labor Management Relations*—Case Western Reserve University and Indiana University; *Manpower Development*—University of Pittsburgh and M. Peter Scontrino, Issaquah, Washington; *Individual Performance Development*—University of South Florida (in cooperation with Sun Coast City Management Association); *Information Utilization for Management Decision Making*—Carnegie-Mellon University; *Choice, Equity, and Opportunity*—University of Southern California and University of Virginia.

Further details may be obtained from: Blue Woolridge, Director, Curriculum Development Project, *National Training and Development Service*, 5028 Wisconsin Ave., N.W., Washington, D.C. 20016 (202/966-3761).

HUD newsletter

HUD-318-233-ASI

June 21, 1976

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HUD NEWSLETTER
June 21, 1976

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) 755-6710



June 28, 1976

JUL 02 1976

Vol. 7 No. 26

Current Trends

The upward trend in construction activity has failed thus far to change the long-term softness of the lumber market. White fir 2x4's in random lengths were selling for about \$8 per thousand board feet (MBF) less in early June than a month earlier. Three months earlier the price was about \$20 per MBF higher. Spokesmen for the industry feel that a large inventory buildup during the slow construction period last winter accounts for a temporary oversupply... and that an increase in demand as better building weather develops will arrest the downward price movement.

Prime rates for short-term loans continue to rise... and have generally reached 7½ percent... a full half-point above the level that prevailed during much of the past year.

The *Commerce Department* report on housing starts and permits issued for May showed increases in both categories. Starts... on a seasonally-adjusted annual basis... were at the rate of 1.415 million units... up 2 percent from April 1976... and a substantial 30 percent higher than the 1.085 million units in May 1975. Permits issued during the month came to 1.158 million units... and were 6 percent greater than the 1.095 million units in April 1976... and 25 percent higher than the 912,000 units for which permits were issued in May 1975. A significant factor in the *Commerce* figures is the rise in both starts and permits issued for multifamily housing units. In the over-5-unit category... starts were at the 269,000 level in May... up from the 239,000 in April 1976... and 50 percent above the 179,000 in May 1975. Permits for multifamily units rose to 266,000 in May 1976... 28 percent above the 208,000 in April 1976... and 199,000 in May 1975... which represents an increase of one-third above last year's figure. The multifamily increase was mostly in the western part of the country.

HUD's June 1 mortgage market survey showed a reversal of the steady monthly decrease in national average interest rates that began in December 1975. Rates on mortgages being contracted for to be paid by borrowers for conventional first mortgages increased 10 basis points for both new and existing home transactions to 9.00 and 9.05 percent... respectively.

The President accepted with regret David Cook's resignation as *HUD* Assistant Secretary for Housing Production and Mortgage Credit-*FHA* Commissioner... and James L. Young, presently Assistant Secretary for Housing Management, assumed the duties of Assistant Secretary for Housing-*FHA* Commissioner on June 14. While Mr. Cook desires to return to private industry as soon as possible, he has agreed... at Secretary Hills urging... to remain as a consultant during the transition period in which the functions of the Assistant Secretary for Housing Production and Mortgage Credit and the Assistant Secretary for Housing Management will be combined under a single Assistant Secretary for Housing.

Savings flows into thrift institutions have begun to show sizable drops... according to the *Savings Banks Association of New York State*. In May... net inflows in *Mutual Savings Banks* in the State were \$293 million... compared to \$470 million in May 1975. Money analysts are attributing the drop... which during the first quarter averaged about 25 percent below the same period of 1975... to the tighter money policy of the *Federal Reserve Board* which has resulted in a sharp rise in interest rates in the open-money market. While this has not yet caused a shortage of mortgage money... thrift institution spokesmen feel it could create problems if the trend continues.

New Settlement Booklet Issued

A newly-revised consumer booklet... *Settlement Costs*... has been published by HUD. The booklet supersedes a 1975 version... and incorporates numerous comments and suggestions received from industry, citizen and consumer groups, and individuals. HUD is required to prepare the publication under the *Real Estate Settlement Procedures Act (RESPA)* which was passed in 1974, amended in 1975, and will be further modified by new regulations that go into effect June 30.

In lay language... the booklet discusses the role of the real estate agent, securing title services, selecting an attorney, a lender, and a settlement agent... and the sales contract. It presents an item-by-item description of settlement services and cost comparisons. Further... it explains the rights and remedies home buyers have under *RESPA*, and alerts the reader to unfair or illegal settlement practices.

"By taking the home buyer step-by-step, from negotiating a sales contract through to the settlement meeting," said Constance B. Newman, HUD Assistant Secretary for Consumer Affairs and Regulatory Functions, "the booklet gives a range of information that will assist consumers in shopping for services, thereby minimizing their settlement costs."

As of June 30... under *RESPA* requirements, the brochure must be given by lenders to prospective home buyers at the time they apply in writing for a mortgage loan, or it must be mailed within the following 3 business days. At the same time, the lender must give the buyer a good faith estimate of the settlement service charges he is likely to encounter.

All lenders under Federal supervision will receive copies of the booklet from their supervising agencies and will reprint the booklet for distribution to prospective home buyers. Photo-ready copies will be available shortly from HUD for firms that print for lending institutions.

Until copies are ready, lenders may reproduce the booklet as it appears in the June 10 *Federal Register*.

Copies will be available from HUD by the end of June. Requests should be addressed to HUD Office of Consumer Affairs and Regulatory Functions, Attention: *RESPA*, Room 4100, Washington, D.C. 20410.



Solar Heating Contract Announced

HUD has signed a \$470,694 contract with the *Franklin Institute Research Laboratories* of Philadelphia designed to provide basic and authoritative information on solar heating and cooling to the fast-growing number of people who want such information. *Franklin* will be working with the *Chilton Co.* of Radnor, Pa.

The contract with *Franklin* calls for the collection and storage of information on solar heating and cooling and for dissemination of the data to the building industry and its contractors.

The contract calls for a search of existing information on solar energy... such as literature and data resulting from private solar energy projects as well as from the Federal solar heating and cooling program.

"Every week we see another picture in the paper or in a magazine about a new solar house... or some other solar-equipped structure," said Assistant Secretary Charles J. Orlebeke, whose Office of Policy Development and Research is responsible for HUD's *Solar Demonstration Program*. "Now with this contract, we're going to gather the information from all these diverse experiments, and, put it into one data bank, accessible to everyone."

As part of its work... *Franklin* will identify potential users of the data bank... and will work out the kind of information they will most likely need. *Franklin* will also design a marketing plan to carry the solar energy story to the housing industry and consumers. This means using a full range of public relations tools... including brochures, film strips, slide shows, and exhibits set up at key conventions around the country.

New Foreclosure Protection Announced

Secretary Hills has announced new measures designed to protect homeowners threatened by foreclosure brought on by temporary circumstances beyond the homeowner's control.

HUD will pay off *HUD*-insured lenders and take over mortgages of distressed homeowners who qualify under the new procedure. During the relief period... the *Department* may reduce or suspend payments for a period of up to 36 months... to enable the homeowner to get back on his feet.

The new policy... explained by Assistant Secretary James L. Young... applies to any *HUD*-insured single-family mortgage in imminent danger of foreclosure. The details were spelled out in letters sent to 30,000 *HUD*-approved lenders.

Effective immediately, Mr. Young said, *HUD* will accept the assignment of the mortgage provided all of the following criteria are met:

- The lender must have notified the homeowner and *HUD* of his intention to foreclose.
- At least three full monthly mortgage payments must be due and unpaid.
- The default must have been caused by circumstances beyond the homeowner's control including, but not limited to, job loss, death, or illness in the family.
- There must be a reasonable prospect that the homeowner will be able to resume full mortgage payments following the temporary period of reduced or suspended payments.
- The lender must have done everything he might be expected to do to avoid foreclosure.
- The mortgaged property must be the principal residence of the homeowner.
- The homeowner must not own any other property subject to a mortgage insured or held by *HUD*.

Mr. Young cautioned that all criteria must be met for a defaulted mortgage to be eligible. The circumstances leading to the foreclosure action must be reviewed by the lender... and if they meet the criteria... a recommendation for assignment must be forwarded to the appropriate *HUD* Field Office. Foreclosure proceedings will be held up until the *HUD* office has made a decision on the request.

Mortgages now in foreclosure are also protected if no final court judgment has been made, or if the property has not been sold under a power of sale. *HUD Field Offices* will give priority to processing requests for assignment involving cases already in foreclosure.

HUD's new assignment policy requires that the homeowner be kept fully informed of the actions taken on his case by the lender and/or *HUD* throughout the procedure. Mr. Young said *HUD* must be concerned that the homeowner receives fair treatment... and even where there is a negative decision... that the homeowner is given the opportunity to be heard.



New Publication

Environmental Certification for Community Development: A Manual of Procedures... by Suzanne M. Wellborn. Designed to assist local governments participating in the 3-year *Community Development Block Grant Program* in carrying out Federal requirements for environmental certification. Published by the *National Association of Housing and Redevelopment Officials*. ... 86 pages, softbond. \$7.50, prepaid... Price to *NAHRO* members: \$4.50. Quantity discounts. Order from Publications Division, *NAHRO*, 2600 Virginia Ave., N.W., Washington, D.C. 20037.

Comments Invited on Coinsurance Plan

HUD has proposed a coinsurance plan for aiding *State Housing Finance Agencies* to obtain funds for financing rental housing projects. Under the proposal published in the June 4 *Federal Register*. . . *HUD* will join with the *Agencies* in coinsuring multifamily housing mortgages made and underwritten by the *Agencies*. The *Program* is being established under *Section 244* of the *National Housing Act*.

The *Department* will insure 80 percent of any actual loss arising out of a mortgage default, and the *State Agencies* will insure the remaining 20 percent. In addition. . . *State Agencies* must satisfy a front-end deductible loss requirement of 3 percent of the face amount of the insured mortgage portfolio before *HUD's* liability for the payment of 80 percent of a loss is incurred.

The aim of the *Program* is to assist *State Housing Finance Agencies* in obtaining funds for housing projects. *HUD's* participation as a coinsurer will enable the *Agencies* to borrow funds more readily through the sale of bonds and broaden their market by attracting additional investors.

The proposed regulations for multifamily housing follow discussions in recent months between *HUD* personnel and interested *State Agencies*. Last February. . . a program was established on a demonstration basis for single-family housing.

Comments on the proposal are being invited, particularly those on the possible impact of this program on the mortgage market. . . the availability of mortgage credit to borrowers dependent on mortgage insurance under Sections of the *National Housing Act* other than *Section 244*. . . and the flow of credit to older declining areas and purchasers of older and lower-cost housing.

Communications should be addressed to the Rules Docket Clerk, Room 10141, *HUD* Washington, D.C. 20410. Comments received by July 6 will be considered before adoption of the final regulations.

HUD newsletter

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HUD-401



HUD NEWSLETTER
June 28, 1976



HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5710



July 5, 1976

WASHINGTON, D.C. 20410

Vol. 7 No. 27

Current Trends

The Federal Home Loan Bank Board reports that mortgage interest rates on new homes moved upward in May... while interest rates on existing homes decreased. The average effective interest rate on conventional new homes was 8.98 percent... compared to 8.92 percent in April and 8.96 percent in May 1975. On existing homes... the rate decreased for the sixth consecutive month to 9.03 percent... down from April's 9.05 percent which had prevailed during much of the past 2 years. The *Bank Board* also reported that the average purchase price of new homes in May dropped to \$46,300 from the record level of \$48,500 in April. The average price for existing homes was \$40,200... unchanged from April.

"Employment in U.S. architectural firms is down some 20 percent compared to 1974 figures," said Louis de Mill, president of the *American Institute of Architects* at the opening of the *AIA* convention. The June 1974 figures showed that employment of *AIA* members was down 10 percent from the previous year. A quarterly employment survey of members has been taken since December 1973.

At the end of the first quarter... the *Dodge Building Cost Index*... prepared by *McGraw-Hill*... showed a U.S. average increase of 8.5 percent over March 31, 1975. The rise was greatest in the West... 11.1 percent in the Pacific Coast and Rocky Mountain States... and smallest in New England... 5.3 percent. It was 6.3 percent in the New York-New Jersey area... and 6.6 percent in the South. Also covered in the *Dodge* report was the trend of construction costs for the last 35 years. Since early 1941... just before the U.S. entered World War II... construction costs have risen 470 percent. Basic hourly wages are now 5 times what they were in 1941... and material prices nearly 3 times those of the pre-War period.

The *Manufactured Housing Institute* reported mobile home shipments in May totaled 261,000 units... 10 percent higher than April... and 17 percent above May 1975.

Yields declined as *FNMA* issued \$169.1 million in 4-month commitments to purchase both *Government*-backed and conventionally financed home mortgages in its mid-June auction. *FNMA* issued \$98.8 million in *Government*-backed mortgages at an average yield of 9.136 percent. The average in the previous auction was 9.201. In the conventional auction... \$70.3 million in 4-month commitments was issued at an average yield of 9.304... down from 9.309 percent on June 1.

☆

FYI,

American Association of Cost Engineers... 4th Annual International Cost Engineers Symposium... Boston, July 18-21. Details: A.D. Furia, *United Engineers & Constructors, Inc.*, 100 Summer Street, Boston, Mass. 02110.

New York Management Center... Seminar on Project Management... Boston, August 9-11. Details: Heidi E. Kaplan, *New York Management Center*, Department 14NR, 360 Lexington Ave., New York, New York 10017.

NOT TO BE TAKEN
FROM THE LIBRARY.

Landmark Zoning Decision

In *Eastlake v Forest City Enterprises* (No. 74-1563) the *Supreme Court*... in a 6-3 decision... ruled that the voters of a community may... in a referendum... overturn a decision made by their elected representatives. The *Chief Justice* wrote the decision... which held "Under our Constitution... all power derives from the people, who can delegate it to representative instruments which they create. In establishing legislative bodies, the people can reserve to themselves power to deal directly with matters which might otherwise be assigned to the legislature."

In this case... the issue was a provision in the *Ohio State Constitution* which reserved to the voters in a community the right to overturn by referendum proposed zoning changes. A 55 percent vote is required. The decision dealt with the rights of property owners affected by proposed zoning changes and who claimed denial of due process when the voters vetoed a decision of a board which had zoning powers delegated to it.

The case did not address zoning vetoes based on racial prejudice... and the *Chief Justice* pointed out that "if the voters' decision is arbitrary and capricious... bearing no relation to the police power... it might be overturned."



'Redlining' Meeting to be Held

A public fact-finding meeting to gather information concerning 'redlining' and 'disinvestment' practices and their relationship to discrimination in residential mortgage loans will be held by *HUD* in Philadelphia, Pa., July 14-16.

'Redlining' is the practice of refusing loans on properties in certain designated neighborhoods while 'disinvestment' is commonly defined as any activity or practice engaged in by a financial institution which diverts its funds to areas outside the community which it originally served.

James H. Blair, *HUD* Assistant Secretary for Fair Housing and Equal Opportunity, said the purpose of the meeting will be to examine 'redlining' and 'disinvestment' practices in relationship to *Title VIII of the 1968 Civil Rights Act*, the *Federal Fair Housing Law*.

Public presentation of oral statements will be allowed to the extent that time permits. Interested persons and organizations may file written statements... either during or after the meeting... with the *HUD* Office of Fair Housing and Equal Opportunity.

For further information concerning the meeting, contact: Office of Fair Housing and Equal Opportunity, *HUD*, Room 5100, Washington, D.C. 20410.



Gautreaux Agreement Reached

On April 20... the *Supreme Court* ruled in *Hills vs. Gautreaux et al* that this case should be returned to the *U.S. District Court* for further proceedings. In the meantime... attorneys for *HUD* and for the plaintiffs have reached an understanding as to preliminary steps of an exploratory nature to be taken over the next 12 months.

It is hoped this would enable the *Court* and the parties to consider metropolitan-wide relief at a future time on a more informed basis. Meanwhile... they said... pending implementation of the preliminary steps, no metropolitan-wide relief order would be sought in the case. The preliminary steps... which included a metropolitan-wide demonstration program for approximately 400 plaintiff-class families under *HUD's Section 8 Existing Housing Program* and the exploration of other possibilities for housing members of the plaintiff-class... were contained in a letter between the Attorneys. The letter was submitted to *U.S. Magistrate Jurco*, who is sitting as a special Master in the case.

A copy of the *Letter of Agreement* is available from *HUD's* Office of Public Affairs, Room 10132, Washington, D.C. 20410 (202/755-5284).

Environmental Review Procedures Published

Major changes in *HUD* environmental review procedures to improve the efficiency of the process and to cover new programs were published in the *Federal Register* on June 11.

The changes to the basic regulations which are contained in *HUD Handbook 1390.1*... include all *HUD Assistance Programs* except those covered under separate regulations for *Community Development Block Grants*. Some of the changes will:

- Permit, in a development of more than 500 units, the developer to start construction, under certain conditions, of the first segment of up to 200 units while his *Environmental Impact Statement (EIS)* is being prepared;
- Remove mandatory *EIS* requirements for program actions where projects already have been completed, and the *HUD* action is solely for the purpose of subsidizing interest rates;
- Include environmental assessment requirements for buying and refinancing existing multifamily structures under *Section 223(f) of the National Housing Act*;
- Provide consistency among *Housing Management*, *Housing Production*, and *Mortgage Credit Programs*;
- Provide a procedure for environmental review of changes in ongoing *New Community projects*.

The amendments are expected to provide better and quicker implementation of the *National Environmental Policy Act (NEPA)*.

The amendments do not substantially change the basic environmental review process.



Productivity Program Announced

Eight *Public Housing Agencies (PHAs)* have been selected to participate in a \$2.4 million federally-funded experiment aimed at improving staff productivity in *Public Housing* projects. *HUD* Assistant Secretary James L. Young said the selected *PHAs* will carry out a demonstration program designed to improve housing operations by offering bonuses to workers whose performance is above average.

The program is supported largely under *HUD's Target Projects Program (TPP)*. *TPP* supplies funds to *Local Housing Authorities* to improve the physical condition and livability of selected *Public Housing* projects.

The new program is believed to have the potential for substantial cost savings far more than its initial start-up costs... and may offer more efficient and effective services to *Public Housing* residents and incentives to the workers without increasing the *PHAs'* operating expenses.

Altogether... the eight *PHAs* will receive a total of \$2 million in *TPP* funds. The remaining \$400,000 will come from *HUD's Modernization Program*, which helps *PHAs* rehabilitate projects.

Results of the demonstration will be available to other *PHAs* for their information and possible use.

The *PHAs* selected and the dwelling units involved are: Denver, 4,653; Savannah, 2,274; Minneapolis, 6,844; St. Louis, 6,722; Newark, 12,692; Albany, 2,314; Portland, Ore., 2,089; and Newport News, Va., 1,702.

Model State Mortgage Bill Approved

A *Model State Mortgage Guaranty Insurance Bill* has been approved by the *National Association of Insurance Commissioners*. This is seen as a major development in the evolution of the private mortgage insurance industry.

Approximately 17 States have enacted mortgage guaranty insurance laws and regulations since Wisconsin pioneered in the movement in 1957. Although the other States have permitted mortgage insurance through regulations under casualty and property insurance laws... approval of the *Model Law* will encourage other States to enact separate *Mortgage Guaranty Insurance Laws*.

The action of the *National Association of Insurance Commissioners* at its annual meeting in New Orleans followed several years' work by the *NAIC's* task force on mortgage guaranty insurance in the development of the model law. Assisting the *NAIC* task force was an advisory committee consisting of representatives of member companies of the *Mortgage Insurance Companies of America*.



Fed Issues 'Redlining' Rules

The *Federal Reserve Board* has issued regulations implementing the requirements of the *Home Mortgage Disclosure Act of 1976*. The new law is aimed at eliminating the practice of 'redlining' or designating certain areas... usually in central cities... where home mortgage loans have customarily been refused. Effective September 30... nearly 8,500 of the banks in metropolitan areas that are members of the *Federal Reserve System*... will be required to report by census tract or zip code... the residential mortgage loans made in the previous fiscal year... along with the location of properties covered by mortgages purchased by the bank from other lenders during the period involved.

The disclosure must further show the types of housing... single-family or multi-family... and whether the mortgage was for purchase or home improvements. The information must be made available to the public no more than 90 days following the end of an institution's fiscal year.

HUD newsletter

HUD-318-235-ASI
July 5, 1976

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HUD NEWSLETTER
July 5, 1976

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) 755-5710



July 12, 1976

Vol. 7 No. 28

Current Trends

According to Michael Sumichrast... chief economist for the *National Association of Home Builders (NAHB)*... a developed building lot in 1970 represented 20.3 percent of the cost of a \$24,500 median-priced new home. In 1974... the combined jump in the cost of land and other site costs was greater than the increase in cost of the house... so that development and land costs now represent 25 percent of the cost of a new home. The rise in land costs during the period was 61.6 percent... while the overall cost of house and lot had risen 53.3 percent.

NAHB has revised its estimate of housing activity for the remainder of 1976... lowering slightly its earlier prediction of housing starts for the year from 1.622 million units to 1.558 million. This is based on the recent 3-month plateau of new housing starts... which while 30 percent above a year ago... are still not moving ahead as fast as expected. In spite of its overall national lowered starts projection... the *Association* still anticipates a healthy 19 percent rise in housing starts in Metropolitan Areas over the 1975 activity. The current projection... a total 590,078 units for the year... compares to 496,551 units in 1975. This includes an estimated rise of 24 percent in multifamily units nationwide.

The June report of construction costs reported by the *Dodge Division of McGraw-Hill* shows the U.S. average rise in the 12 months from June 1975 was 9.2 percent. The largest increase was in San Diego (20 percent)... followed by Miami (17.7)... and Cincinnati (16.4). Smallest rises were in Newark (2.5)... New York (2.9)... Atlanta (3.2)... and Chicago (2.9).

Urban renewal project notes totaling \$250.3 million... representing 80 local issuing agencies... were sold at an average interest rate of 3.182 percent. The average interest rate for the \$283.2 million project notes sold in mid-May was 3.193 percent.

Federally-insured *S&Ls* showed a gain in savings inflow of \$2.82 billion in May... up from April's \$2.58 billion rise. But... according to the *Home Loan Bank Board*... while the increase was quite respectable by traditional standards... it fell considerably below last year's record inflows. In May 1975... the savings flow increase was \$3.69 billion... and April 1975 was \$5.1 billion. Mortgage lending by *S&Ls* continued to rise in May... but also at a moderate rate. Loans made in May totaled \$6.45 billion... a record... and up from April's \$6.4 billion... and a healthy rise from May 1975's \$5.25 billion... but less than the usual increase from April to May... according to the *Bank Board*.



Vacancy Rates Stable

National vacancy rates in the first quarter of 1976 were 5.5 percent in rental housing and 1.2 percent in homeowner housing. The vacancy rate in rental housing in the first quarter of 1976 was at about the same level as the rate in the fourth quarter of 1975; both rates are significantly lower than the rates in the first three quarters of 1975 and the four quarters of 1974. Except for the third quarter 1975, when the homeowner vacancy rate was slightly higher (1.4 percent), the 1.2 percent reported in homeowner vacancies in the first quarter 1976 is not statistically different from the quarterly rates in 1975 or 1974. These figures are based on information obtained in surveys conducted by the *Census Bureau*.

Insurance Advisory Board Named

Secretary Hills has named the members of the *National Insurance Development Program Advisory Board*. The *Board* is provided for in the *Urban Property Protection and Reinsurance Act of 1968*... and is intended to advise the Secretary on the availability of property insurance and the conduct of *FAIR Plans* (*Fair Access to Insurance Requirements*). The *Board's* assistance is particularly needed now as consumers find it harder to buy insurance in the normal commercial property insurance market.

The system of *FAIR Plans* for homeowners and small businessmen who have difficulty buying property insurance on the normal commercial market was authorized by the *Congress* in 1968. In exchange for setting up a *FAIR Plan* to aid hard-pressed owners... insurance companies get Federal reinsurance against excess losses they might suffer because of civil disorders.

The *Board*... composed of people with consumer, State regulatory, and insurance business backgrounds... has a broad mandate to study and comment on property insurance availability generally and to recommend remedial action by the HUD Secretary. J. Robert Hunter... who heads *HUD's Federal Insurance Administration*... has been named Chairman. The new *Board* has been created to bring together a concentration of property insurance expertise in the Federal Government... and along with *FIA* staff members... will study and comment on a wide variety of insurance questions. An organizational meeting will be held in late summer or early fall, Mr. Hunter announced.

Named by Mrs. Hills from a list of 46 people who expressed an interest in serving on the Board are: George K. Bernstein, Attorney and former *FIA* Administrator; John S. Bickley, Professor, *University of Alabama*; Richard Grijalva, Vice President, *National Economic Development Association*; Lloyd Raikes, *Danforth Loring*, and R. Wayne Herbert, Insurance Producers; Russell Perry, Chairman of the Board, *Republic Insurance Group*; R. B. Kelley, President, *Employers Mutual Casualty Companies*; David Green, President, *Motor Club of America Companies*; Edward B. Rust, President, *State Farm Companies*; David J. Lane, *Massachusetts State Representative*; Wesley J. Kinder, *Insurance Commissioner, California*; Thomas C. Jones, *Insurance Commissioner, Michigan*; Richard L. Rottman, *Insurance Commissioner, Nevada*; Ark Monroe, III, *Insurance Commissioner, Arkansas*; Brenda Hamer, *HUD*, Special Assistant, Fair Housing and Equal Opportunity; Richard F. Walsh, *DOT*, Director of Economic Analysis; Constance Newman, *HUD*, Assistant Secretary for Consumer Affairs and Regulatory Functions; and J. Robert Hunter, *HUD*, Acting Federal Insurance Administrator, Chairman.



Joint Energy Plan Announced

HUD and the *Energy Research and Development Administration (ERDA)* have formally agreed to work closely together on a range of energy-related activities in housing and urban development. The aim is to have *HUD* and *ERDA* mutually support and carry out specific programs leading to more efficient use of the Nation's energy.

John B. Rhinelander, Under Secretary of *HUD*, and Robert W. Fri, Deputy Administrator of *ERDA*, have signed a *Memorandum of Understanding* outlining the working relationship between the two *Agencies*.

The *Memorandum* describes the general conditions under which cooperative efforts will be formed and outlines overall approaches and procedures for approving and implementing joint programs. In addition to carrying out the *HUD/ERDA* interagency agreement on the *Residential Demonstration Program* of the *National Solar Heating and Cooling of Buildings Program*, the two *Agencies* will coordinate their work in such areas as energy conservation.

The *HUD* Coordinator for the effort who will serve as liaison between the *Agencies* is Claude Barfield, *HUD* Office of Policy Development and Research. He can be reached on 202/755-5561.

Mortgage Coinsurance Launched

HUD has launched a new coinsurance program for single-family mortgages.

• The program is aimed at benefiting home buyers and sellers through faster processing of **FHA** mortgage insurance applications and providing added income for lenders.

Under the program... there is a division between lenders and **HUD** of premium income and net losses on coinsured loans. The **Government** will bear 90 percent of any loss... the mortgagee or lender 10 percent.

The program... authorized by the *Housing and Community Development Act of 1974*... is operating initially in **San Francisco** and **Columbus, Ohio**. Other **HUD** Field Offices are now joining in implementing the program... and all field offices are expected to be operational by Sept. 17.

HUD staff members are now conducting informational meetings with interested lenders on operating procedures.

The risk-share program, combined with the delegation of substantial processing functions to mortgagees, is intended to:

- Improve the quality of mortgages originated;
- Improve loan servicing;
- Streamline processing of **FHA** mortgage insurance applications; and
- Improve the quality and timeliness of servicing to home loan borrowers.



President Names Urban Committee

The President has announced the creation of his *Committee on Urban Development and Neighborhood Revitalization* to examine urban problems and to make recommendations to improve current Federal programs in order to revitalize urban and neighborhood areas. **HUD** Secretary Carla Hills will chair the *Committee*... which includes 8 Cabinet members, 3 Agency heads, 2 independent Regulatory Agencies (by invitation), and members of the *White House* staff.

The President has long been concerned about the difficulties besetting many of our cities and the neighborhoods from which the cities draw their vitality and stability. He is particularly concerned that Federal efforts have not had the degree of impact that is both desirable and necessary on the problems of the cities despite the many Federal programs which are intended to meet urban needs and despite the substantial amount of Federal funds channeled to the Nation's cities. He is convinced that by better using the resources currently available the **Federal Government** can be a more effective partner with State and local governments in resolving urban problems.

The President is creating this *Committee* to analyze these problems and to develop proposals for greater cooperation and coordination among the Federal agencies administering programs which have an impact on cities and their neighborhoods.

In addition to the **HUD** Secretary... the *Committee* consists of the *Attorney General*, the Secretaries of *Treasury*, *Agriculture*, *Commerce*, *Labor*, *HEW*, and *Transportation*; the Director of the *Office of Budget and Management*; the Administrator of the *Small Business Administration*; Director of *Community Services Administration*; Executive Director of the *Domestic Council*; Director of the *White House Office of Public Liaison*; and (by invitation) *Board of Governors of the Federal Reserve System*; and the *Federal Home Loan Bank Board*.

FYI

Community Associations Institute... Workshop Series on Successful Condominium & Homeowner Association Operations... Atlanta, July 16-17... San Francisco-Oakland, July 23-24... Denver, July 30-31. Details: *CAI*, 1200 Eighteenth St., N.W., Washington, D.C. 20036.

American Bankers Association... National School of Real Estate Finance... Ohio State University... Columbus, August 8-13. Details: *ABA*, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

Institute of Traffic Engineers... Annual Meeting... Baltimore, August 15-19. Details: Kenneth Loyer, 1515 North Fort Myer Drive, Suite 905, Arlington, Virginia 22209.

National Hardware Show... 31st Annual Show... Chicago, August 16-19. Contact: *National Hardware Show*, 331 Madison Ave., New York, New York 10017 (212/682-4802).



New Publications

BOCA International Membership Directory (1976)... Published annually by the *Building Officials and Code Administrators (BOCA) International*. Lists the name, title, and complete address of the nearly 4,000 *BOCA* members by category (active, associate, honorary, association, industry, professional, cooperating, commercial, and technical). The list price for 1-19 copies is \$7.00; for 20 copies or more, \$6.00. Send order to *BOCA's Publications Order Department*, 1313 E. 60th St., Chicago, Illinois 60637 (312/947-2507).

How to Make a Mortgage... an 86-page guidebook prepared jointly by the *American Bankers Association's Community Bankers* and *Housing & Real Estate Finance Divisions...* is now available. Included are thorough discussions of various loan types and the procedures involved in real estate loan origination, processing, and closing. Other chapters examine various classes of real estate and certain legal considerations. Price \$8... Order Number 0484 from Order Processing, *ABA*, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

HUD newsletter

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HUD-401



HUD NEWSLETTER
July 12, 1976

Phs Landis



Room 8141

HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5710



July 19, 1976

Vol. 7 No. 29

Current Trends

Mortgage foreclosure rates during the first quarter of this year reached the lowest level in 5 years. The *National Delinquency Survey* of the *Mortgage Bankers Association of America (MBA)* reports foreclosure action was started during the first quarter on 0.18 percent of mortgages outstanding... seasonally adjusted... down from 0.19 percent at the end of 1975 and the lowest since mid-1971. "Strong increases in employment and income were largely responsible for the continued decline in foreclosure rates, which began during the summer last year," according to *MBA* chief economist John Wetmore.

FNMA issued \$216.7 million in 4-month commitments to purchase both *Government*-backed and conventionally financed home mortgages at its late-June auction. The issuance consisted of \$157.5 million in commitments on *Government*-backed mortgages at an average yield of 9.115, for 8½ percent *HUD/FHA-VA* mortgages. The average in the previous auction was 9.136. Also... \$59.2 million in 4-month conventional mortgage commitments was issued at an average yield of 9.312... up from 9.304 percent in mid-June.

The *F.W. Dodge Division of McGraw-Hill* released its new construction contracts figures for May... showing a 2 percent drop from May 1975. George A. Christie, *Dodge* chief economist, pointed out that a year-to-year comparison had very little value this time... inasmuch as the Alaska pipeline construction had a substantial impact in 1975... and this year large electric power and petrochemical plant contracts affected the total. Non-residential building contracts dropped 25 percent from last year... to \$2.82 billion... while residential building contracts gained 29 percent... with apartment activity reaching its highest level in 18 months.

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FROM THE LIBRARY.~~

Mobile Home Sales Up

A recent article in the *Wall Street Journal* reports that "the mobile-home industry seems to be getting on a firmer foundation... and the industry is luring buyers with bigger and better homes."

The article goes on to say that mobile home prices compare favorably with conventional homes... and their quality and image have improved. Their sales figures for this year are estimated to increase 32 percent to about 281,000 units... compared to 1975's 11-year low of 212,960 units. The current models are larger and more plush... and are attracting a more affluent group of buyers than in the past. And many of the things that gave the industry a 'bad name' in the past have been corrected.

While financing of these homes remains a prime problem... and many lenders are reluctant to offer mortgages on them... a larger number of *S&Ls* and other lenders have begun to make such loans... and for a longer period than the usual 12- to 15-year terms that have prevailed.

The more favorable picture for the industry is not expected to bring its volume to the more than half-million unit performance of 1972... but a more healthy picture than prevailed in 1974 and 1975 is expected.

Tenant Management Demonstration Announced

HUD and the *Ford Foundation* have announced a new program designed to test whether tenant management can contribute toward improving life in the Nation's *Public Housing*.

A joint demonstration in Jersey City, Louisville, New Orleans, Rochester, N.Y., New Haven, and Oklahoma City will share \$21.4 million in *HUD* and *Foundation* funds to determine whether some of the problems of running low-rent *Public Housing* can be solved by the people living there.

The approach is already underway in St. Louis... in an earlier *Ford*-sponsored pilot effort. If successful in the six new cities... the program will be made available to as many as 3 million people in 1.4 million *Public Housing* units across the country to improve their living conditions.

Public Housing Agencies (PHAs) in the six cities will receive \$20.2 million in *HUD* funds to carry out the experiments in seven projects housing 19,000 people.

Special programs for tenants, as well as overall supervision, monitoring, and evaluation of the demonstration, will be carried out by the *Manpower Demonstration Research Corporation (MDRC)* of New York City with \$600,000 in *Ford Foundation* money and an additional \$600,000 in *HUD* research funds.

Each of the participating *PHAs* will start out with the establishment of a *Tenant Management Corporation* which will assume increasing management responsibility over the course of the demonstration.

HUD's Tenant Management Demonstration Program has five major goals: more efficient management, less social delinquency, more job opportunities, heightened community spirit, and an overall sense of involvement for tenants. The St. Louis experience has shown the potential for improvement in reducing such *Public Housing* problems as vandalism, high vacancy rates, and rent delinquencies.

HUD will finance operating expenses and physical improvements at the sites with \$15 million in *Modernization Program* funds, plus \$5.2 million under its *Target Projects Program (TPP)*. The remaining \$600,000 in *HUD* research funds will aid *MDRC* in supervision and evaluation of the program.

TPP supplies funds to *Local Housing Authorities* to improve the physical condition and livability of selected housing projects. *Modernization Program* money is used to upgrade older *Public Housing* projects.



State and Local Government Employment Soars

In the past 25 years... there has been a 193 percent increase in employment by State and local governments... while total employment in the U.S. has risen only 44 percent. These are the findings of a recent *Labor Department* study. In 1950... total employment by State and local governments was 4.1 million. In 1975... this had risen to 12 million. During the same time... *Federal Government* employment rose at approximately the same percentage as the overall increase for the economy as a whole... 43 percent... from 1.9 million in 1950 to 2.7 million in 1975.

Payrolls for State and local employees rose 865 percent during the quarter century. They were \$915 million in 1950... and \$8.8 billion in 1975. At the same time... tax collections by State and local government units were showing a dramatic jump. Sales and gross receipts taxes rose 794 percent from \$5.2 billion in 1950 to \$46.1 billion in 1975; personal income taxes increased 2,373 percent... from \$788 million to \$19.5 billion; and real estate property taxes up 550 percent... from \$7.4 to \$19.5 billion. In contrast... *Federal Government* revenues rose at a lower rate... from \$40.061 billion in 1950 to \$218.426 billion in 1974 (the latest year for which data are available)... a 445.2 percent increase.

Public Housing Utilities to be Metered

A new energy conservation effort has been announced by HUD... aimed at reducing excessive use of utilities in *Public Housing Projects*.

Assistant Secretary James L. Young said that HUD... in an effort to help hard-pressed *Public Housing Agencies (PHAs)* reduce their operating costs... is requiring that to the extent practicable, all utilities consumed by tenants shall be individually metered. This... in effect... will require *Public Housing* residents who use excessive amounts of utilities to pay the excess costs themselves.

Depending on cost-benefit surveys by each *PHA*... individual metering will be accomplished either by:

- Direct billing to tenants by the utility supplier, with tenants receiving a reasonable allowance from the *PHA* toward costs; or

- Use of a checkmeter operated by the *PHA*, where a mastermeter system is in place, with tenants surcharged for utility consumption in excess of reasonable requirements.

Rent schedules will be adjusted by the *PHA* to allow for reasonable costs in those projects where direct billing is established.

PHAs have 18 months to complete surveys determining which system best suits their needs, and 3 years to implement the individual metering concept. Tenants with high consumption rates will be advised by *PHAs* on ways to cut down utility consumption.

Approximately half of the Nation's 2,800 *PHAs* have already instituted some form of tenant accountability for excessive utility usage. Available data show that people responsible for their own utilities use 20 to 30 percent less than those whose utilities are paid for them.

Details of the final rule on individual metering appeared in the *Federal Register* May 17, and included some of the recommendations received from HUD's earlier invitation for public comment on the subject.



AIA Elects

Elmer Botsai of San Francisco was elected first vice president and president-elect of the *American Institute of Architects*... taking office as president in December 1977. John M. McGinty, Houston, will succeed Louis de Moll as president in December 1976.

Three vice presidents were also elected: Herbert Epstein, Brooklyn Heights, New York; Ehrman B. Mitchell, Jr., Philadelphia; and Robert L. Wilson, Stamford, Connecticut.

Robert M. Lawrence, Oklahoma City, was elected to a 2-year term as secretary; Charles E. Schwing, Baton Rouge, Louisiana, continues as treasurer.

Mr. Botsai is a partner in the West Coast firm of *Botsai, Overstreet and Rosenberg*. Currently serving his second term as *AIA* vice president, he formerly held the office of treasurer, and has been extensively involved in local and national *AIA* activities.



FYI

National Hardware Show... 31st Annual Exhibit... Chicago, August 16-19. Contact: *National Hardware Show*, 331 Madison Avenue, New York City 10017 (212/682-4802).

American Society of Civil Engineers... National Structural Engineering Conference... Madison, August 23-25. Registration: Prof. C.G. Salmon, Engineering Building, *University of Wisconsin*, Madison 53706 (608/262-3491).

Institute of Energy Conservation... U.S./Canadian Conference on Solar Technology in the '70s... Manitoba, Winnipeg (Canada), August 15-20. Details: Karl W. Boer, *Institute of Energy Conservation, University of Delaware*, Newark, Delaware 19711.

150 Million Eligible to Vote in November

More than 150 million Americans will be old enough to vote in the November Presidential election. . . the *Census Bureau* estimates.

The figure. . . 150,041,000. . . is nearly 10 million more than the voting age population at the time of the 1972 Presidential election. . . the first in which the voting age had been lowered to 18 in all States. Previously. . . only a handful of States had lowered the voting age to 18.

Census estimates show that two States. . . **Florida** and **California**. . . will have added more than 1 million persons of voting age between elections. **Florida** will have added an estimated 1,084,000 voters (20.7 percent) between 1972 and 1976. In **California**, the estimated total of persons of voting age added between elections will be 1,325,000 (a 9.5 percent gain).

Rhode Island and the **District of Columbia** will both show slight declines in their 1976 voting age populations compared with 1972. An estimated drop of about 23,000 in **Rhode Island** will mean a 3.4 percent loss in the State's voting age population. In the **District**, the decline will be about 16,000 or 3 percent.

New Publication



Post-Industrial America: Metropolitan Decline and Inter-Regional Job Shifts. . . edited by George Sternlieb and James W. Hughes. A collection of essays examines the reasons behind the economic and demographic shifts between cities and between regions. . . now manifest in the stagnation of decline of America's oldest industrial areas. . . and the consequences which are more far-reaching than the shifts from city to suburb. **Hardcover**. . . 200 pages. . . \$12.95 from the *Center for Urban Policy Research, Rutgers University*, Building 4051, Kilmer Campus, New Brunswick, New Jersey 08903.

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HUD-401



HUD

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U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) (202) 755-5710



July 26, 1976

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Vol. 7 No. 30

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Current Trends

A *National Association of Realtors* survey indicates that the dollar volume of sales of existing homes is likely to exceed \$100 billion in 1976. This will be the first year that this figure will have been reached. The full year's estimate is based on results of the first four months... during which the seasonally-adjusted rate of \$112 billion was reached. This compares to the 4-month rate of \$82 billion and the entire year rate of \$82 billion in 1975. The number of homes involved is also predicted to be a record. It is expected that 2.735 million units will be sold in 1976... 27 percent above the 2.162 million units in 1975.

A *HUD* survey shows that a new record of \$8.6 billion of home mortgage loans was reached in April... surpassing the previous record volume of \$8.3 billion in October 1975. The April 1976 closings were 49 percent larger than a year ago and 32 percent greater than in 1974... the previous April high. Mortgage loans closed in April for apartment houses totaled \$.9 billion... up 10 percent over a year ago. *Savings and loan associations* made \$5.0 billion or 58 percent of the home loan originations plus \$400 million... or 48 percent of the apartment house loans. *Commercial banks* accounted for 21 percent of the home mortgage loans and mortgage companies for another 14 percent. *Mutual savings banks* made 22 percent of the multifamily loans.

Home construction loans in April totaled \$2.1 billion... also an historic high... and 80 percent greater than last year. *S&Ls* accounted for 55 percent of these loans and commercial banks for 33 percent. Multifamily construction loans at \$.4 billion were down 12 percent from a year ago. Purchases of home loans in the secondary market aggregated \$3.4 billion... 28 percent above a year ago. *S&Ls* and federally-supported pools (financed by *Government-guaranteed securities*) each accounted for about one-third of these purchases. Federal credit agencies such as *FHMA*, *FHLMC*, *FmHA* and *GNMA* purchased 23 percent.

New commitments to make long-term or construction loans for 1-4 family homes totaled \$9.7 billion in April... 55 percent higher than last year. New commitments for home loans were up 71 percent for *S&Ls* and 67 percent for commercial banks. New commitments for multifamily loans at \$1.1 billion were 7 percent larger than a year ago. At the end of April mortgage lenders had \$24.8 billion of outstanding commitments to make home loans, 21 percent greater than in April 1975. Outstanding commitments for apartment house loans at \$9.5 billion were off 22 percent from last year.

The total population of the United States (including *Armed Forces* overseas) was about 214,740,000 on March 1, 1976... according to estimates released by the *Census Bureau*. This figure represents an increase of 1,726,000... or 0.8 percent... over the estimate for the corresponding month a year ago... and an increase of 96,000 over the previous month. The monthly gain was the result of a natural increase of 71,000 (excess of births over deaths), and estimated net civilian immigration of 25,000. The March 1, 1976, total population represents an increase of 10,406,000 over the population on April 1, 1970... the date of the census upon which these estimates are based.

Hispanic Coalition Meeting Held

A meeting of *HUD* officials was held with representatives of the *National Hispanic Coalition for Better Housing* to explore ways public housing managers can improve their abilities to deal with the special needs and requirements of *Hispanic-American* tenants. Secretary Hills told the meeting: "Your concerns are our concerns. We want to assist you and all of our constituencies. There is absolutely no sense in *HUD* initiating programs unless those who will manage them can do so in a way that benefits everyone influenced by the program."

During the meeting... *HUD* agreed to provide Spanish-language versions of publications and forms relevant to Spanish-speaking citizens. The group discussed the possible development of a training program to familiarize public housing management personnel with the needs of *Hispanic-American* tenants.

Also discussed was the possibility of *HUD* sponsoring an entry-level training program for *Hispanic-Americans* who would like to work in the *Public Housing* management field. In addition to the Secretary... other *HUD* officials attended... including James H. Blair, Assistant Secretary for Fair Housing and Equal Opportunity; James L. Young, Assistant Secretary for Housing/*FHA* Commissioner; Glendora Putnam, Deputy Assistant Secretary for Fair Housing and Equal Opportunity; Thomas O. Jenkins, Assistant for Operations in the Office of Fair Housing and Equal Opportunity; and Phillip Garcia, *HUD* Spanish-Speaking Program Coordinator.

Representatives of the *National Hispanic Coalition for Better Housing* who attended the meeting were: Aureo Cardona, President, who is Director of Management for *South Bronx Community Housing Corporation*; Pedro M. Gonzalez, Secretary, and currently Housing Manager for the *Housing Authority of Joliet, Ill.*; Hector Pinero, Treasurer, and present Assistant Director of the *South Bronx Community Housing Corporation*; and Richard J. Martinez, and Perfecto Villarreal, both members of the *National Coalition* and program associates of the *National Center for Housing Management*.

Energy Conservation Awards Program Announced

The *Fifth Annual Owens-Corning Energy Conservation Awards* have been announced. Any registered architect or professional engineer practicing in the U.S. is eligible. As an individual, or in a team. To qualify, an entry must be a commissioned building project—in the design process, under construction, or a completed structure.

Winners will be selected from four design categories:

- **Governmental**—~~post~~ offices, administrative buildings, and military structures, to name a few.
- **Institutional**—schools and hospitals, for example.
- **Commercial**—office buildings, shopping centers, retail stores, and similar structures.
- **Industrial**—including manufacturing plants, research centers, and warehouses.

Winning architects and/or engineers will receive a *Steuben Crystal* sculpture. Owners or clients will receive other *Steuben Crystal* awards.

Outstanding professionals in architecture and engineering will serve as the Awards Jury to select the winners. Completed entries must be submitted by August 31, 1976. Winners will be selected and notified in early October.

A brochure with details on how to enter is available from: G.S. Meeks, *Owens-Corning Fiberglas Corp.*, Building Products Operating Division, Fiberglas Tower, Toledo, Ohio 43659.

President Names Building Sciences Board

In *Section 809 of the Housing and Community Development Act of 1974* ... Congress authorized a *National Institute of Building Sciences* as a vehicle for unifying the building regulatory process. . . and with the hope that a lowering of construction costs could be accomplished. The *Institute* is expected to take a leading role in formulating performance standards and energy conservation codes.

The President has nominated. . . and the *Senate* has confirmed 18 members of the *Board of Directors* of the *Institute*. The *Board* is composed of a representative cross-section of interest groups, including the building industry, building product manufacturers, labor, government agencies, trade associations, and consumer groups. *NIBS* is expected to be in full operation by the end of the year.

The President designated O.M. Mader, vice president for marketing of the *Aluminum Co. of America*, as Chairman of the Board. Members who will serve 1-year terms include: Robert J. Brungraber, Professor of Civil Engineering, *Bucknell University*, and Research Engineer, *National Bureau of Standards*; Lew J. Cantor, Commissioner of Buildings, *City of Richmond, Va.*; Jodie R. Johnson, President, *Johnson Homes, Inc.*, Gulfport, Miss.; Joseph H. Newman, Senior Vice President, *Tishman Research Corporation*, and First Vice President, *Tishman Realty and Construction Company, Inc.*, New York City; Charles H. Pillard, President, *International Brotherhood of Electrical Workers*; and Robert F. Schmitt, President, *Bob Schmitt Homes*, Strongsville, Ohio.

Members who will serve for 2 years include: William F. Floyd, III, Construction Manager, Atlanta Region, *Builders Investment Group*; Jasper S. Hawkins, *Hawkins and Lindsay*, Los Angeles; Warner Howe, owner, *Gardner and Howe Structural Engineers*, Memphis; Charlene Sizemore, President, *Women's Club of Huntington, W. Va.*, and member, *Consumer Advisory Council of Underwriters Laboratories, Inc.*, Chicago; S. Peter Volpe, President and Treasurer, *Volpe Construction Co., Inc.*, Malden, Mass.; and Jeremiah T. Walsh, Commissioner, *Department of Buildings, Housing and Development Administration*, New York City.

Those who will serve for 3 years include: Robert A. Georgine, President, *Building and Construction Trades Department, AFL-CIO*; David S. Miller, President, *David S. Miller and Associates, Inc.*, Cleveland; Glen R. Swenson, Director, *Utah State Building Board*, and President, *National Council of States on Building Codes and Standards*, Salt Lake City; and Herbert H. Swinburne, consultant, *Architecture, Planning and Building Research*, Philadelphia.



New Publications

Housing and Community Development Opportunities for Community Development Corporations. Edited transcripts of the *National Economic Development Law Project's Housing and Community Development Conference* held in October 1974, covering organizational and programmatic strategies for participation in the *Community Development Block Grant Program, Section 8* housing, housing rehabilitation and management, disinvestment and redlining, and other programs related to the *Housing and Community Development Act of 1974*. 269 pages. \$10. Available from the *University of California National Economic Development Law Project*, 2313 Warring Street, Berkeley, Ca. 94704.

Modeling Techniques for Community Development. . . a new report which assesses the physical, economic, and social aspects of community development planning and considers the application of modeling techniques during the various stages of the development process. Prepared by the *U.S. National Committee for the International Council for Building Research, Studies, and Documentation*. In its 96 pages, the report (a) determines the effectiveness of several modeling techniques; (b) identifies and examines areas in which models begin to lose their credibility; and (c) defines the elements needed to make models more viable. The report also explores potential roles for public and private organizations in evaluating community development programs. Available for \$5.75 per copy in paperbound edition (ISBN 0-309-02420-X) from *National Academy of Sciences, Printing and Publishing Office*, 2101 Constitution Ave., Washington, D.C. 20418.

Philadelphia Agreement A First

The first agreement of its type... between local building and construction trade unions and contractors... designed to stabilize the process of rehabilitating residential properties in urban areas... was signed in Philadelphia.

About 500 homes owned by HUD in the Philadelphia area will be sold to private contractors, rehabilitated under the agreement, and sold to prospective home buyers at moderate prices.

Application of the agreement's guidelines, which were adopted in principle by seven AFL-CIO trade unions and the *National Housing Rehabilitation Association* in February and endorsed by Secretary Hills, is also expected to provide additional jobs for the labor organizations and an increased number of jobs for minorities.

Similar agreements are expected to be signed in other cities throughout the Nation in the near future.

Important provisions of the Philadelphia agreement are:

- Secondary wage rates negotiated by the unions and the contractors to apply to residential rehabilitation.
- Substitution of time and one-half as the basic hourly wage for overtime instead of double-time. This will apply to all hours beyond the normal 8-hour shift as well as to Saturdays.
- Payment of the basic wage rate for Saturday work when one or more work days in the previous week has been missed.
- Elimination of premium pay, travel pay, or subsistence pay for any work covered in the agreement.

Trade union groups involved in the Philadelphia agreement are: bricklayers, masons, plasterers, carpenters, electrical workers, painters, decorators, paperhangers, roofers, plumbers, soft floor coverers, dry wallhangers, and cement masons.

HUD newsletter

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July 26, 1976

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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



HUD NEWSLETTER
July 26, 1976



HUD

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



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August 2, 1976

Vol. 7 No. 31

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Current Trends

Housing starts rose in June to a seasonally-adjusted annual rate of 1.492 million units... up 4.3 percent from the May level. It was the second consecutive month in which the rate increased... according to the *Commerce Department*. Permits for future construction... however... declined 3.1 percent during the month... to an annual rate of 1.122 million units. Both single-family units and apartments shared in the rise in starts... with only buildings in the 2- to 4-unit category showing a decline.

The *FHLBB* reports that conventional mortgage interest rates on new homes fell to a 10-month low in June... to 8.91 percent... compared to 8.97 in May... and 8.96 in June 1975. Interest rates on existing homes fell to their lowest level since July 1974... to 9.01 percent... down from 9.03 in May... for the seventh consecutive decline... and the lowest since a 9.0 percent rate in July 1974. The average purchase price of new homes rose in June... to \$48,500... the same level as April... after having shown a drop to \$46,300 in May. Existing home prices in June reached a record of \$42,300... up from May's \$40,200. The previous record price for existing houses was set in July 1975.

The *Mortgage Bankers Association of America's WEATHERVANE* reports that bond and mortgage yields continue to drift without a definite trend. The article says some good news probably will bring lower yields during the summer. The FY 76 *Federal Budget* deficit was lower than expected. It is now estimated to be \$68 billion instead of the \$76.2 billion projected earlier. The *Treasury* is letting some debt run off this month because of its favorable cash position. The volume of new corporate and municipal bond issues has dropped far below the high pace of the first half. The *Fed* seems to be easing monetary policy... permitting short-term interest rates to slip. But... says *MBA*... other news indicates the summer dip in yields will be temporary. Many *Federal* expenditures were postponed from June to September because fiscal 1976 budget authority ends on September 30 after the "transition" quarter. Thus... what was gained this June will be lost this September. *GNMA* has scheduled a \$202 million sale of mortgages. Business loan demand at commercial banks promises to turn up after declining throughout the first half. Price increases will be higher... reflecting the underlying inflation in the economy. The *Federal Reserve* will eventually tighten monetary policy as the economic recovery pushes activity still higher.

HUD's July 1 opinion survey of mortgage conditions showed that nationally... the average secondary market price for immediate delivery of *HUD/FHA*-insured new-home mortgages with 30-year terms and minimum downpayments declined fractionally... one tenth of a point... to \$95.8 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 9.05 percent compared to 9.03 percent for the month and year earlier. Also... the national average interest rates contracted to be paid by the borrowers for conventional first mortgages had edged upward by five basis points for both new- and existing-home transactions to 9.05 and 9.10 percent, respectively. Although this was the second consecutive monthly increase in national rates, there appeared to be no consistent trend to higher rates throughout the country.

1976 Housing Awards Announced

Honors have been awarded to 17 architect-designed houses and multifamily housing projects in the *1976 Homes for Better Living Program*. . . sponsored by the *American Institute of Architects* in cooperation with *House and Home* magazine. Award certificates were presented to the winners at the *AIA* convention in Philadelphia.

There were more than 300 entries in this year's program. Entries were divided into three categories: *Custom Houses*. . . designed for specific clients, *Merchant-built houses* designed for sale and *Multifamily* housing complexes. Two juries selected the award winners. . . one for *Custom homes* and the other for *Merchant-built and Multifamily housing*. Chairman of the *Custom* jury was Alfredo De Vido, *AIA*; chairman of the jury for selection of winners of *Merchant-built* and *Multifamily* entries was John K. Rauch, Jr., *AIA*.

In the *Custom House* category, first honor awards went to architects Edward Larrabee Barnes, *FAIA*, of New York City, for a residence on the coast of Maine; Hartman-Cox of Washington, D.C., for a house in Montgomery County, Md., and to MLTW/Turnbull Associates of San Francisco, for a house in Great Falls, Va.

Awards of merit for custom-designed houses went to: Hobart Betts, *AIA*, New York City; Booth & Nagle, Chicago; Kirby Ward Fitzpatrick, *AIA*, San Francisco; Donald Jacobs, *AIA*, The Sea Ranch, Calif., and Daniel Solomon, *AIA*, San Francisco.

In the *Merchant-built* house category, an award of merit went to SMS Architects of New Canaan, Conn. (associate architects: Donald Sandy, Jr., *AIA*, and James A. Babcock) for Lyon Farm, Greenwich, Conn.

Architects/planners Donald Sandy, Jr., *AIA*, and James A. Babcock, of San Francisco, won an honor award in the *Multifamily housing* category for University Park, Ithaca, N.Y. Awards of merit in this category were given to the Sandy/Babcock team and to Clark Tribble Harris & Li, Charlotte, N.C.; Fisher-Friedman Associates, San Francisco; Mackinlay/Winnacker/McNeil, Oakland, Calif.; Schoneberger, Straub, Florence & Associates, Phoenix; Waltz & MacLeod and Willis & Associates, San Francisco.



New Trash Recovery System Begins

On July 20. . . the *City of New Orleans* initiated a new method of disposing of its trash and garbage. . . and some technicians believe the technology of solid waste management entered a new era. A ceremony marked the start-up of *Recovery I*. . . the world's first fullscope prototype materials recovery system. During the first phase of operations, about 650 tons per day of *New Orleans'* refuse will be shredded and disposed of in an environmentally-controlled landfill. Over the following 6 months. . . a range of additional equipment will be installed and tested. In early 1977. . . the second phase of operations will begin with the recovery of steel, aluminum, other nonferrous metals, glass, and paper from the mixed waste.

The system represents a radical departure from *New Orleans'* traditional practice of waste disposal through incineration. The new facility will process more than half of the city's daily trash and garbage. . . enabling the closing of three of its five incinerators.

Waste Management, Inc., is the owner and operator of the facility; the *National Center for Resource Recovery (NCRR)* designed the system and is technical consultant to the *City*.



Construction Unemployment Figures Released

The *Labor Department* report for June showed that unemployment in the construction trades rose to 17 percent in June from 14.1 percent in May. . . but was down significantly from the June 1975 level of 20.5 percent. The overall unemployment rate. . . nationally. . . was also up in June over May by .2 percent. . . to 7.5. . . but below June 1975's 8.7 percent.

Builders Expect Good Year

The *Spring Survey* conducted by the *Builders Economic Council of the National Association of Home Builders* showed that *NAHB* members responding to the *Survey* are quite optimistic about the immediate future of their industry. Nationwide... the respondents expect a 42 percent increase in housing starts... with those in the Northeast most optimistic... anticipating a 51 percent rise. At the time of the *Survey*... in late April... the members reported favorable conditions in all categories of housing... except for condominiums.

Less than 20 percent of those answering reported above-normal inventories of either new rental or sales units. Condominium units... however... were a different story... with 54 percent reporting heavy inventories in this category. And nearly half of those queried expected shortages in labor and materials as a result of the upturn in building activity.

Costs are expected to rise... with materials estimated to increase about 12 percent and labor 7 percent... compared to 8 percent for materials and 6 percent for labor in 1975. Lumber is the material that most builders thought would escalate the most. Land costs are expected to go up about 10 percent... the same as in 1975. And builders are expecting to build a larger number of 1-bedroom apartment units.

Other significant findings of the survey:

- Except for condominiums... floor areas of newly-built houses increased from 1974 to 1975.
- Average lot size for both detached and townhouse units increased from 14,980 square feet to 15,740 in the year... for free-standing houses... and from 4,150 to 4,760 for townhouses.
- The bedroom mix changed... with a greater number of the typical detached and townhouses going from 2- and 3-bedroom to 4-bedroom units. Again... condominiums showed a counter trend... with a larger number of these units being 2-bedroom units.
- A slight increase occurred in the average number of units built that include dishwashers, refrigerators, ranges, and disposals.



Veterans' Benefits Extended

A new law assures home-loan guarantees and direct home loans from the *Veterans Administration* to all veterans of World War II and later wars. The law makes these programs permanent. For the first time... home-loan benefits are made available to about 255,000 veterans who served between the official end of World War II, on July 25, 1947... and the legal start of the Korean War... on June 27, 1950. Also... the maximum loan guaranty for a mobile home goes up from 30 percent to 50 percent of the home's value. And on October 1... the maximum direct loan will rise from \$21,000 to \$33,000. Direct loans are made in rural areas and small towns where private financing is hard to get.



GNMA Mortgage Sale

HUD's GNMA has announced an unrestricted sale of \$350 million in mortgages obtained in the *GNMA/Mortgage Corporation Conventional Home Mortgage Program*.

The mortgages will be sold to those individuals and firms that submit offers to purchase at a price set in advance by *GNMA*. This phase will constitute *Part II* of a continuous conventional mortgage portfolio sale program announced June 28. In *Part I* only *GNMA/FHLMC Seller/Service*s were permitted to purchase the mortgage packages offered and then only those which they currently serviced for *GNMA*.

Following the initial announcement on July 19... each Monday (or more often) ... *GNMA* will announce... via a *Wall Street Journal* advertisement and *AMMINET*... the conventional mortgage sales price at which it will accept offers to purchase. Sales prices will be subject to change without notice. Sales will be made on a first come, first served basis.

FmHA to Get More Funds for '77

A recent issue of the *Rural Housing Reporter* reported that in calendar 1974 the *Farmers Home Administration (FmHA)* financed 73,000 housing units... the *FHA* 42,000... the *VA* 10,000... and the *Farm Credit Administration* 5,000.

Both Houses of *Congress* have passed the *Department of Agriculture Fiscal 1977 Appropriations Bill*... which contains \$3.177 billion for *FmHA* for the fiscal period. This compares to the current estimate of *FmHA* expenditures of \$3.216 billion in *Fiscal 1976*.



FYI

Governmental Research Association, Inc.... *Annual Convention*... Philadelphia, August 22-25. Details: *GRA*, P.O. Box 387, Ocean Gate, New Jersey 08740 (201/269-3489).

New York University's School of Continuing Education... *Energy Conservation* (a 2-day intensive seminar to reduce energy costs in industrial plants)... New York, August 26-27; Los Angeles, September 16-17; Houston, October 28-29; Chicago, November 18-19; and Miami, December 9-10. Details: Ms. Heidi Kaplan, Information Services Manager, *New York Conference Management Center*, 360 Lexington Ave., New York, New York 10017 (212/953-7262):



New Publication

Rapid Growth from Energy Production: Ideas for State and Local Action... a compilation of experiences of communities that have solved the growth problems created by the impact of energy projects in the city. It also contains a "how-to-do-it" section... places to go for information... and suggestions that will help communities expand in an orderly fashion. Single copies of the guide may be obtained free from: Office of Planning and Management, *HUD*, Room 7220, Washington, D.C. 20410.

HUD newsletter

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HUD NEWSLETTER
August 2, 1976

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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



Mrs. Landis
Rm. 8141

HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



August 9, 1976

Vol. 7 No. 32

Current Trends

The sale of *U.S. Savings Bonds* broke all records in the second quarter of the year... with \$1.92 billion sold... up 9.5 percent from the second quarter of 1975. The first half of the year was likewise ahead of 1975... totaling \$3.9 billion... a 7 percent rise over last year.

While *Savings Bonds* sales were increasing... deposits into *Mutual Savings Banks* and other thrift institutions slowed to a trickle in June. Apparently attracted by a higher interest rate on *Savings Bonds* and other competitive investment opportunities... savers increased their deposits in *Mutual Savings Banks* by only \$10 million during the month... compared to a rise of \$550 million in May... and a record \$746 million in June 1975. Preliminary figures indicate a decline of \$1.75 billion in net savings flow into *S&Ls* in June... compared to June 1975.

Yields fell at the *FNMA* mid-July auction of 4-month commitments to buy mortgages on both *Government-backed* and conventional loans. For the third straight auction, yields declined on the sale of \$88.4 million in *Government-backed* mortgages... while yields on \$82 million in commitments for conventional loans... which had risen at the previous auction... also dropped.

Urban renewal project notes totaling \$223.1 million... representing 71 local issuing agencies... were sold in mid-July at an average interest rate of 3.236 percent. The average interest rate for the \$250.4 million of project notes sold a month earlier was 3.182 percent.

★ NOT TO BE TAKEN
FROM THE LIBRARY.

Solar Energy Grants Available

HUD is accepting applications for a second round of grants to install and test solar energy systems in single and multifamily homes.

Charles J. Orlebeke, Assistant Secretary for Policy Development and Research, said grants would be made only to builders and developers who market the homes after they are completed. Funding will not be considered for pre-sold units nor for individuals for their private homes.

The first round of grants for experimental systems to heat and cool homes by solar energy was awarded by *HUD* in January. There were 48 grants... totaling \$963,848... divided among 136 units in 27 States. Grantees in the first round are free to compete for this and succeeding rounds.

Submissions will be judged according to criteria printed in the application material. Deadline for receipt of this round is September 1. Winners are expected to be announced later in the fall.

Application forms may be obtained from: *RFGA Integrated Projects, HUD Solar Staff*, Room 8158, Dept. of *HUD*, Washington, D.C. 20410.

'Quality of Service' Grants Made

HUD has announced grants to 10 State and local jurisdictions totaling \$1 million to demonstrate new methods of helping public officials get better results for every tax dollar spent.

Some 165 localities applied for productivity improvement grants under the program. The winners showed the best prospects of:

- Maintaining the same quantity or quality of service at lower cost;
- Increasing the quantity or quality of service at the same or lower cost; or
- Improving working conditions without lowering the quality or quantity of service or raising costs.

Projects selected show potential for widespread application by other State or local governments. Results and experiences will be evaluated and published for use by other jurisdictions.

The winners were announced by Charles J. Orlebeke, *HUD* Assistant Secretary for Policy Development and Research. The grants are part of *HUD's Innovative Projects Program* to help strengthen the capability of local governments through demonstration projects which can serve as models for other jurisdictions.

The awards were made to: Akron; Anaheim, San Diego, and Santa Clara, California; Eight Iron Range Communities, Eveleth, Minnesota; Brantley County, Georgia; States of Illinois, Oregon, and Rhode Island; and Washington, D.C.



Lead Paint Program Expanded

President Ford has signed into law the *National Consumer Health Information and Health Promotion Act of 1976 (P.L. 94-317)*. Among other things... the new law extends and gives the *Federal Agencies* involved... *HEW*, *HUD*, and *Consumer Product Safety Commission (CPSC)*... new authority under the *Federal Lead-Paint Poisoning Prevention Program*... including the requirement that *CPSC* determine whether the current maximum lead-level allowed in paints is safe.



219 Special Census Conducted in Second Half of 1975

Special population censuses were conducted in 219 local jurisdictions during the second half of 1975... according to the *Census Bureau*.

The new report shows that the 219 special censuses were distributed among 25 States. The most populous place enumerated was Phoenix, Arizona, where the 1975 total was 669,005. The smallest place enumerated was Balltown, Iowa, which was found to have a population of 109.

A special census typically is conducted at the request and expense of a local government, and results are sometimes used to update the population base for State tax fund allocations.

Information collected in a special census is usually limited to a count of all persons by age, sex, race, and their relationship to the head of household. Additional questions may be asked if the local government is willing to bear the cost.

For those areas which have had annexations since the 1970 census, the report includes a table which provides the population count of the annexations as of the date of the special census.

Copies of the report, *Summary of Special Censuses Conducted by the Bureau of the Census Between July 1, 1975, and December 31, 1975, P-28, No. 1537*, may be obtained for 35 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

Housing Management Awards Made

Six awards were announced for "outstanding contributions in improving the quality of life in multifamily housing." Samuel J. Simmons, President of the *National Center for Housing Management*, announced the award recipients. The *Center*... which was created by *Presidential Executive Order* in 1972... has as its mission the providing of objective and independent leadership at the national level to help meet the Nation's housing management and training needs.

The winners: Jerome Steinbaum, President, *SK Management Company*, and President of *Kaufman and Broad Asset Company*, Los Angeles - *Managing Agent of the Year*; Earl Phillips, Director of Housing, *Newark Redevelopment and Housing Authority* - *Local Housing Agency Director of Management of the Year*; Guerrino Scampoli, Executive Director, *Village of Tuckahoe Housing Authority*, Tuckahoe, New York - *Local Housing Agency Executive Director of the Year*; Mrs. Nancy B. McGarrigle, Manager, *Finlay House*, Columbia, South Carolina - *On-site Manager of the Year*; Sister Margaret Mary Toomey, Manager, *Home of Oakridge*, Des Moines, Iowa - *Tenant Manager of the Year*; and Ms. Delores Briggs, resident, *Portsmouth Redevelopment and Housing Authority*, Portsmouth, Virginia - *Resident of the Year*.



200 Years of U.S. Architecture Honored

A special Bicentennial issue of the *AIA Journal*... published by the *American Institute of Architects* has been issued. It contains the results of a survey of a representative sample of 46 architectural practitioners, historians, and critics expressing their opinions on the outstanding buildings and projects in the country in the last 200 years. Respondents named 260 individual buildings and projects as their choices for the 'outstanding' accolade.

Leading the list... with 29 nominations, is Thomas Jefferson's design for the campus and grounds of the University of Virginia. This was followed by Rockefeller Center in New York... Saarinen's Dulles International Airport near Washington, D.C... Frank Lloyd Wright's 'Falling Water' residence near Pittsburgh... Louis H. Sullivan's Carson, Pirie & Scott department store in Chicago... and Henry Hobson Richardson's Trinity Church in Boston.

All sections of the U.S. were represented by the nominations... with selections in 140 communities in 36 States and jurisdictions. New York City led... with 29 nominations... followed by Chicago with 25... Boston with 14... and Philadelphia with 13.

Copies of the publication are available from *AIA*, 1735 New York Ave., N.W., Washington, D.C. 20006, for \$5.



Unusual Exposition Planned

The *Producers' Council* will get it all together for members of the building team. The first project of its kind ever to be developed, planned, and produced solely by manufacturers of building products on a nationwide basis is scheduled for exhibition at Chicago's McCormick Place, November 17-19.

The *Building & Construction Exposition & Conference (BCEC)*, is a milestone event being sponsored by the *Producers' Council*... the national organization which for 55 years has represented manufacturers of quality building products.

Richard I. Morris of *W.R. Grace & Co.*, president of *Producers' Council*, stated: "This is a long-overdue and much needed step. Up to now... there has been no central site where all members of the building team could gather to exchange ideas and gain new product information. Exhibitors and visitors from the various disciplines which make up our industry have always had to participate in several trade shows every year in order to remain alert to changing influences in the construction marketplace. *BCEC* can change all that."

To date... more than 150 exhibitors have contracted for space. Up to 15,000 domestic and overseas visitors are expected to attend the *Exposition*, with some 1,000 registering for one or more of the *Conference* sessions.

FYI

National Asphalt Pavement Association. . . Annual Mid-Year Meeting. . . Dallas, August 20-22. Details: NAPA, Calvert Bldg., Suite 620, 6811 Kenilworth Ave., Riverdale, Md 20840 (301/779-4880).

Urban and Regional Information Systems Association. . . Annual Convention. . . Atlanta, August 27-September 2. Details: URISA, 1140 Connecticut Ave., N.W., Washington, D.C. 20036 (202/223-8240).

Illuminating Engineering Society. . . Annual Technical Conference and International Lighting Exposition. . . Cleveland, August 29-September 2. Details: Linda Madden, IES, 345 East 47th St., New York, N.Y. 10017.

International Federation of Landscape Architects. . . Annual Congress. . . Istanbul, Turkey, September 6-9. Details: Secretariat, IFLA Congress, Arco Velho, Sintra, Portugal.

Interactive Resources, Inc. . . Conference on Solar Energy Applications for Buildings. . . Oakland, September 11-12. Details: IRI, Energy Conference Information, 39 Washington Ave., Point Richmond, California 94801.

Associated Builders and Contractors, Inc. . . Annual Convention. . . Boston, September 12-17. Details: ABC, P.O. Box 8733, Baltimore-Washington International Airport, MD 21240.

American Institute of Steel Construction. . . Annual Convention. . . White Sulphur Springs, W. Va., September 13-15. Details: AISC, Annual Convention Information, 1221 Avenue of the Americas, New York, N.Y. 10020.

Manufactured Housing Institute. . . 1976 National Suppliers Show & Builders Home Center. . . Memphis, September 14-16. Details: MHI, Box 17014, Dulles International Airport, Washington, D.C. 20041 (703/968-6970).

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**HUD NEWSLETTER
August 9, 1976**





August 16, 1976

Vol. 7 No. 33

Current Trends

A record of \$9.1 billion in mortgage loans was closed in May... exceeding the previous high of \$8.6 billion set in April 1976, according to a HUD survey. The May volume was 31 percent larger than a year ago. Multifamily mortgage loans closed in May totaled \$9 billion, 4 percent less than in May 1975. S&Ls accounted for \$5.1 billion... or 56 percent of total home loans closed... the same share as a year ago. Commercial banks originated \$2.1 billion of home mortgages... increasing their market share from 17 to 23 percent. Mortgage companies accounted for 14 percent of the home loans... compared to 17 percent last year. In the multifamily market... S&Ls accounted for 53 percent of the loans closed... mutual savings banks for 13 percent... and commercial banks for 11 percent.

Volume increased and yields declined at its late-July auction as FNMA issued \$317.2 million in 4-month commitments to purchase both Government-backed and conventionally-financed home mortgages. The issuances consisted of \$317.2 million... of which \$212 million was in Government-backed mortgages... at an average yield of 9.043 percent... compared to the previous auction of 9.050... and \$105.2 million in 4-month commitments on conventional mortgages... at an average yield of 9.233 percent... down from the mid-July level of 9.270 percent.

The Economics and Research Department of the Mortgage Bankers Association reported savings inflows to thrift institutions rebounded strongly in July... and MBA expects these flows to continue at high levels as rising personal income and employment prevail... and even if short-term interest rates in other investment sectors increase moderately.

McGraw-Hill's Engineering News Record Building Cost Index showed a midyear level of 8.2 percent above a year earlier... on a national average basis. Most cities in the country were within a fairly close range of the national average... but Detroit with a 3.3 percent rise... Boston (5.1 percent)... Los Angeles (14.0)... and Minneapolis (12.0) showed the widest variations from the norm.

New construction contracts rose almost imperceptibly in June over June 1975... from \$10.4 billion to \$10.5 billion. For the first half of the year... however... the rise was a substantial 10 percent... to a level of \$51 billion... according to the F.W. Dodge Division of McGraw-Hill. George A. Christie... Dodge's Chief Economist... predicts an even stronger second half... with a probable 14 percent rise over 1975. Residential building continued its strong comeback in June... with contracts reaching 14 percent above the 1975 level... and apartment activity exceeding the 300,000-unit quarterly-rate for the first time in more than 18 months.



1976 Housing Act Signed

On August 3... President Ford signed into law the Housing Authorization Act of 1976 (PL 94-375). The new law provides... among other things... up to \$850 million in new contract authority for Annual Contributions Contracts for housing... including Section 8 and Public Housing. Actual amounts available will depend on Appropriation Bill action. The Act also provides for extensions and funding levels for a number of existing programs... including the Section 235 Home Ownership Program... the Section 202 Elderly Housing Loan Program... and the Section 312 Rehabilitation Program. In addition... it extends the special Tandem Program for mortgage subsidies through Fiscal Year 1977.

Unusual Preservation Conference Site

A major Statewide conference is scheduled for what is probably the smallest town ever to host such a meeting. Tiny (population 76) Round Top, Texas, will be the site for a conference covering the planning aspects of historic preservation... to be held September 24-25. Titled: *The Preservation of Community Character*... the meeting is one of a series of annual preservation seminars sponsored jointly by the *Texas Historical Commission* and the *University of Texas*. The sessions will be held at the *Austin Winedale Museum* in Round Top... and has as its objective the need for small communities to preserve their architectural heritage.

Many Texas communities are feeling the impact of the tremendous growth of population in Texas... resulting in metropolises spilling over into small towns... which in many cases results in the destruction of the character of the town. Historic landmarks or other unique local characteristics are being replaced by parking lots, filling stations, or modern buildings... with no particular character or difference... regardless of what formerly occupied the site. The emphasis of the *Conference* will be on avoiding this kind of problem.

The *Conference* is funded by a grant from the *National Endowment for the Arts* (a Federal Agency).

Further details are available from the *Winedale Museum*, Box 11, Round Top, Texas 78954 (713/278-3530).



An Environmental First

Two environmentally aware forces... an Indian tribe and HUD's *National Flood Insurance Program*... have joined hands in a mutual effort to restore nature's balance to a section of Harney County, Oregon.

Acting Federal Insurance Administrator J. Robert Hunter announcing that the Burns-Paiute Reservation is the first Indian community to sign up for the federally-subsidized *Flood Insurance Program*... said: "When a native American tribe which for generations has lived in harmony with its natural environment joins our *Program* to protect their living environment... we feel we must be doing something right."

The Burns-Paiute tribe now numbers just 130 people. Their 77-acre reservation... a fraction of the 3,000 square miles once occupied by their ancestors as late as the 1870's... is located in southeastern Oregon in the high desert country. Because of an elevation of 4,100 feet there is a chance of frost on any day of the year... so the growing season for the tribe's crops is limited to 70 days.

Their major flood problem is side-hill drainage. Every winter... melting snow and frequent rain run unchecked over the still frozen ground... sometimes causing evacuation and damage to often-repaired homes.

The Indians are also flanked by a potentially dangerous river. The Silvies flows through a corner of the land from its origin in the Strawberry Mountains, near Seneca, Oregon. The established 100-year flood plain is also the tribe's residential area. This would be the target area if the Silvies River crested in flood force. But that was before the tribe's flood plain management plan was developed.

In order to participate in the federally-subsidized *Program*... a community must adopt flood plain management measures designed to minimize future flood damage.

Under the plan submitted by the Indian leaders, all new development will be directed to a new subdivision area on higher ground. The plan calls for the removal of the existing homes in the flood plain by 1995... when the land will be converted to agricultural purposes.

Now that the community is enrolled in the *Program*... flood insurance is immediately available as protection against the tribe's annual losses.

N.Y. Unions Agree to Pay Cut

Spurred by *HUD* approval of funds for the rehabilitation of 3,000 apartment units in New York City... the key construction trade unions in the area have agreed to accept a 25 percent cut in wages and fringe benefits for work on rehabilitation projects... for a period of 1 year.

Most of the apartments covered by the *HUD* funding are in the Bronx. It is hoped that the approval of the initial group of projects by *HUD* will encourage the beginning of an overall effort toward undertaking the rehabilitation of the more than 100,000 structures in New York City that are estimated to require major rehabilitation.

New York City is the second community where *HUD* funding has sparked a rehab effort and union concessions on wages. A few weeks ago the labor unions in Philadelphia signed a similar pact.

John S. Rogers, a member of the executive board of the *United Brotherhood of Carpenters and Joiners*, said: "It's not only work for our workers we're looking for. We want to help save our city."

While initially the pact covers only *HUD*-funded rehab... it is expected that the new wage rates will ultimately cover all residential rehab work in the city.



Historical Statistics Issued

The first copy of a new *Census Bureau* publication... *Historical Statistics of the United States, Colonial Times to 1970*, has been presented to the *Librarian of Congress*... and is available to the public.

Called the *Bicentennial Edition*... the new book is in two volumes and has 1,298 pages of tables and associated text annotations. The tables include a wide range of data detailing the social and economic development of the Nation in quantitative terms. They cover the period from the establishment of the first colonies in the early 17th century to 1970. The annotations serve principally as a guide to sources of more detailed information but define terms and include essential qualifying statements as well.

Of special interest in the bicentennial year is the much-expanded chapter entitled *Colonial and Pre-Federal Statistics* with such data as the following:

- The estimated population of each of the colonies from 1630 at 10-year intervals;
- The slave trade at various ports of entry from the start of the 18th century on;
- Basic weekly diets in Britain and America from 1622 to 1790 including estimated caloric intake of various classes of people in that period;
- The value of exports to and imports from England by the American colonies and States: 1697 to 1791.

Virginia was the early leader in population among the colonies. The first entry in the table on population estimates of the colonies, for the year 1630, shows Virginia with 2,500 of the total of 4,646 settlers for all the colonies that year.

Virginia also led all the colonies and later the States in decennial population estimates and subsequent censuses between 1630 and 1810, except in 1720 and 1730, when the population of the Massachusetts Bay Colony was greater. In 1810, New York took the lead in population, a spot it held until the 1970 census when California became the most populous State.

The *Bicentennial Edition* is the third in a series and is a much expanded version of its predecessors. The first was published in 1949 and brought the statistics forward to 1945. The second, published in 1960, brought the statistics forward to 1957. Each of the first two editions was contained in a single volume.

Copies may be purchased from the *Superintendent of Documents*, Washington, D.C. 20402. The price of the two-volume, clothbound set is \$26.

Massachusetts Institute of Technology. . . co-sponsored by *University Extension, University of California, Berkeley*. . . 2-day course on *Firesafety in Buildings*. . . Cambridge, September 17-18. Particularly for professional architects and engineers, building officials, educators, and fire-service personnel. Supported in part by a grant from the *National Fire Prevention and Control Administration*. Details: *Continuing Education in City, Regional and Environmental Planning, University Extension, University of California, 2223 Fulton Street, Berkeley, CA 94720 (415/642-4811)*

International City Management Association. . . Annual Convention. . . Toronto, September 26-30. Details: **ICMA**, 1140 Connecticut Ave., N.W., Washington, D.C. 20036 (202/293-2200)

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This and other monographs in the *Program of Policy Studies* monograph series may be obtained from Charles M. Lamb, *Program of Policy Studies in Science and Technology*, *George Washington University*, Washington, D.C. 20052.

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HUD-401



HUD

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-8849



August 23, 1976

Vol. 7, No. 34

Current Trends

The monthly *Housing Sales Report*... issued jointly by HUD and the *Census Bureau*... shows that sales of new one-family houses during June were at the seasonally-adjusted annual rate of 580,000 units. This was 7 percent above the revised May rate of 541,000 units... and compares to 551,000 in June 1975. Actual sales for the month of June totaled 54,000 units... and brought the number of units sold during the first half of 1976 to 318,000 units... compared to 269,000 in the first 6 months of 1975.

The *Housing Sales Report* also showed a continuing significant rise in the price of new housing in June. The median price of houses sold during the month rose to \$46,300... compared to \$43,600 in May 1976... a 6.2 percent increase.

The *Treasury Department*... responding to the unexpected demand from the public for its 10-year 8 percent notes... sold \$7.6 billion of the issue instead of the \$4 billion it originally planned to market. The notes were available in denominations as low as \$1,000. The 8 percent rate proved attractive to small investors... particularly in view of the fact that the rate was determined in advance instead of through an auction. Most *Treasury* offerings are made on the auction basis in which the interest rate is determined by the bids tendered.

The *FHLBB* reported that changes in interest rates on money market instruments and marketable bonds were relatively small from late June to late July. While most rates declined slightly... they remained moderately above the lows reached earlier this year.

HUD Budget Approved

The President has signed into law the 1977 HUD-Independent Offices Appropriation Bill. The Act provides over \$7.6 billion in appropriations for HUD... in addition to \$1.4 billion in contract authority and loan limitations. Some of the major provisions:

- \$675 million for *Annual Contributions Contract* authority for the *Section 8 and Public Housing Programs*. Of the total... \$120 million is earmarked for *Public Housing*... including \$85 million for new construction and substantial rehabilitation.

- A \$750 million loan limitation for the *Section 202 Housing for the Elderly and Handicapped Program*.

- Nearly \$3 billion in appropriations for housing payments under subsidy contracts entered into previously. An additional \$575 million is included for *Public Housing Operating Subsidies*.

- \$3.2 billion for the *Community Development Grant Program*. This was the amount requested in the President's Budget for the third year of funding. Also included is at least \$100 million of *SMSA* discretionary balances.

- \$75 million for the *National Flood Insurance Program*.

- \$55 million for *Research and Technology*.

- \$62.5 million for the *Section 701 Comprehensive Planning Assistance Program*.

- \$50 million for the *Section 312 Rehabilitation Loan Program*.

Copies of the Budget are available from the Legal Docket Clerk, Office of the General Counsel, HUD, Washington, D.C. 20410.

LIBRARY
WASHINGTON, D.C. 20410

AUG 24 1976

~~NOT TO BE TAKEN
FROM THE LIBRARY~~

HABITAT Films Available

HABITAT... the United Nations Conference on Human Settlements... is over. This most significant international meeting on man's environment... held in Vancouver, Canada, from May 31-June 10... attracted representatives from 123 countries, 11 international organizations, and 2 liberation movements. Among its accomplishments was the production of 236 films especially for HABITAT... the first conference of its type where audio-visual materials were an essential and intrinsic tool in conference debates and proceedings.

Although the films have not yet been ratified by the *General Assembly* as official *UN* media... they can... in the meantime... help to promote the two cornerstones of the Conference: national action and regional cooperation. An agreement has been entered into between the *UN* and the *University of British Columbia*... giving the *University* temporary care of this vast audio-visual resource. Eventually... it is hoped the films will be catalogued and packaged by subject matter and specific theme and be made available for use by professionals and the general public.

Inquiries regarding the film collection should be addressed to Mr. Andreas Fuglesang, *HABITAT Audio-Visual Programme*, 485 Lexington Ave., New York, N.Y. 10017.



Consumer News

The first meeting of the newly-organized *National Association of Consumer Agency Administrators* was held recently in Milwaukee. Formed to provide a clearinghouse for professional practitioners in consumer matters... membership is open to persons who have responsibilities in the areas of consumer education, legislation, complaint handling, enforcement, investigation, and research. Details may be obtained from the president of *NACAA*... Wanda Merrill, Administrator, Consumer Services Division, *Commerce Department, State of Oregon*, Salem, Oregon 97310.

The University of Utah and the *American Council on Consumer Interests* have issued a study: *Educational & Career Opportunities in the Consumer Field*. Besides covering job availability in the field... the study examines educational opportunities... and finds that over 50 colleges and universities are now offering degree programs in the consumer field. A copy of the study may be obtained for \$1.75 from Family & Consumer Studies, *University of Utah*, Salt Lake City 84112.



Washington Gets High Rating

An *Associated Press* report says the much-maligned Washington bureaucracy was ranked highest in a poll of public attitudes toward value received from government jurisdictions. The survey also indicated heavy support for special Federal aid to troubled big cities.

Asked, "From which level of Government do you get the most for your money?" 36 percent of those responding said "Washington," 25 percent named "local governments," and 20 percent said "States."

The *Advisory Commission for Intergovernmental Relations* commissioned the survey.

At a time when some politicians are campaigning against the Federal bureaucracy, the survey shows that the public's attitude toward the jurisdictions has remained constant; for 5 years Washington has been considered a better value than State or local governments.



NAHRO Gets Ford Grant

The *National Association of Housing and Redevelopment Officials* has been given a 1-year, \$25,000 *Ford Foundation* grant to prepare and publish two guidebooks for housing officials covering housing code enforcement and local financing operations for rehabilitation loan programs.

FHA Insurance on Mobile Homes Expanded

HUD has proposed regulations to combine Federal loan insurance for financing mobile homes and the lots they occupy.

The proposal... which appeared in the *Federal Register* on August 3... also would make loan insurance available in the separate financing of individual lots by the owners of mobile homes.

Previously... insurance by *HUD's FHA* was available in two forms... one, for loans for individual homes, and the other, for mortgages on mobile home parks financed by developers. These two programs will continue.

The proposed new regulations will implement a program authorized by the *Housing and Community Development Act of 1974*.

James L. Young, *HUD* Assistant Secretary for Housing-*FHA* Commissioner, said the "implementation of this program is certain to help expand the horizon of homeownership opportunities for many, many Americans of modest resources."

These are the terms for insurance of loans for the "combination" purchase of homes and lots:

- The maximum loan for a single-wide home and developed lot would be \$20,000 and a maximum loan term of 12 years and 32 days.
- The maximum loan for purchase of a mobile home of two or more modules and developed lot is \$27,500 with a maximum term of 15 years and 32 days.
- The maximum permissible interest rate would be 10½ percent.
- The maximum insurable loan for purchase of an undeveloped mobile home lot would be \$5,000 with repayment in 10 years and 32 days.

Comments may be sent to the Rules Docket Clerk, *HUD*, Room 10141, Washington, D.C. 20410. Those received by September 6 will be considered in formulating final regulations to be published later.



122,000 Housing Units Demolished in 1975

Demolition of nearly 122,000 housing units was authorized in 1975 in 4,244 permit-issuing places in the U.S. according to the *Census Bureau*. New York City led with 11,420 units authorized for demolition... followed by Chicago with 5,477 units... and Detroit with 4,410.

More than half of all authorized demolitions—nearly 62,000—were concentrated in seven States. In ranking order they were: New York, with 15,650; California, 9,360; Michigan, 8,170; Illinois, 7,880; Ohio, 7,830; Texas, 6,720; and Pennsylvania, 5,920.

The figures do not include the reduction of housing inventory due to abandonment, conversion to nonhousekeeping (hotels, motels, dormitories, etc.) and nonresidential (industrial and commercial) use, fire, flood, and other disasters.

Housing Units Authorized for Demolition in Permit-Issuing Places: 1975, Series C45-1975, is available for 50 cents each from the *Subscriber Services Section (Publications)*, *Census Bureau*, Washington, D.C. 20233.

The report presents data on housing units authorized for demolition and new housing units authorized for construction for cities with a population of 50,000 or more... and housing units authorized for demolition for all *Standard Metropolitan Statistical Areas*, census regions and divisions, and States.

Publications Available

Reading in Urban Dynamics: Volume 2, edited by Walter W. Schroeder III, Robert Sweeney, and Louis Edward Alfeld. The second volume in a series resulting from Jay W. Forrester's controversial *Urban Dynamics* (MIT Press, 1969) addresses basic criticisms of *Urban Dynamics* and describes extensions of the original *Urban Dynamics* model, bringing the record of urban dynamics research up to date. Also presents further results of applying urban dynamics to Lowell, Massachusetts. . . first published in *Readings in Urban Dynamics: Volume 1*, edited by Nathaniel J. Mass. Price: \$35.00 from *Wright-Allen Press, Inc.*, 238 Main Street, Cambridge, Mass. 02142.

Environmental Protection Directory. . . Second Edition. . . a comprehensive guide to the government agencies and private groups involved in the fight to protect natural resources, and study the effects of environmental factors upon human life. Listed are all U.S. and Canadian agencies, all State and provincial agencies, major city and county agencies, and important private groups that operate at the national, State, or provincial, or local level.

Consumer Protection Directory. . . Second Edition. . . a guide to government agencies and private groups working on consumer's rights in the marketplace to safety, freedom of choice, adequate information, sources of redress, quality and integrity.

Both were published by the *Center for California Public Affairs*, an affiliate of the *Claremont Colleges*, by *Marquis Academic Media*. For sale at \$44.50 each from *Marquis*, 200 East Ohio Street, Chicago 60611.

Catalog of Misery. . . a 96-page photo-text report. . . published by the *American Friends Service Committee*. The *Committee*. . . a Quaker organization founded during World War I. . . concludes that there are pockets of bad housing hidden in every one of Florida's 67 counties. . . in a State known for its luxury resorts. The report was prepared by *AFSC* in connection with the *Florida Rural Housing Program*. . . funded in part by a *U.S. Department of Labor* grant. . . administered by the *Rural Housing Alliance*. Copies are available free from Paul Brink, *AFSC*, 1501 Cherry Street, Philadelphia, Penn. 19102, or Phil Brown, *RHA*, 1346 Connecticut Ave., N.W., Washington, D.C. 20036.

HUD newsletter

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HUD-401



HUD NEWSLETTER
August 23, 1976



August 30, 1976

Vol. 7 No. 35

Current Trends

The *Mortgage Bankers Association's* *WEATHERVANE* reports that interest rates have declined since late June and some further decline is in prospect in the near future. But the pressures on the money markets continue at high levels. Thus... any additional improvement in yields will be moderate. In turn... the next major move in interest rates is likely to be to higher levels... probably by late 1976 or early 1977. The decline in yields has not been universal in the mortgage market. While *GNMA* future prices have risen nearly two points during the past month... the cash price has remained almost unchanged. In July... savings flows rebounded as short-term interest rates eased. Still the thrift institutions remain cautious. Loan demand is strong and commitments are at record levels.

The *National Association of REALTORS* report for June shows a record sales level of existing homes... up about 25 percent above the June 1975 level. Also... according to the *REALTORS* report... sales prices (for used houses) rose 6.6 percent during the year from June 1975... to \$38,850. This was the lowest year-to-year increase in several years... and is in contrast to the sharp rise in new housing costs during the same 12-month period.

The *Commerce Department* report covering private housing starts in July showed a seasonally adjusted annual rate of 1.387 million units... 9.2 percent below the June rate of 1.527 million units... and 14.9 percent above the July 1975 rate of 1.207 million units. The rate of starts for multifamily housing (5 or more units) was 281,000... 12.9 percent higher than the June rate of 249,000 units... and 14.7 percent above the same month a year earlier. Permits for new housing construction issued during July were at the seasonally adjusted annual rate of 1.219 million units... up 6.0 percent over June... and 20 percent higher than the July 1975 rate of 1.150 million units.

Project notes totaling \$794.3 million... representing 100 *Public Housing Agencies*... were sold in mid-August at an average interest rate of 3.081 percent. The interest rate last month was 3.154 percent.

Auction yields declined as *FNMA* issued \$200.8 million in 4-month commitments to purchase both *Government*-backed and conventionally financed home mortgages. The issuance consisted of \$107.4 million in commitments on *Government*-backed mortgages at an average yield of 9.014. In the conventional auction... \$93.4 million in 4-month commitments was issued at an average yield of 9.170... down from 9.233 in late-July.



Ohio Broadens Foreclosure Laws

Effective in late September... a new Ohio law broadens the power of cities in the *State* in handling foreclosures for back taxes and in gaining control of abandoned properties. Under the present law... ownership changes and difficulty in finding current owners have delayed and interfered with actions cities needed to take in moving against the property owners in foreclosure and abandonment cases. Now... a legal advertisement will suffice as notice that the property is being auctioned. The law also reduces the time necessary for the cities to wait after a default from 9 years to 3 years. In *Cleveland*... the Mayor said that the city will be able to move to take over 5,000 vacant or delinquent properties... and at the same time reduce the cost to the city of such actions.

Age, Education Determine Voter Participation

In the 1974 Congressional elections. . . 63.2 million of the 141.3 million eligible to vote were reported to have done so.

And. . . although there were more young Americans eligible to vote in the 1974 election than at any other time in the Nation's history. . . people 55 to 64 years old were more than twice as likely to have voted as those 18 to 24. In addition. . . among 1974 voters. . . participation in the election increased with years of schooling completed. These are among the findings in a report issued by the *Census Bureau*.

The detailed report. . . based on a nationwide survey taken after the November 1974 Congressional election. . . shows that, among age groups, the lowest registration and voter turnout was among young people. . . especially those 18 to 20 years old. Only 21 percent of the 18-to-20-year-olds reported that they had voted. Of the total electorate, persons 18 to 20 constituted 12 percent of nonvoters and 4 percent of voters.

On the other hand. . . voter registration and voting turnout is highest in the 55-to-64 year age group, 58 percent of whom went to the polls in 1974. The report notes that nearly twice the proportion of people 30 or over vote as those under 30.

Voter turnout was the lowest among young persons who had not attended high school and highest among persons 55 to 64 years old who had graduated from college. Only 3 percent of the 18 to 24 age group who attended only elementary school voted in 1974; whereas, nearly 80 percent of those 55 to 64 years old who had graduated from college had voted. The report shows that a large proportion of people who did not vote (64 percent) had not registered. Registration levels declined between the Presidential election of 1972 and the Congressional election of 1974 for persons at all ages and every educational level.

Other findings in the report include high registration and voting among the following groups:

- those residing outside the South;
- those with annual incomes of \$25,000 and above; and
- professional and technical workers.

Low registration and voting was evident among these groups:

- those earning under \$5,000 per year;
- residents of the South;
- laborers; and
- those with less than eight years of schooling.

Copies of the report, *Voter Participation in November 1974, Series P-20, No. 293*, are available for \$2.10 each from the *Superintendent of Documents*, Washington, D.C. 20402.



Rural Water Association Organized

Eight State rural water associations have formed the *National Rural Water Association*. While the new group plans to emphasize action at the State level. . . the establishment of a small Washington office is planned. The group's first convention will be held in Kansas City in September. States represented at the organizing meeting were: Kansas, North and South Dakota, Texas, Indiana, North Carolina, Missouri, and Oklahoma.

For further details: John Montgomery, *NRWA*, Suite 600, 1776 K St., N.W., Washington, D.C. 20006.

HUD Innovative Projects Announced

HUD has announced the winners in a nationwide competition aimed at demonstrating new methods for making maximum use of existing housing stocks and for the pooling of public and private resources for neighborhood preservation. Guidelines governing the competition... under *HUD's 1976 Innovative Projects Program*... were announced last March.

Grants totaling \$4 million to 18 States and local jurisdictions were awarded. Announcing the winners... Charles J. Orlebeke... *HUD* Assistant Secretary for Policy Development and Research, and David Meeker... Assistant Secretary for Community Planning and Development... said that the projects selected show potential for widespread application by other States and local governments.

They said the winners did the best job of showing how their projects would demonstrate a new approach to:

- Rehabilitation of single or multifamily housing;
- Leveraging of private investment through various forms of public investment;
- Acquisition and disposition of abandoned property;
- Education and training in housing rehabilitation;
- Neighborhood commercial rehabilitation and revitalization; and
- Historic preservation.

Applications were judged according to their technical merit... especially to the extent that the identified problems are widespread... and their potential for adoption and application in a large number of other community environments. Panels of nationally recognized experts in housing and neighborhood preservation assisted *HUD* in selecting the winning proposals. Mr. Orlebeke and Mr. Meeker said... that at a date not yet determined... the results and experiences will be evaluated and published for use by other jurisdictions.

The 18 successful applicants and projects are: *Jersey City*, \$193,000; *Louisville*, \$260,974; *Commonwealth of Massachusetts*, \$173,064; *State of Minnesota*, \$360,000; *New Haven*, \$372,300; *Newark*, \$161,750; *Commonwealth of Pennsylvania*, \$347,850; *Boston*, \$278,000; *Bradford, Vt.*, \$91,500; *Caguas, Puerto Rico*, \$110,000; *Carbon County, Pa.*, \$350,000; *Fort Wayne*, \$15,108; *Frankfort, Ky.*, \$325,000; *Iowa City*, \$109,382; *Plainfield, N.J.*, \$300,000; *State of Rhode Island*, \$90,000; *South Bend*, \$208,855; and *Winston-Salem*, \$229,600.

Four additional applicants, who have already been notified, will receive awards when funds become available.



New Publication

The *National Multimedia Center for Adult Education (NMMC)* is publishing the third in a series of selected bibliographies... *ESL Bibliography*... which lists materials for use in teaching English as a second language. It is categorized according to reading and grade levels... and includes teacher guides, student texts and workbooks, and other teaching aids. There are materials designed to improve communications skills as well as vocational and job-seeking skills. While predominantly for use in teaching the Spanish-speaking... the *ESL Bibliography* includes materials for teaching American Indians and other minorities. *Consumer Education* and *Career Education* Bibliographies are also available. Each of the three costs \$2.80.

In addition to these publications... the *Center* maintains the *National Adult Education Clearinghouse*... which publishes a monthly newsletter in domestic and international editions.

For information on bibliographies, abstracts, newsletter, or other services: Dr. Joseph W. Jacques, *National Multimedia Center, Montclair State College*, 848 Valley Road, Upper Montclair, N.J. 07043.

FYI

Producers' Council, Inc.... 31st Semi-Annual Construction Marketing Seminar ... Chicago, September 22-24. Registration: CMS Registrar, *Producers' Council*, 1717 Massachusetts Avenue, N.W., Washington, D.C. 20036 (202/667-7827).

Community Associations Institute... Second National Conference... Los Angeles September 27-30. Details: CAI, 1200 18th St., N.W., Washington, D.C. 20036 (202/223-6770)

National Erectors Association... Mid-year Meeting... Washington, D.C., Sept. 25-26. Details: NEA, 1800 North Kent St., Suite 904, Arlington, Va. 22209.

American Society of Civil Engineers... Annual Convention and Exposition... Philadelphia, Sept. 27-Oct. 1. Details: ASCE, 345 East 47th St., New York, N.Y. 10017.

National Association of Women in Construction... Annual Convention... Philadelphia, Sept. 29-Oct. 3. Details: NAWIC, c/o G.R. Hinkel, 2410 High Rd., Huntington Valley, Pa. 19006.

American Bankers Association... Annual Convention... Washington, October 2-6. Details: ABA, 1120 Connecticut Ave., N.W., Washington, D.C. 20036 (202/467-4103)

National Association of Housing and Redevelopment Officials... Annual Convention... New Orleans, October 10-13. Details: NAHRO, 2600 Virginia Ave., N.W., Washington, D.C. 20037 (202/333-2020)

International Conference of Building Officials... Annual Convention... Des Moines, October 10-15. Details: ICBO, 5360 South Workman Mill Rd., Whittier, California 90601 (213/699-0541)

Hardwood Plywood Manufacturers Association... Annual Fall Meeting... Toronto, October 12-15. Details: HPM, P.O. Box 6246, Arlington, VA 22206 (703/671-6262)

National Savings and Loan League... 33rd Annual Meeting... San Francisco, October 17-21. Details: Jim Stang, NSLL, 1101 15th St., N.W., Washington, D.C. 20005 (202/331-0270)

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AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
August 30, 1976



HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



September 6, 1976

Current Trends

According to the *Census Bureau*... 858,900 new housing units were started in the first 7 months of 1976... compared to 634,700 units during the same period in 1975.

Mutual Savings Banks had a near-record \$350 million net deposit inflow in July. This was second only to the increase in July 1972 of \$414 million. In its report... the *National Association of Mutual Savings Banks* attributed the spurt... following a \$55 million outflow in June... to a number of complex factors. Listed were the uncertainties surrounding the future trend of the economy in a Presidential election year, consumer caution because of the rising unemployment rate, and a more favorable interest rate climate in July.

The *HUD* August 1 opinion survey of conditions in the mortgage market showed that nationally... the average secondary market price for immediate delivery of *HUD/FHA*-insured new-home mortgages with 30-year terms and minimum downpayments increased two fifths of a point to \$96.2 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 8.99 percent... the first drop below 9 percent in two months. The survey also revealed that national average interest rates remained at the month-earlier levels of 9.05 percent for new-home contracts and 9.10 percent for existing-home transactions.

The *Dodge Building Cost Services* of *McGraw-Hill* has reported the trend in building costs through August... showing the percentage changes that have occurred in the past 12 months. Nationally... the increase in all construction averaged 9.1 percent for the year. San Diego (19.9 percent) and Miami (17.7) showed the greatest variation from the norm on the up side. New York City and Newark (2.9 percent) and Atlanta (3.2) were on the low end of the spectrum.

Treasury Notes... the bellwether of the money market... showed a lower average yield in mid-August... as \$2.9 billion in 52-week notes were sold at 5.633 percent... down from the June average of 5.887 percent... and the lowest since last April's average rate of 5.645 percent.

Likewise... tax-exempt *Government*-backed notes showed a decline in yields as *Urban Renewal Project* notes totaling \$287.3 million... representing 59 local issuing agencies... were sold in mid-August at an average interest rate of 2.958 percent. The average interest rate for the \$223.1 million of project notes sold in mid-July was 3.236 percent.

FYI



Bureau of National Affairs' Housing and Development Reporter and the *Institute of Professional and Executive Development*... cosponsors... *Practitioners' Workshop on Meeting Community Development Program Requirements*... Washington, D.C., October 15. Details and Registration: Barbara Simon, *IPED*, 1800 M Street, N.W., Washington, D.C. 20036 (202/466-8592).

International Association of Assessing Officers... *Annual Convention*... Atlanta, October 17-20. Details: *IAAO*, 1313 E. 60th St., Chicago, Illinois 60637 (312/947-2069).

National Recreation and Park Association... *Annual Conference*... Boston, October 17-21. Details: *NRPA*, 1601 N. Kent St., Arlington, VA 22209 (703/525-0606).

Crime Insurance Coverage Expanded

The residents and businessmen of two more States... Arkansas and Minnesota are now eligible to buy burglary and robbery insurance under the *Federal Crime Insurance Program* administered by HUD.

This was announced jointly by Acting Federal Insurance Administrator J. Robert Hunter of HUD and the *Commissioners of Insurance* of the two States.

The action follows the conclusion that Federal coverage should be offered because of evidence that some Arkansas and Minnesota residents and businessmen were having difficulty in getting affordable crime insurance coverage from other sources.

Federal policies can be purchased through any licensed property insurance agent or broker or the *Servicing Company* designated (*Safety Management Institute*).

Correspondence with the *Servicing Company* should be addressed to *Federal Crime Insurance*, P.O. Box 41033, Washington, D.C. 20014. In addition... a toll free telephone number—(800) 638-8780—has been installed to enable applicants to get immediate information about the program. Policyholders and property insurance agents and brokers may also use the number for reporting claims and obtaining forms.

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

Commercial rates vary, depending upon gross receipts and type of business, but the rates are equally affordable. A grocer in the above two cities with annual gross receipts under \$100,000 can obtain a \$1,000 package of burglary and robbery insurance for only \$100 a year. Coverage for \$1,000 of robbery insurance would cost him \$60, and \$1,000 of burglary insurance would cost \$50 a year. Coverage for \$5,000 of burglary and robbery insurance would cost \$400 a year; \$5,000 of robbery insurance, \$240; and \$5,000 of burglary insurance \$200.

Affordable rates for larger businesses and additional amounts of insurance up to \$15,000 in coverage, are also available.

Both *Federal* and *State* insurance officials noted that crime losses from burglary and robbery contribute greatly to the deterioration of communities and a decline in business opportunities. They urged local officials and insurance agents to help publicize the program, making it readily available to citizens who need protection against the economic consequences of crime.

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



Publication Available

Neighborhood Conservation... A Handbook of Methods and Techniques... by Robert H. McNulty and Stephen A. Kliment. A definitive resource book on the conservation of urban neighborhoods. An outgrowth of the conference sponsored by the *National Endowment for the Arts* and held in New York City in 1975... the book provides an in-depth analysis of the activities involved in defining and solving the problems of the neighborhood. Covers such questions as tax and zoning incentives, housing management, citizen participation, tenant rights, displacement of low-income families, and the design consideration associated with rehabilitation of decaying housing stock. Available for \$18.95 from the *Whitney Library of Design*, 2160 Patterson Street, Cincinnati, Ohio 45214.

The *McGraw-Hill Dodge/Sweet's Construction Outlook* is issued each October ...estimating the volume of new construction expected to be put in place during the following calendar year. A second update of the 1976 estimate. . . revising the original figures of last October. . . has been issued.

In announcing the new figures. . . George A. Christie, chief economist of *McGraw-Hill*. . . explained the new figures resulted from analyzing the actual results of the first half of the year. . . which showed a considerable difference in mix between various categories of construction type. . . with residential construction showing the greatest upward trend.

Total construction activity. . . for all types. . . is estimated to be \$104.3 billion. . . up 14 percent above the 1975 actual performance. **Commercial and Manufacturing** building is now expected to reach \$14.9 billion. . . 9 percent less than last year. **Institutional**. . . at \$16.0 billion. . . 2 percent higher than 1975. . . for a total of \$30.9 billion for the **Nonresidential** category. . . a 3 percent drop from 1975. For **Residential** construction. . . single-family, multifamily, and nonhousekeeping classifications are expected to increase substantially over 1975. . . with apartment construction showing the highest percentage rise (71 percent) . . . while 1- and 2-family residences increased 39 percent to \$35.4 billion. . . and all **Residential** construction goes up 43 percent to a \$44.8 billion total. There is no change anticipated in the **Non-Building** category (highways, bridges, utilities, etc.).

Geographically. . . the estimate expects the **Residential** increase to apply all over the country. . . with the Northeast and Midwest also showing gains in **Nonresidential** construction. . . but the West experiencing a drop in this category.



June Mortgage Activity Breaks All Records

HUD's monthly survey of mortgage lending activity showed that a record \$11.6 billion of home mortgage loans were closed in June. . . 45 percent more than a year ago and \$3.0 billion greater than the previous June high set in 1973. The sharp upsurge reflects heavy purchases of existing homes and larger loan amounts per home. The record activity did not apply to multifamily loans. . . however. . . and multifamily mortgage loans closed in June totaled \$1.0 billion. . . 3 percent less than last year.

Savings and loan associations closed \$6.5 billion of home loans, or 56 percent of the total. . . the same market share as for May 1976 and June 1975. *Commercial banks*. . . with \$2.5 billion of originations. . . accounted for 21 percent of the market. . . compared to 17 percent last year. *Mortgage companies* made 13 percent of the home loans.

In the multifamily mortgage market *S&Ls* made 54 percent of the loans . . . *commercial banks* 17 percent. . . and *Mutual Savings Banks* 10 percent.

Homebuilders borrowed \$2.1 billion of construction loans in June. . . 50 percent above a year ago. *S&Ls* made 60 percent of these loans and *commercial banks* 30 percent. Multifamily construction loans at \$500 million were off 4 percent from last year.

Purchases of home loans in the secondary mortgage market aggregated \$3.5 billion . . . 45 percent above a year ago. . . but down \$300 million from last month. Federally-supported pools accounted for 39 percent of the purchases, *S&Ls* for 29 percent, and *Federal credit agencies* for 18 percent.

New commitments to make long-term or construction loans for 1-4 family homes totaled \$11.6 billion. . . 73 percent greater than a year ago, reflecting a doubling of activity by *S&Ls* and *commercial banks*. Multifamily new commitments climbed substantially as a result of heavy *GNMA* activity.

Outstanding commitments to make home mortgage loans totaled \$27.3 billion at the end of June. . . 24 percent larger than a year ago. Outstanding commitments for multifamily loans came to \$12.7 billion, 3 percent less than last year.

Housing Management Publication Issued

HUD has issued the second in a series of publications on the *Management of Housing*. . . titled *Technical Memorandum No. 2*. The series was originated in 1972 under the *HUD Public Housing Management Improvement Program (PHMIP)*. *PHMIP* is a research and demonstration effort aimed at developing, testing, evaluating, and transferring management systems and approaches to improve the quality of life in low-income housing and to increase the efficiency and effectiveness with which low-income housing projects are managed.

The *Memorandum* contains 6 articles:

Data Processing for Housing Management. Describes how 6 in-house computer systems have been developed by the *New Haven Housing Authority* to provide aggregated housing management data processing services which use these and other systems.

Tenant-Owned Cooperative Food Store. Tells about an old, privately owned market in a housing project which was replaced with an attractive, modern facility owned by the tenants of the *Hartford Housing Authority*.

Greensboro Housing Authority Management Information System. Reports on a set of procedures and formats developed by the *Greensboro Housing Authority* to ensure that the information required to support the operation of a *Public Housing Agency* moves in an efficient way and in a usable manner.

Housing Management Improvement Spurred by Special HUD Program. A Phase I status report on the *Target Projects Program* indicates *HUD's* new approach to solving housing management problems is successful.

Tenant as After-Hours Manager. The story of how the *Hawaii Housing Authority* developed an "after-hours manager" program to provide useful services to tenants at a relatively low cost.

Tenant Complaint Office. Explains how the *Atlanta Housing Authority*. . . to improve tenants' satisfaction. . . reduced the time involved in solving tenant complaints.

Copies of *Technical Memorandum Number 2* are available without charge from *Technical Memoranda Staff, HUD*, Room 9233, Washington, D.C. 20410.

HUD newsletter

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U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 548-5400



September 13, 1976

Vol. 7 No. 37

Current Trends

The Housing Outlook section of the *NAHB Economic News Notes* for August said: "Housing's performance is not living up to expectations. . . and as a result the 1976 housing starts forecast has been revised downward." *NAHB* also noted that renewed vigor in housing starts continues to be hampered by the multifamily sector. . . and overall caution is the word until multifamily starts show a substantial and continuing improvement. Commenting on *Census Bureau* data which showed an 18 percent drop in housing sales in May. . . *NAHB* said that this sales picture is causing concern [to builders] because the slowdown means an accumulation of unsold units and subsequent pressure on builders.

Housing construction increased 23 percent in the second quarter of 1976 compared to the same period of 1975. . . according to the *F.W. Dodge Division of McGraw-Hill*. New housing units produced in the quarter came to 393,200. . . in contrast to 320,501 a year earlier. Seasonally adjusted. . . this brings the annual rate to 1.3 million units. Particularly significant was a rise in multifamily activity. . . especially in the West and South Central States. Analyzing the figures. . . George A. Christie, chief economist for *Dodge*, said the performance indicates that the long-dormant apartment market seems finally to be awakening. Among the top 10 metropolitan areas in housing starts. . . five were in California and two in Texas. The top 10: Chicago, Houston, Los Angeles/Long Beach, Anaheim/Santa Ana/Garden Grove, Washington, D.C., San Diego, Dallas, Detroit, Riverside/San Bernardino, and San Jose.



Flood Insurance Regulations Issued

Proposed regulations to clarify the role of *HUD's Federal Insurance Administration* in defining flood insurance coverage and controlling *National Flood Insurers Association (NFIA)* contracting procedures appeared in the *Federal Register* of August 30.

"Our first obligation is to assure fair treatment of our 850,000 policyholders," *FIA* Acting Administrator J. Robert Hunter said. "These rules can protect them from denial of valid claims and also result in cost benefits to the taxpayers by:

- Authorizing the *FIA* Administrator to issue flood insurance policy interpretations and require *NFIA* to comply with such interpretations;
- Authorizing the *FIA* Administrator to require and/or oversee bidding conducted by *NFIA* among insurers, agents or adjusters who compete for insurance servicing contracts;
- Requiring *NFIA* to provide *FIA* with details of subcontracts in excess of \$10,000 for Federal review before execution.

NFIA is a private group that has marketed and sold insurance under an agreement with *HUD* since 1968.

Interested persons may submit written comments on the proposed regulations no later than September 30 to the *Rules Docket Clerk, Office of the Secretary*, Room 10141, *HUD*, Washington, D.C. 20410.

NOT TO BE TAKEN FROM THE LIBRARY

Housing Assistance Broadened

A wider range of lower-income families may now benefit under the *HUD Section 235 Homeownership Assistance Program*. This has been made possible under the *Housing Authorization Act of 1976*. . . recently signed by President Ford. *HUD* has issued instructions to its *Field Offices* authorizing the acceptance of applications under the terms of the new law.

Changes in two areas of the *Program* open the way to wider participation.

- One change raises the eligible income ceiling from 80 percent of median family income in an area to 95 percent. The actual income limits will vary significantly by market area.

- The second change recognizes rising costs and raises the mortgage limits for home purchases with *Section 235* assistance. These mortgage limits have been increased to \$25,000 (\$29,000 for a family of five or more), and in designated high cost areas to \$29,000 (\$33,000 for a family of five or more).

The revised *Section 235 Program* is presently limited to single-family homes which are newly constructed or substantially rehabilitated. However, the just-enacted legislation also provides for *Section 235* assistance in the purchase of mobile homes for lower income families. *HUD* is now preparing guidelines for implementation of this feature of the Program.

Under *Program* procedures. . . an eligible family makes a 6 percent downpayment and pays 5 percent interest on the *FHA*-insured mortgage loan. . . using at least 20 percent of its adjusted gross income. The *Government* makes up the difference to the lender between the monthly payment at 5 percent interest and at the *FHA* interest rate prevailing at the time of the home purchase.



Cities Competing for Economic Grants

Three Cabinet-level Federal agencies are jointly sponsoring a national competition among 31 cities to generate private job opportunities as part of an overall coordinated community economic development effort.

The competition was announced jointly today by Secretaries Carla A. Hills of *HUD*, Elliot Richardson of the *Department of Commerce*, and W.J. Usery of the *Department of Labor*.

Annual grants up to \$250,000 for two years will be awarded to nine to 12 cities. The awards will be announced in the near future.

The grants will enable the cities to use Federal funds from a variety of related programs. . . in conjunction with State and local funds. . . and with strong involvement by the private sector. . . to achieve local community economic development objectives.

Their purpose is to stimulate public and private action to maintain and enhance existing employment opportunities or produce new employment opportunities for the economically disadvantaged as well as moderate income groups.

The three Federal agencies will select the winning cities from 31 recommended by a panel of nationally recognized experts convened by the *U.S. Conference of Mayors*, the *National League of Cities*, and the *National Council for Urban Economic Development* as qualified to compete for the grants. The competing cities are: Albuquerque; Atlanta; Baltimore; Boston; Bridgeport, Conn.; Buffalo; Chicago; Cleveland; Dayton; Detroit; Flint; Fresno; Hartford; Jersey City; Kansas City, Mo.; Long Beach, Calif.; Los Angeles; Louisville; Memphis; Milwaukee; Newark; New Orleans; Oakland; Philadelphia; Phoenix; Pittsburgh; Portland, Oregon; Providence; St. Louis; Toledo; and Worcester.

Census Releases 1976 Voting Projections

About 15 million black Americans will be of voting age during the 1976 Presidential election. . . a 10 percent increase since 1972. . . according to a *Census Bureau* Report.

Persons of Spanish heritage. . . concentrated in the Southwest. . . made up more than 35 percent of the voting-age population in New Mexico in 1970, the most recent year for which such figures for that segment of the population are available. Spanish heritage persons also made up about 10 to 15 percent of the voting-age population in Arizona, Texas, California, and Colorado in 1970. The report also presents 1970 voting-age data on other minorities. . . American Indians and Asian-Americans.

The report notes that the black population. . . which will comprise 10 percent of the 1976 electorate. . . is considerably younger than the white voting-age population, due largely to higher fertility rates among blacks. In November 1976, for example, 23 percent of blacks of voting age will be under 25 years old, compared with 18 percent for whites.

In all, 150,041,000 Americans, nearly 10 million more than in 1972, will be of voting age next November. This is only half the increase that occurred between the 1968 and 1972 Presidential elections when the voting-age population grew by about 20 million persons. Much of the growth during the earlier period is attributed to lowering the voting age to 18, and to the large number of persons born during the post-World War II years who were then reaching adulthood.

The report also notes, that there has been a marked decline in voter participation since 1960. . . with voting in Presidential elections down from 63 percent in 1960 to 55 percent in November 1972. In fact. . . the 1960 Presidential election year showed the highest voter participation rate in the last 46 years.

In the 1972 Presidential election, the report shows, Minnesota, North and South Dakota, Montana, and Utah had the highest voter participation. They each had 67 percent of the voting age population participating in that election, more than 12 percentage points above the national average. At the other extreme, less than 31 percent voted in the District of Columbia, 38 percent in Georgia, and 39 percent in South Carolina.

The voting age population includes a number of persons who meet the age requirement but cannot vote. . . although this total is smaller than in past elections. Aliens are the principle group of ineligible voting-age persons; it is estimated that about 2.3 percent of the U.S. population in November 1976 will be aliens.

Copies of the report, "*Projections of the Population of Voting Age for States: November 1976*," Series P-25, No. 626, are available for 35 cents each from the *Superintendent of Documents*, Washington, D.C. 20402.



Prospective Home Buyers Delay Purchases

Citicorp. . . parent company of the Nation's second largest bank. . . *Citibank*. . . has recently concluded a survey that shows a sharp decline in the number of Americans currently planning to buy a new home. The high costs of both the houses and financing charges are the reasons given for delaying the purchases. . . and only 3.5 percent of those questioned were now contemplating buying a house in the next year or two. . . compared to 6.8 percent who said last March they expected to buy a home in the near future.

Of those interviewed by *Citicorp*. . . 51 percent said "high interest costs" was the main reason for deferral of a home purchase. . . while 71 percent said that "both cost of the house and interest" made a near-future deal impossible.

The survey coincided with the latest report on new-house prices which showed a rise in the median price of a new single-family house of 71 percent to \$43,200 from May 1971 to May 1976. During the same period. . . a FHLBB report says. . . interest rates rose from an average of 7.4 percent to 8.9 percent.

FYI

American Public Transit Association. . . Annual Convention. . . San Francisco, October 17-21. Details: APTA, 1100 17th St., N.W. Suite 1200, Washington, D.C. 20036 (202/331-1100)

Mortgage Bankers Association. . . Annual Convention. . . San Francisco, October 25-27. Secretary Hills will address the convention. Details: Robert Gray, MBA, 1125 15th St., N.W., Washington, D.C. 20005 (202/785-8333)

National Trust for Historic Preservation. . . Annual Convention. . . Philadelphia, October 27-31. Details: NTHP, 740-748 Jackson Pl., N.W., Washington, D.C. 20006 (202/382-3304)



From the States

The Florida *Legislature* has passed legislation creating a *State Housing Finance Agency*. . . and authorizing a referendum in the next election on an amendment to the *State Constitution* permitting the new *Agency* to sell bonds to finance the cost of *State*-subsidized home mortgages. Under the bill. . . the *State* would issue mortgages from 1 to 2 percentage points below the market rate to assist prospective home buyers who otherwise could not afford to purchase housing.

The New Jersey *Mortgage Finance Agency* has authorized \$100 million to be used to finance mortgages in areas that have been 'redlined' by lenders. The program is intended to encourage lending institutions to make loans. . . particularly in transition areas. . . they might otherwise decline because either the geographic area or the potential borrower presents a risk. The *MFA* program would operate by purchasing mortgages that lenders would make. . . and also providing a lower rate of interest. The tax-free character of the bonds will make the lower interest possible.

HUD newsletter

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HUD NEWSLETTER
September 13, 1976



HUD

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U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



September 20, 1976

Vol. 7 No. 38

Current Trends

A dropoff in market interest rates paid by other savings institutions resulted in the highest savings flow of any July in history into the Nation's S&Ls... according to the *Federal Home Loan Bank Board*. The net increase for the month was \$3.3 billion... more than double the \$1.35 billion figure for June 1976... and the highest total since the record for any month... \$3.7 billion... occurred in January 1976. The *Board* also reported that mortgage lending by the S&Ls was very strong during July.

The *F.W. Dodge Division of McGraw-Hill* announced that construction contracts in July dropped slightly from June... but the level was 9 percent above July 1975. Residential construction... particularly multifamily contracts... showed a substantial rise during the month... 35 percent above last year. Of the \$9.8 billion in new construction contracts for July... \$4.15 billion covered residential construction. Nonresidential construction for July totaled \$3.03 billion... 1 percent less than July 1975... with commercial, store, and office buildings going up... and institutional declining. Nonbuilding activity... electric power, sewer, water, and highways... dropped 8 percent below July 1975 for a total of \$2.59 billion.

Following the same trend as new construction contract awards... actual construction spending in July declined slightly... according to the *Commerce Department*. Outlays for construction in July dropped to a \$141.5 billion annual rate... from June's \$143.7 billion rate. The average rate for the quarter ending in July was \$141.8 billion... compared to the \$141.9 billion average for the first quarter of 1976. The outlays in July were up 6.3 percent from July 1975... with private spending 14.1 percent higher... and public outlays 11 percent lower than a year earlier.



HUD Exhibit Closes

On September 7... the *HUD Exhibit* at the *Bicentennial Exposition on Science and Technology* at the Kennedy Space Center in Florida closed. It had been in operation since May 30... and was one of the dozens of displays and exhibits sponsored by *U. S. Government Agencies* and leading industrial firms... showing the role science and technology are playing in improving the quality of life in America.

More than a half-million persons viewed the *HUD Exhibit* during the more than 3 months it was open... with the greatest number attending in the weekends just before the closing date.

According to *NASA*... which had overall supervision of the *Exposition*... the *HUD Exhibit* was among the most popular of those at the *Exposition*. It featured a mechanical bilingual talking "Mr. *HUD*" and several houses that talked.



FYI

POSITIVE FUTURES, Inc.... in cooperation with *HUD*... *A National Conference on Local Capacity-Building*... Theme: *Getting Back to Basics*... Washington, D.C., September 26-29. Details: Yvonne R. Mayo, *POSITIVE FUTURES, Inc.*, 1522 K St., N.W., Suite 910, Washington, D.C. 20005.

Local Governments Received \$82 Billion... Spent \$79 Billion in 1973-74

General revenue collected by local governments in 74 major metropolitan areas of the United States totaled nearly \$82 billion while expenditures reached an all-time high of \$79 billion... according to a *Census Bureau* report.

Outstanding debt of local governments in the 74 selected *Standard Metropolitan Statistical Areas (SMSA's)* amounted to \$92.7 billion at the end of 1973-74 fiscal year... or \$817 per capita. About 18 percent of the 1973-74 obligations were long-term debt incurred for locally operated utilities (water supply, transit, electric power, and gas supply systems) and about 12 percent consisted of interest-bearing short-term obligations.

Local governments in the 74 *SMSA's* accounted for over three-fifths of all local government finances in the United States. Approximately 113 million persons... some 54 percent of the U.S. population... resided within these areas in 1973-74.

There are more than 14,000 local governments in the 74 areas... or 18.5 percent of all local governments in the United States... ranging from four in the *Honolulu SMSA* to 1,172 in the *Chicago SMSA*.

In 1973-74, about 61 percent of all general revenue of local governments in the 74 areas was derived from locally imposed taxes, charges, and miscellaneous nontax local sources, with payments from *States* and the *Federal Government* accounting for the other 39 percent.

Of all direct general expenditure, 15 percent was for capital outlay. The remaining 85 percent was principally for current operation but also included interest on general debt.

Education accounted for 41 percent of all direct general expenditure in the 74 *SMSA's* in fiscal 1973-74. The remainder was spent as follows: Public welfare, 9.6 percent; health and hospitals, 7.0 percent; police protection, 5.6 percent; highways, 4.5 percent; interest on general debt, 4.2 percent; sewerage, 3.5 percent; parks and recreation, 2.8 percent; fire protection, 2.7 percent; general control, 2.5 percent; sanitation other than sewerage, 1.7 percent; financial administration, 1.2 percent; and such services as airports, correction, general public buildings, housing and urban renewal, libraries, natural resources, parking facilities, and water transport and terminals, 13.7 percent.

Copies of the report, *Local Government Finances in Selected Metropolitan Areas and Large Counties: 1973-74, GF74, No. 6*, are available for \$2.55 from the *Subscriber Services Section* (Publications), *Bureau of the Census*, Washington, D.C. 20233.



New Publications

Buying Lots from Developers... a publication describing *HUD's Office of Interstate Land Sales Registration*, which seeks full disclosure of facts consumers need to make prudent decisions when they buy land through interstate land sales. But it's up to the consumer to determine whether or not the property is a good buy and whether or not the seller keeps his promises. A prudent buyer seeks facts before he spends money. It is especially necessary to be well informed when shopping for land for a recreation/vacation or retirement retreat. The sale of land by interstate real estate operators is now an estimated \$4 billion business. There are honest, reliable developers and happy, satisfied lot purchasers. The reverse, unfortunately, is also true.

The publication is for sale by the *Superintendent of Documents*, Washington, D.C. 20402, for 45 cents. Stock No. 2300-00248.

1975 Annual Report of the Federal National Mortgage Association... combined together with *FNMA's Bicentennial Salute to America's families... Housing's Family Album, 1776-1976*. Available free from *FNMA*, 1133 15th St., N.W., Washington, D.C. 20005.

Development Sales Halted

The developer of the *Valley of the Sun*, a subdivision 90 miles southwest of Denver has been charged by HUD's Office of Interstate Land Sales Registration (OILSR) with giving misleading information to the public in its property report describing the land for sale. Sales at the subdivision were stopped after the developer... *T-R Development Corporation* ... failed to respond to OILSR's allegations.

OILSR's original notice to the developer alleged that a number of items were not revealed in the property reports that must be given to prospective buyers. They include:

- A lack of information as to when telephone lines will be completed, and the cost involved, if any.
- Failure to mention an increase in the cost of the septic tanks to \$2,100.
- Failure to give notice that septic tanks installation may require additional special equipment.

When the developer did not request hearings... OILSR issued the suspension order. Sales at *Valley of the Sun* cannot be resumed until the developer corrects the records on file at HUD, including an updated property report.

In another similar order... land sales were stopped at *Buffalo Hills* in Noble County, Ohio, in the Lake Seneca recreational area 100 miles east of Columbus.

The suspension stops further sales by *Condo-Mobile, Inc.*, developers of *Buffalo Hills*, from selling lots not registered with OILSR. In addition... OILSR found that property reports going to prospective buyers of lots included untrue statements and omitted facts about existing conditions at the subdivision. For example... they did not report that the swimming pool, bathhouses, and rest rooms were not completed as promised, and they did not furnish a future completion date.

When the developer failed to respond to these charges... OILSR suspended sales at the subdivision.

Sales at *Buffalo Hills* can be resumed only after *Condo-Mobile* brings its files at HUD up to date, correcting all deficiencies, and rewriting its property reports to show conditions at the subdivision as they are today.



Variable Rate Mortgages Gain Popularity

According to the *New York Times*... more banks are offering *Variable Rate Mortgages* than ever before. And it is becoming more prevalent in the eastern part of the country... although VR first emerged as a major phenomenon in California. The Eastern banks have adopted the acronym 'FRELP' for 'Flexible Real Estate Loan Plan' as more and more home buyers are showing a desire to finance their home purchases under this relatively recent plan.

Under 'FRELP'... the interest rate is permitted to rise or fall periodically... typically every 6 months... in accordance with an index of money market rates. And it is in New England, particularly... that this new wrinkle seems to be making the most headway. Because of the usury laws in New York and New Jersey... which limit the interest rate ceiling to 8½ percent in New York and in New Jersey to 9¼ percent... the plan has not yet taken hold.

While the specific terms and opinions vary from bank-to-bank... the essential provisions of the VR mortgage give the purchaser an initial advantage... normally ¼ percent below the prevailing rate... and usually guaranteeing this rate for a minimum of 6 months. The plan is most attractive to purchasers who plan to own their home only a few years before they sell it. Under the VR... it should be easier to sell the property... as a new purchaser would find the lender more willing to transfer the loan if the rate was adjustable to current money market conditions. On the other hand... people on fixed incomes... or those intending to stay in their homes for the life of the mortgage... tend to choose the conventional fixed-rate or 'firm' plan of home financing.

New Town Study Begins

A contract has been awarded by *HUD* to help document the experience of the *Federal New Communities Program* to *Booz-Allen and Hamilton*. The Washington-based management consulting firm was chosen from among 10 applicants to conduct the \$245,000 study.

The firm will analyze the legislative, administrative, financial, and socio-economic factors that may have affected the Federal New Town program since 1968.

James F. Dausch...*HUD New Communities Administrator*...said the study will compare the experience of federally assisted new town development with that of non-federally assisted new communities such as Columbia, Md.; Reston, Va. and Irvine, Calif.

HUD will use the *Booz-Allen* study to develop a new communities "white paper" for the *Board of Directors* of the *Department's New Community Development Corporation*. The "white paper," in turn, will be used by the *Board* in recommending new policy, program and legislative directions.

"There is a great deal that can be learned about community development from the new community experience to date," said Mr. Dausch. "We want to see whether these lessons can help us create more livable central cities, suburbs, and rural communities."

Since 1970...*HUD* has guaranteed \$294 million of debentures for 13 new towns under *Title VII* of the *1968 Housing Act* and *Title VII* of the *1970 New Communities Act*. The 13 are Jonathan and Cedar-Riverside, Minn.; St. Charles, Md.; The Woodlands and Flower Mound, Texas; Shenandoah, Ga.; Haribson, S.C.; Maumelle, Ariz.; Soul City, N.C.; Newfields, Ohio; Gananda and Riverton, N.Y.; and Park Forest South, Ill.

In addition...*HUD* has issued an offer of commitment to guarantee \$18 million in debentures for San Antonio Ranch, in Texas, and has issued certificates of eligibility for assistance to two projects operated by the *New York State Urban Development Corporation*... Radisson and Roosevelt Island.

HUD newsletter

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September 20, 1976

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HUD-401



HUD NEWSLETTER
September 20, 1976

HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

September 27, 1976

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Vol. 7 No. 39

Current Trends

The release of \$2 billion in additional funds authorized for multifamily apartment construction by President Ford will finance the construction of *FHA*-insured multifamily units. The program will be implemented by the *Government National Mortgage Association (GNMA)*; through reactivation of its *Program 23*... under which *GNMA* also issued \$3 billion of mortgage purchase commitments between January and June. Secretary Hills noted that although the single family sector of the housing market is well on its way to recovery... due partially to *GNMA* support totaling \$15 billion over the past 2½ years... the multifamily sector still needs help. As in past programs... the *Federal National Mortgage Association (FNMA)* will administer the program as agent for *GNMA*. Mortgage purchase commitments became available beginning September 21. One important change was the elimination of the provision enabling developers to obtain a *GNMA* commitment after the receipt of a site appraisal and market analysis from *FHA*. *GNMA* will now require as a minimum a conditional commitment from *FHA*.

Auction yields declined as *FNMA* issued \$186.6 million in 4-month commitments to purchase both government-backed and conventionally financed home mortgages. The corporation issued \$68.8 million in commitments on government-backed mortgages at an average yield of 8.921... which converts to an average price of 97.06 for 8½ percent *HUD/FHA-VA* mortgages. The average in the previous auction was 8.967. The range of accepted bids September 7 was 8.893 (97.25) to 9.008 (96.47). In the conventional auction... *FNMA* issued \$117.8 million in 4-month commitments at an average yield of 9.125... down from 9.135 on August 23. The range of accepted bids was from 9.107 to 9.145.

The *Mortgage Bankers Association Economics and Research Department* reports that the mortgage banking industry closed \$7.2 billion of home loans in the first half of 1976... matching the record set in the first half of 1975. Also... the volume of single-family loans closed in June reached a new monthly high. This indicates single-family lending will set an annual record for the full year of 1976. Strong lending activity in the *HUD/FHA-VA* area helped boost the volume of single-family lending to \$1.4 billion, 18 percent higher than May and 22 percent higher than a year ago. In turn... total mortgage loans closed hit \$1.8 billion in June... the highest volume since the \$2.0 billion recorded for October 1975. Even so... the total of all mortgages originated by the industry in the first 6 months of 1976 still lagged 9 percent behind the \$10.4 billion closed in the first half of 1975.



More Housing Units for Elderly

More than 20,000 housing units for the elderly and handicapped may now be built or substantially rehabilitated under funding announced by Secretary Hills. This second allocation of reservations for direct *HUD* loans authorizes an additional 8,000 units spread among 85 sponsoring organizations. Last April, 136 applicants were designated to receive loans under the *Housing Act of 1959* to finance some 12,600 new or rehabilitated units. A total of \$500 million is now allocated for the funding, of which almost \$375 was reserved in April.

An additional \$200 million in reservation authority for fiscal 1976 is expected to be allocated by September 30... the end of the fiscal year. A substantial portion of the remaining funds is expected to be allocated for increases in units and cost estimates for previously approved projects.

Code and Growth Control Publications Available

Building Officials & Code Administrators (BOCA) International... the Nation's oldest professional association of regulatory code officials and publishers of the widely-adopted *Basic Code* series of model construction codes... has announced several new publications.

Code Enforcement Agency Organizational Recommendations... is a newly-published source of information for code enforcement agency administrators. The book provides job classifications and descriptions for four jurisdiction population sizes: from 10,000 to those over 100,000. An added feature of the book is an informative essay entitled, *A Building Official's Guide to Effective Public Relations*, highlighting how to communicate a department's activities and accomplishments to the general public.

The price of the book is \$5.00 each... \$4.00 for members of *BOCA*. For 20 copies or more... the cost is \$4.50... and \$3.50 to *BOCA* members.

A new boxed edition of *BOCA International's* three-volume anthology, *Readings in Code Administration*, is now available. This authoritative and comprehensive source of construction code information has been collected under a single title in a 1400-page anthology of articles by the Nation's leading experts in code and code-related fields. It is an ideal text for classroom use. An additional 10 percent discount off the member and list prices for the complete series or individual volumes is available when they are used as assigned texts in a higher education or continuing education class.

Volume One, History/Philosophy/Law provides an historical overview of the practices, principles, and concerns of the Code Administration profession. *Volume Two, Fire Protection Technology*, includes articles on fire insurance rationale, fire terms, and tests, occupancy and height considerations, and related topics. *Volume Three, Building Materials/Systems/Standards*, covers design considerations, code enforcement practices, industrialization, materials, and other matters of concern to the development and operation of codes.

The boxed desk-set edition is priced at \$30.00 list and \$22.50 for members. *Volume One* is \$12.00 list, \$9.00 for members. *Volumes Two and Three* each are \$11.00 list and \$8.00 for members.

The order must be placed by the class instructor. Professors of code education classes are invited to inquire about receiving review copies.

For descriptions of other code enforcement text and reference books published by *BOCA International*... a free copy of *BOCA's Publications Catalog* may be obtained. The *Catalog* also contains information about the *BOCA Basic Codes* and the wide range of building department signs, forms, and supplies available. Address orders to *BOCA's Publications Order Department*, 1313 E. 60th St., Chicago, Illinois 60637. Nonmembers' orders must be prepaid or accompanied by a government jurisdiction's purchase order.

Management and Control of Growth... a 3-volume reference work on managed urban growth brings together articles by more than 120 authors, including leading planners, attorneys, and educators in the field. This unique source of materials will help local officials and others involved in local decisionmaking on housing, fiscal impacts, environmental concerns, social equity, and other key issues in growth management. Copies, sold only in complete sets, may be obtained at \$22.50, plus handling, from the *Urban Land Institute, Publication Division*, 1200 18th St., N.W., Washington, D.C.

Planning and Management Guide for City Officials... prepared by the *National League of Cities/U.S. Conference of Mayors*... helps fill the need for guidance in building local government planning and management capabilities. The basic concepts of the planning and management function are presented for use by the executive leadership of city governments. Available at \$2.50 per copy from *Publications Office, National League of Cities/U.S. Conference of Mayors*, 1620 Eye St., N.W., Washington, D.C. 20006 (Order No. 74 L602).

Mobile Home Size Increases

A trend toward the production of larger mobile homes was noted in the *First Annual Report on the Mobile Home Program* established by the *Housing and Community Development Act of 1974*.

The *Report*... prepared by *HUD* and sent by the President to the *Congress*, indicates that the mobile home production trend appears to run counter to the trend toward smaller, conventional homes.

"In 1971," according to the *Report*, "14-foot-wide mobile homes comprised about 16 percent of the total production. In 1975... almost 42 percent of production was accounted for by 14-foot-wide homes.

"A similar growth in the proportion of double-wide unit production occurred... 12 percent of the total production in 1971 to almost 25 percent in 1975."

To improve the durability and safety aspects of mobile homes... under requirements of the *National Mobile Home Construction and Safety Standards Act*... *HUD* has committed funds for a number of research projects and is planning additional efforts.

In one area... 28 full-scale kitchen fire tests were conducted in 1975. The tests concentrated on the effect that a fire (occurring from grease ignited on top of a cooking range) would have on the adjacent walls and kitchen cabinets. The tests sought to determine the resistance to flame-spread of certain materials.

As a direct result of the tests... Federal standards are now set up to require significantly lower flame-spread on the wall behind and adjacent to the kitchen range. They also require lower flame-spread for cabinets, and that the bottom of cabinets be protected by asbestos millboard and a metal range hood.

The standards, as amended and corrected, were published in the *Federal Register* last December 18.

Mobile homes built after June 15 must be built in compliance with the standards and bear labels indicating compliance. Those built before that date are not covered by the standards.

The *Report* outlines the development process of the Federal mobile home standards; proposed standards enforcement, and efforts to develop a comprehensive statistical information system; and the recommendation that legislation be amended to provide for submitting the annual report to Congress July 1, rather than in March, to include later and more complete mobile home data.

Copies of the *Report* may be obtained from *HUD*, Room 6262, Washington, D.C. 20410.



New Publications

Redistribution Effects of Special Revenue Sharing for Community Development (IGS Working Paper No. 17, 1976)... by Professors Richard DeLeon and Richard LeGates. Published by the *Institute of Governmental Studies* of the *University of California*. Data on California cities are analyzed to describe and evaluate the change from the 'categorical system' of dispensing Federal Community Development Assistance to the new 'Block Grant' approach inaugurated by the *Housing and Community Development Act of 1974*. Available by mail order from the *Institute of Governmental Studies*, 109 Moses Hall, *University of California*, Berkeley, CA, 94720, at \$2.50 per copy.

Buyer's Guide to Environmental Media... 2nd Edition. A special energy issue published by the *Environment Information Center (EIC)* of New York. The *Guide* is designed to assist educators and librarians in selecting environmental and energy media tools. Price \$3.60 postpaid; (\$2.60 if accompanied by check) from *EIC*, 124 E. 39th St., New York, N.Y. 10016.

Housing Opportunity Plans Selected

HUD has selected seven *Housing Opportunity Plans* submitted by areawide planning organizations as the basis for the award of \$20 million in supplemental *Section 8 Rental Subsidy* funds. The funds will be awarded to communities participating in the *Plans*.

The seven organizations will receive \$475,000 in supplemental *Section 701 Comprehensive Planning Grants* for planning and program development activities which implement their projects. In addition... local jurisdictions receiving the supplemental funds will be eligible to apply for a share of \$1.5 million in supplemental *Community Development Block Grant* funds to support activities which will implement the *Housing Opportunity Plans*.

The awards went to: *Joint Planning Commission of Lehigh and Northampton Counties, Pa.*; *Metropolitan Council of the Twin Cities (Minn.)*; *Metropolitan Washington (D.C.) Council of Governments*; *Miami Valley (Ohio) Regional Planning Commission*; *Puget Sound Council of Governments (Wash.)*; *Southern California Association of Governments*; and *Southern Iowa Council of Governments*.

FYI



National Association of REALTORS... 69th Annual Convention... Houston, November 9-18. The Association's affiliates... the *American Chapter of the International Real Estate Federation* and the *American Institute of Real Estate Appraisers* will also meet concurrently. Details and Registration: NAR, 155 East Superior Street, Chicago, 60611.

Construction Industry Manufacturers Association... Annual Meeting... Arlington Park, Illinois, November 9-11. Details: George Headrick, CIMA, 111 E. Wisconsin Ave., Milwaukee, WI 53202 (414/272-0943)

United States League of Savings Associations... 84th Annual Convention... New York, N.Y., November 14-19. Details: Gil Dupont, USLSA, 111 E. Wacker Dr., Chicago, Illinois 61607 (312/644-3100)

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HUD NEWSLETTER
September 27, 1976



newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



October 4, 1976

Vol. 7 No. 40

Current Trends

Housing starts rose 11 percent in August... highest level in 6 months... to a seasonally-adjusted annual rate of 1.542 million units... from the upward-revised July pace of 1.391 million units, according to the *Commerce Department*. The August rate was 22 percent above the rate of 1.264 million for August 1975. The rate in August for units in apartment buildings with five or more units was 284,000... compared with the revised July rate of 192,000. During the first 8 months of this year 1.004 million housing units were started... compared with 751,000 units for the same period in 1975.

Urban renewal project notes totaling \$169.348 million... representing 58 local issuing agencies... were sold in mid-September at an average interest rate of 2.958 percent... the same interest rate for the previous month.

The average interest rate for new home mortgages in August climbed over 9 percent for the first time in 1976... according to figures released by the *Federal Home Loan Bank Board*. This was the highest rate since March 1975... and is attributed to the heavy demand for mortgage funds.

The *Census Bureau* has reported that the average sales price of new one-family houses actually sold during the second quarter of 1976 was \$48,000. This represented a \$2,000 or 4.3 percent increase from the \$46,000 average sales price reported in the first quarter of 1976.

Wholesale prices of some major building materials rose faster than the average for most other commodities during July... statistics from the *Labor Department* show. Wood product prices advanced at a significantly faster pace during July than almost all other commodities in the Department's wholesale price index. The wholesale price index for lumber and wood products... for example... rose 2 percent... compared with an average gain of 0.7 percent for other industrial commodities. Among softwood products... lumber prices rose 3.1 percent and plywood prices advanced 2.5 percent during July.



GNMA Sells Mortgages to Bank of America

GNMA will sell approximately \$125 million in conventional home mortgages to the *Bank of America* under an agreement announced by *HUD*. The mortgages are secured by properties in California where the Bank is based. They were purchased for *GNMA* by *FNMA* and *FHLMC*.

The mortgages are priced to yield 9.075 percent. This yield includes a 1 percent acquisition fee paid by *GNMA* to the *Bank* for the purchase of the mortgages. *GNMA* is currently offering other conventional mortgages for sale at the same yield under its various mortgage disposition programs. This is *GNMA*'s first private negotiated sale of mortgages other than to *FNMA* and results from an offer by the *Bank* to *GNMA*.

The sale increases the total amount of single-family and multifamily mortgages sold by *GNMA* this calendar year to \$6.6 billion. The mortgages were purchased by *GNMA* during the past 2½ years under its programs which are designed to result in an economic stimulus to the housing industry.

Nearly Half of Households Moved in 1970-1974

A joint HUD-Census Bureau study shows that nearly half (46.5 percent) of the Nation's almost 71 million households moved in a 4½ year span... between April 1970 and October 1974. Also... a second report presents financial characteristics about home owners and renters.

The first report shows that about 13.9 million households (or about 20 percent of all households) were recent movers; that is, they moved between October 1973 and October 1974. More than a quarter of these movers (25.6 percent) were "new households"; i.e., with a different household head than before moving. These households included newly married couples, young adults establishing their first independent residences, and changes in household head caused by divorce or death.

Among the recent movers with the same household head in both the previous and current residence, the majority (65 percent) moved within the metropolitan areas of the country. This group includes both those households that moved within the same metropolitan area and those that moved from one metropolitan area to another. About 24 percent moved from one nonmetropolitan location to another. Only about 11 percent moved from a nonmetropolitan location to a metropolitan location or vice-versa.

The report on movers also shows that:

- The West had the largest proportion of recent movers—about 25.6 percent of all households in the West moved during the 1-year period. In contrast, the Northeast had the smallest proportion (14.4 percent) of recent movers.

- Recent movers generally had higher income than nonmovers.

- Approximately 19.2 percent of the 7.3 million black households were recent movers which is about the same as for all households.

- More than a quarter (29.0 percent) of the 2.8 million Spanish origin households were recent movers.

The second report presents selected financial characteristics of occupied housing units. Of the 36.2 million owner-occupied single-family units, approximately 31 percent were valued at \$35,000 or more. Nearly 9 of every 10 (87.6 percent) of these homes had three or more bedrooms; practically none (0.3 percent) lacked plumbing facilities. The report also shows that 16.9 percent of the homes valued at \$35,000 and over were built in 1970 or later.

Owner-occupied homes valued at \$10,000 or less, represented about 8 percent of the owner-occupied single-family units. About two-fifths (40.8 percent) of the less expensive homes had three or more bedrooms; a relatively large proportion (13.5 percent) lacked some or all plumbing facilities. Most of these units (73.2 percent) were constructed before 1950. Only 1.8 percent were built in 1970 or later.

The report also indicates that housing units with a gross rent of \$200 or more a month represented almost 20 percent of the 23.1 million renter-occupied units. About 29.5 percent of these high rent units had three or more bedrooms; only 0.5 percent lacked some or all plumbing facilities. More than a quarter (27 percent) of these units were built since 1970. Housing units renting for less than \$70 a month comprised about 11.2 percent of the renter-occupied units. Only 14.2 percent of these units had three or more bedrooms; more than a fourth (26.4 percent) lacked complete plumbing facilities. Among these lower rent units, more than two-thirds (67.1 percent) were built before 1950, with 8.6 percent of these units built in 1970 or later.

Data in these reports are from a sample survey and are subject to sampling variability. A detailed explanation of the subject appears in the reports.

Copies of these reports, Part C, *Financial Characteristics of the Housing Inventory for the United States and Regions: 1974, Series H-150-74C*, and Part D, *Housing Characteristics of Recent Movers for the United States and Regions: 1974, Series H-150-74D*, are available for \$3.00 and \$1.90, respectively, from the *Subscribers Services Section, Census Bureau*, Washington, D.C. 20233.

The American Institute of Architects (AIA) will closely scrutinize energy usage in its Washington headquarters during the next few months as a newly appointed AIA task force seeks ways to improve the building's energy efficiency.

With the goal of reducing energy consumption by 60 percent, the task force will undertake a complete analysis of opportunities for saving energy in the Institute's facilities. Investigation has already begun, and the task force will present its recommendations for action by the Institute at the end of 1976.

Heading the task force is Herbert E. Duncan Jr., FAIA, of Kansas City, Mo. Serving with Duncan will be Institute board members Robert A. Burley, AIA, of Watfield, Vt., and David L. Perkins, FAIA, of Lafayette, La.

The task force will examine potential energy savings in both the Institute's modern 7-story office building, and the adjacent historic house, the Octagon, owned by the AIA Foundation and operated as a museum.

"We believe," said Duncan, "that this effort can help dramatize the significant potential for energy savings in existing buildings. We're going to be looking at all the possibilities—changes in the operation and management of the building, architectural redesign to make the building more responsive to prevailing climatic conditions, modification of the building's mechanical systems."

While all three members of the task force have had experience in the area of energy conscious design, Duncan emphasizes that their work in this project will be primarily administrative. "We expect our report to recommend that the Institute call upon consultants with expertise in specific areas to carry out the project," he said.

The task force was appointed by Institute President Louis de Moll, FAIA, following a 2-day workshop demonstrating techniques used in educating architects in the principles of energy conscious design. Workshop participants included national AIA officers, members of its Board of Directors Energy Committee, and key staff personnel, as well as the building's original architect and mechanical engineer.

The workshop was one of a series conducted throughout the country by the AIA Research Corporation as part of a project on energy conscious design supported by the Federal Energy Administration.

The preliminary concepts produced in the workshop suggested such promising possibilities for reducing energy consumption and operating costs in the building that the Energy Committee recommended a full-scale study.

The Institute has been active in the energy area since 1972. Its projects have included major policy studies on the opportunities for energy conservation in buildings, legislative initiatives, a newsletter, and educational programs for the architectural profession.

New Publication



Urban Development Information Systems (UDIS) for Land Use Decisions. . . describes an important urban management decisionmaking tool, developed by and now employed in Fairfax County, Virginia. This computer-based system permits officials to inventory existing land use patterns, monitor ongoing development, and forecast the location, timing, and types of new development for several years into the future. It can provide critical information to improve the planning process as it relates to public facility and land use decisions. An executive summary and a detailed handbook are both available from the Fairfax County Office of Research and Statistics, Fairfax, Virginia 22030.

Soul City Grant

A HUD grant of \$800,000 to Soul City, a federally-assisted new community 45 miles north of Raleigh, N.C., in Warren County, will be used by the *Soul City Company* to construct a sewage pumping station at Soul City and 8 miles of sewage lines to Warrenton.

When completely developed, the rural community will be home to 44,000 people, including 28 percent low- and moderate-income families.

Under Title IV of the *Housing and Urban Development Act of 1968* and Title VII of the *Urban Growth and New Communities Act of 1970*, HUD has guaranteed \$294 million in debentures issued by the developers of 13 new communities throughout the United States.



FYI

National Graduate University. . . 3-day course on *Administration and Negotiation of Federal Grants and Contracts*. . . Washington, D.C., October 12-14; Miami Beach, Nov. 30-Dec. 2; and New Orleans, February 15-17, 1977. Details: Mrs. Donna Smith, Division of Special Studies, *National Graduate University*, 3408 Wisconsin Ave., N.W., Washington, D.C. (202/966-5100).

Producer's Council. . . *Building & Construction Exposition and Conference*. . . Chicago, November 17-19. Details: A.G. Robinson, *Producers' Council*, 1717 Massachusetts Ave., N.W., Washington, D.C. 20036 (202/667-8727)

National League of Cities. . . *1976 Congress of Cities and Exposition*. . . Denver, November 28-December 1. Registration: *1976 Congress of Cities, NLC*, 1620 Eye Street, N.W., Washington, D.C. 20006 (202/293-7362).

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October 4, 1976

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Vol. 7 No 41

Current Trends

Effective interest rates on HUD/FHA-insured and VA-guaranteed home loans rose slightly during the first weeks of June and July, HUD reports. The effective interest rate on federally-underwritten single-family home loans closed averaged 9.04 percent in early June and 9.06 percent in July.

A slight dip in sales activity in the single-family resale home market occurred in July... but sales were still 23.4 percent ahead of those for July 1975... according to the monthly existing home sales report of the *National Association of REALTORS*.

Auction yields declined last month as FNMA issued \$156.7 million in 4-month commitments to purchase both government-backed and conventionally financed home mortgages. The corporation issued \$49.1 million in commitments on government-backed mortgages at an average yield of 8.841... which converts to an average price of 97.61 for 8½ percent HUD/FHA-VA mortgages. The average in the previous auction was 8.921. In the conventional auction... FNMA issued \$107.6 million in 4-month commitments at an average yield of 9.094. The range of accepted bids was from 9.071 to 9.126.

The mobile home industry has begun a turnaround following last year's sales decline... according to *Standard & Poor's Corporation*... as reported by the *Associated Press*. S&P's industry surveys reported that mobile home shipments in the first 7 months of 1976 were 7 percent ahead of last year's comparable period and said the industry should ship 265,000 units by year-end. Last year... the industry shipped 212,690 homes... a 35 percent drop from 1974 levels.

The fourth annual survey of housing in the United States is underway. Conducted by the *Census Bureau* for HUD... the survey responds to the need for frequent and up-to-date data on U.S. housing, considered a prime indicator of the Nation's economic well-being. For the 1976 survey... a sample of 80,000 housing units out of the Nation's 79.1 million has been scientifically selected to represent a cross section of all housing in the United States. The sample was originally selected from 1970 census records and has been updated each year to include new construction. Joint HUD-Census reports on the results of the survey are expected to be issued in the fall of 1977.

Project notes totaling \$859,578,000... representing 105 public housing agencies... were sold September 21 at an average interest rate of 2.946 percent. The interest rate the previous month was 3.081 percent.

~~NOT TO BE TAKEN FROM THE LIBRARY~~

Meeker Resigns

David O. Meeker, Jr., resigned his position as HUD Assistant Secretary for Community Planning and Development... effective September 30... and will return to private industry. Meeker was Deputy Mayor for the City of Indianapolis before his appointment to HUD in 1973. He had previously headed that city's *Department of Metropolitan Development* and the *Model Cities* and *Planned Variations* programs.

Ford Foundation Grants

The *Ford Foundation* has announced eight grants totaling \$214,453 for local small-scale projects to promote open housing and strengthen racially mixed neighborhoods. Under this program, the *Foundation* invited local organizations concerned with housing issues to submit proposals. Some 64 groups responded with a variety of projects... half of them aimed at promoting open housing (better access to generally suburban areas) and half at maintaining the long-term balance of interracial neighborhoods.

- *Metropolitan Washington (D.C.) Council of Governments*, \$35,000, to set up a real estate career development program for minorities.

- *Fair Housing Council of the San Fernando Valley*, \$40,000, for an advertising and direct mail campaign to encourage minorities to buy or rent property in the San Fernando Valley of California.

- *Fair Housing Council of Bergen County (New Jersey)*, \$37,500, to combat housing market practices which steer minority buyers to, and white buyers away from, existing interracial neighborhoods and areas of minority concentration.

- *Greater Dallas Housing Opportunity Center*, \$25,000, for a media campaign, including radio and television ads, brochures and bus placards, informing minorities about the full range of housing opportunities in Dallas and its suburbs.

- *Homefinders Listing Service*, \$24,000, to help promote South DeKalb County (Georgia) as a desirable interracial area through a community projects center that will engage residents in such activities as cultural events, clean-up campaigns, school support programs, and housing information services.

- *Flatbush Development Corporation*, \$30,000, for a campaign to attract tenants from all parts of New York City to reasonably priced vacant apartments in a multiracial section of Brooklyn.

- *Sherman Park Community Association (Milwaukee)*, \$15,000, to strengthen home ownership in a racially integrated neighborhood.

- *Hyde Park-Kenwood Community Conference (Chicago)*, \$7,953, to determine the feasibility of establishing a nonprofit corporation which would purchase and manage apartment buildings with a racially mixed group of tenants.

Beginning this month, the *Foundation* will entertain further applications for support of innovative but modest projects to expand minority housing opportunities and strengthen existing interracial neighborhoods. Details may be obtained from Robert W. Chandler, *Ford Foundation*, 320 E. 43rd St., New York, N.Y. 10017 (212/573-5000).



New Publication

Energy, The Environment, and Human Health... edited by Asher J. Finkel, M.D., Ph.D., *Department of Environmental, Public, and Occupational Health, American Medical Association*. Sponsored by the *American Medical Association*. This technically-oriented prospective view presents an in-depth examination of energy options for the world's population now and in the future. Experts in the energy industries discuss potential energy sources, while members of the medical profession counter with their physiological and psychological effects on the population. Lastly, environmentalists describe the ecological impacts involved. This book is based on the *American Medical Association's Congress on Environmental Health*. 288 pages with tables and graphs. ISBN: 0-88416-004-1, LCCN: 73-84167. Casebound. Price \$18.75 from *Publishing Sciences Group, Inc.*, 162 Great Road, Acton, Massachusetts 01720.

Continued Migration Loss in Metro Areas

More people are moving out of metropolitan areas than are moving into them from the rest of the country, according to two *Census Bureau* reports. . . with the result that as a group, the Nation's 15 largest metropolitan areas. . . those with 2 million or more population . . . are the only ones to have experienced a net migration loss between 1970 and 1973.

In the period from March 1970 to March 1974. . . about 6 million people moved out of the metropolitan areas, and 4 million moved into these areas from other parts of the United States, resulting in a net migration loss of more than 1.8 million persons who went to nonmetropolitan areas.

It is likely that a large part of the net movement from metropolitan areas results from continued urban development around the fringes of these areas. . . and the central cities of SMSA's were the scene of the heaviest outmigration. In the 4 years covered by the report, central cities lost 5.9 million persons. At the same time, the mostly suburban part of SMSA's continued to experience a migration gain. . . 4 million in 1970-74.

Copies of the report. . . *Mobility of the Population of the United States, March 1970 to March 1974, Series P-20, No. 273*, are available for \$1.35 from the *Superintendent of Documents*, Washington, D.C.

The migration losses are covered by another report. . . also available from the *Superintendent of Documents*. It shows Standard Metropolitan Statistical Areas (SMSA) population for the 1970 Census and estimates for July 1, 1973.

<u>Population of SMSA</u>	<u>Percentage Change</u>	<u>Net Migration</u>
2,000,000 or more	0.1	-2.0
1,000,000 to 2,000,000	5.2	2.4
500,000 to 1,000,000	3.8	1.1
250,000 to 500,000	4.6	1.7
Under 250,000	5.1	2.1
SMSA's Total	2.8	0.3
Nonmetropolitan Area Total	4.3	2.2

The 0.1 percent growth of the largest SMSA's was the result of natural increase (excess of births over deaths) of 1,226,500. . . balanced against a net migration loss of 1,161,300. Net migration consists primarily of net internal migration but also includes net immigration from foreign countries and outlying areas and net returns from abroad of military personnel and other citizens.

Of the 15 SMSA's with populations of 2 million or more. . . six changed position since the 1970 census in rank by size:

Cleveland. . . which was ranked 14th on the 1970 list. . . fell to 16th place in the 1973 estimates. Other notable changes included Fort Lauderdale-Hollywood, Florida, 61st to 52nd; West Palm Beach-Boca Raton, Florida, 95th to 86th; Albuquerque, 102nd to 94th; Austin, 107th to 95th; and Colorado Springs, 139th to 124th.

This report lists 265 SMSA's in alphabetical order. . . and shows populations of their constituent counties. The report, *Estimates of the Population of Metropolitan Areas, 1973, Series P-25, No. 537*, is available for 75 cents.

Proposed Regulations on Handling Mobile Homes Complaints

Consumers and manufacturers have been asked to comment on changes in regulations for handling complaints on mobile homes. *HUD* is proposing revision to part of the enforcement regulations of the *National Mobile Home Construction and Safety Standards Act of 1974* to simplify the requirements and procedures for handling consumer complaints.

Under the *Act*... the manufacturers have the ultimate responsibility for handling complaints. The proposed regulations will simplify the system and encourage manufacturers to resolve complaints independently and promptly.

Under the proposed revision... manufacturers must repair all serious defects and imminent safety hazards, but they would be required to correct minor failures known as defects or noncompliances only if they occurred in the mobile homes of a similar type, style, or manufacture.

The proposed regulations appeared in the September 21 *Federal Register*. Comments submitted by October 25 will be reviewed and considered before issuing final regulations. Interested persons should submit comments to the Rules Docket Clerk, *HUD*, Room 10141, Washington, D.C. 20410.

HUD Bicentennial Papers



A series of publications describing the various ways citizens have met national problems in their own communities are examined in a series of papers prepared by the *American Revolution Bicentennial Administration* in cooperation with *HUD*.

HUD Secretary Hills said the papers, covering 10 subjects, will be available at no cost to organizations as a basis for discussing key issues affecting the quality of community living. The papers present a brief overview of the 10 national problems and innovative responses to them in communities throughout the country.

The problems concern health, environment, citizen involvement, learning, economic development, leisure, human values and understanding, communications, and transportation.

Request for the papers should be directed to Challenge/Response, *HUD*, 451 Seventh St., S.W., Washington, D.C. 20410.

HUD newsletter

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HUD NEWSLETTER
October 11, 1976

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 554-4999



October 18, 1976

Vol. 7 No. 42

Current Trends

August volume of mortgages insured by private mortgage insurance companies almost equaled that of combined HUD/FHA-insured and VA-guaranteed single-family home loans ... *Mortgage Insurance Companies of America* reports. The 46,752 mortgages insured on single-family homes in August... contrasted with the 19,735 insured by HUD/FHA and 28,083 guaranteed by the VA... dramatize the expanding role of private mortgage insurance in making homeownership available for thousands of moderate-income families who could not otherwise afford it. The growing importance of private mortgage insurance is further illustrated by the volume for the first 8 months of 1976 of 286,267 insured loans... a 51.5 percent increase over the same period a year earlier.

The value of residential construction contracts rose markedly in August, while commercial construction fell... the *F.W. Dodge Division of McGraw-Hill* reports. The housing upturn reflects "strength in the closely watched apartment market"... as well as a gain in single-family homes.

The *FHLBB* states that member associations' savings flows and mortgage lending continued extremely strong in August. Both were in smaller volume than in July... but the typical summer seasonal decline was less than usual. Net new savings receipts of *FSLIC*-insured savings and loan associations totaled \$2 billion in August. This was a new record for the month... nearly 50 percent larger than savings inflow a year earlier and 15 percent larger than the prior August record established in 1972.

GNMA has announced that bids on 144 mortgages totaling \$307 million were accepted at the project mortgage auction held last month. Total offers received were in excess of \$1.8 billion. Accepted offers included bids for outright purchase on 199 mortgages totaling \$269 million and bids for 60-day options to purchase on 25 mortgages totaling \$38 million.

Effective interest rates on HUD/FHA-insured and VA-guaranteed home loans rose slightly during the first weeks of June and July. The effective interest rate on federally-underwritten single-family home loans closed averaged 9.04 percent in early June and 9.06 percent in July. The effective interest rate for new commitments was 9.03 percent for the first week of June... compared to 8.95 percent in May and 9.09 percent in April. The rate for new commitments in July averaged 9.07 percent. The data are derived from a nationwide survey conducted by HUD with the assistance of the *Veterans Administration*, covering loans closed and loan commitments made during the first 7 business days of the month.



HUD and NFIA to Meet

HUD and the *National Flood Insurers Association (NFIA)* have agreed to meet in an attempt to resolve differences over the administration of the *National Flood Insurance Program*. The NFIA participates in the administration of the Program under a contract with HUD. In dispute are the roles of HUD's *Federal Insurance Administration* and the NFIA.

Florida Areas Grow Most

Seven of the Nation's 13 metropolitan areas which grew by 20 percent or more between 1970 and 1974 are in Florida... according to the *Census Bureau*.

Percentagewise... the **Fort Myers Standard Metropolitan Statistical Area (SMSA)** led the field... increasing its population an estimated 46.4 percent during the period. It was followed... in order... by **Sarasota (32.0 percent)**; **Fort Lauderdale-Hollywood (30.1)**; **Fort Collins, Colo. (28.0)**; **Orlando (27.7)**; **West Palm Beach-Boca Raton (27.1)**; **Killeen-Temple, Tex. (26.6)**; **Tucson (23.3)**; **Colorado Springs (22.7)**; **Tampa-St. Petersburg (22.5)**; **Tallahassee (21.3)**; **Phoenix (20.9)**; and **Austin (20.3)**.

By mid-1974, the Nation's metropolitan population totaled an estimated 155 million... with three of every four Americans living in those areas. This was an increase of 5 million persons... or 3.4 percent... since 1970. During the same 4 years... however... the nonmetropolitan population reached 56.4 million... a 5.5 percent increase. The higher nonmetropolitan growth rate is an apparent reversal of the historic trend of rapid urban growth in the U.S.

The report presents... for the first time... population estimates for the 13 recently designated *Standard Consolidated Statistical Areas (SCSA's)*—groups of adjacent metropolitan areas having a high level of intercommuting and generally sharing a continuous urban mass.

An SCSA is identified as such only when one of the adjacent metropolitan areas has at least 1 million population. The **New York SCSA**... for example... with a population of 17.2 million and composed of nine metropolitan areas in New York State, New Jersey, and Connecticut... is by far the largest.

The **Los Angeles SCSA** covers four SMSA's with 10 million people. Other large SCSA's are **Chicago**, with 7.6 million population; **Philadelphia**, with 5.6 million; and the **Detroit** and **San Francisco SCSA's** with 4.7 million and 4.6 million, respectively.

Although metropolitan areas (SMSA's) increased their population in the 1940's, 1950's, and 1960's several times faster than the rest of the Nation, the pattern has not held true since 1970.

The 15 largest SMSA's... those with 2 million or more people... as a group experienced no growth between 1970 and 1974. *Standard Consolidated Statistical Areas* which include those SMSA's show essentially the same pattern.

Eight of these 15 SMSA's... including the five largest... are estimated to be losing population, and only the **Dallas-Fort Worth** area now exceeds the national growth rate. The report notes that although many large central cities have lost population in the past several decades, it is rare for an entire metropolitan area to do so. Only the **Pittsburgh SMSA** lost population during the 1960's.

More than 1.7 million persons are estimated to have moved out of the 15 largest metropolitan areas in the first 4 years of this decade... with the **New York SMSA** alone accounting for a net migration loss of half a million. Only three of these areas gained population through migration, with the largest gain registered by the **Baltimore SMSA**, where growth rarely reached 1 percent. During the 1960's these same areas gained a net of 1.1 million in-migrants.

Copies of the report, *Estimates of the Population of Metropolitan Areas, 1973 and 1974*, and *Components of Change Since 1970, Series P-25, No. 618*, are available for 75 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

FIA Administrator Appointed



Secretary Hills has announced the appointment of **J. Robert Hunter** as Administrator of the *Federal Insurance Administration*... the arm of **HUD** responsible for the federally-subsidized *National Flood Insurance Program*. Mr. Hunter had been Acting Administrator of *FIA* since December 1974.

OILSR Suspends Sales

HUD has suspended sales at Palm Coast... a 48,000 lot subdivision on Florida's east coast. The suspension order will remain in effect until the developer, **ITT Community Development Corporation (ICDC)**, a subsidiary of **International Telephone and Telegraph Corporation**, fully informs prospective buyers of a proposed agreement between the **Federal Trade Commission** and all three companies, including Palm Coast, a subsidiary of **ICDC**.

The developer amended the registration and **Property Report** filed with **HUD's Office of Interstate Land Sales Registration (OILSR)** but did not fully describe the terms of the proposed agreement. Part of that agreement focuses on **ITT's** consent not to engage in unfair and deceptive practices.

Sales at Palm Coast cannot resume until the developer makes full disclosure of the **FTC** action in the **Property Reports** that are given to prospective purchasers.



More Full-Service Housing Offices Available

HUD Secretary **Hills** has announced that 16 **HUD Insuring Offices** will become full-service housing offices. They are: Albuquerque, Charleston, Cincinnati, Cleveland, Denver, Grand Rapids, Helena, Houston, Memphis, Phoenix, Sacramento, Salt Lake City, Santa Ana, Shreveport, Springfield (IL), and Spokane. Also, the Fresno Service Office will become an **Insuring Office**.

This change will give those offices low-income and assisted housing responsibilities in addition to the **FHA** insurance activities they have had.

The change is being made in order to get maximum productivity out of the limited staff resources available to the Department and to locate the delivery of **HUD's** housing programs closer to the people who benefit from those programs.

In mid-1974, six of the **Department's Insuring Offices** were given the responsibility for low-income housing on an experimental basis. That demonstration proved successful and it was decided to transfer that responsibility to more offices.



Comments Invited

Public comments are invited on **HUD's** proposal to insure property improvement loans for fire safety equipment for nursing homes and other health care facilities. Under the proposed regulations, published in the September 21 **Federal Register**, **HUD's FHA** could insure loans for equipment and installation in amounts up to \$50,000. This will be the first time that **FHA** has had a program for insuring safety equipment for health care facilities.

HUD will consider comments received by October 29. Comments should be addressed to the Rules Docket Clerk, Room 10141, **HUD**, Washington, D.C. 20410.

FYI



National Leased Housing Association... Seminar: *Financing Your Section 8 Project* ... New York City, November 5... New Orleans, November 10... and Los Angeles, November 12. Topics to be discussed include an introduction to municipal bond financing, the issuing of bonds by local authorities for Section 8 projects, the financing of Section 8 projects by State agencies, **Farmers Home Administration** financing, and conventional and **FHA** financing. Details: **NLHA**, 1800 M St., N.W., Suite 400 South, Washington, D.C. 20036 (202/785-8888).

Rural America, Inc.... 2nd National Conference... Des Moines, November 14-16. Details: **Rural America**, 1346 Connecticut Ave., N.W., Washington, D.C. 20036 (202/785-2936).

Publications Available

Community Development Block Grant Entitlement Cities: The First Year Planning and Application Process... summarizes the results of a survey questionnaire mailed to all entitlement cities participating in the first year of the *Community Development Block Grant (CDBG)* program. The report describes the experiences of these cities in preparing their application and plans for implementing their first program year under CDBG and also identifies problem areas in the application process. Available for \$1.10 from the *Superintendent of Documents*, Washington, D.C. 20402. (No. 023-000-00342).

Housing of Minorities in Rural America. The *Housing Assistance Council's* latest research study evaluates the use of the *Farmers Home Administration's (FmHA)* homeownership loan programs by blacks, persons of Spanish origin, and American Indians, from 1971 through 1975. The report finds that minorities' share of *FmHA* housing loans is lower than their share of substandard housing units and that the percentage of loans to blacks and Chicanos decreased over the 5-year period. The report is available for \$2.00 from the *Housing Assistance Council, Inc.*, 1601 Connecticut Ave., N.W., 6th Floor, Washington, D.C. 20009 (202/483-1426).

Action Now! A Citizen's Guide to Better Communities... a practical discussion of how to organize a community for social and economic progress... by Richard W. Poston. 288 pages. \$11.85 cloth, \$4.95 paper... from *Southern Illinois University Press*, P.O. Box 3697, Carbondale, Illinois 62901.

Certification for Community Development: A Manual of Procedures. Published by the *National Association of Housing and Redevelopment Officials (NAHRO)* to assist cities and counties participating in the *Community Development Block Grant Program* in carrying out the Federal requirements for environmental certification. 86 pages... a nontechnical, nonlegal guide for use by community development planners and program administrators to ensure compliance with the *Environmental Regulations of HUD* and the guidelines of the *Council on Environmental Quality*. \$7.50 prepaid. (Price to *NAHRO* members: \$4.50) Order from: *Publications Division, NAHRO*, 2600 Virginia Ave., N.W., Washington, D.C. 20037. Quantity discounts.

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HUD NEWSLETTER
October 18, 1976

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October 25, 1976

Vol. 7 No. 43

Current Trends

The *Labor Department's* report covering wholesale prices for a number of building products and materials showed substantial rises between July and August. The increase was considerably more than the average increase in the *Department's* overall industrial commodities index. The largest advances were in lumber and plywood... which were at a level nearly 20 percent above a year earlier. Other large increases occurred in paint, building paper and board, and plumbing fixtures. Lesser increases were posted for hardware, heating equipment, floor coverings, and concrete products.

The *Census Bureau* has reported that property subject to local property taxation in 1975 totaled more than \$1 trillion. The *Bureau* says that the 1975 value of all property subject to local general property taxation was \$1 trillion and \$96.3 billion... an increase of \$223.7 billion over the valuation in 1973 when a similar study was made. In 1975... \$33.4 billion of property value was exempt from taxation for various reasons, leaving the net assessed value of \$1 trillion and \$62.9 billion available for the application of taxes. In 1973... \$27.6 billion of property value was exempt... leaving a net of \$845 billion subject to taxation.

Effective October 18... the maximum allowable interest rate on *HUD/FHA*-insured single-family mortgage loans was lowered to 8 percent from the current 8½ percent. The allowable rate on multifamily mortgages remains unchanged at 9 percent. The change in the single-family rate was determined after consultation with the *Veterans Administration*... which simultaneously announced a similar change in the maximum rate for *VA* home mortgages.



Ethnic Studies Begin

A 2-year study of ethnic neighborhoods in four cities has begun at the *National Center for Urban Ethnic Affairs* of Washington, D.C. under a \$474,000 *HUD* grant. *NCUEA* will examine and test the potential for neighborhood development through neighborhood-initiated and controlled processes.

The *Center* will study and document neighborhood reinvestment strategies now working successfully in Baltimore and Providence, and will transfer this process later to neighborhoods in Chicago and Newark.

The selected neighborhoods in Baltimore include Fells Point, Washington Hill, Prospect, Highlandtown, Canton, "North of the Park," and the Hill. In Providence... the neighborhoods are Federal Hill and Olneyville. Neighborhoods in Chicago and Newark have not been yet selected.

NCUEA intends to publish case studies of the neighborhood experiences in all four cities as well as a "how-to" manual for use by other cities interested in helping their ethnic neighborhoods help themselves. In addition, the *Center* plans to sponsor a national neighborhood development conference to tell representatives of some 40 other cities about the neighborhood reinvestment strategy covered by the study.

The *HUD* Technical Representative for the project is Charles A. Gueli, whose telephone number is 202/755-7335. The project director for *NCUEA* is Robert J. Corletta, 1521 16th St., N.W., Washington, D.C. 20036 (202/232-3600).

New Mortgage Plan Announced

Secretary Hills has announced that...effective November 1...a new type of mortgage will be available to enable families to pay for their homes more easily in the early years of the life of the mortgage.

The graduated mortgage payment will allow young couples who buy homes having *FHA*-insured mortgages to start homeownership with lower monthly mortgage payments.

The plan is one of three homeownership initiatives announced by President Ford on September 16. The other proposals are lower downpayment requirements for *FHA*-insured homes and a higher *FHA* mortgage ceiling.

On November 1...*HUD* will begin processing applications under its new mortgage plan which is likely to appeal to first-time home buyers in the \$14,000 to \$25,000 income range because it enables them to tailor their installment payments to their expanding incomes.

Young people who would have difficulty meeting monthly mortgage payments under present level payment schedules will now have five payment plans to choose from...each providing lower payments in earlier years.

Three of the plans will permit mortgage payments to increase at a rate of 2½, 5, or 7½ percent over the first 5 years of the loans. The other two plans will permit payments to increase 2 and 3 percent annually over 10 years.

The new plan will be applied to the principal *FHA* single-family mortgage insurance program (*Section 203(b)*) and to the condominium program (*Section 234*).

Details of the program were published in the *Federal Register* September 29.

Although the plan goes into operation November 1...additional public comments may be submitted. Those received by November 15 will be considered in formulating final regulations. Comments should be addressed to the *Rules Docket Clerk*, Room 10141, *HUD*, Washington, D.C. 20410.



Mortgage Ceilings Increased

HUD has announced a general increase in the maximum per unit mortgage amounts which may be insured under a number of *HUD's Multifamily Mortgage Insurance Program*. The increase in maximum per unit mortgage amounts reflects the rising costs of apartment construction in recent years. The last general increase was provided for in the *Housing and Community Development Act of 1974*. The latest rise is made under terms of the *Housing Authorization Act of 1976*...which authorizes ceiling increases in the per unit dollar amounts of approximately 50 percent for efficiency apartments and by 20 percent for all other size units. The new limits were published in the *Federal Register*, September 23, and are effective immediately.

The programs affected are contained in the following eight sections of the *National Housing Act*: 207, 213, 220, 234, 236, 221(d)(3), 221(d)(4), and 231.



Publication Available

Federal Environmental Laws and You... sums up the goals and requirements of major environmental legislation passed in the last 5 years...the *National Environmental Policy Act*, and the water, air, and solid waste acts. 12 pp., 75 cents. From *League of Women Voters of the U.S.*, 1730 M St., N.W., Washington, D.C. 20036.

HUD Announces Joint Rural Program

HUD and the *Department of Agriculture* have joined in a 2-year demonstration program to find better methods of providing community development and housing assistance to low-income people in "hard to reach" rural areas. The program involves major State participation.

A limited number of State governments will be jointly selected by the two *Departments* to receive areawide grants to develop State programs for delivery of housing and community development assistance at the local level, using Federal and other resources.

The inter-departmental program will be funded by \$2.5 million *HUD* discretionary funds under its *Community Development Grant* program... with an additional \$500,000 from *HUD's Research and Demonstration* funds for States' administrative costs.

The money will be used to organize and operate an innovative delivery system to reach and aid remote, needy, rural, lower-income households. State employees will help *Farmers Home Administration (FmHA)* process applications for aid in repair and rehabilitation of housing.

USDA... through *FmHA*... has also set aside up to \$35 million in rural housing loan authority and up to \$5 million in community program funds for the demonstration. The funds are over and above the selected States' allocations specifically for the target areas. Rural areas are generally defined as "nonmetropolitan areas" of less than 50,000 population. So called "hard to reach" individuals or families include those who are unaware of, or have had no opportunity or capability of applying for, aid in housing and community development because of distance or difficulty in reaching such services. The elderly and handicapped are included in this class.

Objectives of the program include development of better ways to aid rural areas on a "worst-first" basis, with the aid complemented by community development projects such as roads, water and sewer systems, and other essential facilities.

Technical assistance will be available in application processing, planning, and financing, to help applicants obtain assistance under other programs of the *USDA* and any *Federal Agency* concerned with improving the quality of rural life. Among these agencies are the *Economic Development Administration*, and *Appalachian Regional Commission*, and the *Department of Labor*.

States wishing to participate in the program should have plans for coordinating housing and community facilities aid with supporting social services on areawide and intergovernmental bases. They must also cooperate with *HUD/USDA* in recording progress and in evaluating the program.

States should also have the ability to coordinate State and local planning, to prepare State *Title I* applications for block grants, to process *Section 8* projects and other housing plans, to encourage developers, to arrange for financing, and to organize and provide management and overseer operations.

Program regulations were published in the *Federal Register* on September 29.

Further information and applications are available from either Howard Ball, Director, *HUD Office of Policy Planning*, Room 7158, Washington, D.C. 20410 (202/755-5890), or Administrator, *Rural Development Service, U.S. Department of Agriculture*, Washington, D.C. 20250 (202/447-4343).

Flood Protection Encouraged

HUD Federal Insurance Administrator J. Robert Hunter has hailed the declaration of "Flood Protection Month" in the State of Colorado as an opportunity for citizens to learn the facts about flood hazards and Federal flood insurance.

"People through the Nation seriously underestimate the threat of flooding, or think 'It can't happen to me,'" Mr. Hunter said.

In a message to residents of Colorado, Governor Richard D. Lamm said, "Too many people face tragedy and financial disaster because of floods, and too few have protected themselves with flood insurance through the federally subsidized *National Flood Insurance Program*.

"I strongly encourage residents to take advantage of this program if their home, farm or business is in a special flood hazard area," the Governor added.

"Just 10 weeks ago," Mr. Hunter noted, "a disastrous flood in Colorado killed 139 people and caused over \$28 million in property damage, but only one person had flood insurance. The next flood could happen tomorrow—and it could happen almost anywhere in the State," he said.

HUD's Federal Flood Insurance Program makes low insurance available through any licensed insurance agent or broker in those States that are participants. . . once a community agrees to take steps to control construction that might lead to future flood damage. After the community is enrolled. . . all residents are eligible to buy Flood Insurance.

Under the Program, insurance can be purchased in limited amounts at subsidized rates as soon as a community qualifies. This is the first layer of insurance. After the *Federal Insurance Administration* issues a detailed *Rate Map* for that community, the available limits of insurance are doubled. This is the second layer of insurance and is available at actuarial or nonsubsidized rates, according to the hazard.

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HUD NEWSLETTER
October 25, 1976

HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-6499



November 1, 1976

Vol. 7 No. 44

Current Trends

The recent trend toward lower interest rates for both short-and long-term loans continues. Interest rates reached their lowest level in 4 years in the sale of two *Government* issues. A \$3 billion issue of 52-week *Treasury* bills was sold at an interest rate of 5.126 percent... down from 5.561 percent in the previous sale... and the lowest since July 1972. An issuance by HUD of \$109 million in 48 *Urban Renewal Agency* 9½-month notes brought an average interest rate of 2.83 percent... down from last month's 2.958 percent... and the lowest since the 2.66 percent in May 1972. Also conventional mortgage loan interest rates have reached their lowest level in recent weeks... according to reports from various parts of the country. And... the *FHA/VA* maximum mortgage rate was reduced by ½ percent to 8 percent effective October 18. (See *Newsletter* of October 25).

The *Commerce Department* report on housing sales for August showed a 7 percent rise to a seasonally-adjusted annual rate of 656,000 units. The actual number of new houses sold during the month was 61,000. Since the beginning of 1976... housing sales have been subject to unusually wide fluctuations... dropping from a high rate of 679,000 units in February to 540,000 in May. The rate was 594,000 in June, 612,000 in July, and 656,000 in August. *Commerce* also reported median prices of these homes declined \$600 in July... to \$44,100... which was \$2,100 less than the June median of \$46,200.



Housing Starts Rise Sharply

The *Census Bureau's* report on housing starts in September showed a dramatic rise. For the month... starts of privately-owned housing reached a seasonally-adjusted level of 1.814 million units. This was 18 percent above the August rate... and 39 percent higher than the 1.304 million-unit rate in September 1975. As a result... the starts for the first 9 months of 1976 are almost equal to the total starts in 1975.

For single-family units... the starts... on an annual rate... came to 1.295 million units... compared to the revised August rate of 1.186 million units. Apartment starts... 5 or more units... showed a very large increase... 415,000 in September... compared to an August rate of 280,000.

During the first 9 months of 1976... housing starts totaled 1,153,500 units... as compared to 863,800 units in the same 1975 period. Also... building permits... an indicator of future activity... rose 11 percent in September to 1.433 units... from the August figure of 1.296 million units... and 31 percent above the September 1975 level.

Commenting on the figures... Secretary Hills said that "if we don't start construction of another new home this year, the total for 1976 will still be the fourth best year in a decade. It is now better than all of last year, than 1974, 1970, 1969, 1968, 1967, 1966." She predicted that single-family starts this year will be the third or fourth best year on record.

Mrs. Hills characterized the multifamily increase as particularly encouraging, since apartment construction has lagged in the current housing recovery. She said that the multifamily increase "reflects in part the support which HUD has given residential construction through its *Section 8 Rental Housing Assistance Program*, and its *GNMA Mortgage Purchase Program*. It is also, however, evidence of a solidly-based recovery in the multifamily sector generally."

Coinsurance Regulations Issued

Final regulations for a coinsurance plan to aid State housing finance agencies in obtaining rental housing project funds have been issued by HUD.

State agencies wishing to participate can now apply to HUD.

Under the *Regulations* published in the *Federal Register* September 29... HUD will join with the State agencies by coinsuring multifamily housing mortgages made and underwritten by the agencies.

The *Department* will insure 80 percent of any actual loss arising out of a mortgage default, and the State agencies will bear the risk on the remaining 20 percent. In addition... State agencies must satisfy a front-end deductible loss requirement of between 3 and 10 percent of the face amount of the insured mortgage portfolio, depending on the size of the portfolio, before HUD's liability for the payment of 80 percent of loss is incurred.

The aim of the program is to assist State housing finance agencies in obtaining funds to lend for the construction of rental housing projects. HUD's participation as a coinsurer is expected to enable the agencies to borrow funds more readily through the sale of bonds and broaden their market by attracting additional investors.

Proposed *Regulations* were published June 4. The September 29 *Regulations* reflect public comments on them and a HUD review of the program.

One of the proposed provisions has been changed to allow State agencies coinsuring one or more mortgages to participate. The proposed *Regulation* would have limited participation to those having a portfolio of 10 mortgages. Smaller agencies may now participate where they might have been excluded by the 10-mortgage requirement.



Supreme Court Rules on Section 236 Program

In *Underwood, et al. v. Hills, et al.*, Nos. 76-1603 and 1650 (D.C. Cir.)... the nationwide class action seeking to compel the Secretary to implement the *Section 236 Subsidy Operating Program*... the *Supreme Court* has granted the *Government's* application for a stay pending appeal subject to further order of the *Court*. The *District Court* had earlier ordered the Secretary to implement an *Operating Subsidy Program* for *Section 236* projects pursuant to *Section 236 (f) (3) and (g) of the National Housing Act* "as soon as practically possible." An expedited argument of the appeal of the merits has been approved by the *Court of Appeals for the District of Columbia*.



City Government Employment Levels Off

City employment rose 0.6 percent between October 1974 and October 1975... according to the *Census Bureau*. This increase is the lowest recorded for municipal governments since 1962.

Average October earnings of full-time municipal employees (excluding instructional employees of schools) in October 1975 was \$960... an increase of \$62 or 6.9 percent over the previous year. Full-time instructional employees of municipally operated school systems and higher education institutions had average earnings of \$1,239 in October 1975, a 4.8 percent increase over 1974.

City governments in the United States made salary and wage payments for October 1975 amounting to \$2.1 billion, an increase of 7.3 percent over October 1974. This sum made up the payroll for 2,506,000 employees... 2,038,000 of whom were full-time workers and 468,000 part-time employees. On a full-time equivalent basis, municipal employment is estimated to be 2,142,000 for October 1975. Education and police functions accounted for more than one-third of all municipal employment.

Between 1946 and 1975 municipal employment more than doubled from 1.2 million full- and part-time employees... and payrolls increased from \$206 million to over \$2 billion.

Joint Planning Program Announced

Funds totaling \$557,300 have been committed by four Federal Agencies to stimulate cooperative land use planning and growth management in demonstration programs involving 18 State and local agencies.

Funding is being provided by HUD, the Coastal Zone Management Program (CZM) of the National Oceanic and Atmospheric Administration (NOAA) of the Department of Commerce, the Economic Development Administration (ERDA), the Environmental Protection Agency (EPA), and the Federal Energy Administration (FEA).

The interagency demonstrations are one of a series of activities initiated under the HUD 701 Program under working agreements designed to improve distribution of planning assistance resources of the various Federal programs participating in such activities.

Agencies included in the project: States of Alaska, Massachusetts, Connecticut, New Hampshire; City of New York; Puerto Rico Planning Board; Baltimore Regional Planning Council; Jacksonville (Fla.) Area Planning Board; Metropolitan Dade County, Fla.; Top of Alabama Regional Council of Governments; Southeast Alabama Regional Planning and Development Commission; Illinois Bureau of the Budget; Wisconsin Office of Administration; Metropolitan Interstate Committee, Duluth, Minn.; Southeastern New Mexico Economic Development District; California Office of Planning and Research; Mid-Columbia (Ore.) Economic Development District; and Panhandle, Idaho Planning and Development Council.



HUD Helping New Towns

HUD's New Communities Administration is setting up a program to help federally-assisted new towns in their efforts to attract new industry. Applications will be invited from top-level consulting firms experienced in industrial marketing to develop detailed marketing programs for the new communities. The results of the study will aid the developers in identifying prospective industrial clients.

In addition to developing the individual programs... the consultant will establish an in-depth reference library of industrial resource material which will be made available to all of the new communities for their use.

New towns to be assisted in this effort are Jonathan, Minn.; Maumelle, Arkansas; Flower Mound, Texas; Park Forest South, Ill.; Riverton, N.Y.; St. Charles, Md.; The Woodlands, Texas; Shenandoah, Ga.; Soul City, N.C. and Harbison, S.C.

James F. Dausch, New Communities Administrator, said HUD also is implementing an intensive educational campaign to promote the advantages of locating in new towns. Plans are being made to visit State industrial commissions, trade associations, and "anyone else we can talk to in our endeavors to inform industry of the unique industrial opportunities in our communities."

The Request for Proposal (RFP No. H-41-49)... inviting the applications... is being circulated. For further information: Alan Kurland, New Communities Administration, Room 7134, HUD, Washington, D.C. 20410, (202) 755-6174



New Publication

Cultural Directory: Guide to Federal Funds and Services for Cultural Activities has been issued by the National Endowment for the Arts in conjunction with the Federal Council on the Arts and the Humanities and Associated Councils of the Arts. 356 pages. A comprehensive, up-to-date guide to more than 250 Federal Government programs offering assistance to individuals, groups, and cultural institutions. Copies at \$4 each may be obtained from ACA Publications, 1564 Broadway, New York, New York 10036. Checks should be made payable to Associated Councils of the Arts.

Single-Family Home is Changing

A recent issue of *Mortgage Banker*... published by the *Mortgage Bankers Association of America*... had an article that concludes that there'll be some changes made in the single-family home.

Representatives of four of the Nation's largest mortgage banking companies give their views of the future in the magazine. All four believe that single-family housing will undergo at least some changes in the future, but they expressed widely differing opinions about the extent of these changes.

Leo Sevy, vice president of *Colonial Mortgage Service Co.*, Philadelphia, predicted the detached single-family house would still be around in the future. "It's as basic as apple pie," he said. However, because of the ever-rising costs of housing, Sevy also saw a good future for townhouses and "minimal" or "basic" houses with few amenities.

Shelby C. Spears, first vice president of *Stockton, Whatley, Davin & Company*, Jacksonville, Fla., believes that the single-family house is still "the desire of the average American" and it won't be disappearing. However, Spears suggested that because of inflation, houses in the future may be on smaller lots or in clusters, with five or six single-family residences to an acre. He also thought that a new type of house, built in panels that contain wiring and plumbing, might become popular, because it costs less to build.

The difficulty for many young couples to afford single-family homes was noted by Joyce Earp, of *Pennamco, Inc.*, Washington, D.C. She saw a future for townhouses, condominiums, and modular housing. However, she pointed out that most families, once they buy a house, keep moving up into bigger single-family dwellings.

Highrise and midrise condominiums and apartments were called the future of housing by James P. Weisenbach, of *Kissell Co.*, Springfield, Ohio. He attributed this to the increased mobility of Americans and the high cost of the detached single-family house.

The article... *The Single-Family House: Evolving, Diminishing, or Headed for Extinction*, was written by two *MBA* staff members, Susan N. Cirillo, and Sarah K. Crim.

HUD newsletter

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HUD NEWSLETTER
November 1, 1976



HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-6000



November 8, 1976

Vol. 7 No. 45

Current Trends

The *Manufactured Housing Institute* is now estimating that 1976 deliveries will reach a level of 264,000 units... compared to 212,000 units in 1975. This is somewhat below an earlier prediction of 280,000 units. The current outlook for 1977... the *Institute* says... is for about 309,000 units.

According to the *Mortgage Bankers Association*... commercial banks have significantly increased their mortgage lending during 1976. In the first 7 months these banks had closed \$22.1 billion in mortgages... nearly 70 percent more than the same period of 1975. Home loans represented almost two-thirds of the increase. Future commitments for the remainder of the year are also up. At the end of July... commercial banks had outstanding mortgage commitments of \$13 billion... over a third more than a year earlier.

HUD's survey for August showed that home mortgage loans closed in August totaled \$10.5 billion... 35 percent more than the volume originated in August 1975. Multifamily mortgage loans extended in August were under \$900 million, 5 percent less than a year ago. *Savings and Loan Associations* closed \$6.2 billion... or 59 percent... of the home loans... compared to a market share of 56 percent last year. Commercial banks accounted for 17 percent of the market... the same proportion as in August 1975... while the market share for mortgage companies declined to 13 percent from 16 percent a year ago. In the multifamily market *S&Ls* made 47 percent of the loans. Commercial banks and *Mutual Savings Banks* each accounted for 10 percent of these apartment house loans. Originations of home construction loans aggregated \$2.1 billion in August... 46 percent greater than a year ago. *S&Ls* made 56 percent of these loans and commercial banks 34 percent. Multifamily construction loans were down 13 percent.

Project notes totaling \$765.2 million... representing 94 *Public Housing Agencies*... were sold in mid-October at an average interest rate of 2.725 percent... down from last month's 2.946 percent.

The purchase of \$60 million of participation certificates by a thrift institution on October 8 made the *Federal Home Loan Mortgage Corporation* the first "issuer (that) ever sold in a single year \$1 billion worth of mortgage securities representing conventional mortgages," an *FHLMC* spokesman said. While not directly comparable with the participation certificate that *FHLMC* uses to raise cash to buy mortgages, the sale of long-term debt by *FNMA* is similar in use and purpose. The negotiated sale by *FHLMC* was the largest 1-day transaction since the corporation first offered participation certificate securities in 1971. Volume the first year was \$65 million... was \$407 million in 1973... only \$43 million in 1974... and \$454 million last year.

Yields declined in the *FNMA* auction of \$166.7 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. The sale included \$45.3 million in commitments on *Government*-backed mortgages at an average yield of 8.701 and \$121.4 million in 4-month conventional mortgage commitments at an average yield of 9.021... down from 9.069 on October 4. The average in the previous auction was 8.797.

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Home Defect Compensation Broadened

HUD has enlarged its program to compensate homeowners for certain serious defects found in single-family homes purchased with *HUD/FHA* mortgage insurance.

Owners of homes who obtained this insurance between January 1, 1973, and August 3, 1976, and who believe defects in their homes qualify for compensation may now file claims with their nearest *HUD* Field Office. They have until August 3, 1977 to file.

A different deadline had been established for filing claims in the case of homes purchased with *FHA* mortgage insurance for the earlier period... between August 1, 1968 and January 1, 1973. That deadline is now extended to December 3, 1976.

The *Housing Authorization Act of 1976* provides for two actions by *HUD*... the expansion of the *Program* to include *FHA* mortgages insured up to August 3, 1976... and the extension of deadline for filing claims arising from home purchases between August 1, 1968 to January 1, 1973.

The requirements involved in qualifying for compensation are:

- The home must be more than 1 year old when purchased.
- The mortgage on the property must be insured by *FHA* under its regular single-family mortgage insurance program (*Section 203(b)*) or the program for single-family housing for low- and moderate-income families (*Section 221(d)(2)*).
- The property must consist of one, two, three, or four living units.
- The defects in the home must be those which would have been evident at the time of original appraisal.
- The home must be located in an older, declining area which is defined as a neighborhood mostly comprised of dwellings built before 1940.

A second set of requirements applies to the defects:

- Seriously defective plumbing, heating, or electrical systems.
- A structural failure in basic framing, floors, or foundations which can be seen in an accessible area.
- Worn-out roof.
- Drainage problems such as surface water in the crawl space or running against the house.
- Rotted siding, porches, steps, or deteriorated brickwork, which affect the structural safety of the house.
- Defective paint conditions which constitute a health hazard.



NAHRO Urges 'Development Bank'

The *National Association of Housing and Redevelopment Officials*... the professional organization of those engaged in administering Federal, State, and local housing and renewal programs... has come up with a new and unusual proposal for assisting communities in solving some of their problems. At a recent meeting in New Orleans, attended by 2,000 members of the organization... the establishment of a '*National Development Bank*' was proposed. The new entity would raise money for State or local governments to use in rebuilding declining urban neighborhoods and communities.

The proposed bank could raise funds by selling its own federally-guaranteed bonds or stock, and could distribute the proceeds as loans to State or local agencies for any of the programs or projects deemed necessary by local authorities. Such a program would... of course... require Federal legislation.

It is felt that such a new bank would fill a gap that now exists in the various Federal, State, and local grant and loan programs... as well as provide more flexibility in the implementation of development and redevelopment projects.

Solar Energy Grants Announced

HUD has granted nearly \$4 million in 102 grants to buy and install solar energy equipment in residences. The funds will cover the cost of solar heating, hot water, and cooling equipment for single-family homes and high-rise apartment buildings. The \$3.9 million in the second round of solar research grants is nearly four times the sum of the first round. There are 10 times the number of dwelling units involved. . . 1,411 compared with 143 units for the initial effort.

In January Secretary Hills announced a total of nearly \$1 million in grants to some 55 builders and other project sponsors. The new group of projects were chosen from over 300 applications submitted in response to an invitation issued in July.

The winning proposals were judged on a number of factors, including the type of solar system to be used, the status of the housing project, and the usefulness of the project to *HUD's* demonstration. Grants were made to builders who will use the projects as sales models; to *Public Housing Authorities* for testing alternate ways of reducing operating costs; and to community groups active in housing. This second round of grants is part of a larger *National Program for Solar Heating and Cooling of Buildings* conducted by the *Energy Research and Development Administration*.

A third solicitation for demonstration grants is expected to be issued early in 1977. Interested organizations should write: *Solar Heating*, P.O. Box 1607, Rockville, MD 20850.



AIA Issues Major Policy Statement

The *American Institute of Architects*. . . the professional organization of the Nation's architects. . . has issued a policy statement.

Speaking as both professionals and as citizens "whose housing concerns transcend our professional interests," the architects have made recommendations for reduction of property taxes. . . amortization of the cost of public facilities needed for new housing. . . expansion of housing subsidies for lower-income families. . . demolition of abandoned urban properties that cannot be improved and reoccupied. . . and review by metropolitan and State agencies of local decisions affecting neighboring jurisdictions.

Prepared by a special *AIA Housing Task Force*. . . the housing policy statement. . . the first ever issued by the 199-year-old organization. . . reviews progress and failures in housing over the past 35 years and warns against "unwarranted complacency or pessimism" based on that record.

"With glaring exceptions," the *Architects* state, "the American people are well housed by any standard. The residential building industry has. . . by and large. . . served the American consumer well and with increasing efficiency. The unfulfilled housing needs of the urban and rural poor and the blight and segregation that mark many old areas of central cities are primarily failures of the economy and of national purpose and priorities. . . rather than failures of one industry."

Progress in building technology. . . in homeownership, and in decreasing substandard housing. . . overcrowding. . . and doubling up during the past three decades are cited as indicators of substantial achievement. However. . . this progress in better housing conditions, the statement also points out, "induced in many casual observers a sense of complacency that was at no time justified. A series of setbacks culminating in a disastrous drop in housing production in 1974 and 1975 shattered that complacency."

"The problems that remain," the *Housing Task Force* continues, "are less traceable," and the Nation has a long way to go to overcome extensive deprivation and inequity in the provision of housing.

Single copies of *AIA National Policy* are available free from *Public Relations Department, AIA*, 1735 New York Ave., N.W., Washington, D.C. 20006 (202/785-7260).

Block Grant Publication Published

CDBG Entitlement Cities: The First Planning and Application Process, a 53-page report analyzes responses from 880 cities telling of their experiences in preparing for the first year of the *Community Development Block Grant Program*. The report, prepared by the *HUD Office of Evaluation*, discusses local community development needs and priorities and details 15 basic models of local organizational structures.

Among the topics discussed are: Technical assistance, participation of local agencies in developing applications, planning activities and other factors influencing the effort, and various methods communities used to meet local needs and priorities.

Also analyzed are the average cost and time required to prepare an application; comparisons of *CDBG* with past *HUD* programs on such factors as citizen participation, Federal intervention in local decisions, reduced "red tape," as well as problem areas and how *HUD* attempted to help solve the difficulties.

A limited number of single copies are available upon request to Donald Dodge, Director, *HUD Office of Evaluation*, Room 7168, Washington, D.C. 20410.

Copies of the report are for sale at \$1.10 each from *Superintendent of Documents*, Washington, D.C. 20402, Stock number 023-000-00342-2.



Sciences Board Now Complete

President Ford has nominated three new members to the *Board of Directors of the National Institute of Building Sciences*. The three new names... added to the original 18 named by the President several months ago... bring the *Board* up to its full strength of 21 members. The three named are: Charles J. Orlebeke, *HUD Assistant Secretary for Policy Development and Research*; Ernest Ambler, *Acting Director of the National Bureau of Standards*; and Jack Sanders, *Fire Marshal of the State of Oklahoma*.

HUD newsletter

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HUD NEWSLETTER
November 8, 1976

HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
NOV 22 1976

November 15, 1976

Current Trends

The *Engineering News-Record Cost Index* for October shows an increase in construction costs of 9.2 percent... nationally... over October 1975. Largest increases were in Los Angeles (17.4 percent), San Francisco (11.4), Birmingham (11.3), and Atlanta (10.7). The cities having the smallest increases were Philadelphia (6.2), Kansas City (6.4), Boston (7.1), and New Orleans (7.4). The other cities surveyed were all within the normal range of the national average.

The *Veterans Administration* increased the maximum for direct GI mortgage loans from \$25,000 to \$33,000... in line with the newly-enacted *Veterans Housing Act* of 1976.

The *Labor Department* reports that wholesale prices for building materials rose in September... led by lumber and plywood. Lumber prices increased a significant 3.4 percent... while plywood advanced 1.9 percent and millwork 1.1 percent. Lumber and related materials... with a 24.3 percent rise above September 1975... was the highest of any in the *Building Materials* category. Other typical increases... compared to a year earlier... paint materials, 11.9 percent... plywood, 17.8... building paper and board, 10.2... hardware, 6.0... plumbing fixtures and fittings, 11.0... heating equipment, 6.5... construction machinery, 7.0... asphalt roofing, 9.6... and gypsum products, 9.6.

During the 12-month period of 1975... farmland prices rose 18.8 percent... to an average of \$403 per acre... according to the *Agriculture Department*. The national average price of farmland has more than doubled since 1970... and the average annual increase has been 13.1 percent. Analysts are expecting that the 1976 figures will show a further 8 to 10 percent increase. The acreage involved in sales of farmland shrunk in the early 1975-1976 period... however. The total of 23.1 million acres that changed hands during this period was down 16 percent from the 27 million acres sold a year earlier... and 45 percent below the 42 million acres sold in 1974.

A *Wall Street Journal* survey of corporate profits for the third quarter of 1976 shows that firms in the Building Materials category showed a better-than-average increase (compared to other industries) during the period. The survey... covering 510 major companies... showed an average improvement for the quarter of 17 percent over the performance of July-September 1975. For 9 building supply companies and 8 cement companies... profits were 33 percent higher than last year. Of the leading companies... Johns Manville had one of the best performances... an 85 percent increase.

Every fall... the *F.W. Dodge Division of McGraw-Hill* issues a forecast of construction activity for the near future. This year's prediction: The next 2 years will see "continued recovery" in construction, followed by 3 years of "sluggish growth." Much of this activity will occur in the area of nonbuilding construction... which is expected to increase its share of total construction from an historical 22-24 percent to 30 percent. Over the next 2 years... nonresidential building is expected to follow the recovery of residential building... but *Dodge* predicts that the cycle will flatten out in 1978. *Dodge* also predicts that the South will be the Nation's most active growth region and by 1981 represent as much as 33 percent of total construction demand.

Many of the leading banks... including the Nation's two biggest... have cut their prime interest rate from 6 $\frac{3}{4}$ to 6 $\frac{1}{2}$ percent... the second such cut in less than a month.

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Housing Rehab Program to Begin

A demonstration to rehabilitate more than 12,000 low-income multifamily housing units in selected cities has been announced by *HUD*. The demonstration is to be undertaken in cooperation with the *AFL-CIO Building & Construction Trades Department* and the *National Housing Rehabilitation Association (NHRA)*. \$50 million has been earmarked to subsidize rents for future tenants for the apartments.

Rent subsidies are expected to stimulate rehabilitation at special wages and work terms to be negotiated by unions and contractors.

The demonstration program includes a unique incentive bonus. It offers participating cities one additional rental unit for each unit to be rehabilitated and subsidized in that city by *HUD* under its regular *Rental Subsidy (Section 8) Program* for fiscal 1977.

In this way... \$100 million in federally-subsidized rents could encourage the production of up to \$700 million worth of substantial rehabilitation in major urban areas before the end of the present fiscal year next September 30.

Cities may begin applying for units of the housing after public notice of the demonstration... which is scheduled to be published in the *Federal Register* in November.

Secretary Hills said that the selected cities would be expected to commit themselves to increased and improved services in project neighborhoods.

Developers interested in doing the rehabilitation work will apply to *HUD Field Offices* for *Section 8* funding of projects in the selected cities.

Negotiations with craft unions and rehabilitation contractors for special labor-management agreements for rehabilitation have already begun in several cities. *NHRA* will help support further negotiations in other cities.



Home Cost Reaches \$50,000

A *Federal Home Loan Bank Board* report shows that the national average cost of a new 1-family house bought with a conventional mortgage in September was \$50,000. Since the earliest days of American history... ownership of a home has been the 'dream' of most families. With this new price level... the 'American Dream' is becoming further from realization for most Americans.

According to the *FHLBB* report... only 10 years ago the average price of a 1-family house was just under \$30,000. In 1971... 5 years ago... it was \$36,000. Since 1973... the increase has been 34 percent. The rise in the 1-month period... August to September 1976 was more than 1.8 percent. Used houses also went up by almost the same percentage during the month... from \$42,800 in August to \$43,300 in September.

Part of the reason for the increase... according to a *National Association of Home Builders* survey... the average size of new houses is going up... from 1,615 square feet a year ago to 1,638 currently. Also... the average price of lots on which new houses are being built rose by 17 percent during the past year.



HUD Participates in European Seminar

A housing seminar in the Hague, Netherlands... sponsored by the *United Nations Economic Commission for Europe*... was held from November 8 to 13. Principal focus of the seminar was housing for special groups of the population (elderly, handicapped, single people, and small families, including one-parent families).

Four *HUD* officials participated in the sessions: Sanford Witkowski, Deputy Assistant Secretary for Insured and Direct Loan Programs... Helen Holt, Departmental Advisor on Programs of the Elderly and Handicapped... Charles Gueli, Director of the Community Design Staff, *PD&R*... and George Brown, Program Analyst, Office of the Assistant Secretary for Housing.

New Flood Insurance Regs Issued

Updated regulations for the *National Flood Insurance Program*. . . the rules which guide participating communities. . . have been announced. They become effective December 1.

The revised regulations affect all participating communities. For example. . . individual regulations will require a record to be kept on the elevation of floodproofed structures, require the anchoring of mobile homes in flood hazard areas, and specify the coordination necessary with adjacent communities prior to alteration of a waterway.

The revisions. . . which were published October 26 in the *Federal Register*. . . were developed by *HUD's Federal Insurance Administration* after a series of public hearings held in major cities across the Nation.

"These are the first comprehensive changes ever made to the *Flood Insurance Program's* regulations," said *FIA* Administrator J. Robert Hunter. "They have been designed to improve the effectiveness and efficiency of the program and to help local governments more effectively enforce and more clearly understand flood plain management requirements. Most importantly, the updated regulations can help save life and property as well as taxpayers' dollars by making floodprone communities safer and better places to work and live."

More than 15,000 communities are participating in the *National Flood Insurance Program*. This means that local government leaders have made commitments to assure safer future development of known flood hazard areas. In those communities, flood insurance is now available to residents at federally-subsidized rates.

Some communities may have to amend their existing flood plain management ordinances because of the changes announced by *FIA*. In order to allow for that local legislative process, the communities will have 6 months from the December 1 effective date of the updated regulations to comply.

All communities participating in the program will receive a letter from the *FIA* Administrator, a summary of key changes, and a copy of the regulations.

Communities seeking assistance in any aspect of the new regulations may call or write their nearest *Federal Flood Insurance Office*, or telephone toll free: (800) 424-8872, or contact the *Federal Insurance Administration's Office of Flood Insurance in Washington, D.C.*



Study Rates Most Suburbs Higher Than Central Cities

A study of 55 cities by the *Brookings Institution* concludes that in all but 12 cases. . . the suburban areas adjacent to American cities exceed the central cities in education, unemployment levels, poverty levels, housing, and personal income. Of the 20 percent that are rated favorably with their suburbs. . . 10 are in the so-called 'Sun Belt.' Two non-'Sun Belt' cities. . . Seattle and Omaha. . . exceed their suburbs.

The cities that rated favorably: Dallas, Houston, Phoenix, Norfolk, Salt Lake City, San Diego, Fort Lauderdale, and Greensboro. The researchers reported that the cities that "stand out as the most distressed" are: Newark, Cleveland, Hartford, Baltimore, St. Louis, Gary, and Detroit.

The report attributes the causes of the central city deficiencies to the "inevitable physical aging in the Nation's oldest developed regions. The 'Sun Belt' meanwhile benefits from State laws that allow cities to annex suburbs and outlying areas."



FYI

Rural Housing Alliance. . . 11th Annual Meeting. . . Washington, D.C., December 3. Details: *RHA*, Suite 500, 1346 Connecticut Ave., N.W., Washington, D.C. 20036. (202/659-1680).

More Rehab Funds Allocated

HUD has announced that an additional \$3.5 million in substantially-sound Federal housing and an extra \$4.4 million in low-cost Rehabilitation Loans have been allocated among the 23 cities participating in *HUD's Urban Homesteading Program*.

The cities were originally awarded \$5 million in *HUD*-held properties and \$5 million in *HUD* Rehabilitation Loans when the *Program* was first announced a year ago... primarily as a tool to help restore ailing neighborhoods.

The response of the 23 cities has been so enthusiastic that on October 8 Secretary Hills extended the *Program* to add an extra \$6.25 million worth of housing and \$8 million more in loans... more than double the Federal Government's original investment.

The new allocations leave about \$2.5 million in housing and almost \$3.6 million in loans to be spread among new cities expected to join in the experiment. Another \$200,000 worth of housing will be retained for distribution on a contingency basis.

A second round of competition for the new entrants will be announced in the immediate future... with the awards going to those cities that submit the most comprehensive and coordinated plans for making use of the basically sound housing stock from *HUD's* inventory of foreclosed one- to four-family homes.

As many as 10 may be selected... raising the total of participating cities to 33.

The 23 cities now in the program are: Boston; Jersey City; Freeport, N.Y.; Islip, N.Y.; New York; Baltimore; Philadelphia; Wilmington, Del.; Atlanta; Decatur, Ga.; Chicago; Rockford; Gary; Indianapolis; South Bend; Minneapolis; Columbus, Ohio; Cincinnati; Milwaukee; Dallas; Kansas City, Mo.; Oakland; and Tacoma.

With these allocations, the total awards to date amount to \$8.4 million in housing stock, and \$9.4 million in rehabilitation loans.

HUD newsletter

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November 15, 1976

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HUD NEWSLETTER
November 15, 1976

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HUD

newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



November 22, 1976

Vol. 7 No. 47

Current Trends

The seasonally-adjusted annual rate of construction volume in September exceeded last year's figure by 7 percent... according to the *Commerce Department*. The rate of expenditure for the month was \$149.1 billion... seasonally adjusted... for September... compared to \$148.1 in August. For the 9-month period... construction spending totaled \$106.9 billion... compared to \$96.4 billion in 1975. New housing expenditures reached a rate of \$48.5 billion in September... up from the August rate of \$46.6 billion.

New construction contract awards likewise rose in September... the *Dodge Division* of *McGraw-Hill* reported. The total for all construction was \$8.1 billion... 7 percent higher than the September 1975 level. The residential segment was up 27 percent above 1975... at a \$3.8 billion level.

Also... the *National Association of Realtors* reported that September was a good month for the sale of existing houses... reaching the highest level since last Spring. The rate for the month was about 3.3 million units. The *Association* also reported the median selling price of existing houses in August was \$39,400... up 7.1 percent from the \$36,800 median reported in August 1975.

Yields declined in *FNMA's* auction of \$185.4 million in 4-month commitments to purchase both *Government-backed* and conventionally-financed home mortgages. The sale included \$73.2 million in *Government-backed* mortgages at an average yield of 8.672 for 8 percent *HUD/FHA-VA* mortgages. The average in the previous auction was 8.701. In the conventional auction... *FNMA* issued \$112.2 million in 4-month commitments at an average yield of 9.003... down from 9.021 in mid-October.

Both savings inflows and mortgage lending activity continued the very strong August volumes in September. The *FHLBB* said that savings inflows were about the same as the large August total... while lending activity declined less than seasonally... and established a new seasonally-adjusted record. New savings receipts of *FSLIC-insured S&Ls* totaled \$1.9 billion. This is a new peak for the month... more than three times the receipts of a year earlier... and 31 percent more than the prior record established in September 1972. September receipts were also about the same as in August... and... when allowance is made for the usual seasonal variation, only moderately below recent peak inflows. Mortgage loans closed by insured associations totaled \$7.1 billion in September. This was 7 percent less than in August... but such a decline is lower than typical from August to September. Consequently... when allowance is made for usual seasonal variation, mortgage loans closed rose to a new all-time peak about 10 percent above the prior record volume reached late last year.

Another *McGraw-Hill* report bodes well for the construction industry in 1977. Spending by businesses on plants and equipment in 1977... according to announced plans of companies... is expected to rise by 13 percent above the current year's capital expenditures. When adjustments are made for inflation... this results in a rise of 6 percent in real terms for next year.

Design Awards Announced

HUD has announced 24 awards in **HUD's** national *Seventh Biennial Design Awards* competition.

In addition... 200 *Bicentennial* citations were awarded for accomplishments illustrating the theme... *Designing Our Cities for People*, marking 200 years of achievement in the building of American cities. The citations went to every State as well as Puerto Rico and the District of Columbia.

The awards were presented by **HUD** Secretary Hills in ceremonies held November 10 at the Baltimore City Hall... where Mayor William Donald Schaefer and the City served as hosts to the winners and their associates.

The *Biennial Awards*, which covered 21 cities were made in three categories: Project Design, Urban Design Concept, and Management Approach. The winners:

Project Design

Arts for Living Center, New York; Gary Farmers' Market, Gary, Ind.; Lancaster Central Market, Lancaster, Pa.; Linwood Court, Cambridge; Market Square Historic Redevelopment, Newburyport, Mass.; O'Bryant Square, Portland, Ore.; Park Center, Cleveland; Penns Landing Square, Philadelphia; and San Francisco Redevelopment, San Francisco.

Urban Design Concept

Buchanan Street Mall, San Francisco; Mill Hill Historic Park, Trenton; Over-the-Rhine Community Center, Cincinnati; and Queensgate II Town Center, Cincinnati.

Management Approach

Baltimore's Design Review Systems, Baltimore; Facade Easement, Hudson, N.Y.; City of Santa Cruz Historic Preservation, Santa Cruz, Calif.; Greensboro Housing Management Improvement Program, Greensboro, N.C.; Housing for the Elderly Development Process, Lansing, Mich.; Indian Township, Maine; Philadelphia Garment Center, Philadelphia; and Painted Post Village Reconstruction, Painted Post, N.Y.

Special Mention Awards

Apalachicola-Economic Development Through Historic Preservation, Apalachicola, Fla.; Downtown Aurora Decision Chart, Aurora, Ill.; and Eastwood, Roosevelt Island, N.Y.



Rural Housing Regulations Amended

The *Farmers Home Administration* has issued newly-amended regulations governing the purchase of *FmHA* housing. Among the changes:

- Second mortgages are permitted for home repair loans.
- Previous downpayment regulations have been changed so that all mortgages... for both new and used homes... have the same minimum percentage requirement (3 percent up to \$25,000... 5 percent above \$25,000).
- Income limits for purchasers were raised from \$12,900 to \$15,600 except for Hawaii and Guam (from \$16,200 to \$18,500)... and Alaska (from \$20,500 to \$23,400).
- Maximum loan amount remains \$33,000... with the same interest rate (8 percent) as for *FHA* and *GI* loans.

Associations Elect

Two of the Nation's major mortgage financing groups have elected their officers for the coming year.

The *Mortgage Bankers Association of America (MBA)* held their 63rd Annual Convention in San Francisco... and elected the following: President, Kennon V. Rothchild, chairman and chief executive officer, *H. & Val. J. Rothschild, Inc.*, St. Paul, Minnesota; first vice president, John C. Opperman, chairman, *United California Mortgage Company*, San Francisco; second vice president, Claude E. Pope, president and chief executive officer, *Cameron-Brown Company*, Raleigh, N.C.; and treasurer, Bernard V. Dill, special consultant to the *Massachusetts Purchasing Group*, Boston.

Rothchild was previously the first vice president of *MBA*. He is a past president of the *Minnesota Mortgage Bankers Association*, the *St. Paul Mortgage Bankers Association*, and the *St. Paul Urban League*.

The *National Savings and Loan League*... also meeting in San Francisco... installed D.D. McClatchy, President of *Olney (Texas) Savings Association*, as President. He succeeds Arthur Tonsmeire, Jr., President of *First Southern Federal S&L of Mobile, Alabama*, in the top position. McClatchy has been a leader in the savings and loan industry for 26 years... all of them with *Olney Savings*. He has served as Chairman of the *NSLL's Federal Legislation Committee*, and Chairman of the *League's Membership Committee*. He has also been a member of the *League's Executive Committee* and *Board of Directors*.

James J. Heagerty, President of *First City Federal S&L of Bradenton, Florida*, was installed as *National League* Vice President at the same time. Mr. Heagerty has been associated with Federal S&Ls for 19 years.



HUD Rental Assistance Program Exceeds Goal

HUD has exceeded the 1976 goal set for *Section 8 Rental Assistance Program for Low-Income Families*. Preliminary figures show that contract authority for approximately 490,000 units had been allocated by September 30... well in excess of the goal set by the Secretary last year of 400,000 units for the entire year 1976.

Rates for occupancy and starts for new and rehabilitated housing under the *Program* were also up substantially... the Secretary said.

Indications are that occupancy rates had reached almost 90,000 by September 30. Of these... approximately 60,000 were for new, substantially rehabilitated, and existing housing... with the remaining 30,000 under loan management. Starts for new and rehabilitated *Section 8* housing reached a cumulative total of more than 40,000 units.

"There are two major reasons for this very good record," Secretary Hills said. "The program has been widely accepted by the low-income families who are in desperate needs of good housing. Secondly, the staff of *HUD Field Offices* have done a tremendous job in administering the program."

Under the *Section 8 Program*, eligible low-income families pay 25 percent of their income toward rent. The difference between that 25 percent and the fair market rent in the area for a comparable unit is paid by the Federal Government in the form of a housing subsidy. The housing may be existing or rehabilitated buildings, or new construction.

The rapid rate of increase was illustrated by the following: by December 31, 1975, halfway through the fiscal year, contract authority had been reserved for only 48,000 units. However, the total as of March 31 reached 100,000 with a further increase to 280,000 by June 30. In the transition quarter alone, June 30 through September 30, contract authority for 210,046 units was reserved.

"Our major goal now is to continue these upward trends in starts and occupancy rates," Secretary Hills said. "We want to translate that excellent unit reservation record into needy families living in good housing of their choice. I am confident we will meet this goal with the kind of momentum generated in the program."

Publications Available

Solar Energy and Your Home... answers the most commonly asked questions about solar heating and cooling. The 19-page booklet was produced by the *Franklin Institute of Philadelphia* for HUD's *Residential Solar Energy Demonstration Program* as part of a nearly half million dollar contract to organize a one-stop *Solar Information Center*. The *National Solar Heating and Cooling Information Center* supplies copies of this and other solar literature to industry and the general public. Available from P.O. Box 1607, Rockville, Md 20850. The toll-free telephone number is 800/523-2929; in Pennsylvania, call 800/462-4983.

The County Year Book 76... the second edition of the companion volume to the *Municipal Year Book*... the standard source book on local government data and developments. 270 pages... 50 data tables... 9 x 12 inches... hardbound, cloth cover. \$19.50 (\$18.00 if payment accompanies order)... from *National Association of Counties/International City Management Association, Joint Data Center*, 1140 Connecticut Ave., N.W., Washington, D.C. 20036.

Housing Rehabilitation: A Guide Book for Municipal Programs... by A. William Benitez. Provides information on how to establish and administer a rehabilitation assistance program successfully. Covers every phase of the rehabilitation process and the procedures necessary for rehabilitation assistance. *NAIHO Publication stock No. N580*, 165 pages... price \$15.00 prepaid... *NAIHO* members \$12.00 prepaid.

Flexible Code Enforcement: A Key Ingredient in Neighborhood Preservation Programming... by Roger S. Ahlbrandt, Jr. Objective of this guidebook is to increase the flow of information to governmental officials and housing professionals concerning different techniques being used to upgrade the delivery of housing code enforcement services through a less rigid and more individualistic approach. *NAIHO Publication stock no. N582*. Price \$5.00 prepaid.

Both publications available from *NAIHO Publications*, 2600 Virginia Ave., N.W. Suite 404, Washington, D.C. 20037. Quantity discounts available.

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HUD newsletter

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Washington, D.C. 20410 (202) 755-5499



November 29, 1976

Vol. 7 No. 48

Current Trends

Urban renewal project notes totaling \$247.7 million... representing 85 local issuing agencies... sold at an average interest rate of 2.788 percent. Average interest rate for the \$109.9 million of project notes sold in mid-October was 2.83 percent. This is the lowest rate since May 1972.

Home-mortgage interest rates leveled off in October after rising for 3 consecutive months. Average effective interest rate on conventional loans to buy new homes last month was 9.08 percent, the same as in September and up from 9.01 percent a year before... and the average effective rate on loans to buy existing homes declined last month to 9.12 percent from 9.14 percent in September, the *Federal Home Loan Bank Board* said. Last month's rate was also below the year-earlier average of 9.17 percent.

The *Wall Street Journal* says short-term interest rates are pressing upward amid growing conviction that the *Federal Reserve System's* next move would be toward a tighter monetary policy. Increase in rates was especially evident in *Treasury* bills trading in the secondary, or resale, market. For example... 13-week bills due in February 1977... closed at 4.90 percent bid on some quotation sheets... up from the 4.84 percent and 4.78 percent bid early in November... and the companion 26-week issue due in May 1977 rose to a bid of 5.06 percent from 4.96 and 5 percent bids earlier in the month.

The *Commerce Department* reports housing starts in October were at the seasonally-adjusted annual rate of 1.792 million units... compared to 1.858 million units in September... but 25 percent higher than October 1975. Building permits issued during the month were also down slightly in October... 1.437 million units... compared to 1.504 million in September... but a healthy 29 percent above the rate in October 1975.



Variable-Rate Mortgages Succeed

Last spring... the *Bank of America*... the Nation's largest... announced that beginning May 1 it would offer *Variable-Rate Mortgages* on an optional basis in the San Diego area. After a test of the plan for 4½ months... the *Bank* has announced it would now offer VR mortgages on a statewide basis. It will still remain optional... however... as some homebuyers seem to be reluctant to accept this innovative concept.

Also... all of the larger State-chartered *S&Ls* in California are offering this option to borrowers. Federal law prohibits federally-chartered lending institutions from making mortgages in which monthly payments can be increased.

The VR plan... which many mortgage lenders feel can help remove some of the violent fluctuations in the availability of mortgage money... allows the interest-rate on outstanding mortgage indebtedness to float up or down... depending on money market conditions. This is in contrast to the traditional mortgage in which the interest-rate remains fixed... sometimes for 35 or 40 years... regardless of changes in money market conditions.

The success of the VR system in California... the Nation's No. 1 housing market... has led lenders in other States to begin serious consideration of introducing VR... and laying plans to go before State Legislatures for enabling legislation.

Housing Costs Outpaced Income During 1970-74

A joint *HUD-Census Bureau* report shows that between 1970 and 1974... the median value of owner-occupied, single-family homes increased faster than the income of owners. Likewise... the median gross rent of renter-occupied units increased faster than the income of renters.

In continuing the upward economic spiral of previous years... the median value of owner-occupied, single-family homes rose 59 percent... from \$17,100 to \$27,200 between 1970 and October 1974, the report says. Median income for homeowners during this period rose 32 percent... from \$9,700 to \$12,800.

Median monthly gross rent (including utilities) increased from \$108 to \$143 (32 percent) from 1970 to 1974... while the median income of renters went up from \$6,300 to \$7,700 annually (22 percent).

The report also showed that the value of owner-occupied homes in 1974 was about twice the income of their owners. This ratio varied considerably... however... according to income level.

For example... the value of homes in the low-income group (owners with incomes of less than \$5,000) was four times or more their annual income; many of these owners were elderly. In the high-income group (owners with annual income of \$25,000 or more)... however... the value of homes was less than 1.5 times median income.

Renters generally paid about 22 percent of their annual income for gross rent. Households with incomes under \$5,000 spent 35 percent or more of their incomes on rent in 1974. Households with incomes of more than \$25,000 spent less than 10 percent of their incomes on rent.

The report, *Part C, Financial Characteristics of the Housing Inventory for the United States and Regions: 1974, Series H-150*, is available for \$3.75 from the *Superintendent of Documents*, Washington, D.C. 20402.



HUD Issues New Mortgage Data

HUD issued updated statistical data which should aid mortgage market analysts. They consist of four sets of quarterly tables covering surveys of mortgage lending during 1975 and the first half of 1976. Tables include: *Quarterly Gross Flows of Long-Term Loans*; *Quarterly Gross Flows of Loans on 1-4 Family Homes*; *Quarterly Gross Flows of Loans on Multifamily Properties*; and *End-Of-Quarter Holdings of Land, Construction, and Long-Term Mortgage Loans*.

The tables update the information in *HUD's* publication... *The Supply of Mortgage Credit, 1970-1974*... that was issued earlier this year. They also complement monthly mortgage lending data published by the *Department*.

The quarterly statistics reflect a number of revisions of the monthly published figures to take account of new benchmarks and late reports from some survey participants. The 1975 data for all lender groups... with the possible exception of savings and loan associations and mortgage companies... should be regarded as final. The 1976 figures are subject to change on the basis of later benchmarks and receipt of tardy responses.

Beginning with the first quarter of 1976... the breakdown of loan transactions by *S&Ls* by type of loan (*FHA*-insured, *VA*-guaranteed, or conventional) represent estimates by *HUD* staff... based on historical relationships. All other statistics were obtained from the 11 monthly surveys of over 1,500 lending institutions that are conducted by the *FDIC*, *FHLBB*, *SEC*, *Census Bureau*, the *American Council of Life Insurance*, the *Mortgage Bankers Association of America*, and *HUD* under a cooperative arrangement.

Low Income Awards Given

At the recent annual convention of the *National Association of Housing and Redevelopment Officials* in New Orleans... 13 *Public Housing Agencies* received awards for their support of the *Federal Rental Housing Assistance Program* for lower-income families.

The awards were presented to representative of the agencies by Elmer E. Smith, *HUD* Deputy Assistant Secretary for Assisted Housing.

Cities, counties, and State Governments shared in *HUD's* recognition of the efforts furthering the operation of the *Section 8 Program* for rental subsidies for lower income families.

The agencies receiving awards:

Housing Authority of Montpelier, Vt.; City of Cohoes/Cohoes Central Relocation Agency, N.Y.; West Virginia Housing Development Fund; St. Petersburg Housing Authority; Region D Council of Governments, Florida; Dakota County Housing and Redevelopment Authority, Minn.; Northwest Multi-County Housing Authority, Minn.; Arlington Housing Authority, Texas; San Antonio Housing Authority, Texas; St. Louis Housing Authority; Pueblo Housing Authority, Colo.; Santa Barbara County Housing Authority, Calif.; Housing Authority of Everett, Wash.



Solar Designs Sought

The *AIA Research Corporation*... created by the *American Institute of Architects*... and supported by a grant from the *Exxon Corporation*... is sponsoring a national student competition intended to develop innovative solar dwelling designs. Goal of the program is to promote the design integration of solar and energy conservation considerations in all aspects of a building.

A total of 1,700 students in 57 schools of architecture in the U.S. and Canada have entered the competition. In February 1977... 10 winning designs will be selected by a national review board representing the fields of architecture, engineering, education; housing, and solar industries; and consumer concerns. Each of the 10 winners will receive a \$500 cash prize.

Students are asked to make solar energy the primary energy source for heating and cooling the dwelling and to minimize reliance on depletable fuels. The program requires the students to design a single-family dwelling for low to moderate incomes. Students are to choose a representative family from one of several buyer groups: single adults, young couples, growing families, extended families, older couples, and cooperatives. Entries will be judged on such criteria as innovative design, the integration of energy concepts and technology into an architectural solution, and reasonable value for the buyer group.

The *AIA Research Corporation*... established in 1972... conducts a wide variety of applied research projects focusing on national issues relating to the built environment.

Student designs will be displayed in the *AIA Research Corporation's Solar Energy Exhibit* at the *AIA Annual Convention* in San Diego in June 1977.

Further information is available from Rosalie Grattaroti, *AIA Research Corporation*, 1735 New York Ave., N.W., Washington, D.C. 20006. (202/785-7817)



Mid-Decade Census to Begin in 1985

The President has signed into law a bill providing for a mid-decade Census in 1985... and every 10 years thereafter. A *Decennial Census* has been taken since 1790... originally set up for the purpose of allocating the number of Congressmen each State should have. It has been used for many other purposes as well... and in recent years... planners, demographers, and others have felt that a head count every 5 years would be much more realistic in determining the statistical base for the many decisions on major issues of public policy now required.

New Urbanized Areas Designated

The *Census Bureau* designated 27 additional *Urbanized Areas (UA's)* to the 248 *UA's* previously listed. As a result... the total 1970 urban population residing within *Urbanized Areas* increased by nearly 2.3 million persons to 120,731,573.

In 1974... the *Bureau* adjusted its standards for *UA's* to conform closely to changes in criteria for *Standard Metropolitan Statistical Areas (SMSA's)*. Consequently... central cities with populations between 25,000 and 50,000 which... when densely settled adjacent communities are counted... have a total of 50,000 or more... are now included in *UA's*. *Urbanized areas* differ from *SMSA's* in that rural portions of the counties making up an *SMSA* are excluded.

The largest new *UA's*... both in terms of population and land area... are New London-Norwich, Connecticut, and three Florida areas... Melbourne-Cocoa; Sarasota-Bradenton; and Daytona Beach. Each had a 1970 population of more than 115,000 and a land area larger than 75 square miles. The majority of the 17 new *UA's* have populations ranging from 50,000 to 75,000 and land areas of less than 40 square miles.

Regionally... the South was most affected by the changes. Its 1970 population in *UA's* was increased by 1,185,023, which accounts for more than 56 percent of the total population within the new *UA's*. Among the States... Florida increased its *UA* population the most with an addition of five *UA's* with a total population of 597,290.

The 27 new *UA's* are: Alexandria, La.; Alton, Ill.; Anchorage; Anniston, Ala.; Antioch-Pittsburg, Calif.; Battle Creek; Burlington, N.C.; Clarksville, Tenn.-Ky.; Daytona Beach; Elmira; Florence, Ala.; Fort Myers; Gastonia, N.C.; Killeen, Tex.; Kingsport, Tenn.-Va.; Lakeland; Melbourne-Cocoa; New London-Norwich; Parkersburg, W. Va.-Ohio; Poughkeepsie; Richland-Kennewick, Wash.; St. Cloud, Minn.; Santa Cruz, Calif.; Sarasota-Bradenton; Spartanburg, S.C.; Williamsport, Pa.; and Yakima, Wash.

The report, *Population of Urbanized Areas Established Since the 1970 Census, Series PC (S1), No. 106* may be purchased for \$1.45 from the *Superintendent of Documents*, Washington, D.C. 20402

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HUD NEWSLETTER
November 29, 1976



HUD

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



December 6, 1976

Vol. 7 No. 49

Current Trends

The predicted easing of the money supply by the *Federal Reserve Board* has occurred. The *Fed* reduced its discount rate...the interest it charges its member banks...from 5½ to 5¼ percent. Following this move...a number of leading banks in the country reduced the prime rate...the interest charged their most creditworthy corporate customers...from 6½ to 6¼ percent.

Construction industry analysts...on the strength of the substantial acceleration of housing starts in recent months, compared to the rate of starts in 1975...are predicting a strong upward movement in lumber and wood product prices. Recent increased activity in lumber and plywood futures seems to bear out these forecasts. However...it might be as much as a year before the impact of the futures activity is felt by homebuilders.

While overall housing starts in October showed a slight decline from the September rate...single-family starts were higher than September...and reached the highest level since February 1973. It was in the sluggish multifamily area...in the 5-or-more unit structures...that the drop occurred. Multifamily starts in October were at the seasonally-adjusted annual rate of 370,000 units...compared to the September rate of 452,000 units.

The decline in starts in October affected the entire country...except for the Northeast. Both the starts and permits issued rate increased slightly in that section of the Nation. The South...which has recently been a leader in housing activity...suffered the deepest drop in both starts (15 percent) and permits (14 percent).

Mobile home shipments in October increased for the third consecutive month...up to an annual rate of 277,000 units...9 percent higher than September...and 22 percent above the September 1975 rate...according to the *Manufactured Housing Institute*.

The *F.W. Dodge Division of McGraw-Hill* reported actual housing starts in the third quarter of 1976 reached 386,399 units...an increase of 7.6 percent above the second quarter of 1976...and 26.7 percent higher than the third quarter of 1975. Of this number...93,841 units were apartments...up 43 percent from the corresponding quarter of 1975. Chicago led the country in starts for the 3-month period just past with 9,792 units. This was followed by Los Angeles-Long Beach (7,655 units)...Santa Ana-Anaheim-Garden Grove (7,440)...Dallas (6,840)...San Diego (6,225)...Detroit (5,469)...San Francisco (4,876)...Houston (4,796)...Baltimore (4,573)...and Seattle-Everett (4,528).

HUD's monthly report on mortgage activity for September shows home mortgage loans closed during the month reached \$10.0 billion...27 percent higher than in September last year. Originations of multifamily loans were about the same amount as a year ago...\$1.0 billion. Savings and loan associations continued to dominate the home loan market...accounting for 59 percent of the originations...compared to 54 percent in September 1975. The market share for commercial banks dropped slightly...from 18 to 17 percent...while the proportion for mortgage companies fell from 17 to 14 percent. The *S&Ls* were also the largest source of multifamily loans...making 42 percent of the loans closed in September. Commercial banks, mortgage companies, *Federal Agencies*, and *Mutual Savings Banks* accounted for another 46 percent.

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Mortgage Limits Raised

An increase in the maximum mortgage limits which apply to two *FHA* mortgage insurance programs have been announced by *HUD*.

The raises apply to the *Section 235 Program*... providing for federally-subsidized mortgage interest payments... and *Section 221(d)(2)*... a low- and moderate-income insurance program.

In each case... the mortgage limits are increased from \$21,000 to \$25,000 for a 3-bedroom unit, and from \$25,000 to \$29,000 for a 4-bedroom unit. In high cost areas... these amounts may be increased by \$4,000.

In addition, *HUD* announced a change in the income eligibility limits of those purchasing *Section 235* subsidized housing. This change... and the mortgage limit revision... implement amendments to the *National Housing Act* enacted this year.

The *Act* specifies that the income limit for initial occupancy of *Section 235* housing cannot be more than 95 percent of the median income for the area... with adjustments for smaller and larger families determined by *HUD*. These adjustments take into account such factors as construction costs and unusually low median-income areas.

The percentages of median-income for families of various sizes are: one person, 67 percent; two persons, 76 percent; three persons, 85 percent; four persons, 95 percent; five persons, 101 percent; six persons, 107 percent; seven persons, 113 percent; and eight or more, 119 percent.

The amendments were published in the *Federal Register* on November 19... and became effective on publication.



1977 Will Be Good Housing Year, Economists Say

A group of economists... attending a meeting sponsored by the *National Association of Home Builders*... citing various recent trends... among them increased housing starts and permit issuances in September... ample mortgage funds in lending institutions... and lower interest rates... predicted that 1977 will be a good housing year. Their estimate was that housing starts will increase about 30 percent this year... to about 1.5 million. In 1974... the rate of starts was a 29-year low of under 1.2 million units. For 1977... the consensus is a 15 percent rise above this year to 1.7 million units.

The group also expects mobile home shipments to improve... from 25 to 30 percent... to the 350,000-unit range in 1977... from 270,000 this year.

Another noted expert on construction trends... George A. Christie, Chief Economist of *McGraw-Hill*... agrees with the others... and expects 1977 construction volume to top \$114 million... up 12 percent over 1976. This will include over 1 million single-family houses and 600,000 apartment units totaling \$49 billion of the \$114 billion. He also foresees a "partial recovery" in commercial and industrial construction in the range of 10 percent above the current year's level.



Slide Series Available

The *Rural Housing Alliance* has prepared a set of 72 slides... plus a tape cassette... that can be used to introduce the *FmHA Rural Rental Housing Program* to groups interested in providing better housing for low-income families in their community. The slides plus tape review the major steps in preparing a *Section 515* loan application. The tape has an audible signal on one side to indicate when the slides should be changed. The other side of the tape has an inaudible pulsed version... that when used with the proper equipment... automatically changes the slides. Price: \$35... from *RHA*, 1346 Connecticut Ave., N.W., Washington, D.C. 20036.

New Public Housing Regs Proposed

On November 18... *HUD* published proposed amendments to existing *Public Housing* regulations... which spell out general requirements, basic policies, and approaches *Public Housing Authorities* must meet and comply with in order to share in a new *HUD* allocation of \$120 million for 33,000 additional *Public Housing* units to be authorized in the immediate future.

The proposals include both new and relatively old approaches intended to promote faster construction of units... while at the same time assuring their financial stability. Secretary Hills said that under the proposed regulations, these units would offer primarily scattered site or other low-density housing for large families whose needs are not being met by other housing programs.

The older approach generally calls for the mandatory use of 'turnkey' development which can have a *Public Housing* project ready for occupancy more than a year faster than the conventional bid method.

'Turnkey' is a method under which *PHAs* invite proposals from developers to meet specific housing needs. The *Authorities* then commit themselves to buy the projects on completion, when the developer turns over the key. *HUD* has found this method is substantially more efficient than the conventional approach.

Under the new approach... the projects would be required to pay their own way for at least 5 years solely on the basis on rents from tenants. *Public Housing Authorities (PHAs)* must certify they can do so in order to be eligible for the funds *HUD* will be allocating in the months ahead to finance the 33,000 *Public Housing* units ultimately worth a total \$4 billion.

The Secretary said the self-supporting requirement would require a wider income mix of tenants, with rent levels producing a balanced revenue source that would help *PHAs* avoid the financial dilemmas of the past.

The funds... soon to be allocated... will enable *PHAs* to pay for approximately 15,000 new or substantially rehabilitated *Public Housing* units, to purchase an estimated 12,000 existing apartments for *Public Housing* use, and to build 6,000 units of subsidized housing for Indians. By *Congressional* mandate... up to \$85 million can be used for new or substantially rehabilitated units... with the remaining \$35 million for existing units not requiring rehabilitation.

Interested persons are invited to submit their written comments on the proposed amendments to the Rules Docket Clerk, Office of the General Counsel, Room 10245, *HUD*, Washington, D.C. 20410. All relevant material received by December 20 will be considered before adoption of the final rules. Copies of comments will be available for public inspection during normal business hours at the above address.



Bank America to Restore Housing

The Nation's largest bank... *Bank of America*... plans to create a new subsidiary to buy and restore abandoned and substandard housing and make it available to middle-income families and individuals.

The new entity... the *BA City Improvement & Restoration Program Corporation*... will begin activities in East Oakland, California... with the purchase and rehabilitation of 30 houses... to be placed on the market when completed at a modest price. It will later move into other California communities. The President of *Bank America* said the *Corporation* would operate on a nonprofit basis.

This is the second neighborhood improvement venture in which *Bank America* has been engaged. In January 1975 it began a special program of low-cost loans to qualified residents of neighborhoods undergoing upgrading in cities in California.

Women Entering Labor Force at 'Extraordinary' Rate

A *Labor Department* report says that "Women are entering the labor market at an extraordinary pace." In the past few months... there has been a net increase of more than 1.1 million women over 16 who have taken jobs or are seeking jobs. This increases the total of women in the labor force to 38.8 million. Most of the newcomers are in the 25 to 44 age group... women who in the past have stayed home and tended to the children.

Eli Ginzburg, a *Columbia University* professor, and chairman of the *National Commission on Manpower Policy*... referred to the movement as "the single most outstanding phenomenon of this century. Its long-term implications are absolutely unchartable. It will affect women, men, and children, and the cumulative consequences of that will be revealed only in the 21st and 22nd centuries."

Obviously... this movement of women into the labor force and its effect on both income and life styles is bound to have a major impact on housing and community needs... as well as in many other segments of American life.



Single-Family Home Demand to Rise

Speaking to the Annual Convention of the *National Association of REALTORS* in Houston, Kennon V. Rothchild... newly-elected president of the *Mortgage Bankers Association*... predicted that a record number of young people will enter the home-buying market in 1977... and would bring about a huge demand for 1-family houses. This would be reflected both in the sale of existing houses... as well as in new houses... and will result in 1.3 million single-family housing starts in 1977... compared to 1.1 million in 1976.

"Assuming that inflation is kept under rein... and that business and Government do not make excessive demands on the credit market... and the Government does not try to artificially stimulate apartment building... the next decade will be a 'golden era' of single-family housing... outstripping even the boom of the 1950's"... Mr. Rothchild said.

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HUD NEWSLETTER
December 6, 1976

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



December 13, 1976

Vol. 7 No. 50

Current Trends

The *Commerce Department* report of construction put in place in September shows a seasonally-adjusted annual rate of \$149.4 billion... up from the August rate of \$148.1 billion.

Another favorable development was the record-level of new construction contracts in October. The *F.W. Dodge Division of McGraw-Hill* reported that the October rate of \$10.06 billion of new contracts for the month was 31 percent above the corresponding month of 1975. Almost \$2 billion of the month's activity was in the electric power facilities category. There was a \$4.06 billion rise in contracts for residential construction... including a substantial increase of multifamily housing contracts... resulting in an overall residential category increase of 28 percent above last year's level.

The smallest third quarter rise in 10 years in unionized building trade wage rates occurred in 1976... according to the *Department of Labor*. The increase in cities over 100,000 was ½ of 1 percent... compared to a 1.2 percent advance in the third quarter of 1975. For the 12-month period ending October 1... the increase was 6.1 percent... in contrast to an 8.3 percent rise for the same period a year earlier. The average hourly rate for the 7 major trades was \$9.52... 54 cents higher than on October 1, 1975.

Short-term borrowing costs of the *Federal Government* continued to decline. The bellwether weekly *Treasury* bill sale brought a rate of 4.466 percent for 91-day bills... the lowest since August 1972.



Mortgage Rate Drop Expected to Continue

A consensus of opinion among those attending the recent *Mortgage Bankers Association Annual Convention* in San Francisco was that mortgage interest rates would continue to drop moderately in the immediate future... but might begin to rise again next Spring. The current lower rates are responsible... in part... for the significant jump in housing starts in recent weeks... and a continuation of this trend is expected.

The current rate for prime conventional mortgage loans is 9 percent... and many of the executives attending the meeting predicted a near-term drop to 8¾ percent. Jerome Howard... outgoing president of the *MBA* said... "homebuyers who take advantage of the rates now in effect will be happy in 6 months that they did so."



FYI

National Limestone Institute... *Annual Convention*... Washington, D.C., January 16-18. Registration: *NLI*, Suite 501, 3251 Old Lee Highway, Fairfax, Virginia 22030.

Mechanical Contractors Association of America... *Annual Convention*... Las Vegas, Nevada... January 16-20. Details: *MCAA*, 5530 Wisconsin Avenue, N.W., Washington, D.C. 20015.

National Society of Professional Engineers... *Winter Meeting*... Houston... January 18-22. Write: *NSPE*, 2029 K Street, N.W., Washington, D.C. 20006.

NOT TO BE TAKEN
FROM THE LIBRARY.

Characteristics of New Home Buyers Revealed

Data not generally available hitherto... based on studies made available as a result the *National Association of Home Builders' Home Owners Warranty Program*... have been released. Householders who purchased homes and the houses they bought under the *HOW Program* in the year from July 1, 1975 to June 30, 1976... fell into the following typical categories:

- The median price of the house was \$42,702
- The head of the household making the purchase was 33 years of age
- Median household income was \$21,615
- Monthly housing expenses (including mortgage payments, taxes, and insurance) were \$351.71
- Average downpayment was 20 percent
- Most common source of downpayment was savings or sale of previous home
- The mortgages carried an average interest rate of 8.4 percent
- 35 percent of purchasers were first-time buyers
- One out of five moved from another State to the site of their new home
- 38 percent moved a distance of from 5 to 25 miles
- 39 percent bought because they desired to be homeowners
- Job change was the reason 18 percent bought
- About two-thirds (63 percent) bought the particular home because of its 'style'
- Only 2 percent of purchasers were "not at all satisfied" with their new home and 6 percent "somewhat dissatisfied"



Farm Population Continues Down Trend

The Nation's farm population was estimated to total 8.9 million persons in 1975... according to the *Census Bureau*.

The data show that in 1975 about 1 person in 24... or 4.2 percent of the Nation's 213 million people at that time... live on a farm... and indicate a continuation of the long-term downward trend in farm population. In 1920... the farm population constituted 30.1 percent of the Nation's population. By 1960... the farm proportion had dropped to 8.7 percent and by 1970 to 4.8 percent.



Florida Court Rejects Population Ceiling

A *Florida Circuit Court* has declared that an amendment to the Boca Raton city charter... that placed a 'cap' on the city's population growth... is unconstitutional. A 1973 referendum approved by the voters placed a ceiling of 40,000 dwelling units... estimated to house 105,000 persons... for the city. The *Court* ruled the 'cap' could not be supported by the testimony submitted by planners, environmentalists, and appraisers in a 29-day trial.

Some of the experts said that a limit of between 47,000 and 61,000 dwelling units could be supported. The *Court* held that the lower limit... approved by the voters... could not stand because it was not based on comprehensive research and did not have a rational basis. If the 'cap' had been within the range suggested by consultants prior to adoption of the amendment... the *Court* might have upheld the limit.

Renters Move Oftener

People who rent their homes are about four times as likely as homeowners to move. This finding comes from the most recent joint *HUD-Census Annual Housing Survey* which shows that more than two-thirds of the 13.9 million households which moved in the 12 months prior to October 1974 were renters.

The survey also showed that movers had higher incomes than non-movers for owners and renters, and that owners had higher incomes than renters among movers. The median income for recently moved owners was \$13,700 or \$1,000 more than among nonmover owners. Among renters... the movers' median income was \$7,900 or \$300 higher than among the nonmovers.

Recently-moved owners tended to purchase newer and more expensive property... with the median value of newer units higher than the median value for all owner-occupied units.

Of the 13.9 million recent mover households (20 percent of total U.S. households), 10.3 million had the same head in the present residence as in the previous one. The remaining households are those with a different household head caused by such factors as separation, divorce, death and newly married couples moving into their first residence.

The proportion of mover-households between October 1973-'74 was greatest in the West... with a total of 26 percent of all households in the West shifting residence. The proportions for the Northeast, North Central, and South regions were 14, 18, and 21 percent, respectively.

Approximately 19 percent of the Nation's 7.3 million black households were recent movers in 1974, about the same as the previous year, and about the same percentage found for all households. Of these, the majority of blacks (64 percent) lived in central cities following their move. Among black recent movers, renters outnumbered owners by about four to one.

Of the 825,000 Spanish movers, which represented 29 percent of all Spanish-origin households, renters outnumbered owners about 6 to 1. The preferred location for Spanish movers also was in central cities where 53 percent lived.

In general, the migration of all households continued from the metropolitan areas to the suburbs, with about 1.2 million households moving from a central city to the suburbs, while half a million left the suburbs for a central city residence.

Copies of the report, *Part D, Housing Characteristics of Recent Movers for the United States and Regions: 1974, Series H-150-74D*, are available for \$2.75 from the *Superintendent of Documents*, Washington, D.C. 20402.



Slowdown of World Population Growth Anticipated

While the report does not directly affect the U.S. situation... a recent report of the *Worldwatch Institute* should be of interest to followers of demographic trends. The *Institute* states that the worldwide population explosion is slowing up... and attributes the smaller rise to crop failures and pressures on forests, fisheries, and croplands.

In many situations... Lester L. Brown... president of the *Institute*, said... "these systems have already reached the breaking point." Population experts had been predicting that the present world population of 4 billion would double or treble before it leveled off. Now... according to the *Institute* report... it is doubtful if world population will ever double.

A combination of active birth control campaigns in many countries and famines... which bring about high death rates... are contributing to the changed picture.

New Publications

Neighborhood Space: User Needs and Design Responsibility... by Randolph T. Hester, Jr., *North Carolina State University*. The book is designed to help professionals meet the challenge of the inner city, offers a comprehensive and in-depth look at the skills, methodologies, and policies that will result in socially suitable and livable urban neighborhoods. It is a reference work with emphasis on the application of user needs to the design process. 320 pages. Price: \$30.00 from the *Halsted Press*, 605 Third Avenue, New York, N.Y. 10016 (212/867-9800).

Energy Information Locator... a comprehensive guide to *Information Centers, Systems, Data Bases, Abstracting Services, Directories, Newsletters, Binder Services, and Journals...* 192 pages, 8½ x 11, perfect bound: \$27.50.

Energy Directory Update Service... a guide to the *Nation's Energy Organizations, Decision Makers, and Information Sources*; bi-monthly updates, indexed, including binder: \$85.00.

Both are published by the *Environment Information Center, Inc.*... an independent research organization that specializes in managing information on energy and environmental affairs. *EIC* manages data banks for documents, laws and regulations, organizations and personnel, films, and books. Publications and services include *Environment Abstracts, Energy Index, Energy Regulations Update Service, Envirofiche*. For more information contact: *Energy Research Department, EIC*, 124 East 39th Street, New York, N.Y. 10016.

Settlement Houses and the Great Depression... by Judith Ann Trolander, 216 pages, \$14.45. Available from the *Wayne State University Press*, Detroit.

Crowding and Behavior... by Jonathan Freedman, a professor of psychology at *Columbia University*. The book deals with the question of how crowding affects the feelings, behavior, and health of people. 177 pages, \$7.95. Available from book sellers.

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December 20, 1976

Vol. 7 No. 51

SEASONS GREETINGS from all of us at HUD

Current Trends

At *GNMA's* early December auction of mortgages... \$278 million of *GNMA/FNMA Conventional Home Mortgage Program* mortgages were offered for sale. Bids were accepted for \$203.4 million in mortgage packages... at an average yield of 8.7790 percent. Of the \$74.6 million in mortgages not sold... either no bids were received or the bids were at an unacceptable yield... and were rejected. This is the second auction of these mortgages held by *GNMA*. In May, 1976... the auction resulted in the sale of \$147 million in loans.

The *Federal Home Loan Bank Board* reports that continuing the trend of recent months... the flow of savings at federally-insured *Savings and Loan Associations* once again reached record levels in October... 56 percent above the October 1975 rate. The month's \$3.25 billion inflow was 68 percent higher than the \$1.94 billion recorded in September 1976.

The same report notes that in the first 10 months of 1976... *S&Ls* had exceeded any previous full year's increase in net savings. At the end of October the increase had come to \$29.74 billion... 13 percent above the 1975 full year increase of \$29.30 billion.

Mortgage lending by *S&Ls* also set a record for any October... totaling \$6.69 billion... 20 percent higher than October 1975's \$5.57 billion.



Ford Foundation Grants Announced

The Ford Foundation... which sharply reduced the number and size of its grants during the past two or three years because of a drop in its investment income... recently made the following grants in the fields of housing and community affairs:

- *The Association of Neighborhood Housing Developers*, New York City... \$125,000 1-year supplement... for development programs and for technical assistance to some 40 community groups engaged in housing conservation efforts in New York City.

- *City Planning Fund*, New York City... \$25,000 over 13 months... for a study of the effects of New York City's business tax structure on major industries; and also another grant in the same amount and for the same period... to assist in the establishment of a *City Human Planning Services Office* which will attempt to find ways for city government agencies to cut, consolidate, or modify their services.

- *REMCA, Inc.*, Durham, N.C... \$25,000 6-month supplement... to reorganize staff and technical activities. *REMCA* is a nonprofit corporation that manages federally-subsidized housing projects in North Carolina.

- *Urban League of Greater New York*, New York City... \$12,000 over 6 months... to monitor and report on sex discrimination in housing.

County, Municipality Taxes More Than \$37 Billion In 1974-75

Taxes of counties, municipalities, and townships totaled \$37.1 billion in fiscal 1974-75. . . of which \$12.6 billion were county taxes, \$21.1 billion municipal taxes, and \$3.4 billion township taxes. The data are from the first of a new series of governmental finance reports by the *Census Bureau*.

The total was an increase of 8.5 percent over the preceding year and 25.1 percent over fiscal 1971-72.

The new report was developed to present data on these local government revenues prior to publication of the *Bureau's* annual report on public finances. The new report excludes data on school districts and special districts.

Figures include taxes and intergovernmental revenue of all county, municipal, and township governments collected annually and. . . combined with other data. . . are used to calculate entitlement of funds to each qualified governmental unit under the *General Revenue Sharing Program*.

Property taxes of counties amounted to \$10.3 billion in 1974-75; for municipalities, the total was \$13.1 billion; and for townships, \$3.2 billion.

Nonproperty taxes of the three local governments included \$6.2 billion from sales and gross receipts taxes, \$2.6 billion from income taxes, and \$300 million from motor vehicle license taxes.

In fiscal 1971-72, the year before the *General Revenue Sharing Program* began, State governments furnished 83 percent of the intergovernmental revenue of counties, municipalities, and townships while the *Federal Government* provided 13 percent. In fiscal 1972-73, the State portion dropped to 75 percent and the Federal portion increased to 22 percent. In fiscal 1973-74, the proportions were 71 percent State and 26 percent Federal and in fiscal 1974-75, they were 72 and 24 percent, the report shows.

County government revenue derived directly from the *Federal Government* more than doubled between fiscal 1972 and 1973, increasing from \$704 million to \$1.6 billion; it rose another 49 percent in 1973-74 to \$2.3 billion, and increased in 1974-75 to nearly \$2.4 billion. County revenue from States during this period increased from \$9.2 billion in fiscal 1971-72 to \$11.5 billion in 1974-75.

Counties, municipalities, and townships received the largest amount of aid from State governments for public welfare (29.1 percent), followed by education (24.3 percent), general local government support (18.5 percent), highways (12.8 percent), and health and hospitals (4.3 percent).

The largest amount of direct Federal aid was from General Revenue Sharing (50.7 percent), followed by housing and urban renewal (11.2 percent), education (3.6 percent), health and hospitals (2.2 percent), and public welfare (1.4 percent). The amounts shown for education are understated since the survey excludes independent school districts which accounted for slightly less than half of State aid in 1973-74 and 7.8 percent of Federal grants.

Copies of the report, "*Taxes and Intergovernmental Revenue of Counties, Municipalities, and Townships: 1974-75*," GF76, No. 9 are available for 50 cents each from the *Subscriber Services Section (Publications)*, *Census Bureau*, Washington, D.C. 20233.



Fire Brochure Available

The *Hardwood Plywood Manufacturers Association* has published a new brochure: *Fire Safety in Mobile Homes*. The booklet covers fire safety and fireproofing for assuring fire safety in mobile homes, flame spread ratings, and other considerations. Free from *HPMA*, P.O. Box 6246, Arlington, VA 22206.

Credit Unions Help Communities

A *Wall Street Journal* article reports on a little-known... but special kind of credit union... called *Community Development Credit Unions (CDCUs)*. *CDCUs* are inviting individuals and corporations to deposit their funds in these credit unions in order to help poor communities... while at the same time earning investment income.

The credit unions are chartered in urban and rural low-income neighborhoods. They are both State-chartered and federally-chartered... and deposits are insured up to \$40,000 by the *Federal National Credit Union Administration* under a 1969 law which extends this insurance to deposits by non-members of *CDCUs*.

A number of social-minded organizations... including churches... are depositing funds in these institutions. The *Episcopal Church*... for example... has deposited \$250,000 in about 15 different *CDCUs* across the country. There is no risk involved... and an average 5 percent interest rate prevails.

CDCUs came into being about 10 years ago as part of the *War on Poverty Program*. About 250 have survived the trials and tribulations of underfinancing and inexperienced management... and some have grown into large and heavy organizations.

New Publications

✓ *Economic Growth in the Future: 1976-2000*... includes detailed data, forecasts, and a definitive analysis of both sides of the growth debate. Prepared by the *Edison Electric Institute*, the principal national association of investor-owned electric utility companies. 423 pages. \$19.50 from *McGraw-Hill Book Company*, 1221 Avenue of the Americas, New York, New York 10020.

Two publications covering various technical aspects of the use of solar energy in buildings have been issued... and are now available.

2 *Solar Dwelling Design Concepts*... published by *HUD*... is a general resource document intended for use by designers, home builders, community leaders, local officials, and homeowners who are interested in the application of solar heating and cooling to residential structures or are considering participating in the Federal solar energy program. The research and studies in the publication were conducted by the *AIA Research Corporation* pursuant to a contract with the *National Bureau of Standards' Center for Building Technology*... for *HUD's Office of Policy Development and Research*. It is for sale by the *Superintendent of Documents*, Washington, D.C. 20402... price \$2.30. (Stock No. 023-000-00334-1)

2 The second publication... *Solar Radiation Considerations in Building Planning and Design*... was published by the *National Academy of Sciences*. It covers the proceedings of a working conference of the *Committee on Solar Energy in the Heating and Cooling of Buildings*; the *Building Research Advisory Board*; the *Commission on Sociotechnical Systems*; and the *National Research Council*. It is available from the *Academy Printing and Publishing Office*, 2101 Constitution Ave., N.W., Washington, D.C. 20418. Price \$8.75.



Housing and Land Costs Go Up

The *National Association of Home Builders* has issued new figures covering median costs of housing construction, lot sizes, lot values, and costs per square foot... all based on data assembled in connection with *NAHB's Home Owners Warranty (HOW) Program*. From October 1975 to October 1976... the median price of new homes sold insured under *HOW* rose from \$40,000 to \$44,315. Lot size increased from 8,393 SF to 9,100 SF... lot value from \$7,500 to \$8,000... and cost per square foot went up from \$27.10 to \$28.80.

BOCA Schedules Mid-Winter Meeting

BOCA... Building Officials & Code Administrators International has scheduled an unprecedented weeklong *Mid-Winter Meeting* from January 3-8, 1977, in Ft. Lauderdale, for Code Enforcement agency officials, building industry representatives, and related professionals. The expanded *Mid-Winter Meeting* format is intended to allow a greater opportunity for participants to directly address the growing volume of issues and concerns facing *BOCA International*... the Nation's oldest association of regulatory Code Enforcement professionals.

Considerable time will be devoted to full public hearings on *1977 Proposed Changes* to the 1975 editions of the *BOCA Basic Building, Plumbing, and Mechanical Codes*, and the *BOCA 100 Standard for the Design and Installation of the Fire Suppression System for Life Safety*.

The format of the hearings has been designed to allow detailed presentation of supporting or opposing arguments by all interested parties. Final consideration of and voting on *1977 Proposed Changes* to the *BOCA Basic Codes* will take place at the 62nd Annual *BOCA Conference* in Toronto in May. Consideration of proposed changes to the *BOCA Basic Fire Prevention Code* will also be heard in Toronto.

For further information: *BOCA International*, 1313 East 60th St., Chicago, Illinois 60637 (312/947-2580).



FYI

National Association of Home Builders... Annual Convention and Exposition ... Dallas, January 23-27. Registration: *NAHB*, 15th and M Streets, N.W., Washington, D.C. 20005.

Society of Architectural Historians... Annual Meeting... Los Angeles, February 2-6. Contact: *SAH*, 1700 Walnut Street, Philadelphia, 19103.

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Vol. 7 No. 52

Current Trends

The National Association of REALTORS reports single-family sales in October were at the seasonally-adjusted rate of 3.3 million units. . . nearly 20 percent higher than October 1975's rate. The rate was about 1 percent below the September performance. Median price of the houses sold increased 8.8 percent over a year earlier. . . to \$38,500.

HUD is disbursing a dividend of \$3 million for distribution to management-type cooperatives with mortgages insured under *Section 213 of the National Housing Act* . . . effective December 15. This brings to \$32.4 million dividends declared to date in this program. These dividends are based on the performance of *Section 213* cooperatives in maintaining their mortgage payments. The distribution is provided for in a *1965 Amendment to the National Housing Act* calling for dividend payments to the cooperatives in recognition of the low loss ratio for these mortgages. Insurance premiums, paid to *HUD's Federal Housing Administration* for the account of insured mortgages on management-type housing cooperatives, are credited to the *Cooperative Management Insurance Fund*. Under the law . . . when these funds reach a safe amount over foreseeable losses, a dividend may be paid to eligible coops that have contributed to the fund.

Urban renewal project notes totaling \$182.1 million. . . representing 60 local issuing agencies. . . were sold in early December at an average interest rate of 2.40 percent. The interest rate last month was 2.788 percent. . . and the lowest since the 2.245 percent rate in January 1972.



Interest Rates Drop

The latest sale of *Treasury* bills shows a sharp drop from last month's rate. . . 4.708 percent. . . compared to November's 5.201 percent. . . and was the lowest rate the *Treasury* has paid since May 1972.

Two leading banks reduced their prime rate to 6 percent. . . the lowest in almost 4 years. . . and indications were that other banks would take like action.

Likewise. . . the lowest level in nearly 5 years. . . 2.40 percent. . . is the interest rate on 52-week urban renewal project notes sold by *HUD* early in December. . . compared to 2.788 percent in November. This month's rate was the lowest since 2.245 percent in January 1972.

In the long-term money market. . . rates are also going down. A number of lending institutions are offering mortgages at 8 to 8½ percent on prime loans. . . those with substantial downpayments. And many thrift institutions are reducing the interest rate on deposits. . . and eliminating new Certificates of Deposit on which they pay up to 7½ percent.

A comparable reduction in interest rates has also been evident in the long-term securities markets. . . with both corporate and tax-free municipal bonds being issued at their lowest interest rates in several years.

Rural Housing Program Works

Successful 'investments' in rural low-cost housing have not been very often demonstrated... and even more rarely recorded. An exception is the report by the *Housing Assistance Council* on the operation and results of its *Predevelopment Loan Fund* covering the *Fund's* activities since *HAC's* inception with *HUD* funding 5 years ago.

The *Housing Assistance Council (HAC)* is a federally-funded nonprofit corporation which supports development of rural low-income housing nationwide. *HAC* provides technical housing services, seed money loans from a revolving fund, housing program and policy assistance, research and demonstration projects, and training and information services.

With *HAC's* technical assistance and the commitment and skill of local nonprofit and *Public Agency* borrowers... the loan fund contributed to the construction or rehabilitation of over 5,000 decent dwelling units for the rural poor. Of particular interest:

- 71 percent of the families living in the units developed by *HAC* funds are members of minority groups.
- 25 percent of the families are headed by women.
- 30 percent of the families have yearly incomes under \$3,000, with 80 percent of the total earning less than \$6,000.
- 48 percent of the housing built is for families of five or more persons.

The significance of the *Predevelopment Loan Fund Demonstration* is that "the greatest accomplishment of the loan activities will come when the lessons from these early efforts are transferred to other housing sponsors so that, in the end, a smoothly functioning delivery system for rural housing for the poor is created"... according to Gordon Cavanaugh, *HAC's* executive director.

A report on the operation of the *HAC Loan Fund* is available from the *Council*. Also... copies of the *Council's* publication... *A Guide to Housing and Community Development Programs for Small Towns and Rural Areas* are for sale by *HAC*, 1601 Connecticut Ave., N.W., Washington, D.C. 20009. Price \$5.25 pp.



Housing Partnership Directory Available

The National Housing Partnership has published a new directory of 354 *NHP Associates* in 44 States, the District of Columbia, Puerto Rico, and the Virgin Islands.

NHP Associates are local mortgage bankers, savings and loan associations, and housing consultants working on a day-to-day basis with builders and developers in planning and processing housing developments under *NHP's* multi-family rental or single-family sales programs.

Chartered by *Congress*... the *National Housing Partnership* is a private organization which enters into partnerships by providing seed money and assistance to builders, developers, and nonprofit and community groups at local levels for the construction of housing.

Since beginning its operations in 1970... *NHP* has committed more than \$56 million in equity funds in 205 projects in 34 States, consisting of more than 32,000 dwelling units with an estimated cost of almost \$603 million.

Single copies of the directory of *NHP Associates* are available free from the Department of Corporate Affairs, *NHP*, 1133 15th St., N.W. Washington, D.C. 20005. Enclose a self-addressed stamped envelope 9½ x 4 inches.

Joint Information Service Begins

A joint one-step information service to promote greater public understanding of solar heating and cooling has opened.

The *National Solar Heating and Cooling Information Center* is operated by HUD and the *Energy Research and Development Administration* under a HUD solar demonstration contract with the *Franklin Institute of Philadelphia* to serve both industry and the general public.

The *Center* will handle information requests by mail or telephone. Mail requests should be sent to: *National Solar Heating and Cooling Information Center*, P.O. Box 1607, Rockville, Maryland 20850. Toll-free telephone calls may be made to: 800-523-2929; 800-462-4983 in Pennsylvania.

Center personnel will answer general questions about solar heating and cooling, distribute available publications, perform literature searches on specified subjects and serve as a referral point for people needing detailed technical data from a number of sources.

In addition to the general public... the *Center* will be able to supply solar information to buildings, architects, contractors, developers, engineers, scientists, and others.

Trend Away From Larger Cities Continues ☆

Among the largest cities of the country... only Houston continues to attract a significant immigration of new population. The latest *Census* report on *Standard Metropolitan Statistical Areas (SMSAs)*... based on July 1, 1975 estimates... shows that the population of the Nation's 272 SMSAs grew only 4.2 percent from 1970 to 1975... while non-metropolitan areas of the country gained 6.5 percent.

Of 10 largest SMSAs... New York, Los Angeles-Long Beach, and Philadelphia suffered losses in population since the decennial count in 1970. New York had the largest drop... 3.4 percent. The other 7 all gained... Dallas-Fort Worth shows the highest increase... 7.3 percent. This is followed by Washington (3.6 percent)... Nassau-Suffolk (2.6)... Boston (1.7)... San Francisco (0.7)... Detroit (1.2)... and Chicago (0.1).

The top metropolitan areas show a net loss of nearly 2 million. More than half of this reduction occurs in 3 SMSAs... New York (534,900)... Los Angeles-Long Beach (362,600)... and Chicago (258,000). The 17 largest... in the order of rank: New York, Chicago, Los Angeles-Long Beach, Philadelphia, Detroit, Boston, San Francisco-Oakland, Washington, Nassau-Suffolk, Dallas-Fort Worth, St. Louis, Pittsburgh, Houston, Baltimore, Minneapolis-St. Paul, Newark, and Cleveland.

Producers' Council Elects ☆

At the *Producers' Council 55th Annual Convention* in Phoenix... Fred W. Rexford, vice president of *Elkay Manufacturing Company*... was elected *Producers' Council* president for 1977.

Other officers elected: First vice president: Robert M. Winters, manager of Air Handling Systems, *Environmental Elements Corporation*; Second vice president: Charles E. Peck, group vice president, *Owens-Corning Fiberglas Corporation*; Secretary: Dale E. Koerner, manager, Trade Specifications, *Formica Corporation*; and Treasurer: Robert E. Hall, vice president, Sales and Marketing, *Honeywell, Inc.* Two new Board members were unanimously elected to 2-year terms: Lee D. Engelking, *American Telephone & Telegraph Company*, and James H. Mitchell, Jr., *Kawneer Company*.

Re-elected to the Board for 3-year terms were: Rhett W. Butler, *GTE Sylvania*; E. Phil Filsinger, *Interpace Corporation*; Donald C. Hegnes, *PPG Industries, Inc.*; Jess Kaufman, *Executone, Inc.*; Roland S. MacNichol, *Libbey-Owens-Ford Company*; Otis M. Mader, *Aluminum Company of America*; and Thomas J. McDonald, *The Flintkote Company*.

The *Council* consists of representatives of the Nation's leading manufacturers, suppliers, and processors of building materials and components.

FYI

U.S. League of Savings Associations. . . Legislative Conference. . . Washington, D.C. January 31-February 2. Details: Gil DuPont, *USLSA*, 111 E. Wacker Dr., Chicago, IL 60601 (312/644-3100).

Society of Architectural Historians. . . Annual Meeting. . . Los Angeles, February 2-6. Details: *SAH*, 1700 Walnut St., Philadelphia, PA 19103.

National Home Improvement Council. . . Annual Convention. . . San Francisco, February 3-5. Details: Philip Brown Sheehan, *NHIC*, 11 East 44th St., New York, N.Y. 10017 (212/867-0121).



Half of World's People in Four Countries

The *International Statistical Program Center* of the *Census Bureau* has released figures showing that of the world's approximately 4 billion people. . . half live in four countries . . . China, India, USSR, and the U.S. The other half live in the 160 other nations. Four other countries are major population centers. . . Indonesia, Brazil, Japan, and Nigeria.

The latest population estimates or census figures (in millions) for these eight: China, 964 India, 653; USSR, 257; U.S., 222; Indonesia, 143; Brazil, 113; Japan, 112; and Nigeria, 84. The *Brookings Institution* research staff estimated the U.S. population (shown above) to be higher than the official *Census Bureau* estimate of 216 million. . . in view of the conceded undercount of more than 5 million in the last *Decennial Census* and an estimated 1.2 million of illegal aliens in the country.

Other significant findings in the report: Kuwait. . . (6.1 percent) and Libya (4.1 percent). . . are the fastest growing countries in the world. This compares to the U.S. growth-rate of 1.3 percent. Three countries. . . Rwanda, Mauritania, and Swaziland are tied for the highest birth rate. . . 51 per year per 1,000. . . which compares to 14 per 1,000 in the U.S. Four countries. . . Barbados, Britain, Austria, and Malta have achieved 'zero population growth'.

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